

## OMB Memo Directs Federal Agencies to Temporarily Freeze Federal Funding; Judge Blocks Order Until February 3

### Overview:

On Monday, January 27, the Trump administration released a [memo](#) directing agencies to **temporarily suspend federal spending across a broad range of areas effective 5pm EST today, Tuesday, January 28, 2025**. The memo spurred widespread concern as funding for states, local governments, nonprofit organizations, and businesses was placed at risk. Following lawsuits from Democratic Attorney Generals, nonprofits, and public health groups, **U.S. District Judge AliKhan issued a “brief administrative stay” halting implementation of the order until at least 5pm EST on February 3, 2025**.

This policy update details what the OMB’s memo includes, Congressional leadership’s response, the legal filings, and the **specific areas of federal funding impacted if the order proceeds**. For each area of federal funding impacted, we include the assistance listing number (ALN) that links to the program grant page with information on recipients and award amounts by fiscal year.

### What it is:

On Monday, January 27, the Trump administration released a [memo](#) temporarily suspending federal spending across broad areas of the federal government effective 5pm EST on Tuesday, January 28, 2025. Attached is a [list of the paused programs](#).

The memo was issued by Matthew Vaeth, Acting Director of the Office of Management and Budget (OMB), and was addressed to the heads of executive departments and agencies. It asserted that Executive Branch staff has a duty to align federal spending with the President’s priorities and directed them to **temporarily pause all federal financial assistance while they complete a comprehensive analysis of all federal financial assistance programs to ensure alignment with President Trump’s policies, requirements, and executive orders**.

The freeze on federal funding included **pausing new awards and halting distribution of federal funds under open awards**. It also directed agencies to **“withdraw any announcements already published, and, to the extent permissible by law, cancel awards already awarded that are in conflict with Administration priorities.”** The memo directs agencies to **initiate investigations when warranted** to identify underperforming recipients, and address identified issues up to and including **cancellation of awards**.

Under the memo, agencies are directed to **complete a comprehensive analysis of federal programs by February 10<sup>th</sup>** determining programmatic alignment with the President’s executive orders and other policies. This included completing the attached spreadsheet with **14 columns of questions**, encompassing the following:

- **Senior Political Appointee:** Identify the email of the senior political appointee responsible for the program.
- **Pending Funding Announcements:** Does the program have any pending funding announcements?

- **Statutory Requirements:** Does this program have any statutory requirements mandating the obligation or disbursement of funds through 3/15/2025?
- **Immigration:** Does this program provide federal funding to nongovernmental organizations that support or provide services – either directly or indirectly – to removable or illegal aliens?
- **DEI:** Does this program provide funding that is implicated by the directive to end discriminatory programs, including illegal DEI and “diversity, equity, inclusion, and accessibility” (DEIA) mandates, policies, programs, preferences, and activities, under whatever name they appear, or other directives in the same EO, including those related to “environmental justice” programs or “equity-related” grants?
- **Gender ideology:** Does this program promote gender ideology?
- **Abortion:** Does this program promote or support in any way abortion or other related activities identified in the Hyde Amendment?
- **Compliance with Executive Orders:** If not covered in the preceding columns, does this program support any activities that must not be supported based on executive orders issued on or after January 20, 2025 (including orders issued after this memo)?

Underscoring the focus on alignment with the Trump Administration’s **ideology**, the memo’s text underscores that the directive applies to “financial assistance for foreign aid, nongovernmental organizations, DEI, woke gender ideology, and the green new deal.” It also states that “financial assistance should be dedicated to advancing Administration priorities, ... **ending “wokeness” and the weaponization of government, promoting efficiency in government, and Making America Healthy Again.** The use of Federal resources to advance **Marxist equity, transgenderism, and green new deal social engineering policies is a waste of taxpayer dollars** that does not improve the day-to-day lives of those we serve.”

### Democratic Congressional Response

As the leaders of the Senate and House Committees on Appropriations, Senator Murray (D-WA) and Representative DeLauro (D-CT) sent a [letter](#) denouncing the memo for undermining Congress’ power of the purse, unilaterally freezing or contravening critical funding provided by bipartisan laws, sowing chaos, and denying resources for states, localities, families and businesses. The letter states, “The scope of what you are ordering is breathtaking, unprecedented, and will have devastating consequences across the country. We write today to urge you in the strongest possible terms to uphold the law and the Constitution and ensure all federal resources are delivered in accordance with the law.”

