

EducationCounsel Alert for July 28, 2025

This EducationCounsel Alert shares updates about various recent actions by the federal government relevant to education, including:

- [1. Administration Releases Nearly \\$7 Billion in Withheld Federal Education Funds](#)
- [2. Congress Agrees to Rescind \\$9 Billion in Appropriated Funds](#)
- [3. Columbia University Agrees to Settlement with Administration](#)
- [4. Administration and USED Make Multiple Announcements Related to Artificial Intelligence \(AI\)](#)
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You can also find summaries and brief analysis of many other developments in our ongoing [Executive Actions Chart](#), which is continuously updated. All of our related resources are available in one place by [clicking here](#), including our most recent “Deep Dive,” a [summary of the Administration’s first six months](#). Please note that these developments are sometimes changing rapidly, and *this Alert and all our materials are meant to provide general guidance and do not constitute specific legal advice.*

[1. Administration Releases Nearly \\$7 Billion in Withheld Federal Education Funds](#)

On 7/25/25, USED announced it would no longer continue withholding about \$5.5 billion in FY25 federal education funding that was originally due to be dispersed on 7/1/25 for use in the 2025-26 school year. The announcement follows an initial release on 7/18/25 that was limited to the \$1.3 billion in frozen Title IV-B funds for out-of-school-time programming. Click [here](#) for the Department’s message to Title IV-B grantees, [here](#) for the new message regarding the remaining ESSA funds, and [here](#) for a parallel message to the adult education grantees. Funds should begin flowing this week to state education agencies (SEAs), local education agencies (LEAs), and other grantees.

The messages also notified grantees that the following new assurance is being added to their relevant Grant Award Notifications (GANs):

Grantees must not use federal funds under this project in any manner that violates the United States Constitution, Title VI or Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq. or 42 U.S.C. § 2000e et seq.), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.), section 504 of the Rehabilitation Act (29 U.S.C. § 794), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), Title II of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12131 et seq.), the Boy Scouts of America Equal Access Act of 2001 (20 U.S.C. § 7905), section 117 of the Higher Education Act of 1965, as amended (20 U.S.C. § 1011f), or other applicable federal law. To the extent that a grantee uses grant funds for such unallowable activities, the Department intends to take appropriate enforcement action including under section 451 of the General Education Provisions Act (GEPA), which may include the recovery of funds under section 452 of GEPA.

This new language appears to merely repeat typical assurances made by federal education grantees. Given that, it differs in two important aspects from the [“anti-DEI” certification](#) that USED demanded SEAs and LEAs sign in April. (That effort is currently [blocked](#) by multiple federal courts.)

- First, the new assurance only refers to the Constitution and federal laws. By contrast, the earlier “anti-DEI” certification and its accompanying email [arguably required](#) SEAs and LEAs to assure compliance not only with Title VI of the Civil Rights Act of 1964 but also with the Administration’s *interpretation* of Title VI as expressed in Executive Orders and USED guidance. That said, some [reporting](#) about the new release of the ESSA funds has quoted a government official saying that “[g]uardrails are in place to ensure these funds will not be used in violation of *Executive Orders or administration policy*” (emphasis added). It remains to be seen if this statement refers to something beyond the much narrower assurance quoted above.
- The earlier “anti-DEI” certification also included language emphasizing potential liability for SEAs and LEAs under the False Claims Act (FCA). Although the FCA generally applies to any assurances made as part of accepting federal funds, USED did not include similarly explicit FCA references in the new assurance.

Given the uncertainty regarding the meaning of the Administration’s public references to additional “guardrails” (and their potential chilling effects), it remains to be seen if the group of [states](#) and the [coalition](#) of school districts, parents, teacher’s unions, and nonprofits that have separately sued to challenge the withholding of the funds will dismiss their lawsuits as a result of the funds being released.

As to the future of these funding streams, the release of the funds most likely removes the threat that they will be rescinded by the Administration and Congress (see Item #2 below). However, these funds are among the education programs that the President either zeroed out or dramatically reduced in his FY26 budget proposal, so they remain at risk through the ongoing FY26 appropriations process:

Program	FY25 Appropriated Amount	FY26 Trump Budget Proposal
Title I-C (migrant students)	\$376 million	Proposed to be eliminated.
Title III-A (English learners)	\$890 million	
Adult Education & Family Literacy Act (adult learners)	\$715 million	
Title II-A (teachers & school leaders)	\$2.19 billion	Proposed to be part of an 18-program consolidated “K-12 Simplified Funding Program” that would collectively be cut by 70% (from \$6.5B to \$2B).
Title IV-A (academic enrichment)	\$1.38 billion	
Title IV-B (out of school time)	\$1.33 billion	

