

Inside the Beltway: Federal K12 Education Update

PETER OPPENHEIM

PRINCIPAL, TODD STRATEGY GROUP, WASHINGTON DC

2025: Key Developments

NEW K12 LEADERSHIP AT USDOE

Linda McMahon – Secretary

Rachel Oglesby – Chief of Staff

Lindsey Burke – Deputy Chief of Staff for Policy and Planning

Kirsten Baesler – Assistant Secretary for OESE

Kim Richey – Assistant Secretary for Civil Rights / OSERS

Haley Sanon – Principal Deputy Assistant Secretary for OESE



MAJOR EXECUTIVE ORDERS IMPACTING K12

- **January –**
 - Ending Illegal Discrimination and Restoring Merit-based Opportunity
 - Ending Radical Indoctrination in K-12 Schooling
 - Expanding Educational Freedom and Opportunity for Families
 - Additional Measures to Combat Anti-Semitism
- **February-**
 - Keeping Education Accessible and Ending Covid Vaccine Mandates in Schools
 - Eradicating Anti-Christian Bias
- **March –**
 - Improving Education Outcomes by Empowering Parents, States, and Communities
 - Restoring Truth and Sanity to American History
- **April –**
 - Advancing Artificial Intelligence Education for American Youth
 - Reinstating Common Sense School Discipline Policies



KEY K12 DEVELOPMENTS AND CHANGES



- Reductions in Force
- Dismantling and Transfers of Functions
- Refocused Mission
- Federal Student Aid

2026: Looking Forward

MAJOR ISSUES TO FOCUS ON

- Funding for Key K12 Programs for FY26 and FY27
- ESEA / ESSA Waivers
- Dismantling USDOE
- Federal Scholarship Tax Credit
- Will Congress Do Anything?



FEDERAL FUNDING OUTLOOK

| Appropriations Bills | Senate | House |
|---|---------------------------------------|-----------------------|
| Agriculture, Rural Development, FDA, and Related Agencies | Included in Senate Amendment H.R.5371 | |
| Commerce, Justice, Science, and Related Agencies | Committee Approval | Subcommittee Approval |
| Defense | Committee Approval | Initial Passage |
| Energy and Water Development and Related Agencies | Committee Approval | Initial Passage |
| Financial Services and General Government | N/A | Subcommittee Approval |
| Homeland Security | N/A | Committee Approval |
| Interior, Environment, and Related Agencies | Committee Approval | Committee Approval |
| Labor, HHS, Education, and Related Agencies | Committee Approval | Committee Approval |
| Legislative Branch | Included in Senate Amendment H.R.5371 | |
| Military Construction, VA, and Related Agencies | Included in Senate Amendment H.R.5371 | |
| National Security, Dept. of State, and Related Programs | N/A | Committee Approval |
| Transportation, Housing and Urban Development, and Related Agencies | Committee Approval | Committee Approval |

State of Play: '26 Approps

Lawmakers have advanced 9 of 12 FY2026 appropriations bills through House Committees and 6 in the Senate, but floor action remains limited and the path to reconciliation hasn't formally been established.

The Senate's FY2026 "minibus" includes full-year funding for Agriculture, Military Construction-VA, and the Legislative Branch



The minibus is bundled with a continuing resolution (CR) to end the shutdown and extend funding for other agencies through January 30, 2026

FEDERAL FUNDING OUTLOOK

- Potential for Labor-HHS-Education Compromise Before Jan 30
- **House** = \$12 billion (15%) cut to discretionary education funding
 - \$3.8 billion cut to Title I-A
 - \$20 million increase to IDEA-B
 - Elimination of Adult Education and ELA programs
- **Senate** = Slight increase to discretionary education funding
 - \$50 million increase to Title I-A
 - \$50 million increase to IDEA-B
 - Prevents Admin from future withholding of funds
- CR through Sept 30 “likely” if no Shutdown

ESEA WAIVERS

- Trump Admin “Actively” Encouraging States to Seek Waivers from Certain ESEA Requirements
- Goal = Give states and local districts more discretion over how federal education funds are used
- USED Issued Guidance in July 2025
- Key Points =
 - Already Permitted under Title VIII of ESEA as Reauthorized by ESSA
 - Requires Public Input and Collaboration
 - Requires Application to the Secretary
 - Can be Rejected, but Can be Appealed
 - Limitations Outlined in Statute

DISMANTLING USDOE

- March 2025
 - EO directing Education Secretary McMahon to take "all necessary steps to facilitate the closure" of the department.
 - Reduction in Force (RIF) placed approximately 50% of USED employees on administrative leave
- November 2025 – Six new interagency agreements (IAAs) with four agencies –
 - ED and DOL: Elementary and Secondary Education Partnership
 - ED and DOL: Postsecondary Education Partnership
 - ED and DOI: Indian Education Partnership
 - ED and HHS: Foreign Medical Accreditation Partnership
 - ED and HHS: Foreign Medical Accreditation Partnership
 - ED and State: International Education and Foreign Language Studies Partnership