Other Congressional leaders responded as well.

### Legal Action

Earlier today nonprofit and public health groups [sued](#) Acting Director Mathew Vaeth and the Office of Management in federal court to overturn the Trump Administration guidance. Plaintiffs in the suit include the National Council of Nonprofits, American Public Health Association, Main Street Alliance, and SAGE, a New York City nonprofit serving LGBTQIA individuals. Additionally, Democratic Attorney Generals in more than 20 states including California, New York, North Carolina and Colorado plan to file an additional suit against the funding pause. In speaking about the lawsuit, states [highlighted](#) potentially devastating impacts to Medicaid, policing and highway funding among other major policy

areas. Nonprofit groups underscore concern about the potential ruinous impact on organizations that receive federal funds. **Both suits were filed on the basis that the Trump Administration's actions violate the Constitution and the Administrative Procedure Act.**

**U.S. District Judge AliKhan issued a "brief administrative stay" halting implementation of the order until at least 5pm EST on February 3, 2025.** The Trump Administration cannot suspend disbursement of Congressionally appropriated funds until that time. **Additional lawsuits are expected as the week progresses.**

### Impacted Funding Streams

If allowed, the temporary funding freeze would affect a range of programs. Below, we outlined the funding stream that would be impacted in each of the following areas: Medicaid, ACA coverage, Medicare, CMMI models, behavioral health, public health programs, maternal and reproductive health, and safety net workforce. We highlight key programs, and for each one, we include the assistance listing number (ALN) that links to the program grant page with information on recipients and award amounts by fiscal year.

#### Medicaid

- **Section 206 Consolidated Appropriations Act, 2024: State Planning Grants to Promote Continuity of Care for Medicaid & CHIP Beneficiaries ([ALN 93.694](#)):** Grants to state Medicaid and CHIP agencies to develop operational capabilities to promote continuity of care for individuals who are inmates of a public institution and are eligible for medical assistance under the state Medicaid program or are eligible for child health assistance or pregnancy-related assistance under the state Children's Health Insurance Program (CHIP)
- **Children's Health Insurance Program ([ALN 93.767](#)):** Funds to States to enable them to maintain and expand child health assistance to uninsured, low-income children, and at a state option, low-income pregnant women and legal immigrants.
- **State Grants for the Implementation, Enhancement, and Expansion of Medicaid and CHIP School-Based Services ([ALN 93.771](#)):** Bipartisan Safer Communities Act funding to States for the purpose of implementing, enhancing, or expanding the provision of assistance through school-based entities under Medicaid or CHIP.
- **Medical Assistance Program ([ALN 93.778](#)):** Funding for Medicaid, to provide financial assistance to States for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements, and other categorically-eligible groups.
- **State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid ([ALN 93.796](#)):** Funding to provide (Medicaid) financial assistance to any State which is able and willing to determine through its State health agency or other appropriate State agency that providers and suppliers of health care services are in compliance with Federal regulatory health and safety standards and conditions of participation.

#### ACA Coverage

- **Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges (ALN 93.332):** Funding to organizations who serve as [Navigators](#) in states with a Federally-facilitated Exchange, which are most states.
- **1332 State Innovation Waivers (ALN 93.423):** Federal pass-through funding for states with [Section 1332 waivers](#), which allow states to pursue innovative strategies for providing coverage through individual and small group markets (e.g., reinsurance program to lower premiums, implement a public option).
- **Basic Health Program (Affordable Care Act) (ALN 93.640):** Funding for states to create a Basic Health Program (BHP), a health benefits coverage program for low-income residents who would otherwise be eligible to purchase coverage through the Health Insurance Marketplace. The program is for specified individuals who do not qualify for Medicaid but whose income does not exceed 200 percent of the federal poverty level (FPL).

