

Department of Education: What to Know About Dissolution, Reduction and Reallocation

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The 13th Secretary of the Department of Education (ED), Linda McMahon, was confirmed in a 51 – 45 Senate vote on March 3, 2025. Upon becoming secretary, McMahon delivered her opening speech to ED, [“Our Department’s Final Mission,”](#) where she confirmed President Donald Trump’s desire to abolish ED and her plan to follow his orders. A few weeks later, Trump acted upon this interest by signing an executive order (EO) – [“Improving Education Outcomes by Empowering Parents, States, and Communities.”](#)

Process for dissolution

Though Trump issued an EO calling for ED to dissolve, congressional action is required to disband any cabinet-level department. This would require 60 votes in the Senate. With the Republicans currently holding a small majority of 53 seats, the path forward is not clear. Sen. Bill Cassidy (R-LA), Health, Education, Labor and Pensions (HELP) chair, said that he will introduce legislation to close ED, but it has not reached the floor yet. On March 25, Rep. Andrew Ogles (R-TN), introduced a bill, [HR 2386](#), that [allegedly codified Trump’s executive order closing ED](#), but the text of the bill is focused on expanding state control over education and does not explicitly authorize the secretary to eliminate ED. The bill has been referred to the House Committee on Education and Workforce.

The EO suggests an awareness of these legal constraints, as it limits the secretary’s actions to facilitate the closure of ED to those that are “to the maximum extent appropriate and permitted by law.” In the last few months, ED has engaged in the reduction and reallocation of its functions in an effort to reduce its operations without facing the legal hurdles of a formal dissolution. The EO and its directive to McMahon signal that this period of extreme reduction and reallocation will likely continue.

Statutory limitations to reduction and reallocation actions

The [Department of Education Organization Act](#) (act) established ED in 1979 and transferred responsibilities for carrying out previously existing laws to ED, like the Higher Education Act of 1965 (HEA), previously managed by the Office of Education within the Department of Health, Education and Welfare, which no longer exists. Beyond defining ED’s purpose, the act also limits the reduction and reallocation actions that ED can take.

The act, and its codification in 20 US Code § 3401, grants the secretary limited authority to discontinue or reallocate functions within ED, but these powers are narrowly defined. The secretary has the discretion to “allocate or reallocate functions among the officers of the Department, and to establish, consolidate, alter, or discontinue such organizational entities within the Department as may be necessary or appropriate,” and the act authorizes the secretary to terminate some offices, such as English Language Acquisition, the Office of Environmental Education and the National Center for Education Statistics, under specific procedural guidelines (20 US Code § 3473). However, the act specifies that this authority does not extend to offices and programs created by or assigned to ED by statute, including the Office of Civil Rights (OCR) and the Federal Student Aid Office (FSA).

With this statutory limitation on transferring departments to other agencies, more legal challenges to this administration’s actions are expected.

Reduction and reallocation

ED’s efforts to reduce its size in recent months have mirrored reductions in other areas of the federal government. In February, ED offered staffers a \$25,000 buyout to retire from their jobs at ED. According to McMahon, approximately 300 individuals out of 4,500 accepted this offer. Following the EO, ED laid off almost half of its staff, further reducing the number of employees within the department. Cutting staff this dramatically will inevitably limit the work ED can achieve.

If ED’s reductions significantly impact programs that are protected from elimination under the act, such that the programs can no longer function, its actions may amount to statutory violations of 20 US Code § 3473. This is the [argument advanced by 21 attorneys general in their lawsuit against ED](#) filed in March in the US District Court for the District of

Massachusetts. In their complaint, they argue that ED's "massive reduction in force is equivalent to incapacitating key, statutorily mandated functions of the Department, causing immense damage to Plaintiff States and their educational systems," and that "far from being just a 'first step,' the layoffs are an effective dismantling of the Department." Additional lawsuits brought by the [American Federation of Teachers](#) and the [NAACP](#) advance similar arguments against ED.

ED also has relied on the reallocation of its functions as a means of diminishing its operations. While the administration has attempted to focus the discussion surrounding the dismantling of ED as "restor the rightful role of state oversight in education and the overreach from Washington," as the secretary stated in her opening address, recent actions from the president and his administration suggest that many of the programs would not simply vanish, but would instead be reallocated to other agencies and departments.

