



Analysis of OMB Memorandum M–25–13 Temporarily Pausing Federal Agency Grant, Loan, and Other Financial Assistance Programs

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INTRODUCTION

On January 27, Matthew Vaeth – the Acting Director of the White House Office of Management and Budget (OMB) – issued a memorandum directing the heads of executive departments and agencies to undertake a comprehensive analysis of “all of their Federal financial assistance programs to identify programs, projects, and activities that may be implicated by any of [President Trump’s] executive orders.”

Pursuant to the OMB directive, Federal agencies – to the extent permissible under applicable law – must 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 President executive orders, “including, **but not limited to**, financial assistance for foreign aid, nongovernmental organizations, DEI, woke gender ideology, and the green new deal.”

According to OMB, the temporary pause will provide the administration time to review agency programs and determine the best uses of the funding for those programs consistent with the law and President Trump’s priorities.

On January 28, OMB sent [instructions to agencies](#) for their analysis of programs under the federal aid freeze. The instructions included a spreadsheet of 2,600 accounts ranging across federal agencies, asking for information for any planned obligations or disbursements through March 15, and asks agencies to identify the senior political appointee responsible for overseeing each program. Responses were due by Feb. 7. The spreadsheet included questions such as: "Does this program provide Federal funding to non-governmental organizations supporting or providing services, either directly or indirectly, to removable or illegal aliens?" and "Does this program promote gender ideology?" among others. It was unclear whether every program listed in the memo would a temporary funding freeze during the review.

On the afternoon of January 28, OMB [issued a follow-up memo](#) appearing to walk back some of the directive, naming SNAP, student loans, Pell Grants, Head Start, rental

assistance "and other similar programs" that will not be paused. However, states, local governments and non-profit organizations on the ground continued to report being locked out of payment systems related to Head Start, most housing and homelessness programs and Medicaid, and therefore unable to draw down federal funds.

On January 29, the White House withdrew the controversial memo, which had already been temporarily paused by a federal judge. But Press Secretary Karoline Leavitt later said that while the memo itself would be scrapped, the White House was not rescinding the federal funding freeze. As a result, another federal judge said Wednesday he intends to issue a new block on the effort to freeze an enormous swath of federal spending, citing the White House's contradictory signals about the policy.

KEY EXCERPTS

Below are the key excerpts of the now-rescinded [OMB memorandum](#). We emphasize operative qualifiers in ***bold italics***.

This memorandum requires Federal agencies to identify and review all Federal financial assistance programs and supporting activities consistent with President Trump's policies and requirements.

Operative CFR Section included as a footnote in the memo. We have inserted ***bold italics*** to emphasize

- 1) 2 CFR 200.1 defines Federal financial assistance to mean "[a]ssistance that recipients or subrecipients receive or administer" in various forms, but this ***term does not include assistance provided directly to individuals***. For the purposes of this memorandum, Federal financial assistance includes: (i) all forms of assistance listed in paragraphs (1) and (2) of the definition of this term at 2 CFR 200.1¹; and (ii) assistance received or administered by recipients or subrecipients of any type ***except for assistance received directly by individuals***.

¹ (1) Assistance that recipients or subrecipients receive or administer in the form of:

- (i) Grants;
- (ii) Cooperative agreements;
- (iii) Non-cash contributions or donations of property (including donated surplus property);
- (iv) Direct appropriations;
- (v) Food commodities; and
- (vi) Other financial assistance (except assistance listed in paragraph (2) of this definition).

(2) For [§ 200.203](#) and [subpart F of this part](#), *Federal financial assistance* also includes assistance that recipients or subrecipients receive or administer in the form of:

- (i) Loans;
- (ii) Loan Guarantees;
- (iii) Interest subsidies; and
- (iv) Insurance.

2) Nothing in this memo should be construed to impact Medicare or Social Security benefits.

