News



U.S. President Donald Trump signs documents in the Oval Office at the White House on Inauguration Day in Washington Jan. 20, 2025. (OSV News/Reuters/Carlos Barria)

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This story has been updated with developing events and additional comment.

President Donald Trump's order to pause all federal grants and loans sowed widespread confusion on Tuesday over its impact on far-reaching programs such as Medicaid, sending nonprofits — including Catholic Charities — and government agencies scrambling to understand its scope and prompting immediate legal challenges.

A U.S. judge on Jan. 28 temporarily blocked part of the Trump administration's sweeping directive, granting a win to advocacy groups who said the policy would be devastating.

In a memo on Monday, Matthew J. Vaeth, the acting head of the Office of Management and Budget, which oversees the federal budget, said the money would be put on hold while the Trump administration reviews grants and loans to ensure they are aligned with the Republican president's priorities, including executive orders he signed last week ending diversity, equity and inclusion programs.

The OMB memo said Tuesday's freeze included any money intended "for foreign aid" and for "nongovernmental organizations," among other categories.

At a press briefing, reporters asked whether Trump intended to permanently cut funding to organizations like Catholic Charities that assist migrants entering the United States. "I am actually quite certain that the president signed an executive order that did just that," Press Secretary Karoline Leavitt said.

Catholic Charities USA President and CEO Kerry Alys Robinson asked the Trump administration to rethink the order, saying it would cut off access to food, housing and health care to poor and struggling families.

"The millions of Americans who rely on this life-giving support will suffer due to the unprecedented effort to freeze federal aid supporting these programs," Robinson said in a Jan. 28 statement.

At a hearing in Washington, D.C., federal court, U.S. District Judge Loren AliKhan ordered the Trump administration not to block "open awards," or funds that were already slated to be disbursed, until at least Feb. 3.

The judge said her temporary ruling was intended to "maintain the status quo." It does not block the Trump administration from freezing funding to new programs, or require it to restart funding that has already ended.

The White House said the pause would not impact Social Security or Medicare payments or "assistance provided directly to individuals." That would presumably spare disability payments and the SNAP food program for the poor, though it was not clear whether health care programs for veterans and low-income people would be affected.

Trump, who took office on Jan. 20, has in a matter of days ordered a stop to virtually all domestic and foreign aid, after freezing U.S. assistance abroad last week. The United States is the largest single donor of aid globally, disbursing $72 billion in 2023.

As part of the foreign aid suspension, the administration began moving on Tuesday to stop the supply of lifesaving drugs for HIV, malaria and tuberculosis, as well as medical supplies for newborn babies, in countries supported by the United States Agency for International Development.

The OMB memo is the latest directive in the Trump administration's campaign to dramatically reshape the federal government, the nation's largest employer.

In a blizzard of executive actions, the new president has shuttered all diversity programs, imposed a hiring freeze, sent national security officials home and sought to strip away job protections from thousands of civil servants.

The spending freeze ordered by OMB had been set to take effect at 5 p.m. ET (2200 GMT) on Tuesday. Agencies had been given until Feb. 10 to submit detailed information on any programs subject to the suspension.

The federal government provides money to a broad swath of nonprofits, many of which reacted with dismay.

"From pausing research on cures for childhood cancer to halting food assistance, safety from domestic violence, and closing suicide hotlines, the impact of even a short pause in funding could be devastating and cost lives," Diane Yentel, president & CEO of the National Council of Nonprofits, said in a statement.

Trump's order could also cause turmoil in state and local governments that depend on federal aid for everything from highway construction to school lunches and foster care. That money plays an especially large role in low-income states such as Louisiana and Mississippi that voted for Trump by wide margins in the November election.

The memo did not exempt disaster aid to areas like Los Angeles and western North Carolina that have been devastated by natural disasters. Trump pledged government support when he visited both places last week.

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Democrats challenge 'unlawful' move

The memo asserted the federal government spent nearly $10 trillion in fiscal year 2024, with more than $3 trillion devoted to financial assistance such as grants and loans. But those figures appeared to include money authorized by Congress but not actually spent — the nonpartisan Congressional Budget Office estimated government spending in 2024 at a much lower $6.75 trillion.

Trump's Republican allies have been pushing for dramatic spending cuts, though his vow to spare Social Security and Medicare puts roughly one-third of the budget off-limits. Trump also could not touch government interest payments, which accounted for another 11% of the budget last year, without triggering a default that would rock the world economy.

Democrats immediately challenged the spending freeze as unlawful and dangerous.

In a letter to Vaeth late on Monday, U.S. Senator Patty Murray and U.S. Representative Rose DeLauro, the top Democrats on the congressional appropriation committees, said the order was "breathtaking, unprecedented, and will have devastating consequences across the country."

"We write today to urge you in the strongest possible terms to uphold the law and the Constitution and ensure all federal resources are delivered in accordance with the law," the Democrats wrote.

Senate Democratic Leader Chuck Schumer said the administration did not have the authority to halt spending that had been approved by Congress and that the order, if implemented, would harm millions of Americans.

"It will mean missed payrolls and rent payments and everything in between: chaos for everything from universities to non-profit charities, state disaster assistance, local law enforcement, aid to the elderly, and food for those in need," Schumer said in a post on X late on Monday.

U.S. Representative Tom Emmer, the No. 3 Republican in the House of Representatives, said Trump was simply following through on his campaign promises.

"You need to understand he was elected to shake up the status quo. That is what he's going to do. It's not going to be business as usual," Emmer told reporters at a Republican policy retreat in Miami.

The U.S. Constitution gives Congress control over spending matters, but Trump said during his campaign that he believes the president has the power to withhold money if he disagrees. His nominee for White House budget director, Russell Vought, who has not yet been confirmed by the Senate, headed a think tank that has argued Congress can authorize a president to spend money but cannot require him to do so.

During his first 2017-2021 term, Trump sought to redirect spending to border enforcement, prompting a standoff with Congress that led to the longest government shutdown in U.S. history. He also tried to hold back $400 million in aid to Ukraine to pressure that country to investigate his political rival Joe Biden, which led to Trump's first impeachment.

NCR staff reporter Camillo Barone contributed to this article.

This story appears in the **Trump's Second Term** feature series. View the full series.