



Federal Policy Update January 26, 2025

In a very unusual and shocking move, White House Office of Management and Budget (OMB) ordered a pause to all grants and loans disbursed by the federal government, according to an [internal memo](#) sent to agencies Monday. Overnight the memo sowed significant confusion across Washington as to the exact reach of the federal funding pause. On its face, the memo pauses all federal financial assistance (with an explicit carve out for Medicare and Social Security and “assistance received directly by individuals”) which includes a staggering swath of programs. However, this afternoon OMB began to walk back some of the language of the freeze.

The original memo explicitly states that it reaches all federal financial assistance, but the latest OMB FAQ (issued in response to the outcry and confusion) states that it does not apply to all federal financial assistance and “does not apply across the Board.” Instead, OMB states that this pause is to review all federal funding for compliance with last week’s Executive Orders. It seeks to reassure that some funding pauses will be brief and that all funding that provides assistance directly to individuals is not impacted.

Agencies are also beginning to interpret the reach of the memo, including the Department of Education. “The temporary pause does not impact Title I, IDEA, or other formula grants, nor does it apply to Federal Pell Grants and Direct Loans under Title IV [of the Higher Education Act],” [Education Department spokesperson Madi Biedermann said in a statement](#). As a result, 21 CCLC funding does not seem to be implicated. However, the pause still applies to almost all competitive, discretionary grants programs.

The memo goes into effect today at 5pm EST. The agencies are required to submit detailed lists of projects suspended under the new order by Feb. 10. Federal agencies must assign “responsibility and oversight” to tracking the federal spending to a senior political appointee, not a career official, the memo states. The memo leaves room for discretion within agencies on what programs will be paused and at what speed funding will resume. As a result, the exact impact is still unknown. A lot will depend on how long the freeze lasts as grants are paid out on different schedules throughout the year.

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