

January 28, 2025

Trump Administration Freezes Federal Grants and Other Federal Financial Assistance

On Monday (January 27), the White House Office of Management and Budget issued a memorandum directing federal departments and agencies to “temporarily pause all activities related to obligation or disbursement of all Federal financial assistance.” The memo, which is attached to the email, was scheduled to take effect Tuesday (January 28) at 5:00 PM ET. However, the American Public Health Association and other affected nonprofits filed suit earlier in the day to block the action and a federal district judge has temporarily blocked enforcement pending further judicial review.

The memo instructs federal agencies to identify all federal financial assistance programs and supporting activities to ensure that are consistent with President Trump’s executive orders. The memo specifically cites Trump’s orders on immigration, foreign aid, American energy, international environmental agreements, DEI programs, gender, and bans on federal abortion funding. For a more detailed overview of the health-related executive actions click [here](#). For an overview of the non-health executive actions click [here](#).

The memo defines federal financial assistance that is impacted by the freeze to include: grants; cooperative agreements; non-cash contributions or donations of property (including donated surplus property); direct appropriations; food commodities; and certain loans, loan guarantees, interest subsidies, and insurance, including those issued through public notices of funding opportunities. The memo, specifically, calls on federal agencies to pause the issuance of new awards; disbursement of Federal funds under all open awards; and other relevant agency actions that may be implicated by the executive orders.

In the wake of the memo, several news articles raised questions about the scope of the freeze. On Tuesday (January 28), Sen. Ron Wyden (D-OR), ranking member of the Senate Finance Committee, posted on X and Bluesky that his staff had confirmed that state Medicaid payment websites were down following the memo’s release. Taylor Harvey, a spokesperson for the Senate Finance Committee, told [STAT News](#) that the National Association of Medicaid Directors informed their team that states were not able to interface with the portal they use to submit claims for federal reimbursement.

In response to questions about the memo’s scope, OMB issued an FAQ, which states that the freeze does not apply to “direct benefits to individuals,” such as student loans and mandatory programs like Social Security, Medicare, Medicaid and SNAP. The FAQ also states, “Funds for small businesses, farmers, Pell grants, Head Start, rental assistance, and other similar programs will not be paused.” Instead, it directs federal agencies who believe these programs may be operating in conflict with the executive orders to consult with OMB on how best to wind down the programs “without a pause in the payments.”

OMB in the memo said the freeze would remain in place until it reviews each agencies list of impacted items and provides guidance and that exceptions may be made on a case-by-case basis. Agencies must submit their lists of impacted items by February 10. In the FAQ, OMB notes that the pause could be lifted prior to that date.

The memo also directs federal agencies to review pending financial assistance announcements and modify unpublished announcements that may conflict with the executive orders. In addition, the memo instructs federal agencies to withdraw published announcements and, where permissible by law, cancel funding already awarded that conflicts with executive orders. Federal agencies must also assign “responsibility and oversight” of tracking the financial assistance reviews to a senior political appointee, as opposed to a career official.

During a press conference on Tuesday (January 28), White House press secretary Karoline Leavitt reiterated that the memo will not impact individual federal assistance and said it is intended to ensure no more federal funding goes toward “illegal DEI programs,” clean energy-related disbursements, and “transgenderism and wokeness.”

Organizations that receive federal funding, including federal health research grants, may wish to conduct their own internal reviews of federal funding and identify grants or other funds that may fall within the targeted areas, including foreign aid, DEI, gender ideology, and energy.

If you have questions, please contact [Heather Meade](#) or [Heather Bell](#).

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