

ALERT: Trump Administration Issues “Pause” on Federal Grant Spending Effective January 28

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On January 27, 2025, the White House Office of Management and Budget (“OMB”) released a [memorandum](#) regarding “Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs” (OMB Memorandum M-25-13; hereinafter the “OMB Memo”). The OMB Memo directs Federal agencies, *inter alia*, to: (1) identify and review all Federal financial assistance programs consistent with President Trump’s recent policies and Executive Orders (“EO”); and (2) “temporarily pause all activities related to obligation or disbursement of all Federal financial assistance, and other relevant agency activities that may be implicated by the executive orders” cited in the OMB Memo. The OMB Memo is effective January 28, 2025, at 5:00PM EST – though the breadth of its reach remains to be seen.

The OMB Memo’s first mandate undoubtedly applies to all Federal financial assistance and grant programs currently being managed by the Federal Government. This includes everything from NTIA’s Broadband Equity Access and Deployment Program (“BEAD”), to Commerce’s/NIST’s CHIPS for America Programs, and the billions of dollars Congress has appropriated under the Infrastructure Investment and Jobs Act (“IIJA”) and the Inflation Reduction Act (“IRA”) to numerous other federally funded programs. All programs will be reviewed to ensure they align with President Trump’s various Executive Orders, including those on foreign aid, DEI, and energy.

The real question, though, is the ultimate scope of the OMB Memo’s second mandate, to pause all obligations and disbursements of Federal grant funding. As written, the OMB Memo suggests the pause relates only to Federal programs “that may be impacted by the executive orders,”^[1] included in the OMB Memo. Therefore, absent additional guidance to the contrary, we do not read the OMB Memo as expanding beyond this limitation to technically cover *all* Federal programs, such as semiconductor manufacturing, that may not be directly impacted or covered by the listed EOs.

We recognize though that different interpretations may result from reviewing OMB’s direction. For example, OMB also directs agencies to “complete a comprehensive analysis of all of their Federal financial assistance programs,” to “pause all activities associated with open NOFOs, such as conducting merit review panels,” and suggests the disbursement pause is to allow the Administration time to “review agency programs and determine the best uses of the funding for those programs

consistent with the law and the President's priorities." Particularly where almost every Federal program will be impacted in some way by President Trump's EO on "Ending Radical and Wasteful Government DEI Programs and Preferencing," we can see where the OMB Memo could result in a pause to *all* Federal grant programs as agencies review their agreements to ensure they align with the Administration's new policies.

We expect additional guidance and announcement from agencies imminently – and are aware that some grant recipients have already received written notice of "pause" from their Federal Awarding Agencies.

In the meantime, if you are a federal grant recipient or subrecipient, absent a challenge on constitutional bases, the Federal government likely will not be paying your invoices after today, and significant changes to the terms of your agreements (possibly even termination) may be on the horizon.

Update: On January 28, 2025, a group of nonprofit organizations filed suit against the OMB in the U.S. District Court for the District of Columbia requesting a temporary restraining order against the OMB Memo. The Complaint alleges the OMB Memo violates the Administrative Procedures Act in several regards, including that the Memo is arbitrary and capricious, contrary to the First Amendment, and in excess of Statutory authority. *National Council of Nonprofits et al v. Office of Management and Budget et al*, No. 1:25-cv-00239 (D.D.C.).

Additionally, a document titled "[Instructions for Federal Financial Assistance Program Analysis in Support of M-25-13](#)," was released, providing Federal agencies with guidance on the review each listed Federal grant program must undergo pursuant to OMB's directive.

FOOTNOTES

[1] *Protecting the American People Against Invasion* (Jan. 20, 2025), *Reevaluating and Realigning United States Foreign Aid* (Jan. 20, 2025), *Putting America First in International Environmental Agreements* (Jan. 20, 2025), *Unleashing American Energy* (Jan. 20, 2025), *Ending Radical and Wasteful Government DEI Programs and Preferencing* (Jan. 20, 2025), *Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government* (Jan. 20, 2025), and *Enforcing the Hyde Amendment* (Jan. 24, 2025).

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