



777 6th Street NW  
Suite 610  
Washington DC 20001  
tel (202) 618-3900  
fax (202) 478-1804  
[www.pennhillgroup.com](http://www.pennhillgroup.com)

## MEMORANDUM

TO: **Interested Parties**  
FROM: **Penn Hill Group**  
DATE: **May 31, 2025**  
SUBJECT: **The President's FY2026 Budget Request for ED and Other Agencies**

---

On Friday, May 30, the Administration submitted additional materials related to its Fiscal Year (FY) 2026 budget request to Congress. Below is a summary and analysis of the portion of the budget request pertaining to the U.S. Department of Education (ED), as well as select programs in the U.S. Departments of Labor (DOL), Health and Human Services (HHS) and other agencies. ED's budget request can be found [here](#), DOL's budget can be found [here](#) and the HHS budget can be found [here](#). The full FY 2026 budget appendix can be found [here](#).

### **TOP LINE FUNDING AND MAJOR INITIATIVES IN THE BUDGET REQUEST**

The FY 2026 recommendations propose \$66.7 billion in discretionary spending for ED, which is a decrease of \$12.35 billion from the FY 2025 enacted level. For DOL, the recommendations propose \$8.6 billion in discretionary spending, a \$4.6 billion decrease compared to FY 2025 funding. Finally, the FY 2026 recommendations propose \$94.7 billion in discretionary spending for HHS, approximately a \$33 billion decrease compared to FY 2025. Below is a summary of the information that the recommendations document provides regarding specific programs.

### **U.S. DEPARTMENT OF EDUCATION**

#### **Elementary and Secondary Education**

The budget summary states that Federal education support has been allocated as a part of "innumerable small, poorly designed programs that create silos that are ill-suited to State-specific contexts." The summary further states that increasingly large numbers of staff are hired by States to not serve students, and appropriations for these programs have grown without any improvement in student achievement.

Title I – The request would level fund Title I and describes the program as a "critical source of support for LEAs (local educational agencies) in communities of concentrated poverty and provide considerable flexibility to LEAs on how to use funds to best address the needs of their students."

K-12 Simplified Funding Program – The request proposes a new \$2 billion program that reportedly consolidates 18 “currently” funded elementary and secondary programs into a State formula program. The summary states that States and localities could use funds for a number of elementary and secondary education activities, including increasing educational options for students within and across schools, strengthening instruction in core academic subjects and promoting patriotic education. The summary says that a minimum of 7.5 percent of funds provided under the program must be used for reading instruction supported by “high or moderate evidence.” Lastly the summary stipulates that “States and LEAs would continue to meet ESEA standards and assessments, accountability, and reporting requirements.”

The programs that the request states would be consolidated into this K-12 Simplified Funding program (K-12 SFP) are:

<b>Program</b>	<b>FY 2024 Enacted Level</b>
Comprehensive Literacy State Development Grants	\$194 million
Innovative Approaches to Literacy	\$30 million
Neglected, Delinquent, And At-Risk Children and Youth	\$49.2 million
Supporting Effective Institution State Grants (Title II-A of the Elementary and Secondary Education Act)	\$2.19 billion
21 <sup>st</sup> Century Community Learning Centers	\$1.33 billion
State Assessments	\$380 million
Education for Homeless Children and Youths	\$129 million
Native Hawaiian Education	\$45.9 million
Alaska Native Education	\$45 million
Rural Education	\$220 million
Student Support and Academic Enrichment Grants	\$1.38 billion
American History and Civic Education	\$23 million
Magnet Schools	\$139 million
Arts in Education	\$36.5 million
Javits Gifted and Talented Education	\$16.5 million
Statewide Family Engagement Centers	\$20 million
School Safety National Activities	\$216 million
Promise Neighborhoods	\$91 million
<b>Total</b>	<b>\$6.535 billion</b>

Charter School Grants – The request would make program changes by authorizing State Entity grantees to make subgrants to developers to prepare new charter school proposals; increasing the maximum amount that State Entity grantees can reserve for administrative costs and to provide technical support to developers and authorizers in their States; and allowing ED to pay a Federal share of up to 100 percent of the cost of a per-pupil facilities aid program under State Facilities Incentive Grants for each of the first two project years.

State Assessments – While the request does not fund this separate program, the summary states that “annual, high-quality, statewide assessments aligned to challenging State academic standards are a critical element of the statewide accountability systems” under ESEA. The summary further stipulates that “assessments also help identify schools that are meeting these standards and schools where additional resources and supports may be needed to improve educational opportunity and academic achievement.” Lastly, the summary states that the “K–12 SFP would ensure the continued administration of assessments under Title I of the ESEA, notwithstanding consolidation of the State Assessments program.”