2. Congress Agrees to Rescind \$9 Billion in Appropriated Funds

On 7/24/25, President Trump signed into law his first “rescissions package” that canceled (or rescinded) nearly \$9 billion in funds that Congress had previously appropriated in the FY2025 budget. The rescission primarily included funding for foreign aid and for public radio and television. The implications of this could extend beyond the now-rescinded funds because—given the Administration’s success with the first proposed rescission—it is now much more likely that the White House will propose additional rescissions packages to Congress. Early [reporting](#) suggests that some education funds will be included in the next package. That said, the release of the \$7 billion in ESSA and adult education funds described in the prior item most likely remove those funds from any upcoming rescission threat, at least for the current FY25 budget. Other education funds that could still be included in a forthcoming rescissions package include funding that was [unilaterally cut](#) by the

Administration earlier this year (such as the early cuts to teacher preparation grants, education R&D, and technical assistance) and funding that has not yet been dispersed such as some competitive grants, perhaps including the [Preschool Development Grant Birth through Five](#).

Because rescissions can be approved in the Senate with a simple majority vote, the first package passed the House and Senate with only Republican support. As a result, Democrats have [indicated](#) they will be much less likely to engage in the FY26 appropriations negotiations in the Senate (where 60 votes are needed to enact an appropriations bill) if the Administration and the GOP majority in Congress will then use the rescissions process to undo the parts of the final compromise supported by Democrats.

3. Columbia University Agrees to Settlement with Administration

On 7/23/25, the Administration [announced](#) it had entered into a wide-ranging three-year settlement with Columbia University to resolve a number of federal inquiries and funding freezes, mostly stemming from the Administration's allegations regarding Columbia's responses to antisemitism. The following are just some of the many provisions included in the [22-page agreement](#):

- Regarding [finances](#), Columbia will pay a \$200 million fine to the government over three years and, to resolve an EEOC investigation, another \$21 million to Jewish employees. For its part, the Administration will restore Columbia's access to billions in federal research funding.
- Regarding [antisemitism](#), several provisions codify a series of [commitments](#) Columbia agreed to in March, including changes to its policies governing protests, student discipline, and campus safety, as well as initiating a review of the university's regional studies programs that focus on the Middle East and Israel.
- Regarding "[DEI](#)," Columbia will not "maintain programs that promote unlawful efforts to achieve race-based outcomes, quotas, diversity targets, or similar efforts." The university agreed to "maintain merit-based admissions policies" and publicly report the "composition of the [first-year] class broken down by race, color, national origin, grade point average, and performance on standardized tests." The agreement includes similar commitments regarding hiring and promotion.
- Regarding [international students](#), Columbia will ask prospective students "questions designed to elicit their reasons for wishing to study in the United States," make sure all students are committed to "civil discourse," and share information with the federal government about suspensions, expulsions, and arrests of student visa-holders.
- [Other significant provisions](#) include:
 - An independent monitor agreed to by both parties, [Bart Schwartz](#), will report on implementation and progress every six months.
 - The agreement states that the federal government will not have the "authority to dictate faculty hiring, University hiring, admissions decisions, or the content of academic speech."
 - The agreement does not include an admission by Columbia of any wrongdoing.
 - The government can still initiate new investigations under Title VI or other federal laws.

There are many open questions about the terms of the settlement—for example, the agreement does not define key words like "merit"—and how the settlement might limit or define choices that Columbia makes regarding admissions, hiring, etc.

The Columbia settlement could also have significant implications for other institutions of higher education under current or future investigations, as Secretary McMahon [characterized](#) the agreement as a "roadmap for elite universities that wish to regain the confidence of the American public by renewing their commitment to

truth-seeking, merit, and civil debate.” She further stated, “I believe they will ripple across the higher education sector and change the course of campus culture for years to come.” Additionally, the Secretary [stated](#) in one interview about the settlement, “I think that this is a monumental victory for conservatives who have wanted to do things on these elite campuses for a long time because we had such far left-leaning professors”

4. Administration and USED Make Multiple Announcements Related to Artificial Intelligence (AI)

The Administration recently made several announcements related to AI and education. These include, among other things, a new AI priority for USED competitive grants, guidance to the field on how to use federal funds for AI-related investments, and the Administration’s overarching “AI Action Plan.”

