



Summary and Analysis of OMB Memorandum M-25-13

“Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs”

Introduction

On January 27th, 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 the disbursement of Federal financial assistance “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 Trump administration with time to review agency programs in order to determine the best uses of federal funding and to ensure that the administration of federal programs align with the president’s policy objectives and priorities.

On January 28th, OMB sent [instructions to agencies](#) for their analysis of programs under the federal aid freeze. The instructions include a spreadsheet of 2,600 federal funding accounts and request information for any planned obligations or disbursements through March 15th.

Furthermore, the OMB missive asks agencies to identify the senior political appointee responsible for overseeing each program. **Responses are due by February 7.** The spreadsheet includes 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 is unclear, but highly likely, that every program listed in the memorandum will be subject to a temporary funding freeze, at a minimum.

At the time of this writing, OMB issued a follow-up memorandum appearing to walk back some of the elements of the original directive, indicating that the Supplemental Nutrition Assistance Program, student loans, Pell Grants, Head Start, rental assistance “and other similar programs”

will **not** be paused. It should be noted, however, that this statement does not comport with the experience of local governments and non-profit organizations on the ground, many of whom are reporting being locked out of payment systems and unable to draw down federal funds.

KEY EXCERPTS

Below are the key excerpts of the [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**.
- 2) Nothing in this memo should be construed to impact Medicare or Social Security benefits.

COMMENT: *The exclusion of “assistance received directly by individuals” does not appear to fully protect major safety net programs, such as Medicaid, components of the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), the Low Income Home Energy Assistance Program (LIHEAP), senior nutrition programs, the Special Supplemental Nutrition Assistance Program for Women, Infants and Children (WIC),*

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.

Child Care programs and more from spending freezes, per the list of programs under consideration by OMB.

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 would be much longer than a few weeks. The agency deadline for submitting information is two weeks away, and we assume that an agency will err on the side of including any program for review that it considers potentially subject to the memo. An OMB review of the thousands of programs would be a monumental task.*

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 has 434 programs listed in the OMB memo of programs to be frozen and/or reviewed. Multiple state agencies report having difficulty accessing funding portals for emergency aid, community health centers, Medicaid and more, and the National Association of Medicaid Directors said in a statement that it has “formally sought clarification from CMS” on the order and is “pending a response.” On the afternoon of January 28th, the White House Press Secretary confirmed that the portal would be live again soon and that Medicaid payments would **not** be impacted.
- [Head Start](#) – Head Start programs are currently locked out of the system that allows them to draw down federal funds. Providers this 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.” It’s not clear whether the message appeared for all providers nationwide, or just some.
- [Meals on Wheels](#) – From Meals on Wheels America: “The uncertainty right now is creating chaos for local Meals on Wheels providers not knowing whether they should be serving meals today. Which unfortunately means seniors will panic not knowing where their next meals will come from.”
- Department of Education – reports that the spending freeze only applies 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.
- At least one county reports inability to access Housing and Urban Development (HUD) grants

LEGAL CHALLENGES

- A coalition of states, including New York, California, Illinois, New Jersey, Rhode Island and Massachusetts, are expected to file a legal challenge to the spending freeze on Tuesday in the Southern District of New York.
- A coalition of non-profits and public health organizations have [also filed a lawsuit](#) seeking a restraining order on the pause.