



Written by [Veronika Kyrylenko](#) on January 29, 2025

Who Controls the Purse? Trump's Funding Halt Shakes Washington

In a sweeping policy shift, the Office of Management and Budget (OMB) issued a memorandum on Monday temporarily freezing some federal grants, loans, and other financial assistance programs. [The memo](#), signed by acting director Matthew J. Vaeth, outlined a broad review of federal financial aid in alignment with the newly elected administration's priorities.

The directive that should have come into effect on Tuesday spread shockwaves across the country. Amid widespread confusion and legal challenges from various nonprofit organizations, a federal judge put it on hold.



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On Wednesday, the OMB memo was [rescinded](#). White House Press Secretary Karoline Leavitt [clarified](#) that Trump's executive orders on the federal funding freeze remain in effect. The reason for rescinding the memo is to eliminate confusion caused by the court's injunction, said Leavitt.

Overview

The two-page document required agencies to halt all obligations and disbursements of federal financial assistance while an assessment is conducted.

According to the memo:

Federal agencies must temporarily pause all activities related to obligation or disbursement of all Federal financial assistance, and other relevant agency activities that may be implicated by the executive orders, including, but not limited to, financial assistance for foreign aid, nongovernmental organizations, DEI, woke gender ideology, and the green new deal.

The administration argued that the move is intended to ensure that taxpayer dollars are used in ways that align with its agenda. That includes the following:

A stronger and safer America, eliminating the financial burden of inflation for citizens, unleashing American energy and manufacturing, ending "wokeness" and the weaponization of government, promoting efficiency in government, and Making America Healthy Again.

Medicare and Social Security are exempt from the freeze, per the memo. Agencies were ordered to report by February 10, 2025, on the specific impact of the directive.

The administration's proposed freeze targeted approximately \$3 trillion of the \$10 trillion in federal spending from 2024.



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Democratic Response

Congressional Democrats signaled resistance to the OMB's directive. Senate Minority Leader Chuck Schumer (D-N.Y.) [condemned](#) the freeze as "more lawlessness and chaos." He accused the administration of "blatantly disobeying the law" by withholding critical funds approved by Congress. He also warned that the move would cause "missed payrolls and rent payments," and urged the administration to "reverse course immediately."

Democrats are already making the memo a focal point of their opposition to the new administration. The Democratic Policy and Communications Committee and House Minority Leader Hakeem Jeffries (D-N.Y.) are [actively mobilizing](#) local lawmakers to push back. In a [memo](#) to congressional offices, the committee urged members to "raise awareness" by holding press conferences with local officials and affected stakeholders, emphasizing the freeze's impact on their constituents.

Senior budget negotiators Representative Rosa DeLauro (D-Conn.) and Senator Patty Murray (D-Wash.) expressed "extreme alarm" in [a letter](#) to Vaeth, saying, "The scope of what you are ordering is breathtaking, unprecedented, and will have devastating consequences across the country."

The White House, in [a memo](#) the next day, clarified that the freeze was not "across-the-board." It only applied specifically to programs targeted by Trump's executive orders, such as [DEI initiatives](#).

House Democrats plan an emergency caucus meeting Wednesday to strategize against what they call the "Illegal Republican Funding Freeze." In a [letter](#) to colleagues, Jeffries outlined a three-pronged counteroffensive. The pushback involves legal challenges, legislative maneuvers, and public messaging.

GOP Response

In contrast, Republican lawmakers appeared to be largely supportive of the action.

Speaker of the House Mike Johnson (R-La.) [endorsed](#) the administration's decision. He said the directive was an "application for common sense" and "harmless." Johnson said that the action addressed the "abuses" of the budget by the Biden administration. He promised the review of the programs would be "quick."

Politico [accused](#) "many senior Republicans" of quickly "[falling] in line" with the apparently unconstitutional actions of the new administration, calling Trump's actions an "assault" on Congress' power. According to the report,

"You need to understand, he was elected to shake up the status quo," said House Majority Whip Tom Emmer (R-Minn.), calling the Office of Management and Budget order "exactly what he was elected to do."

"I think it's a long time coming," added House Republican Conference Chair Lisa McClain (R-Mich.). "I hope this sets a precedent."

Other senior lawmakers, such as Senator Lindsey Graham (R-S.C.) sought to get more specifics about the targeted programs.

"Few in the top GOP echelon showed much concern about political backlash — or what might happen next time Democrats are in charge," concluded the *Politico* report.

Judge Halts Funding Freeze

Federal Judge Loren AliKhan temporarily blocked Trump's funding freeze on Tuesday, [ruling](#) that the



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administration failed to clearly define which programs would be affected. The decision, prompted by a lawsuit from nonprofit groups, delays the freeze until a court hearing on Monday. Meanwhile, Democratic attorneys general from 23 states have [filed](#) their own lawsuit. They argue the freeze is unconstitutional and threatens essential public services.

Legal Considerations: Mandate or Usurpation?

The legal scrutiny ignited by the OMB directive was not surprising, as it concerned fundamental questions about executive authority versus congressional power. Under the U.S. Constitution [Appropriations Clause](#) (Article I, Section 9, Clause 7), Congress — not the president — controls federal spending, making any unilateral suspension of funding highly contentious. [The Impoundment Control Act of 1974](#) further restricts the executive branch from withholding congressionally approved funds without explicit authorization.

Despite these legal constraints, the OMB memo framed the funding freeze as part of a broader “mandate” from the American people, asserting that federal spending should align with presidential priorities. However, while elections grant a president the authority to lead the executive branch, they do not confer the power to unilaterally reallocate or halt federal funds — a responsibility that belongs solely to Congress. The administration’s attempt to reshape budgetary allocations based on executive orders undeniably tests the limits of presidential power. If upheld, such executive actions could set a precedent, allowing future administrations to circumvent congressional authority under the pretext of executive discretion, radically altering the balance of power in Washington.



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