

Federal Funding Pause: Understanding the White House's Memo and Subsequent Court Rulings

Description

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On Monday January 27th, the White House's Office of Management and Budget (OMB) issued a [memorandum](#) instituting a pause on federal grant and loan programs. This memo quickly became the subject of litigation, further guidance from the White House, and court orders temporarily blocking implementation of the pause.

According to the original memo, the funding pauses extended to "all Federal financial assistance programs," defined as assistance which is received or administered by its recipients in various forms, but not including "assistance provided directly to individuals," including through programs like Medicare, Social Security, and SNAP. For covered programs, the memo ordered a review of spending for consistency with the policies of the new administration, as expressed in executive orders issued by President Trump, and a pause of such spending in the interim.^[1] That is, funding would be paused pending: (1) "a comprehensive analysis" by administrative agencies, due by February 10, 2025, "of all of their Federal financial assistance programs to identify programs, projects, and activities that may be implicated by any of the President's executive orders"; and (2) subsequent guidance from OMB to each agency on its programs.

After the memo was issued, but before it could take effect, two separate lawsuits were filed in the federal district courts in Rhode Island and the District of Columbia (the former by a group of state attorneys general, and the latter by several non-profit organizations) challenging the OMB Memo.^[2] Broadly, these lawsuits claimed that the funding pause violated the Administrative Procedure Act and various constitutional provisions, including the Spending Clause, Presentment Clause, Take Care Clause, and First Amendment. Each suit sought an injunction to block the funding pause, including expedited emergency relief to prevent implementation or enforcement of the pause during litigation.

The presiding judges in both cases signaled some skepticism about the funding pause, and on Friday, January 31st, Judge McConnell of the Rhode Island federal district court issued a temporary restraining order (TRO), enjoining the pause until further order of the court.^[3] The D.C. case developed from an "administrative stay" earlier that week, to a TRO issued by Judge Loren L. Alikhan of the District of Columbia federal district court on Monday, February 3rd.^[4] These orders block the pause until the parties can present more detailed arguments and evidence at preliminary injunction hearings, which will be scheduled for the near future. Since the Rhode Island TRO was ordered, the government submitted a notice of compliance explaining that it had notified all relevant federal agencies directing them to disseminate written notice to all agency employees, contractors, and grantees.

In the meantime, the White House has rescinded the original memo itself and issued additional guidance on what government funding is subject to a funding pause.^[5] This guidance included the following:

1. As stated in the original memo, the funding freeze does not affect any government assistance provided directly to individuals—such as Medicare, Social Security, SNAP food assistance, and student loans.
2. The pause would not apply to any program which is not implicated by seven executive orders issued by President Trump since his inauguration, which covered policy topics including DEI programming, immigration, foreign aid, environmental protection and energy development.
3. For programs that are subject to the funding pause, OMB has begun a process of review, working with agencies to determine whether particular programs are consistent with President Trump's executive orders, and to allow compliant funding programs to resume.

However, at this time the funding pause remains on hold, subject to further court orders. Organizations which receive federal grants or loans should monitor both the ongoing litigation testing the legality of the pause and any action by OMB for timely information on the status of their funding. These organizations should also consider working with legal counsel, as well as the relevant government agencies, to determine how the funding pause may affect them. Please engage Partridge Snow & Hahn attorneys [Elizabeth O. Manchester](#), [James P. McGlone](#), and [Kelley J. O'Donnell](#) if you have questions or concerns about the potential impact on your organization.

[\[1\] Federal Register :: Executive Orders](#)

[\[2\] State of New York v. Trump](#), No. 25-CV-39 (D.R.I. Jan. 28, 2025); [National Coalition of Nonprofits](#), No. 1:25-CV-239 (D.D.C. Jan. 28, 2025).

[\[3\] state-of-new-york-et-al-v-trump-tro-2025.pdf](#)

[\[4\] dc-order-tro-2-3-2025.pdf](#)

[\[5\] OMB Q&A Regarding Memorandum M-25-13 – The White House](#)

Date Created

February 3, 2025