

# Judge pauses Trump funding freeze order until Feb. 3

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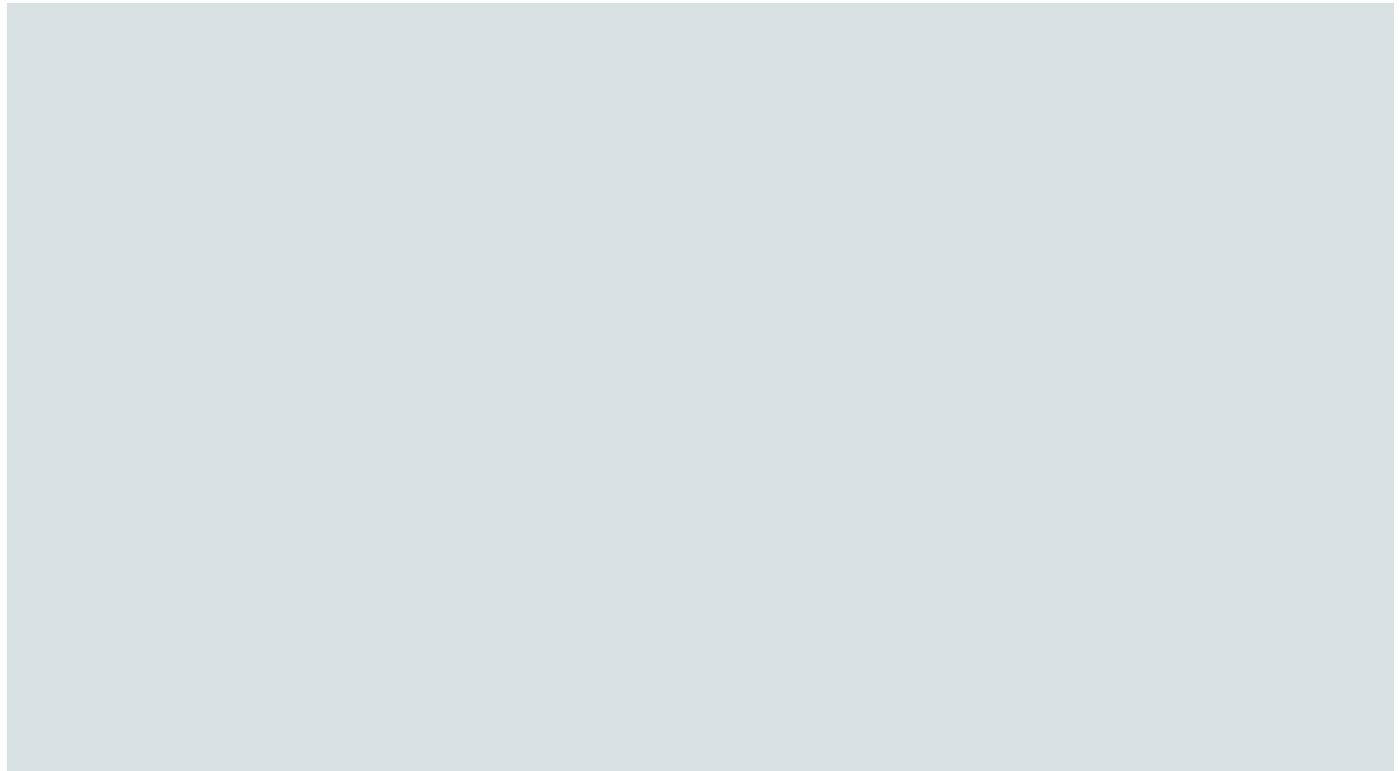


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Dan Mangan@\_DANMANGAN

## KEY POINTS

- A federal judge paused until Feb. 3 the implementation of a Trump administration order that would have frozen the issuance of federal grants and loans.
- The U.S. Department of Justice objected to the administrative stay, which Judge Loren AliKhan issued at nearly the last minute before the order was set to take effect.
- Earlier, the Medicaid reimbursement portal was down, but the White House said it should be back online soon, and that payments would not be affected.



U.S. President Donald Trump speaks on the day he signs documents as he issues executive orders and pardons for Jan. 6 defendants in the Oval Office at the White House on Inauguration Day on Jan. 20, 2025.

Carlos Barria | Reuters

A federal judge paused until next week a [Trump administration](#) order that would have frozen the issuance of existing [federal grants and loans](#) until agencies vetted them.

Judge Loren AliKhan's ruling Tuesday during a hearing conducted on Zoom came just minutes before the freezing order was set to take effect at 5 p.m. ET. At stake are funds potentially worth trillions of dollars.

AliKhan said her administrative stay would expire at 5 p.m. ET Monday unless she decides to grant a temporary restraining order as requested by plaintiffs who filed a lawsuit earlier in the day challenging the

Trump administration's action.

The judge scheduled a hearing for Monday morning for arguments on the requested restraining order in U.S. District Court in Washington, D.C.

Minutes after AliKhan issued the stay, a group of 22 states and the District of Columbia sued the Trump administration in [Rhode Island federal court](#) challenging the order's legality.

The U.S. Department of Justice had objected to AliKhan's administrative stay against the Office of Management and Budget's order, which is part of an effort by President [Donald Trump](#) to cut spending that does not comply with his efforts to purge "woke ideology" from government programs.

AliKhan's stay only affects the disbursement of government funds that already have been authorized, not money that was being sought.

The judge ordered Tuesday's hearing within hours of the filing of the suit challenging the order, and as the Medicaid reimbursement portal system went offline in what several senators believed was a reaction to the Trump administration's order.

The OMB order, which was revealed only by news outlets Monday night, has generated widespread confusion about what programs stand to lose funding.

The memo details a "Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs," according to its subject line.

It requires federal agencies to identify and review all federal financial assistance programs and supporting activities consistent with Trump's policies, saying the agencies "must temporarily pause all activities related to obligation and disbursement" of all federal financial assistance that may be implicated by Trump's executive orders, including foreign aid, assistance to nongovernmental organizations, "woke gender ideology, and the green new deal."

Nonprofit groups and a small business organization sued OMB in federal court in Washington on Tuesday seeking to block the order from taking effect later in the day.

Jessica Morton, a lawyer for the plaintiffs, told AliKhan during Tuesday afternoon's hearing that if the order went into effect, it would cause "unequivocal harm" to at least some of the grant programs operated by her clients.

Morton said the "chaos caused by the complexity" of the order warranted a delay in its implementation.

She also said OMB was to blame for the situation because the order only came to light less than 24 hours before it was set to take effect.

Diane Yental, CEO of the National Council of Nonprofits, one of the plaintiffs in the suit, after the judge's issued the stay said, "Many of these organizations that run programs with federal funding in our communities are very small nonprofits, and they don't have savings to be able to fall back on."

"So if they're missing one payment or two payments, suddenly they're not able to make payroll, and they're having to look at staff layoffs, and it's not that far into the future when they may even have to shut down programs or shut down organizations," Yental said.

"We are ... feeling relief from this temporary injunction," she said.

Skye Perryman, CEO of the advocacy Democracy Forward, which is representing the plaintiffs, said, "We are not going to stop until the courts put an end to what is it unlawful and harmful action on the part of the federal government."

- **CNBC's [Bertha Coombs](#) contributed to this article.**

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