

Federal Funding "Pause": Five-Alarm-Fire, Doused for Now

02.04.25 | Linda J. Rosenthal, JD



- *"This last week has been the longest year of my life."* – internet meme 1/27/25

Well ahead of Inauguration Day, the incoming Administration announced its strategy: a "shock and awe" blitz.

Many of us remember "Shock and Awe 1.0" from January 2017: The "bizarre, rapid-fire presidential policy making" when "every day there's a new, radical initiative...that "doesn't give journalists or the public a chance to get a grip on what just happened." See, e.g., *President Trump and the 'Shock and Awe' Doctrine* (February 1, 2017) Lisa Tolin, *nbcnews.com*.

Version 2.0, now underway, is similar to 2017 but on steroids. And it's going largely according to plan: namely, *Project 2025: The Presidential Transition Project*. The 900-page conservative road map and policy bible was carefully developed over the past two years or so "...for conservatives to have a fighting chance to take on the Administrative State and reform our federal government." It is the "... conservative movement's unified effort to be ready for the next conservative Administration to govern at 12:00 noon, January 20, 2025."

"History teaches," the lead authors explain, "that a President's power to implement an agenda is at its apex during the Administration's opening days. To execute [it] requires a well-conceived, coordinated, unified plan and a trained and committed cadre of personnel..."

For many weeks since Election Day, the transition team had "been signaling" they were planning to "flood the zone" in the first 100 days.

That's precisely what's been happening over these last 15 or so days.

Executive Orders Launched First

Before the sun set on bitter-cold January 20, 2025, there were already seven brand-new Executive Orders from the Oval Office. In the two weeks since then, there have been “dozens” more, some of which will affect the nation’s 501(c)(3) organizations – directly or indirectly. It’s a challenge to keep it all straight, but the National Council of Nonprofits has created (and regularly updates) a chart:

[Executive Orders Affecting Charitable Nonprofits.](#)

The Executive Orders largely “... reflect proposals outlined in the far-right policy blueprint” – [Project 2025](#) – “even as the president has long tried to distance himself from the controversial document.” See [Here’s How Trump’s Executive Orders Align With Project 2025](#) (February 2, 2025 2:58 pm EST) Alison Kurkee, *Forbes*. See also, e.g., [Project 2025 was the plan all along. Trump is proving it now \(Opinion\)](#) (January 28, 2025, 3:00 am PST) Ryan Teague Beckwith, *msnbc.com*.

Executive orders are just one way for a new Administration to clear the table from the prior occupant of the White House. There are many other avenues. The shock-and-awe playbook dating back to January 2017 and weaponized since then emphasizes the importance (mostly psychological) of “... [firing tons of missiles](#) into the air so that your adversary can’t figure out which missile is real and which isn’t...”

Week One: Disruption and Chaos

- “We are already living [Project 2025](#)”: – internet meme

Week One of the new Administration saw the pace of activity from the Oval Office (and the parts of the executive branch that were up and running) proceed briskly with an unrelenting barrage of troubling new EOs along as well as directives, initiatives, orders and consequential – (but often controversial) – actions.

To get a feel for the massive scope of the offensive, take a look at: [The Weekly Lists](#) by Amy Suskind [“Experts in authoritarianism advise to keep a list of things subtly changing around you, so you’ll remember.... ”]

See, for instance, [The Return – List 11](#) (January 22, 2025): 96 entries. “As promised, Trump flooded the zone with orders after his inauguration, many of which will be fought in the court system, as well as the court of public opinion.”

Ms. Suskind adds: “This is the “[return to ... chaos and dysfunction](#), as if America is living in some frenzied mode awaiting the next eruption. The regime invoked the notion of ‘flood the zone’ and ‘shock and awe’ (we all know how that turned out last time) to describe a daily, all-out blitz of orders and actions. The goal seemed to be to destabilize and overwhelm those who might seek to oppose him....”]

See also: [Opinion: Now We Know: Trump was planning to do Project 2025 all along](#) (February 3, 2025) Juan Williams, *The Hill* [“...[I]t sure looks like the first weeks of Trump’s second term come directly from Project 2025’s playbook....[which] calls for halting federal funds for education and social welfare programs, including limiting eligibility for Medicaid. Well, guess what happened the minute Trump took office? That very plan was put into action. It was not explained which programs

should be cut by people in a rush to bring Project 2025 to life. A federal judge quickly intervened to stop this funding freeze, and then Trump backed off [this] extreme plan”]

Week Two: Escalation – But Surprising Twists

As Week Two of the new Administration dawned last Monday morning – January 27th – many ordinary Americans woke up dreading the next round of news from the nation’s capital. There was good reason to worry. The Administration had big bombshells lined up, ready to be released during the week, one after another, sometimes only hours apart. See [The Return – List 12](#), (January 29, 2025): 124 entries.

Just a week after Inauguration Day, the government launched a particularly destructive missile into the air. The Office of Management and Budget directed the heads of each executive department or agency to “pause” spending for a little while the newly elected folks can mull over whether spending on this or that is a good idea. See OMB Memorandum (M-25-13) (January 27, 2025): [Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs](#) [2 pp. PDF]. See entries 101-110 on [The Return – Week 12](#), (January 29, 2025).

There were several notable curiosities about the launch of [OMB Memorandum \(M-25-13\)](#).

First: [M-25-13](#) was signed and sent out by OMB’s *Acting* Director – one Matthew Veath – instead of waiting for the imminent confirmation of the nominee for the top spot, Russell Vought. Mr. Vought was the OMB Director for part of this President’s first term and also is a chief architect of [Project 2025](#).