FEDERAL SCHOLARSHIP TAX CREDIT

One Big Beautiful Bill Act (H.R. 1) signed by President Trump includes provision allowing taxpayers to claim a *nonrefundable credit for cash contributions to Scholarship-Granting Organizations (SGOs)*

- Start Date: January 1, 2027
- Credit: Up to \$1,700 per taxpayer, per year
- Recipients: Students from households with incomes up to 300% of the area median gross income
- State Participation: A **state must opt in** to the program for its residents to receive the credit. The state must also provide a list of eligible SGOs to the IRS.
- Uses: Private school tuition, as well as curriculum, supplies, tutoring, and other educational enrichment programs at **both public and private schools**

Formal Rulemaking to determine specifics expected in early 2026

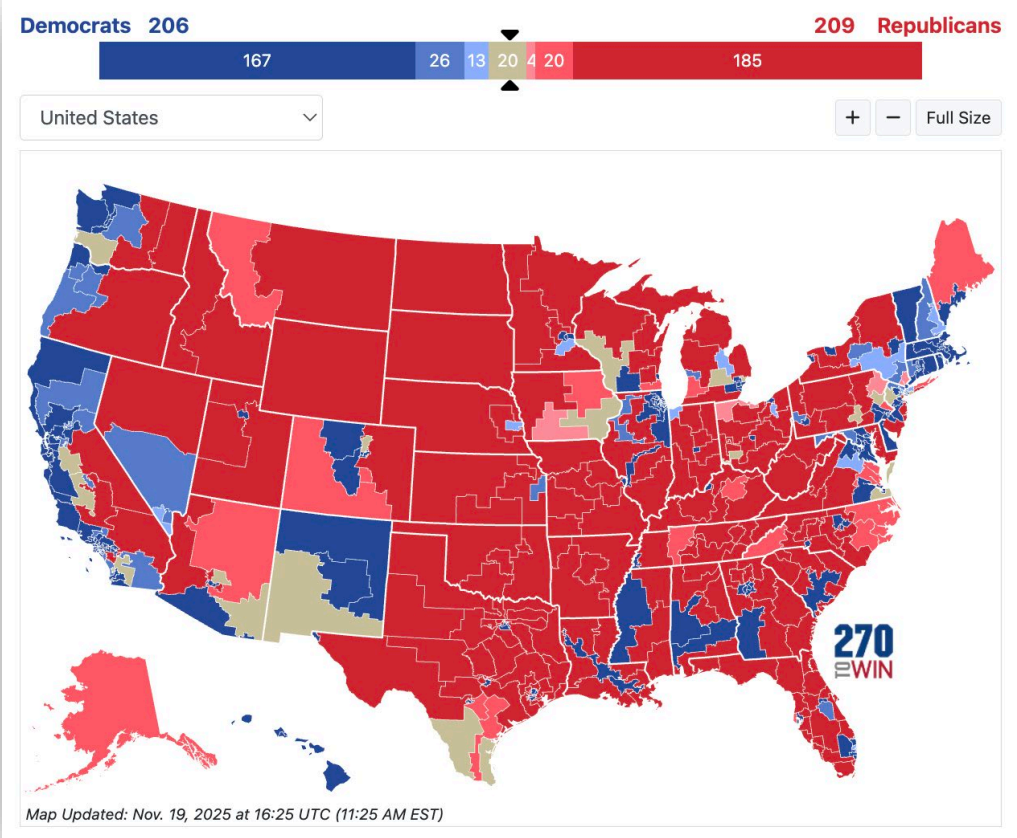
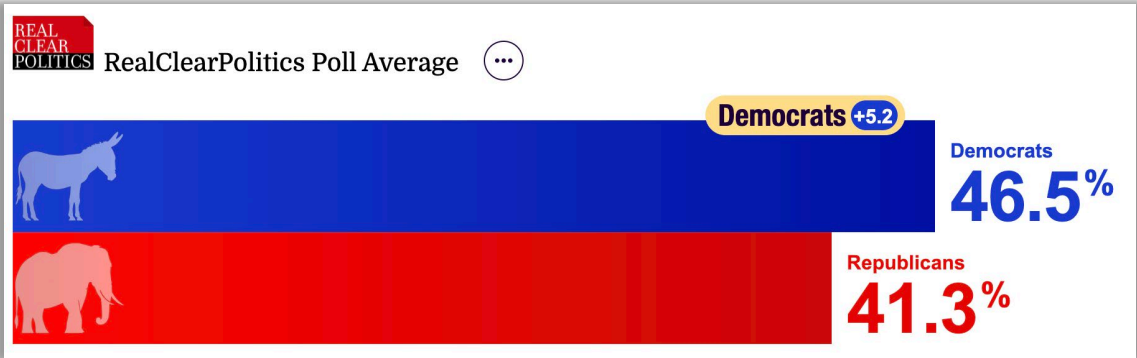


HOUSE 2026 MIDTERMS: EARLY PREDICTIONS

Outlets are beginning to forecast election outcomes...