#### Medicare

- **Medicare Prescription Drug Coverage (ALN 93.770):** Funding for Medicare Part D, to provide prescription drugs to Medicare beneficiaries through their voluntary participation in prescription drug plans, with an additional subsidy provided to lower-income beneficiaries.
- **Medicare Hospital Insurance (ALN 93.773):** Funding for Medicare Part A, to provide hospital insurance protection for covered services to persons age 65 or above, to certain disabled persons and to individuals with chronic renal disease.
- **Medicare Supplementary Medical Insurance (ALN 93.774):** Funding for Medicare Part B, to provide medical insurance protection for covered services to persons age 65 or over, to certain disabled persons and to individuals with end-stage renal disease.

#### CMMI Models

- **States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model (ALN 93.968):** Total cost of care model in collaboration with states to reduce health care cost growth, invest in primary care, and advance health equity. CMS announced the [6 participants](#) which will receive up to \$12 million each for implementation.
- **Transforming Maternal Health (TMaH) Model (ALN 93.869):** Voluntary CMMI demonstration model to improve maternal health outcomes for people enrolled in Medicaid and CHIP.
- **Cell and Gene Therapy Access Model (ALN 93.885):** CMMI model funding cooperative agreements with states and manufacturers to improve health outcomes for people with Medicaid who could benefit from cell and gene therapies by making it easier for states to pay for these therapies (currently focused on sickle cell disease).

- **Integrated Care for Kids (InCK) Model ([ALN 93.378](#))**: Funding for the [InCK Model](#), a child-centered local service delivery and state payment model that aims to reduce expenditures and improve the quality of care for children under 21 years of age covered by Medicaid through prevention, early identification, and treatment of behavioral and physical health needs. InCK Model is implemented through the Innovation Center. Participating states are Connecticut, Illinois, Kentucky, North Carolina, New Jersey, New York, and Ohio.
- **Innovation In Behavioral Health ([ALN 93.610](#))**: Funding for the CMMI model focused on improving the quality of care and behavioral and physical health outcomes for adults enrolled in Medicaid and Medicare with moderate to severe mental health conditions and substance use disorder (SUD). On December 18 CMS [announced](#) that state Medicaid agencies (SMAs) in Michigan, New York, Oklahoma, and South Carolina were selected to participate in the IBH Model. Oklahoma will implement the IBH model statewide, and Michigan, New York, and South Carolina will implement the model in designated sub-state geographic service areas.
- **Transforming Maternal Health (TMaH) Model ([ALN 93.869](#))**: Voluntary CMMI demonstration model to improve maternal health outcomes for people enrolled in Medicaid and CHIP.
- **Maternal Opioid Misuse (MOM) Model ([ALN 93.687](#))**: CMMI model aims to address fragmentation in the care of pregnant and postpartum Medicaid beneficiaries with opioid use disorder through state-driven transformation of the delivery system surrounding this vulnerable population. By supporting the coordination of clinical care and the integration of other services critical for health, wellbeing, and recovery, the MOM model has the potential to improve quality of care and reduce costs for mothers and infants.

#### Behavioral Health

- **Block Grants for Community Mental Health Services ([ALN 93.958](#))**: Source of funding for all states and territories to provide community mental health services, including \$955 million in FY 2024.
- **Block Grants for Prevention and Treatment of Substance Abuse ([ALN 93.959](#))**: Source of funding for all states and territories to prevent and treat substance use, including about \$2 billion in FY 2024.
- **Certified Community Behavioral Health Clinic Expansion Grants ([ALN 93.696](#))**: Grants to help transform community behavioral health systems and provide comprehensive, integrated, coordinated, and person-centered behavioral health care through the Certified Community Behavioral Health Clinic (CCBHC) model.
- **Section 223 Demonstration Programs to Improve Community Mental Health Services ([ALN 93.829](#))**: Funding to support development of proposals to participate in time-limited Certified Community Behavioral Health Clinic Demonstration (CCBHC) programs.



- **Opioid STR (ALN 93.788):** Funding for the State Opioid Response, used for carrying out activities that supplement activities pertaining to opioids undertaken by the State agency responsible for administering the substance abuse prevention and treatment block grant.

