

Yesterday, January 27, 2025, the Office of Management and Budget (OMB) issued Memorandum 25-13, entitled “Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs.” The far-reaching memo states:

[T]o 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 [recently issued by the President], including, but not limited to, financial assistance for foreign aid, nongovernmental organizations, DEI, woke gender ideology, and the green new deal.

It further states the purpose of this pause to facilitate review of all awards for potential impacts of the recent Executive Orders.¹

The scope of this pause and agency approaches to implementation are yet unknown. The caveats “to the extent permissible under applicable law” and “that may be implicated by executive orders [recently issued by the President]” *should* have the effect of narrowing the most significant impacts to foreign assistance and certain Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)-funded programs. We have learned that, for example, the Department of Energy sent out a memo to grantees yesterday directing a stop to all DEI, Community Benefit Plan and Justice 40 activities.

Whether the Administration’s plan is more targeted than the plain language of the Memorandum or not is speculative at this point. News reports have indicated that the memorandum may be broad enough to apply to all grants and federal support—which means everything from scientific research funding to programs serving low-income populations such as Head Start, Health Centers and rental assistance.

There does appear, however, to be a pattern of making very broad statements first and narrowing the impact later. For example, foreign assistance funding was directly addressed in the Executive Order entitled “[Reevaluating and Realigning United States Foreign Aid](#)” and IRA and IIJA funding was directly addressed in the Executive Order entitled “[Unleashing American Energy](#),” both of which were issued on January 20, 2025. Notably, scope of the latter was narrowed the day following the Executive Order by [OMB Memo 25-11](#).

Our hope is that the practical impact of this Memorandum will be more limited as it rolls out. The Memorandum states that the pause will begin at 5 p.m. Eastern today (Tuesday, January 28) and by February 10, federal agencies will be required to provide lists of suspended projects and must designate a senior political appointee to track federal funding projects to ensure the spending “conforms to Administrative priorities.”

¹ Earlier this week we posted a blog on a banner on one of the biggest electronic payment systems, the Payment Management System at HHS, stating that there would be likely delays in payment. <https://www.feldesman.com/potential-delays-at-payment-management-services-pms-be-prepared/> That banner is consistent with the OMB Memorandum here although there currently is not a similar banner on one of the other federal EFTs, Treasury’s ASAP.

Commented [PM1]: Memo is linked here:
<https://www.washingtonpost.com/documents/deb7af80-48b6-4b8a-8bfa-3d84fd7c3ec8.pdf>

In the meantime, Grantees should consider submitting a cash drawdown request as soon as possible. Under the Uniform Guidance, grantees may drawdown funds immediately in advance of cash needs, 2 CFR 200.305. Based on the language of the Memorandum, cash needs could include all grant-supported costs until after some reasonable time after the February 10 reporting date. Accordingly, grantees should consider requesting funds until some point in February, through your mid-month payroll for example. Whether such requests will be processed and funded, is not clear but we recommend grantees at least try with appropriate documentation, of course, to show cash needs.

Relatedly, as described in Feldesman Client Advisory: [Federal Grants Impacted by Executive Orders of the New Administration](#), grants cannot generally be terminated absent some fault of the grantee or the grantee's consent; and obligated grant funding cannot be unilaterally rescinded by the Executive Branch. Our hope is that these legal principles have sway in this uncertain time.

We will continue to follow this pause and issue additional information as available.