First, on 7/22/25, USED [announced](#) both a new secretarial priority for competitive grants and new guidance to the field. These actions follow the 4/23/25 EO, “[Advancing Artificial Intelligence Education for American Youth](#),” which called for “promoting the appropriate integration of AI into education.”

- Secretary McMahon added “[Advancing Artificial Intelligence in Education](#)” to her [original list](#) of three **secretarial priorities**. The new priority calls for integrating AI into teaching—including for personalization and differentiated instruction, expanding AI and computer science education, and supporting professional development for teachers on using AI in the classroom. The proposed priority also encourages schools and districts to adopt AI to “enhance classroom efficiency, reduce administrative burdens, and improve teacher training and evaluation.” The notice included several proposed definitions for AI literacy and computer science. The public comment period for this new competitive grant priority ends on 8/21/25.
- USED also [issued](#) a **Dear Colleague Letter** to grantees and future grantees highlighting the allowable uses of existing federal education formula and discretionary grant funds to support AI in education. These include, among other things, using federal funds for instructional materials, high-impact tutoring, and college and career pathway “exploration and navigation” that incorporate AI.

Second, on 7/23/25, the Administration [released](#) “**Winning the AI Race: America’s AI Action Plan**.” The plan, which was called for in the [1/23/25 EO](#), “Removing Barriers to American Leadership in AI,” identifies more than 90 federal policy recommendations and actions across three “pillars:” Accelerating Innovation, Building American AI Infrastructure, and Leading in International Diplomacy and Security.

The following recommendations and expected actions are most relevant to education:

- Prioritize AI skill development as a “core objective” of relevant education and workforce funding streams at USED, DOL, and other agencies.
- Ensure USED, DOL, and other agencies partner with state and local governments and workforce systems to support the creation of industry-driven training programs, apprenticeships, and early career programs that prioritize AI infrastructure occupations.
- Require USED to develop guidance to state and local career and technical education systems to ensure AI infrastructure occupations are prioritized.

The following may also have particular relevance:

- Identify and repeal regulations, rules or guidance that “unnecessarily hinder” AI development or deployment.
- Consider a state’s “AI regulatory climate” in making federal funding decisions for AI-related discretionary funding programs.

- Remove, in the NIST AI Risk Management Framework, references to “misinformation, Diversity, Equity, and Inclusion, and climate change.”
- Update federal procurement guidelines to mandate that developers ensure their systems are “objective and free from top-down ideological bias.” (The Administration took related action on this recommendation via a new EO, “[Preventing Woke AI in the Federal Government](#).”)

5. DOJ Issues Guidance Implementing Executive Order on English as the Official Language

On 7/14/25, the Department of Justice (DOJ) issued [new guidance](#) implementing the 3/1/25 “[Designating English as the Official Language of the United States of America](#)” executive order (EO). The EO rescinded an [8/16/00 EO](#) issued under President Clinton that directed federal agencies to enhance access to federal programs for individuals with limited English proficiency (LEP) and required tailored guidance for recipients of federal funding under Title VI of the Civil Rights Act. The DOJ’s new guidance directs federal agencies to take a number of steps to redirect resources *away* from providing multilingual services that exceed the minimum legal requirements and *toward* programs that facilitate “English-language education and assimilation.”

According to the guidance, DOJ will rescind prior LEP guidance issued under the Clinton-era EO, conduct an internal review of non-English language programs, suspend operations of [LEP.gov](#) and access to current guidance and other resources, and develop new guidance for public comments within 180 days. In the interim, DOJ also *encourages* other federal agencies to:

- Rescind any guidance based on the Clinton EO, including any “guidance if it conflicts with Executive Order 14,224 and is not mandated by law or the Constitution.” Agencies are advised that they do not have to suspend services that are currently provided or translations already underway.
- Assess all programs, grants, and policies to identify any that may be administered exclusively in English.
- Consider opportunities to utilize machine translation or AI to communicate with LEP individuals.
- Include disclaimers in any programs that incorporate non-English language resources or services stating that English is the official language of the United States.
- Explore reducing costs associated with translation services in favor of research and programs that increase English proficiency.

Note that the DOJ’s new guidance does *not* change any of the federal, state, or local laws, regulations, or even guidance from other federal agencies like USED or HHS that govern the provision of education or related information in languages other than English. Federal law still requires that the government provide English learners access to public education. This is primarily guaranteed by Title VI of the Civil Rights Act of 1964, the Equal Educational Opportunities Act, and the Supreme Court’s 1974 ruling in *Lau vs. Nichols*, a decision that has been repeatedly affirmed in subsequent Supreme Court rulings. *Lau*, in particular, ensures that English Learners receive the necessary support to gain access to public education, including through programs and services that aid in English language acquisition.

