

White House says Trump funding freeze remains in effect despite rescinding OMB memo

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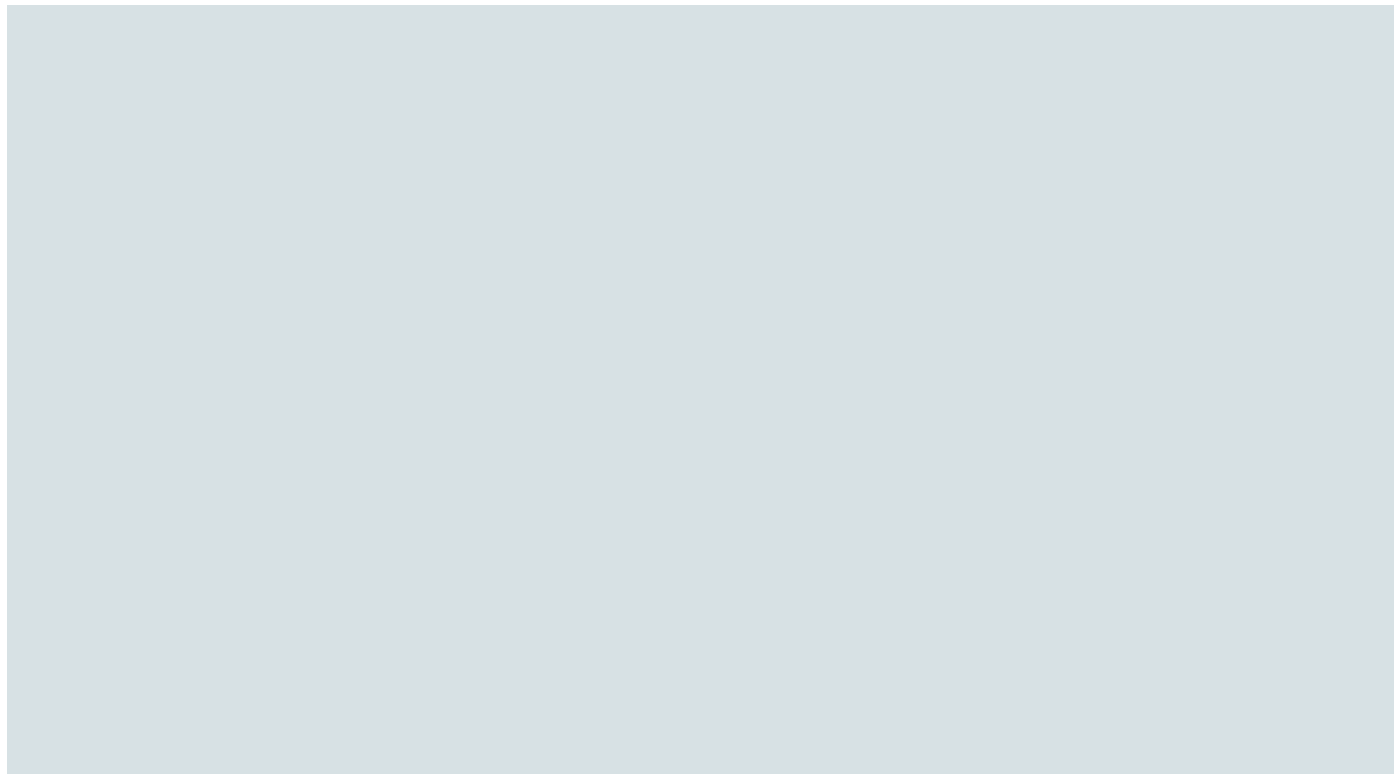
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KEY POINTS

- Kevin Breuninger@KEVINWILLIAMB The White House formally rescinded a controversial memo that had ordered a freeze on federal grants and loans.
- But the White House also said a "federal funding freeze" remains in "full force and effect" to give agencies time to review programs for their compliance with President Donald Trump's agenda.
- The freeze, which had been set to take effect late Tuesday afternoon, was paused Tuesday by a federal judge to give her time to consider arguments challenging its legality.
- The memo ordering the freeze had been issued by the Office of Management and Budget.



U.S. President Donald Trump looks on as he speaks to reporters aboard Air Force One before arriving at Joint Base Andrews, Maryland, U.S., Jan. 27, 2025.

Elizabeth Frantz | Reuters

The [White House](#) on Wednesday said a "federal funding freeze" remains in "full force and effect" despite it rescinding a controversial [memo](#) ordering that [freeze on grants and loans](#) to give agencies time to review programs for their compliance with President [Donald Trump](#)'s agenda.

White House spokesperson Karoline Leavitt said in a tweet, "This is NOT a rescission of the federal

funding freeze."

"It is simply a rescission of the [[Office of Management and Budget](#)] memo," Leavitt said.

She also said that the White House rescinded the OMB memo to "end any confusion created by" a [federal judge's injunction](#) Tuesday blocking the memo from taking effect until Monday at the earliest to give that judge time to consider arguments by [nonprofit groups](#) challenging the freeze's legality.

"The President's [executive orders] on federal funding remain in full force and effect, and will be rigorously implemented," Leavitt wrote.

OMB in its original memo had said the freeze was aimed at making sure funds disbursed by federal agencies complied with Trump executive orders, which OMB said aimed to eliminate purported "Marxist equity, transgenderism, and green new deal social engineering policies."