## **Special Education and Vocational Education**

Individuals with Disabilities Education Act (IDEA) Grants to States, Part B – The request would provide \$14.9 billion for this program which is estimated to be approximately 11 percent of the national average per-pupil expenditure and provide \$1,944 per child for 7.6 million children with disabilities ages 3 through 21. The request proposes to consolidate funding for the Section 619 and Part D programs within the Part B program. The request includes new appropriations language that would provide States with additional flexibility to reserve funds for State-level activities to accomplish activities presently funded under Part D. Lastly, the request stipulates that States would continue to meet key IDEA accountability and reporting requirements aimed at ensuring a free, appropriate public education is available to all students with disabilities and protecting the rights of those students and their families.

IDEA, Part C, Infants and Toddlers – The request stipulates that states would have increased flexibility under Part C to use funding to identify and refer individuals who are expected to become an infant or toddler with a disability.

Vocational Rehabilitation State Grants – The request includes a provision which would reduce funding for the State Grants program to the FY 2024 level, citing that “many” States during FYs 2020 to 2023 were unable to spend their full allotments and relinquished “significant” portions back to ED. The request cites that no funding remained available after the 2024 reallocation process, stating that the 2024 level is “more closely aligned to State capacity to use the funds.” The request further includes appropriations language that would permit a second reallocation process in early FY 2026 that will prioritize funding to States that relinquish funds at the end of FY 2025 and extend the period for complying with non-Federal share requirements for reallocated funds into FY 2026.

## **Career, Technical and Adult Education**

Career and Technical Education (CTE) National Activities – The request states that the CTE National Activities funds would support the directive in the President’s Executive Order, “Preparing Americans for High-Paying Skilled Trade Jobs of the Future,” to “further protect and strengthen Registered Apprenticeships and build on their successes to seize new opportunities and unlock the limitless potential of the American worker.”

CTE National Activities funds would be used to “support unifying the public workforce system, States’ career and technical education systems, and the Registered Apprenticeship system to meet the need for competency and skill-based education and training.”

Adult Education State Grants and National Leadership Activities – The request does not propose funding for these programs, citing, as it does in other sections of the request, that “States and localities, not the Federal government, are best suited to determine whether to support the activities authorized under this program or similar activities within their own budgets and without unnecessary administrative burden imposed by the Federal government.”

## **Student Financial Assistance**

Pell Grants – The request would propose a \$5,710 maximum Pell Grant for the 2026-2027 award year, which is a decrease of \$1,685 in the maximum Pell grant compared to the 2025-2026 award year. The request cites the growing Pell shortfall as requiring this decrease and maintaining the current maximum award and eligibility would “put the program in an untenable financial position.” The request further cites Congressional inactions, increasing instances of fraud and the rescission of funds meant for Pell Grants to pay for other priorities as the reason the program is not on stable financial footing. Lastly, the request cites the passage of the FAFSA (Free Application for Federal Student Aid) Simplification Act, as exacerbating the Pell shortfall as the Act did not provide additional funding to cover the changes made to Pell eligibility under the Act. The request states that the Administration looks forward to working with Congress to develop a long-term, sustainable solution.

Workforce Pell – The request states that the Administration looks forward to working with Congress on Workforce Pell, citing that Workforce Pell would reimagine Pell to support short-term programs that boost the workforce in a more cost effective and efficient manner.

Supplemental Educational Opportunity Grants (SEOG) - The request cites this program as being “duplicative and poorly targeted.”

Federal Work-Study – The request proposes to work with Congress to reform the formula for this program to ensure that funding goes to institutions that serve the most low-income students and to enact a requirement that employers pay 75 percent of a student's hourly wages with the Federal contribution being reduced to 25 percent.

TRIO and GEAR UP Programs – The request cites that TRIO and GEAR UP programs have not met most of their performance measures for a number of years.

Institute of Education Sciences (IES) –The request states that IES has not yielded sufficient returns to students on the billions invested in education research and other IES activities, citing a significant decline in National Assessment of Educational

Progress (NAEP) scores since 2013. The request states that the Administration is currently “in the midst of reimagining a more efficient, effective, and useful IES to improve support for evidence-based accountability, data-driven decision making, and education research for use in the classroom.”

