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Judge extends pause on Trump's plan to freeze federal grants, loans

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A judge on Monday extended a pause on the Trump administration's plan to freeze federal loans, grants and other financial assistance, saying it appeared to have "run roughshod" over Congress's authority over government spending.

U.S. District Judge Loren AliKhan in Washington wrote that a funding freeze outlined in a memo from the White House budget office last week would be "potentially catastrophic" for organizations that rely on federal funding to carry out their missions and provide services to the public.

Her ruling, issued at the request of several advocacy groups, meant the policy is now subject to two temporary restraining orders. A federal judge in Rhode Island on Friday issued a similar order at the behest of Democratic attorneys general from 22 states and the District of Columbia.

AliKhan had last week ordered a short administrative pause preventing the Office of Management and Budget (OMB) from moving forward with its policy while she considered whether to issue the longer temporary restraining order.

OMB in its memo had said the funding freeze was necessary to ensure funding complied with President Donald Trump's executive orders on immigration, climate change, diversity and other issues.

After first trying to clarify the funding pause, OMB then fully withdrew its memo on Wednesday. The Republican president's administration had argued the withdrawal should have had the effect of ending the lawsuit before AliKhan by a group of advocacy organizations.

But the judge, an appointee of Trump's Democratic predecessor Joe Biden, said a temporary restraining order was still necessary because funding problems remained and because there was nothing stopping OMB from reissuing the policy.

She said "furthering the president's wishes cannot be a blank check for OMB to do as it pleases." OMB's memo implicated as much as \$3 trillion in financial assistance, she said, "a breathtakingly large sum of money to suspend practically overnight."

The policy appeared arbitrary and may have run afoul of Congress' authority over government spending, the judge said.

"It did not indicate when that freeze would end (if it was to end at all)," AliKhan wrote. "And it attempted to wrest the power of the purse away from the only branch of government entitled to wield it."

The White House did not immediately respond to a request for comment.

During a hearing on Monday, a lawyer for the National Council of Nonprofits and the other advocacy organizations said some recipients of federal grants were still struggling to access funding despite the memo's withdrawal and the order issued on Friday by the Rhode Island judge.

"We know the policy remains in place," Kevin Friedl, a lawyer for the advocacy groups at the liberal-leaning group Democracy Forward, told AliKhan at the hearing.

A lawyer with the Trump administration's U.S. Justice Department, Daniel Schwei, argued Trump retained the authority to shape funding priorities under executive orders that were not challenged in the lawsuit.

"The president is allowed to direct subordinate agencies and supervise their activities," Schwei told the judge.