6. Other Significant Updates

All recent updates will appear in the [Executive Actions Chart](#), but some of note include:

USED Seeks to Move Forward with Office for Civil Rights (OCR) Reduction in Force (RIF): On 7/21/25, USED [asked](#) a federal court to lift a preliminary injunction against the dissolution of 7 of 12 OCR regional offices. This [OCR-specific lawsuit](#) was brought by the Victim Rights Law Center, students, and parents on the grounds that a “hollowed out” OCR could not perform its statutorily mandated functions to enforce the civil rights of students across the country. In its new motion to vacate the preliminary injunction, the government asserted the OCR

RIF is effectively a “subset” of the larger RIF that the Supreme Court recently [allowed to proceed](#) while the underlying lawsuits challenging the legality of the RIFs advance toward final resolutions.

Administration Shares Plan to Revise 2024 Child Care and Development Fund (CCDF) Rule: On 7/22/25, during the annual meeting of State and Tribal Administrators for the Child Care and Development Fund (CCDF), Deputy Assistant Secretary for Early Childhood Development at HHS’s Administration for Children and Families, Dr. Laurie Todd-Smith, shared that the Office of Child Care (OCC) plans to propose a new CCDF rule for public comment later this year. She noted that the Administration intends to focus on increasing states’ flexibility with the child care subsidy program and stated that she has heard about challenges experienced by states as they implement changes called for in the existing CCDF rule, which was promulgated in 2024. That rule-making process sought to rein in child care costs for eligible families and stabilize operations for child care providers through improved payment practices, among other improvements. Dr. Todd-Smith also indicated in her comments that states may choose to avoid further spending on implementing the 2024 CCDF rule pending the Administration’s future rule making. At the same time, however, nothing in the governing statute, the Child Care and Development Block Grant (CCDBG) Act, prohibits states from continuing to take action to reduce costs and improve payment policies. For more on the 2024 CCDF rule’s major provisions and the potential implications of a revision by the Trump Administration, see [this EducationCounsel memo](#).

USED Begins to Design New Grant Competition for Mental Health Programs: In April, USED sent notifications to most [Bipartisan Safer Communities Act](#) grantees that continuing these grants beyond the current budget period is not in the “best interest of the Federal Government.” Those discontinuation decisions are being [challenged](#) in court by a coalition of states. In the meantime, on 7/16/25, USED began planning for future BSCA-funded grant programs by circulating for public comment drafts of “priorities, requirements, and definitions” for the [Mental Health Service Professional Demonstration Grant Program](#) and the [School-Based Mental Health Services Grant Program](#). The proposal including these two elements:

- The competitions could include the following prohibition, which aligns with the Administration’s “[Ending Radical Indoctrination in K-12 Schooling](#)” EO: “Applicants that receive an award under this program are prohibited from using program funds for promoting or endorsing: (1) gender ideology, (2) political activism, (3) racial stereotyping, or (4) hostile environments for students of particular races.”
- The grant funds would be limited to supporting only school psychologists. The Biden Administration’s version of these grant programs, by contrast, allowed for funds to support a range of school-based mental health professionals including not only school psychologists but also social workers and school counselors.

Lawsuits Challenge Exclusion of Undocumented Children and Students from Additional Public Benefits: At least two lawsuits have been filed to challenge the Administration’s recent [multi-agency policy initiative](#) to exclude from a number of public benefits all undocumented individuals as well as those in the country under temporary protected status or who are part of DACA. First, the plaintiffs in an existing lawsuit challenging a number of actions affecting the Head Start program [amended their complaint](#) to include the new HHS reinterpretation of Head Start eligibility. Second, a coalition of 21 states [filed a lawsuit](#) challenging the policy changes announced by USED, DOL, HHS, and DOJ. On 7/25/25, those states and the federal government [agreed](#) to pause enforcement of the agencies’ reinterpretations *only in the plaintiff states* until 9/3/25, so the court can consider the legal challenge.

OCR Investigates Scholarships for DACA and Undocumented Students: On 7/23/25, OCR [announced](#) new investigations into five universities—University of Louisville, the University of Nebraska Omaha, the University of Miami, the University of Michigan, and Western Michigan University—regarding specific scholarship programs. OCR’s announcement asserts that scholarships designed for students who are ineligible for federal student aid because of their immigration status (e.g., DACA or undocumented students) violate Title VI’s prohibition of discrimination on the basis of national origin. The announcement also notes potential Title VI violations at three of the schools due to additional scholarship programs designed for other student groups (e.g., “underrepresented minority students” or Latino students).