The request further states that ED is interested in collaborating with Congress and other stakeholders on a reauthorization of the Education Science Reform Act (ESRA) which is the authorizing authority for IES and that ED suggests that the reauthorization should focus on improved academic achievement. The request further states that ED is specifically interested in strengthening studies and data collections that pinpoint educational challenges and opportunities in schools as well as exploring ways to shift control of education research priorities from the Federal government to States. The request states that the primary focus of this re-envisioned IES would be strong dissemination and development efforts to ensure that IES’s activities are meaningful and useful to practitioners, emphasizing that research must be communicated in a form that is practical and useful to teachers and that the What Works Clearinghouse should be a resource for parents, teachers and administrators looking for the best solutions.

Part of the request for IES includes \$124 million to, as the request states, enable IES to meet statutory requirements, continue critical data collections and studies and fund administrative expenses. The request states the \$124 million will allow IES leadership to allocate resources to statutorily required activities such as the National Center for Education Research R&D Centers and the Small Business Innovation Research Program. The request further states that ED is committed to continuing support for critical data collections and studies, such as the Program for International Student Assessment (PISA), the Common Core of Data (CCD) and Integrated Postsecondary Education Data System (IPEDS), that provide critical information for education leaders and policymakers. The request also states that it includes funds needed for ED to meet its obligation to cover costs arising from deferred resignations, voluntary retirements, reductions in force and the staff needed to meet the Department’s statutorily required activities.

## **Office of Civil Rights**

Civil Rights Data Collection – The request states that included within the overall request for the Office of Civil Rights is \$4.9 million to support the contract for the Civil Rights Data Collection.

## **U.S. DEPARTMENT OF LABOR**

Making America Skilled Again – The request states that it proposes to consolidate 11 DOL workforce programs into a single Making America Skilled Again (MASA) grant program at approximately \$3 billion for FY 2026. The request requires that MASA grantees spend at least 10 percent of their funds on Registered Apprenticeship activities. The request states that the current structure of formula and competitive

programs, with their “attendant programmatic and performance requirements,” makes it administratively burdensome for States to respond to their workforce needs.

The programs that the request states would be consolidated into the new MASA grant program are:

Program <sup>1</sup>	FY 2025 Enacted level
Adult Employment and Training Activities	\$885.6 million
Youth Activities	\$948.1 million
Dislocated Workers Formula Grants	\$1.096 million
Dislocated Workers National Grants (includes Strengthening Community Colleges)	\$300.9 million
Indian and Native American Programs	\$60 million
Migrant and Seasonal Farmworkers	\$97.4 million
Reentry Employment Opportunities	\$115 million
Apprenticeship Programs	\$285 million
Community Projects	\$0
Workforce Data Quality Initiative	\$6 million
YouthBuild	\$105 million
Total	\$3.899 billion

Job Corps – The request calls for the elimination of Job Corps citing that it is “financially unsustainable, has an exorbitant per-participant cost, risks the safety of young adults, and has often made participants worse off.” The request includes funding for programmatic closure and related activities.

## **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Head Start – The request proposes a “set of reform principles to modernize the Head Start program.” The request states these reforms aim to increase parental choice; enhance and prioritize efficiency; promote parental engagement; and improve health, education and employment outcomes. The request further states that instead of an overly prescriptive Federal approach, HHS will focus on collaborating with early childhood systems to maximize parental choice and that the Administration for Children Families and Communities (ACFC) at HHS will also work with grantees to better manage funds; remove diversity, equity and inclusion (DEI); and reduce improper payments to increase financial accountability for the program.

Child Care Development Block Grant (CCDBG) – The request highlights recent guidance released by ACFC that focuses on families having access to a range of child care providers, including faith-based providers.

---

<sup>1</sup> Note – The narrative summary for the DOL budget states that the Employment Service funding is consolidated into the MASA grant program, but the chart on page 7 of such summary does not list the Employment Service among such programs.



**Funding Comparison of Select Programs under the FY 2026 Budget Proposals for the  
Departments of Education, Labor, Health and Human Services and Related Agencies**  
(in thousands)

The chart below compares the changes in the funding request to the final FY 2024 funding levels enacted, as the Administration has not publicly released the final FY 2025 program-by-program funding levels for ED, HHS and related agencies.

- Funding levels noted in **red** reflect a reduction or elimination of programmatic funding from the enacted FY 2024 level.
- Funding levels noted in **green** reflect an increase over enacted FY 2024 level.