As discussed, the secretary's authority to reallocate ED's functions does not extend to functions that are statutorily assigned to ED. However, the statutory limitations surrounding reallocation do not seem to be considered in the announcements, many of which involve the reallocation of functions that have been statutorily assigned to ED, like the FSA. In addition, the administration's announcements on reallocating ED's statutorily assigned functions – like the enforcement of the Individuals with Disabilities Education Act (IDEA) – also may exceed statutory limitations.

Announcements from the president regarding reallocation

Federal student loans

- In the days following the EO, Trump announced that federal student loans would now be directly under the control of the Small Business Administration (SBA). While this administrative change has been announced, there is no further information on how or when SBA will begin operations. Under the HEA, student loans are the education secretary's responsibility, so this action will likely face legal challenges.

Individuals with special needs and Title I

- The president also announced plans for the Department of Health and Human Services (HHS) to take over special needs and nutrition programs, though similar to the stated plan to move student loans to SBA, there is limited information regarding how this process will operate. It is unclear what special needs programs would move, but HHS Secretary Robert F. Kennedy Jr. posted on his official government X (formerly Twitter) account that HHS "is fully prepared to take on the responsibility of supporting individuals with special needs."
- Before signing the EO, Trump announced that Title I funding would be preserved and redistributed to another agency. The administration has not provided any additional information at this time.

Pell Grants

- In a speech delivered before signing the EO, Trump also mentioned that Pell Grants would be redistributed to another department, but he has not provided further details. Despite these announcements, the timing and manner of their implementation remains unclear. This has caused concern and consternation for impacted parties from both a legal and administrative standpoint. Further movement of programs from ED into other agencies should be expected and anticipated following these declarations.

Even if the legal challenges are overcome, the potential transfer of ED's operations into other agencies raises significant concerns about whether the receiving agencies have sufficient trained and qualified staff to effectively operate the programs and take on the new responsibilities. These agencies likely do not have the resources nor institutional knowledge to handle the complex change in delegation. This concern has already been raised for SBA and HHS, as the agencies have not provided information on how to structure these additional programs.

Effects of reduction and reallocation

The education sector is already experiencing the effects of the administration's reduction and reallocation efforts. In several states – including California, New York, Illinois, Kansas, Kentucky, Missouri and Utah – the federal government has [delayed reimbursement or failed to reimburse](#) school districts for expenses incurred under federal grant programs for homeless youth and students with disabilities that have been slashed by the administration. Teacher-preparation programs and programs dedicated to the improvement of school infrastructure also have experienced cuts. Similarly, sudden changes in reimbursement procedures related to pandemic relief programs have left schools unable to access funds that they were relying on.

Besides program cuts and abrupt procedural changes, the reductions in force (RIFs) have left school districts and education providers without designated points of contact for the various federal programs in which they participate, leading to widespread confusion across the sector. The full impact of the RIFs, particularly on smaller offices focused on large long-term projects, is likely to be felt in the future. For example, ED's Office of Educational Technology (OET), which was focused on helping states and school districts navigate new technology through policy guidance, [was eliminated as part of the administration's plan to dismantle ED](#). As new technologies emerge, particularly within the realm of artificial intelligence, school districts and states will lack a central authority for guidance, potentially resulting in uninformed decision-making and redundant efforts. Other offices engaged in critical work, such as the OCR within ED, which is charged with protecting the civil rights of students and educators, also have experienced severe layoffs, with seven of the agency's 12 regional enforcement offices being closed and the entire staff laid off. The effect of these closures on students' civil rights is still unfolding, but it could potentially be significant.

While ED's fate is currently murky, institutions and edtech organizations should continue to follow all reporting requirements and remain alert to any notices published. At this time, there have been no acts from Congress. Whatever the next steps are within the agencies, administration or the courts, Cooley will continue to monitor all movement as it relates to ED and its activities.

Vanessa Agudelo practices education law with an emphasis on helping postsecondary institutions, K-12 schools and education-related companies navigate complex regulatory challenges.

Jasmine Lee focuses on education regulatory matters including compliance issues for postsecondary institutions, K-12 schools, and education related companies.

Kate Lee Carey focuses on the legal, accreditation, administrative and regulatory aspects of regionally and nationally accredited higher education institutions and companies that provide services to the education industry.

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