

Federal Funding Update

Vermont Agency of Education

July 31, 2025

Agenda

- FY 25 Federal Funds update
- Liquidation Extension update
- FY 26 considerations

FY 25 Federal Funds Update

Background and Timeline

- **March 14, 2025:** Continuing Resolution to fund remainder of federal FY25 (school year 25-26) passed by Congress, signed by President
 - Resolution continued funding of ESEA, IDEA, Perkins, and AEL education programs at FFY24 levels – allocations due to states by July 1
 - Preliminary allocations received for Titles IA, IB, ID, IVA, Perkins, IDEA only
- **June 30, 2025:** USED notified State Education Agencies (SEAs) that funds for I-C, IIA, IIIA, IVA, IVB, and AEL will be withheld pending “review”
- **July 1, 2025:** Grant award notifications (GANS) with final allocations received for IA, IB, ID, McKinney-Vento, Perkins, IDEA
- **July 14, 2025:** Vermont joined multi-state lawsuit suing Trump Administration
- **July 21, 2025:** GAN for IVB funds released
- **July 25, 2025:** USED notified states that remaining funds will be released beginning week of July 28
- GANS with final FY25 allocations are being released, not all have been received

Temporarily Withheld Funding

- **IC (migrant)** - \$674K
- **IIA (PD)** - \$10.8 million
- **IIIA (EL)** - \$500K
- **IVA (well-rounded educ)** - \$6.7 million
- **IVB (summer/afterschool)** - \$6.5 million (released July 21)
- **AEL (adult ed and literacy)** - \$941K

Thus far, GANS have been in line with expectations with one exception (IVB) which USED has promised to correct and reissue

Liquidation Extension

ARP ESSER AND ARP EANS

Liquidation Extension Update

- Under Biden Administration, AOE and LEAs received approval for liquidation extensions for ARP ESSER and ARP EANS (GEER) funds to extend services through February, 2026.
- AOE received approval for \$1.7 million and LEAs received approval for \$13.4 million in December 2024
- AOE submitted an additional LEA request for \$5 million on March 14, 2025. It was not reviewed by USED prior to March 28
- On March 28, the Trump Administration reversed all prior approvals and instituted a new process for all liquidation extension requests.
 - The Agency, in collaboration with Senator Sanders' office, assisted LEAs in requesting approval for 79 projects totaling over \$11.6m. Most of these costs were already expended prior to March 28 (part of a normal late liquidation request)

ARP ESSER and ARP EANS Liquidation Extension (con.)

- **June 26, 2025:** USED offered limited flexibility that provides relief to **some but not all LEAs and partial reimbursement to the Agency.** While significant, this flexibility still leaves many LEAs without reimbursement. USED has also introduced an additional process for reimbursement which results in further delay of these funds.
- Expected reimbursement through this flexibility:
 - Agency: \$1 million (potential to use an additional \$750,000 to continue to support ReadVT)
 - LEA: \$ 4.3 million
- **July 29, 2025:** The Agency received a request from USED to identify the projects and amounts that are still outstanding. We expect this to be approx. \$7.3 million, but we are not able to be precise as some costs are still being incurred (Ex: 2025 summer camp).

FY 26

Considerations

FUNDING FOR SCHOOL YEAR 2026-2027

School Year 2026-27 and Beyond

- FFY 26 Continuing Resolution:
 - looks increasingly likely
 - could be a good thing from AOE's perspective as could extend 25-26 school year funding for at least part of 26-27 school year
- Big, Beautiful Bill – tracking impacts to:
 - Medicaid eligibility and funding, including school-based Medicaid
 - Nutrition assistance program eligibility and funding
 - Reductions in students' household eligibility for either program could have impacts for statewide FRL numbers, and therefore, to future cost of Universal Meals *but not until FY28 at the earliest. State administrative funds won't be impacted until at least FY30.*
- President's FFY26 Budget Proposal and Education/Appropriations Committee Negotiations:
 - Titles I-C (Migrant), IIA (educator professional development) and IIIA (EL) look most vulnerable to elimination or significant cuts
- AOE continues to monitor situation on a daily basis with our trusted DC partners (our Congressional delegation, CCSSO, etc.)

How is AOE Supporting Districts?

- Early guidance (June 16) on how to adjust applications and budgets in anticipation of likely withholding of funds
- Weekly Office Hours since May 27
- Individualized technical assistance catered to their specific profile of available funding sources
- Maximization of fiscal flexibilities including:
 - Proactive waiver of Title IVA spending requirements
 - Guidance on how to avoid violating supplement not supplant when using local funds to “cover” expenses budgeted to withheld federal money
 - Guidance on drawdown and transferability options to maximize existing carryover money



Questions?

(For routine updates visit the [AOE's Federal Updates webpage.](#))