OCR Finds Virginia Districts in Violation of Title IX due to Trans-Inclusive Bathroom Policies: On 7/25/25, OCR [announced](#) that five Virginia school districts—Alexandria City Public Schools, Arlington Public Schools, Fairfax County Public Schools, Loudoun County Public Schools, and Prince William County Public Schools—are violating Title IX through their policies allowing students to access bathrooms that align with their gender identity. OCR has proposed a resolution agreement and given the districts ten days to agree, after which time the Administration may take additional actions including referral to DOJ. These findings are particularly significant in light of controlling legal precedent from the Fourth Circuit Court of Appeals (which includes Virginia). In [Grimm v. Gloucester County School Board](#), the Fourth Circuit held that transgender students have a right under both Title IX and the Equal Protection Clause to access bathrooms aligned with their gender identity. OCR’s announcement does not address the *Grimm* case, but it does reference the Supreme Court’s [recent decision in United States v. Skrametti](#) upholding Tennessee’s ban on gender-affirming care for transgender minors. This suggests that the Administration may attempt to argue that *Skrametti* effectively overruled the Fourth Circuit’s ruling in *Grimm*.

7. What’s Coming Next?

Our [Executive Actions Tracker](#), which is different from our [Executive Actions Chart](#), includes a comprehensive list of specific actions called for in President Trump’s various EOs affecting education. The table below highlights a few particularly significant *upcoming deadlines*. Consult the Tracker for a full list of the EOs’ requirements and deadlines.

Date	Executive Order	Action Expected
8/18	“Restoring Accountability to Policy-Influencing Positions within the Federal Workforce” EO	The heads of federal agencies must conduct a full review of all positions and determine which positions should be reclassified under a new classification of federal employees for “policy-influencing positions” that are not subject to typical civil service protections.
8/21	“Reinstating Common Sense School Discipline Policies” EO	USED, DOJ, HHS, and DHS, will submit a report regarding the “status of discriminatory-equity-ideology-based school discipline and behavior modification techniques in public education.”
8/21	“Advancing Artificial Intelligence Education for American Youth” EO	The Secretary of Labor shall, in consultation with the Secretary of Education and the Director of the NSF, support the creation of opportunities for high school students to take AI courses and certification programs by giving priority consideration in awarding grants to providers that commit to use funds to develop or expand AI courses and certification programs. The Secretary of Labor and the Secretary of Education shall encourage recipients to build partnerships with states and local school districts to encourage those entities to consider offering high school students dual enrollment opportunities to take courses to earn postsecondary credentials and industry-recognized AI credentials concurrent with high school education.

		<p>All agencies that provide educational grants will consider AI as a priority area within existing Federal fellowship and scholarship for service programs.</p>
		<p>The Director of the NSF shall take steps to prioritize research on the use of AI in education. The Director of the NSF shall also utilize existing programs to create teacher training opportunities that help educators effectively integrate AI-based tools and modalities in classrooms.</p>
		<p>The Secretary of Agriculture shall take steps to prioritize research, extension, and education on the use of AI in formal and non-formal education through 4-H and the Cooperative Extension System. The Secretary of Agriculture shall also utilize existing programs to create teacher and educator training opportunities that help effectively integrate AI-based tools and modalities into classrooms and curriculum.</p>
		<p>The Secretary of Labor shall seek to increase participation in AI-related Registered Apprenticeships.</p>
		<p>The Secretary of Labor shall encourage states and grantees to use funding provided under the Workforce Innovation and Opportunity Act (WIOA), as amended, to develop AI skills and support work-based learning opportunities within occupations utilizing AI.</p>
		<p>The Secretary of Labor, through the Assistant Secretary of Labor for Employment and Training, and in collaboration with the Director of the NSF, shall engage with relevant state and local workforce development boards, industry organizations, education and training providers, and employers to identify and promote high-quality AI skills education coursework and certifications across the country.</p>

DISCLAIMER: Consistent with our mission, EducationCounsel is working to update and support the field as federal actions consequential to education are unfolding. The information provided above does not serve as legal counsel and, given the pace of action, could be outdated quickly. Nonetheless we hope this information is helpful. If you have any suggestions or feedback please send it to info@educationcounsel.com. Updates in this Alert are current as of July 28, 2025 at 5:00 pm ET.