



POLITICS

Federal judge temporarily blocks Trump administration freeze on federal grants and loans

1 of 10 | President Donald Trump's budget office has rescinded a memo freezing spending on federal grants, less than two days after it sparked widespread confusion and legal challenges across the country. (AP Video: Nathan Ellgren)

BY [CHRIS MEGERIAN](#) AND [LINDSAY WHITEHURST](#)

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UPDATE: [Trump White House rescinds order freezing federal grants after widespread confusion](#)

WASHINGTON (AP) — A federal judge on Tuesday temporarily blocked a push from President [Donald Trump](#) to pause federal funding while his administration conducts an across-the-board ideological review to uproot progressive initiatives.

The order capped the most chaotic day for the U.S. government since Trump returned to office, with uncertainty over a crucial financial lifeline causing panic and confusion among states, schools and organizations that rely on trillions of dollars from Washington.

U.S. District Judge Loren L. AliKhan blocked the funding freeze only minutes before it was scheduled to take effect. The administrative stay, prompted by a lawsuit brought by nonprofit groups that receive federal money, lasts until Monday afternoon. Another court hearing is scheduled that morning to consider the issue.

The White House did not immediately comment on the order, which leaves unresolved a potential constitutional clash over control of taxpayer money. Democrats who have struggled to gain a foothold during Trump's second term unleashed on the Republican president, describing his actions as capricious and illegal.

Administration officials said the decision to halt loans and grants was necessary to ensure that spending complies with Trump's recent [blitz of executive orders](#). The Republican president wants to increase [fossil fuel production](#), remove protections for [transgender people](#) and end [diversity, equity and inclusion efforts](#).

Trump White House rescinds memo freezing federal grants after widespread confusion. He insists the funding freeze was for "us to quickly look at the scams, dishonesty, waste and abuse that's taken place in our government for too long."

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But a vaguely worded memo issued by the Office of Management and Budget, combined with incomplete answers from the White House throughout the day, left lawmakers, public officials and average Americans struggling to figure out what programs would be affected by the pause. Even temporary interruptions in funding could cause layoffs or delays in public services.

"This sort of came out of the blue," said David Smith, a spokesperson for the Shawnee Mission School District in Kansas, one of countless districts that receive federal funding. Now they're trying to figure out what it means "based on zero information."

Democrats argued that the president had no right to unilaterally stop spending money appropriated by Congress. Just minutes after AliKhan made her ruling, Democratic attorneys general from 22 states and the District of Columbia filed their own lawsuit seeking to block and permanently prevent the administration from cutting off federal funding.

Democratic senators are describing panicked calls coming overnight from communities back home afraid of what will happen to programs for children, seniors, public works and disease research as the Trump administration pauses federal funding for review.

"There is no question this policy is reckless, dangerous, illegal and unconstitutional," New York Attorney General Letitia James said.

AliKhan, who was appointed by President Joe Biden, questioned how much the details of the funding freeze had been nailed down as she issued her order.

"It seems like the federal government currently doesn't actually know the full extent of the programs that are going to be subject to the pause," she said.

Jessica Morton, an attorney for the National Council of Nonprofits, which brought the suit, said the group has tens of thousands of members around the country who could be affected.

"Our client members have reported being extremely concerned about having to shutter if there's even a brief pause," Morton said.

Justice Department attorney Daniel Schwei argued that the freeze shouldn't be put on hold because

the plaintiffs hadn't specified anyone who would immediately lose funding if it does go into effect.

Trump administration officials said programs that provide direct assistance to Americans would not be affected, such as Medicare, Social Security, student loans and food stamps. But they sometimes struggled to provide a clear picture.

White House press secretary Karoline Leavitt initially would not say whether Medicaid was exempted from the freeze, but the administration later clarified that it was.

Although Trump had promised to turn Washington upside down if elected to a second term, the effects of his effort to pause funding were being felt far from the nation's capital. Organizations like Meals on Wheels, which receives federal money to deliver food to the elderly, were worried about getting cut off.

"The lack of clarity and uncertainty right now is creating chaos," spokeswoman Jenny Young said. She added that "seniors may panic not knowing where their next meals will come from."

The National Science Foundation postponed this week's panels for reviewing grant applications. Officials in Prichard, Alabama, feared they wouldn't receive infrastructure funding to fix their leaking drinking water system. Republican leaders in Louisiana said they were "seeking clarity" to ensure nothing was "jeopardizing financial stability of the state."

"Trump's actions would wreak havoc in red and blue communities everywhere," said Sen. Patty Murray of Washington, the top Democrat on the Senate Appropriations Committee. "We are talking about our small towns, our cities, our school districts."

The full scope of the administration's review was spelled out in a 51-page spreadsheet sent to federal agencies and viewed by The Associated Press. Each line was a different government initiative, from pool safety to tribal workforce development to special education.

Officials were directed to answer a series of yes or no questions for every item on the list, including "does this program promote gender ideology?" or "does this program promote or support in any way abortion?" Responses are due by Feb. 7.

Trillions of dollars are potentially under review. Grants that have been awarded but not spent are also supposed to be halted if they might violate one of Trump's executive orders.

"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," wrote Matthew Vaeth, the acting director of the Office of Management and Budget, in a memo distributed Monday.

Vaeth wrote that "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." He also wrote that the pause should be implemented "to the extent permissible under applicable law."

The pause on grants and loans was scheduled to take effect at 5 p.m. EST, just one day after agencies were informed of the decision.

Leavitt, who held [her first White House briefing](#) on Tuesday, said the administration was trying to be

"good stewards" of public money by making sure that there was "no more funding for transgenderism and wokeness."

She denied that Trump was deliberately challenging Congress to establish his dominance over the federal budget.

"He's just trying to ensure that the tax money going out the door in this very bankrupt city actually aligns with the will and the priorities of the American people," she said.

The attempt to implement a funding pause is the latest example of how Trump is harnessing his power over the federal system to advance his conservative goals. Unlike during his first term, when Trump and many members of his inner circle were unfamiliar with Washington, this time he's reaching deep into the bureaucracy.

For example, federal employees are being asked to report their colleagues if they try to continue [diversity, equity and inclusion initiatives](#).

"They are pushing the president's agenda from the bottom up," said Paul Light, an expert on the federal government and professor emeritus of public service at New York University.

He also said there are risks in Trump's approach, especially with so many voters reliant on Washington.

"You can't just hassle, hassle, hassle," Light said. "You've got to deliver."

Fears about interruption in government services were exacerbated as states reported problems with the Medicaid funding portal, where officials request reimbursement for providing healthcare to poor residents.

Democrats condemned the Trump administration, connecting the issue to the funding pause.

But Leavitt said the portal would be back online soon.

"We have confirmed no payments have been affected — they are still being processed and sent," she posted on social media. The White House did not provide an explanation for the problem.

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