Department of Education	FY 2024 Enacted	FY 2026 Budget Request	Difference FY 2024 vs. FY 2026 Budget Request
<b>Education for the Disadvantaged</b>			
Title I (Overall Grants to LEAs)	\$18,406,802	\$18,406,802	\$0
Innovative Approaches to Literacy	\$30,000	\$0	<b>-\$30,000</b>
Comprehensive Literacy State Development Grants	\$194,000	\$0	<b>-\$194,000</b>
<b>School Improvement Programs</b>			
Supporting Effective Instruction State Grants (ESEA Title II)	\$2,190,080	\$0	<b>-\$2,190,080</b>
Education for Homeless Children and Youth	\$129,000	\$0	<b>-\$129,000</b>
21 <sup>st</sup> Century Community Learning Centers	\$1,329,673	\$0	<b>-\$1,329,673</b>
Rural Education	\$220,000	\$0	<b>-\$220,000</b>
State Assessments	\$380,000	\$0	<b>-\$380,000</b>
Comprehensive Centers	\$50,000	\$0	<b>-\$50,000</b>
Student Support and Academic Enrichment Grants (Block Grant)	\$1,380,000	\$0	<b>-\$1,380,000</b>
<b>Innovation and Improvement</b>			
Education Innovation and Research	\$259,000	\$0	<b>-\$259,000</b>
American History and Civics Education	\$23,000	\$0	<b>-\$23,000</b>

Department of Education	FY 2024 Enacted	FY 2026 Budget Request	Difference FY 2024 vs. FY 2026 Budget Request
Teacher and School Leader Incentive Grants	\$60,000	\$0	-\$60,000
Charter Schools Program	\$440,000	\$500,000	+\$60,000
Magnet Schools Assistance	\$139,000	\$0	-\$139,000
Ready-to-Learn Television	\$31,000	\$0	-\$31,000
Supporting Effective Educator Development (SEED)	\$90,000	\$0	-\$90,000
Javits Gifted and Talented Education	\$16,500	\$0	-\$16,500
Arts in Education	\$36,500	\$0	-\$36,500
Statewide Family Engagement	\$20,000	\$0	-\$20,000
Impact Aid			
Basic Support Payments	\$1,474,000	\$1,474,000	\$0
Payments for Children with Disabilities	\$48,316	\$48,316	\$0
Facilities Maintenance	\$4,835	\$4,835	\$0
Construction	\$19,000	\$19,000	\$0
Payments for Federal Property	\$79,000	\$79,000	\$0
Safe Schools and Citizen Education			
Promise Neighborhoods	\$91,000	\$0	-\$91,000
Full-Service Community Schools	\$150,000	\$0	-\$150,000
School Safety National Activities	\$216,000	\$0	-\$216,000
English Language Acquisition			
English Language Acquisition (ESEA Title III, Part A)	\$890,000	\$0	-\$890,000
Special Education and Rehabilitative Services			



Department of Education	FY 2024 Enacted	FY 2026 Budget Request	Difference FY 2024 vs. FY 2026 Budget Request
IDEA Part B – (Grants to States)	\$14,213,704	\$14,891,264	<b>\$677,560</b>
IDEA Section 619 – (Preschool Grants)	\$420,000	\$0	<b>-\$420,000</b>
IDEA Part C – (Infants and Families)	\$540,000	\$540,000	<b>\$0</b>
Parent Training and Information Centers	\$33,152	\$0	<b>-\$33,152</b>
Career, Technical, and Adult Education			
CTE State Grants	\$1,439,848	\$1,439,848	<b>\$0</b>
CTE National Programs	\$12,421	\$10,152	<b>-\$2,269</b>
Adult Education State Grants	\$715,455	\$0	<b>-\$715,455</b>
Adult Education National Leadership Activities	\$13,712	\$0	<b>-\$13,712</b>
Student Financial Assistance			
Student Aid Administration	\$2,058,943	\$2,058,943	<b>\$0</b>
Pell Grant Discretionary Funding	\$22,475,352	\$22,475,352	<b>\$0</b>
Pell Grant Maximum (with mandatory add-on) <sup>2</sup>	\$7,395	\$5,710	<b>-\$1,685</b>
Federal Work Study	\$1,230,000	\$250,000	<b>-\$980,000</b>
SEOG	\$910,000	\$0	<b>-\$910,000</b>
Higher Education			
Strengthening Institutions	\$112,070	\$0	<b>-\$112,070</b>
Strengthening HBCUs	\$400,966	\$400,966	<b>\$0</b>
Hispanic Serving Institutions	\$228,890	\$228,890	<b>\$0</b>
Promoting Post-Baccalaureate Opportunities for Hispanic Americans	\$27,451	\$27,451	<b>\$0</b>