| Prediction Markets | | |
|-------------------------------------|-----|-----|
| Which Party Will Control the House? | | |
| | D | R |
| Kalshi | 76% | 23% |
| Polymarket | 76% | 25% |
| PredictIt | 76% | 27% |

At present, polling averages suggest **Democrats hold an overall advantage**, but that Republicans have significant institutional advantages, especially in the Senate, arising in part from currently holding the White House



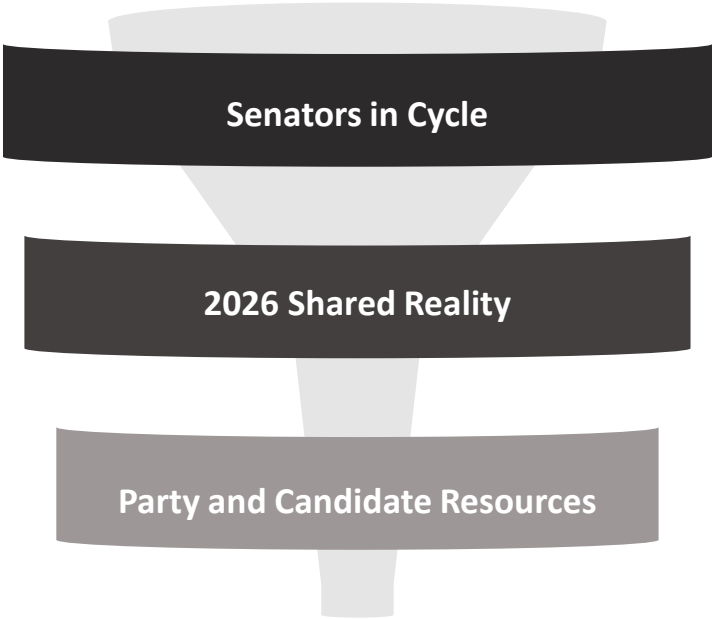
SENATE 2026 MIDTERMS : TOSS UPS AND KEY RACES

Current Senate Makeup

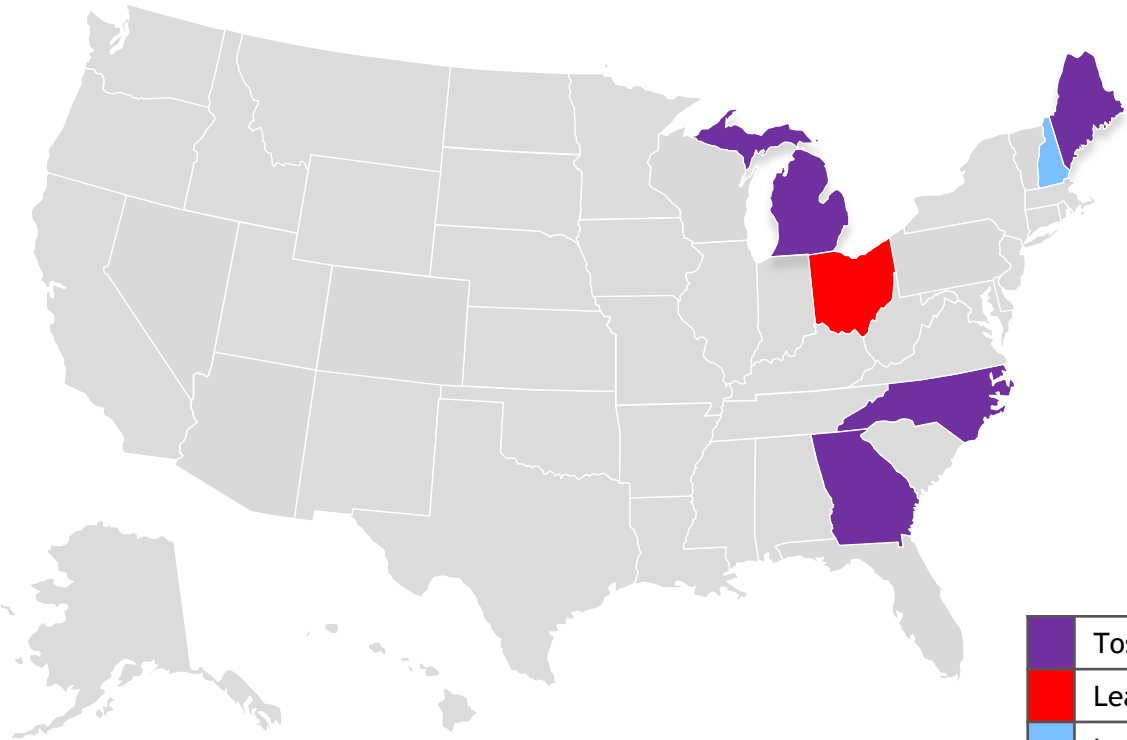


Unlike the House of Representatives, it is still too early to predict the Senate outcome as **6 Key Races*** will likely determine control of the chamber

Various Election Factors



Too Soon to Predict Outcome



| | |
|--|----------|
| | Toss Up |
| | Lean GOP |
| | Lean Dem |

*These 6 Key Races are based on those defined by the Cook Political Report as Leaning or Toss-Up