The Daily Dish

Spending Freeze

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On Monday the Trump Administration Office of Management and Budget (OMB) sent a memo to the agencies that read in part:

> *This memorandum requires Federal agencies to identify and review all Federal financial assistance programs and supporting activities consistent with the President's policies and requirements. For example, during the initial days of his Administration, President Donald J. Trump issued a series of executive orders to protect the American people and safeguard valuable taxpayer resources, including Protecting the American People Against Invasion (Jan. 20, 2025), Reevaluating and Realigning United States Foreign Aid (Jan. 20, 2025), Putting America First in International Environmental Agreements (Jan. 20, 2025), Unleashing American Energy (Jan. 20, 2025), Ending Radical and Wasteful Government DEI Programs and Preferencing (Jan. 20, 2025), Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government (Jan. 20, 2025), and Enforcing the Hyde Amendment (Jan. 24, 2025). These executive orders ensure that Federal funds are used to support hardworking American families.*
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> *To implement these orders, each agency must complete a comprehensive analysis of all of their Federal financial assistance programs to identify programs, projects, and activities that may be implicated by any of the President's executive orders. In the interim, to the extent permissible under applicable law, 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.*

So, what is going on?

First, in any transition, the agency staff will slow or stop any initiative that is new or sufficiently large-scale until the new political leadership of the agency is in place to guide decision-making. This is not that.

There is a process enshrined in the Congressional Budget and Impoundment Control Act of 1974 whereby the president can pause spending for 45 days. If during that period Congress agrees, the money is not spent. This is called a rescission. Yet to ask for a rescission, the president must transmit a special message to Congress and there has been no such transmission. This is not a rescission.

There is also a deferral process, which allows temporary suspensions of funds, not generally for policy reasons but rather because of technical issues in execution. This also requires a special message to Congress, which can then agree or disagree within 45 days. This is not that.

This is the Trump Administration picking a legal fight over the Impoundment Control Act, which it believes is unconstitutional. It is counting on someone suing over the delay of funds, which will allow the courts to determine the constitutionality (or not) of President Trump's unilateral action.

The possibility of a court battle is the upside of this event for the Trump Administration. Unfortunately, there is no upside to the recipients of federal aid. At the minimum, there will be delays. For others, there will be uncertainty as to whether the funds will come at all. And the stakes are large, as the OMB memo puts the total grants and loan spending at roughly $3 trillion.