<sup>2</sup> Not in thousands

Department of Education	FY 2024 Enacted	FY 2026 Budget Request	Difference FY 2024 vs. FY 2026 Budget Request
HBCU Capital Financing Program	\$20,678	\$20,678	\$0
Strengthening Historically Black Graduate Institutions	\$101,286	\$101,286	\$0
Federal TRIO Programs	\$1,191,000	\$0	-\$1,191,000
GEAR UP	\$388,000	\$0	-\$388,000
Teacher Quality Partnerships	\$70,000	\$0	-\$70,000
Child Care Access Means Parents in Schools	\$75,000	\$0	-\$75,000
<b>Institute of Education Sciences</b>			
Institute of Education Sciences (IES)	\$793,106	\$261,300	-\$531,806
Research, Development and Dissemination	\$245,000	\$0	-\$245,000
Statistics	\$121,500	\$0	-\$121,500
Regional Educational Laboratories	\$53,733	\$0	-\$53,733
NAEP	\$185,000	\$129,000	-\$55,100
Special Education Research	\$64,255	\$0	-\$64,255
Statewide Longitudinal Data Systems	\$28,500	\$0	-\$28,500
<b>Office for Civil Rights</b>			
Salaries and Expenses	\$140,000	\$91,000	-\$49,000

Program	FY 2024 Enacted	FY 2026 Budget Request	Difference FY 2024 vs. FY 2026 Budget Request
<b>Department of Health and Human Services</b>			
Head Start (including Early Head Start)	\$12,271,820	\$12,271,820	\$0

CCDBG (Discretionary)	\$8,746,387	\$8,746,387	\$0
National Institute for Child and Women's Health, Sensory Disorders, and Communication <sup>3</sup>	N/A	\$1,414,000	N/A
National Institute of Behavioral Health <sup>4</sup>	N/A	\$2,785,000	N/A
Preschool Development Grants	\$315,000	\$0	-\$315,000
<b>Corporation for National and Community Service</b>			
CNCS Total Funding	\$1,262,806	\$32,430 <sup>5</sup>	-\$1,230,376
AmeriCorps State and National	\$557,094	\$0	-\$557,094
<b>Institute of Museum and Library Services (IMLS)</b>			
IMLS Total Funding	\$294,800	\$6,000 <sup>6</sup>	-\$288,800
Library Services and Technology Act (LSTA)	\$294,800	\$0	-\$294,800
Grants to States	\$180,000	\$0	-\$180,000
Native American/Hawaiian Library Services	\$5,763	\$0	-\$5,763
National Leadership: Libraries	\$15,287	\$0	-\$15,287
<b>Corporation for Public Broadcasting (CPB)</b>			
Total CPB Funding	\$595,000	\$30,000 <sup>7</sup>	-\$565,000

The chart below compares the changes in the funding request for DOL to the final FY 2025 funding levels enacted. Unlike the other agencies, the Administration publicly released the final FY 2025 program-by-program funding levels for DOL.

<sup>3</sup> The FY 2026 budget proposes consolidating National Institute of Child Health and Human Development with the National Institute on Deafness and Other Communication Disorders to form a National Institute for Child and Women's Health, Sensory Disorders, and Communication.

<sup>4</sup> The FY 2026 budget proposes consolidating the National Institute on Mental Health with the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse to form a National Institute of Behavioral Health.

<sup>5</sup> Budget request provides administrative funds for closure of agency

<sup>6</sup> Budget request provides administrative funds for closure of agency

<sup>7</sup> Budget request provides administrative funds for closure of agency

- Funding levels noted in **red** reflect a reduction or elimination of programmatic funding from the enacted FY 2025 level.
- Funding levels noted in **green** reflect an increase over enacted FY 2025 level.

Department of Labor	FY 2025 Enacted	FY 2026 Budget Request	Difference FY 2024 vs. FY 2026 Budget Request
Adult Employment and Training Activities	\$885,649	\$0	<b>-\$885,649</b>
Youth Activities	\$948,130	\$0	<b>-\$948,130</b>
Dislocated Workers Employment and Training Activities (formula grants)	\$1,095,553	\$0	<b>-\$1,095,553</b>
Strengthening Community College Training Grants	\$65,000	\$0	<b>-\$65,000</b>
YouthBuild	\$105,000	\$0	<b>-\$105,000</b>
Job Corps	\$1,760,155	\$176,370	<b>-\$1,527,785</b>
Apprenticeship Grants	\$285,000	\$0	<b>-\$285,000</b>
Make America Skilled Again (new Administration proposal consolidating funding from other ETA programs)	N/A	\$2,965,905	<b>N/A</b>