#### Public Health Programs

- **Public Health Emergency Preparedness (ALN 93.069):** A source of funding for [state, local, and territorial public health departments](#) to build and strengthen their abilities to effectively respond to a range of public health threats, including infectious diseases, natural disasters, and other events.
- **Preventive Health and Health Services Block Grant (ALN 93.991):** Source of flexible funding for all states and territories to support unfunded or underfunded public health needs and [advance Healthy People 2030](#).
- **Immunization Cooperative Agreement (ALN 93.268):** Funding for state, local, and territorial immunization programs to support program infrastructure (e.g., vaccination clinics, awareness and outreach, storage, data systems) and to administer the Vaccines for Children Program — which provides free vaccines for children who are uninsured, are eligible for or enrolled in Medicaid, are underinsured, or are American Indian or Alaska Native. Grants
- **Ending the HIV Epidemic: A Plan for America's Ryan White HIV/AIDS Program Parts A and B (ALN 93.686):** Funding for reducing new HIV infections in the United States to less than 3,000 per year by 2030. The first phase of this initiative focuses resources in 48 counties, Washington, D.C., San Juan, Puerto Rico (PR), and seven states with substantial rural HIV burden to implement effective and innovative strategies, interventions, approaches, and services.

#### Maternal & Reproductive Health

- **Title X Family Planning Services (ALN 93.217):** Funding for clinics that provide a broad range of family planning and preventive health services. There are [Title X grantees](#) in most states.
- **Maternal and Child Health Services Block Grant (ALN 93.994):** Source of flexible funding for states to improve care for women and children, including [59 million people in 2023](#).
- **Maternal, Infant, and Early Childhood Home Visiting Grant (ALN 93.870):** Provides funding to states and territories to create networks to carry out evidence-based home visiting models, including [\\$444 million for 56 states organizations in FY 2024](#).
- **Tribal Maternal, Infant, and Early Childhood Home Visiting Grant (ALN 93.872):** Provides funding to Tribal Organizations to create networks to carry out evidence-based home visiting models, [including \\$3 million in FY 2024](#) for six entities.
- **Health Start Initiative (ALN 93.926):** Funds local projects for communities with high infant mortality rates and other adverse perinatal outcomes. In 2024, [\\$105 million in funding went to over 100 community-based organizations](#).

- **Head Start (ALN 93.600):** Funding for [Head Start](#) programs to promote school readiness by enhancing the cognitive, physical, behavioral, and social-emotional development of children through the provision of educational, health, nutritional, social, and other services to their enrollees - low-income children and families, including those on federally recognized tribal reservations and migratory farm workers.
- **Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs (ALN 93.946):** A source of funding (about \$49 million in FY 2024) for states for public health surveillance, research, and leadership to promote health in women and infants.

#### Safety Net Workforce

- **Health Center Program (ALN 93.224):** A source of funding for approximately 1,400 [federally-qualified health centers](#) (FQHCs).
- **National Health Service Corps (ALN 93.288):** Funding that supports more than 17,000 primary care medical, dental, and behavioral health providers through [scholarships and loan repayment programs](#).
- **Children's Hospital Graduate Medical Education (CHGME) Payment Program (ALN 93.255):** Funding for freestanding, children's hospitals' graduate medical education programs that train resident physicians and dentists. During [academic years 2018-2023](#), CHGME trained 11,649 and 14,860 residents and fellows per year, produced 9,194 new physicians, and provided nearly 7.1 million hours of patient care in primary care settings.
- **Mental and Behavioral Health Education and Training Grants (ALN 93.732):** Grants to develop and expand the behavioral health workforce and address mental health and provider resiliency concerns among health care workers.
- **Disadvantaged Health Professions Faculty Loan Repayment Program (FLRP) (ALN 93.923):** Funds loan repayment to faculty members from economically and environmentally disadvantaged backgrounds. [Provided \\$4 million in funding in FY 2024.](#)
- **Nurse Corps Loan Repayment Program (ALN 93.908):** Provides loan repayment assistance to professional registered nurses in return for a commitment to work at facilities with a critical shortage of nurses or as nursing faculty. The program had \$51 million in funding in FY 2024.
- **Medical Student Education (ALN 93.680):** The MSE Program provides grants to public institutions of higher education to expand or support graduate education for medical students preparing to become physicians in the top quintile of states with a projected primary care provider shortage in 2036.