COMMENT: *The exclusion of "assistance received directly by individuals" did not initially appear to fully protect major safety net programs, such as the flexible block grant Temporary Assistance for Needy Families (TANF), the Low Income Home Energy Assistance Program (LIHEAP), senior nutrition programs, Child Care programs and more from spending freezes, per the list of programs under consideration by OMB and the subsequent memo describing exemptions.*

To implement these orders, each agency must complete a comprehensive analysis 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. In the interim, ***to the extent permissible under applicable law***, Federal agencies **must 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...

COMMENT: *The 'must temporarily pause' section was bolded in the memo.*

No later than February 10, 2025, agencies shall submit to OMB detailed information on any programs, projects or activities subject to this pause.

Each agency must pause: (i) issuance of new awards; (ii) disbursement of Federal funds under all open awards; and (iii) other relevant agency actions that may be implicated by the executive orders, ***to the extent permissible by law***, until OMB has reviewed and provided guidance to your agency with respect to the information provided.

COMMENT: *Under this process, the pause on spending while thousands of programs were subject to review would have likely been much longer than a few weeks.*

OMB may ***grant exceptions*** allowing Federal agencies to issue new awards or take other actions on ***a case-by-case basis***...

Additionally, agencies must,...for each Federal financial assistance program:...***(ii)...*** modify unpublished Federal financial assistance announcements, withdraw any announcements already published, and, to the extent permissible by law, ***cancel awards already awarded that are in conflict with Administration priorities***...

COMMENT: *This sweeping action appears to violate the [Impoundment Control Act](#). From the [Center on Budget and Policy Priorities](#): 'The ICA does not create new restrictions on presidential authority, but rather specifies how a President can request*

*that Congress change the law on an expedited basis to spend less than Congress initially provided. It **establishes a formal process whereby the President submits a request to Congress to rescind (take away) funding**, and Congress can choose how much, if any, of the President's proposed rescission to accept. **If Congress does not approve legislation that enacts the rescission within 45 days of the request, then the President must spend the funds**'.*

TRACKING IMPLEMENTATION AND IMPACTS

- The U.S. Department of Health and Human Services had 434 programs listed in the OMB memo of programs to be frozen and/or reviewed. Multiple state agencies reported having difficulty accessing funding portals for emergency aid, community health centers, Medicaid and more. Mid-afternoon on January 28, the White House Press Secretary confirmed that the portal would be live again soon and that Medicaid payments would not be impacted, and by January 29 the Payment Management System was up and running again.
- Head Start programs were temporarily locked out of the system that allows them to draw down federal funds. Providers early in the morning received a message saying that "Due to Executive Orders regarding potentially unallowable grant payments, PMS [the payment system] is taking additional measures to process payments. Reviews of applicable programs and payments will result in delays and/or rejections of payments." However, by the end of the day on January 28, access to the system was restored.
- Department of Education – reported that the spending freeze only applied to discretionary loans and should not impact Title I, IDEA, or other formula grants, Federal Pell Grants, Direct Loans under Title IV, HEA, HBCU and MSI grants.
- Grantees and Public Housing Authorities initially reported the inability to access Housing and Urban Development (HUD) grants. Eventually, they received a message that access was restored for rental assistance, but other housing and homelessness assistance was frozen, and grantees were informed that technical assistance under HUD's Community Compass and National Homeless Data Analysis Project Grants had been ordered to stop work.

LEGAL CHALLENGES

- A coalition of states, including New York, California, Illinois, New Jersey, Rhode Island and Massachusetts, are [filed a legal challenge](#) to the spending freeze on Tuesday in the Southern District of New York. A [federal judge signaled](#)

[willingness](#) to issue an additional Temporary Restraining Order in response to this suit.

- A coalition of non-profits and public health organizations [also filed a lawsuit](#) seeking a restraining order on the pause. A federal judge in response [issued a temporary restraining order](#) barring the funding pause from taking effect until Monday, February 3.