The memo immediately sparked confusion about which programs would be affected and was suspected of causing [Medicaid](#) reimbursement portals to go offline for all 50 states on Tuesday.

Leavitt's statement Tuesday was quickly met by claims that she was further confusing the issue.

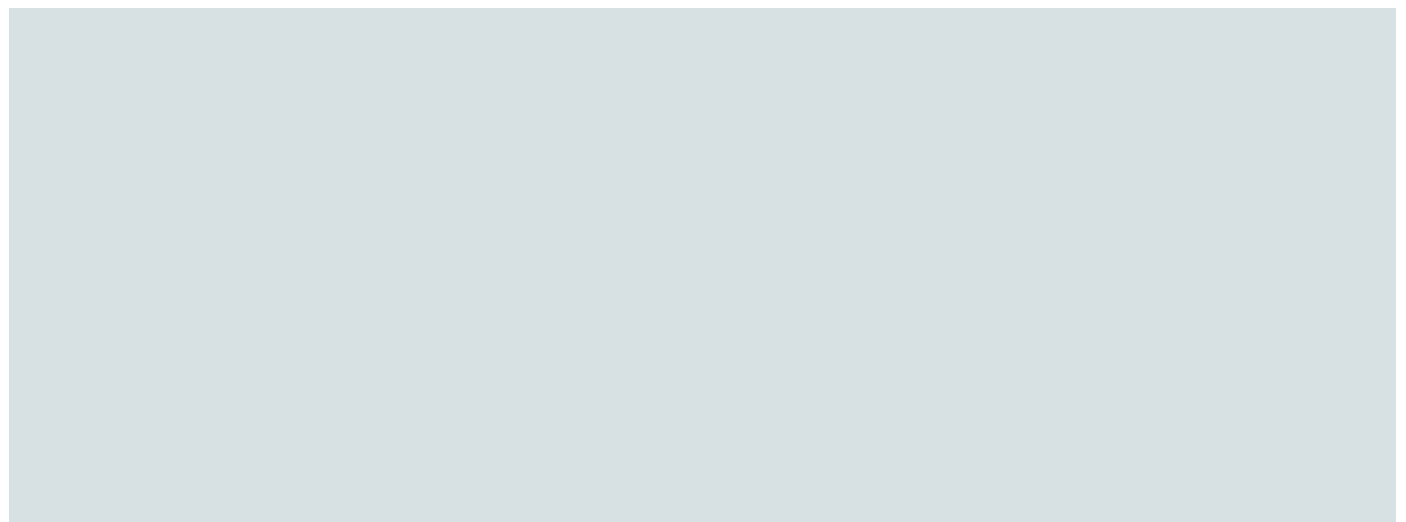
New York Attorney General Letitia James, in a tweet replying to Leavitt's statement, wrote, "This is just more confusion and chaos."

"We will be in court this afternoon," wrote James, whose state is one of 22 states that with the District of Columbia sued the Trump administration over the funding freeze Tuesday.

Maryland Gov. Wes More, in a statement to NBC News, said, "We are continuing to watch unrestrained chaos and contradictory guidance from this White House, adding to the confusion and fear that Marylanders are feeling right now."

"A sustained, ideological federal funding freeze would threaten our economy, our jobs, our communities, and our people," said Moore, who is a Democrat. "The White House needs to clearly articulate their commitment to spending money constitutionally appropriated by Congress."

Acting OMB Director Matthew Vaeth, in a new memo issued Wednesday, wrote, "OMB Memorandum M-25-13 is rescinded. If you have any questions about implementing the President's Executive Orders, please contact your agency General Counsel."



An activist protests against President Donald Trump's plan to stop most federal grants and loans during a rally near the White House on Jan. 28, 2025 in Washington, DC.

Anna Moneymaker | Getty Images

NBC News obtained Vaeth's new memo from a source.

Leavitt, in a statement to CNBC, said, "In light of the injunction, OMB has rescinded the memo to end any confusion on federal policy created by the court ruling and the dishonest media coverage."

"This action should effectively end the court case and allow the government to focus on enforcing the President's orders on controlling federal spending," Leavitt said. "In the coming weeks and months, more executive action will continue to end the egregious waste of federal funding."

Senate Minority Leader Chuck Schumer, D-N.Y., told reporters Wednesday, "As you know, Donald Trump just rescinded his horrible OMB freeze," and called on Trump to "rescind Russell Vought's nomination" for director of OMB.

"Russell Vought is the chief cook and bottle washer," Schumer said. "We believe they'll come back and try to do this in other ways. Russell Vought sat in my office and said he was going to do it."

"We don't believe they'll stop," Schumer said. "This has been their goal, to hurt — what they're basically doing is being lawless, to hurt families, to help their billionaire friends. And so they're going to keep at it. We're going to keep at it. I don't think this would have happened except for the outcry throughout America."

Skye Perryman, CEO of Democracy Forward, the advocacy group handling the lawsuit for the nonprofits challenging the original memo, credited that suit and the judge's stay of the freeze for leading the Trump administration to abandon the funding freeze.

"We are proud of our courageous clients — who represent communities across the nation — for going to court to stop the administration's unlawful actions," said Perryman.

"While we hope this will enable millions of people in communities across the country to breathe a sigh of relief, we condemn the Trump-Vance administration's harmful and callous approach of unleashing chaos and harm on the American people," Perryman said.





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