- **[Update: 2/5/25, 3:00 pm PST]:** The Senate vote is expected shortly. The nominee has faced fierce opposition from the Democrats, which intensified after the activation of [M-25-13](#). He is likely to prevail, though.
- **[Update: 2/5/25, 6:10 pm PST]:** The Senate has begun an all-night filibuster against nominee Vought, led by Senator Brian Schatz (D-HI).

Second: (Via well-sourced reporting) it appears that Acting Director Veath did not go through the usual review channels. Stephen Miller wanted to approve the final language, but Mr. Veath jumped the gun without that go-ahead. See [The Memo That Shocked the White House](#) (January 29, 2025) Ashley Parker, *The Atlantic* [“President Donald Trump intended his flood of executive orders to shock and awe his opponents. But on Monday night, a memo from the Office of Management and Budget instead shocked the Trump White House.”]

Third: This major bombshell was kept under wraps for many hours after [M-25-13](#) was sent out to executive-branch officials. That’s unlike the customary roll outs of important Administration directives. Usually, there is publicity and great fanfare; after all, what’s the point of a shock-and-awe move that no one knows about? The psychological benefit of announcing the plan far and wide serves to overwhelm the ability of the media to keep up with the rapid-fire developments. It also thoroughly exhausts the general population.

So, What Exactly Happened?

Early last Monday evening – the 27th – Acting OMB Director Veath sent out the documents to the designated officials under cover of darkness and cloaked in secrecy. Described in-house as an “internal memo,” this two-page document is a bizarre directive, rambling and almost nonsensical to people who aren’t fluent in Project 25-speak.

There was no notice to affected parties or grace period. The reference to “no later than 5 pm EST” on Tuesday, January 28th was not about when the directive began. (M-25-13 went into effect immediately on electronic transmission and receipt by executive-branch heads.) The mention of 5 pm EST was about the deadline by which officials were required to have completed the first prong of the two-part order; namely, the freezing of federal funds. The second prong would be the review of the programs to determine whether the expenditures “align” with the President’s “priorities.”

The element of surprise was thwarted when a single intrepid journalist managed to see a copy of Memorandum (M-25-13). She posted a photo of it on social media. Soon after, the Washington Post confirmed and re-posted it. That action garnered considerable immediate attention.

If the secret order had not been intercepted, it would have wreaked havoc throughout Tuesday (and beyond) across the American economy but – particularly – for the nonprofit sector and the charitable beneficiaries it serves.

Remarkably, by the next morning – Tuesday the 28th – a lawsuit spearheaded by lead plaintiff National Council of Nonprofits was filed in federal court in the District of Columbia. Its request for emergency relief quickly reached the desk of a judge who issued a temporary stay just minutes ahead of M-25-13’s deadline.

Separately, New York’s Attorney General, Letitia James, went before the cameras on Tuesday morning announcing that she and the 22 other Democratic state attorneys general were preparing their own lawsuit with a request for a temporary restraining order. They expected to file it by the end of the day. By Wednesday morning – the 29th – Ms. James informed the public that the litigation was pending in Rhode Island district court with a hearing on temporary relief about to start.

Whiplash-Inducing Events

Long story short, all day Tuesday, the 28th, there was chaos and panic. It continued into Wednesday and beyond.

The public learned about Memorandum (M-25-13) in two ways. First, the plaintiffs’ media announcements received widespread coverage and attention. Second, many organizations around the nation were shocked to find that federal payment portals they depended on were shut down.

On Tuesday (the 28th) and Wednesday (the 29th), there were a number of rapid-fire developments that intensified the disruptions and frustrations. For right now in this introductory post, they are summarized as follows:

- OMB issued a fact sheet about M-25-13 on Tuesday the 28th, trying to stem the confusion and panic nationwide.
- The panic not having subsided, OMB issued a new and different one-sentence document – Memorandum (M-25-14) – on Wednesday morning, purporting to rescind Monday

evening's order.

- With minutes to go before the Tuesday 5 pm compliance deadline, the D.C. federal judge issued an emergency administrative stay with a hearing scheduled on Monday, February 3rd.
- Over the next 12 hours or so, there was confusion about whether the purported “rescission of M-25-13” had taken effect or made any court intervention moot.
- On Wednesday morning, the novice White House Press Secretary posted on social media a thoroughly incoherent message. She wrote that the effect of new Memorandum (M-25-14) was *only* to rescind the Monday evening document, i., M-25-13 . It did not, she explained, rescind or affect any of the separate Executive Orders which included their own directives for freezing of certain federal funds.
- Late on Wednesday morning, the Rhode Island federal judge in the state- attorneys-general case indicated his intent to enter a temporary restraining order. He based his decision in part on the mixed message from the Press Secretary about whether the Administration still viewed M-25-13 as viable or moot. The judge asked both parties to submit proposed language for this now peculiar situation where a directive may or may not have been rescinded.
- On late Friday afternoon, January (the 31st), the Rhode Island judge indicated he was preparing an order granting emergency – and expansive – relief. That order was released soon afterward.
- On Monday morning, February 3rd, at the pre-scheduled hearing in the D.C. courtroom on the National Council of Nonprofits’s emergency motion, the judge indicated her intention to grant a temporary restraining order, and to establish a briefing schedule for the hearing on a preliminary injunction.

This still-developing story is complicated and strange – but enormously consequential. See [Trump went for shock and awe. Now he’s mopping up.](#) (January 29, 2025, 5:23 pm EST, updated January 30, 2025, 10:44 am EST) Lisa Kashinsky and Liz Crampton, *politico.com*. See also: [‘Congress has not given the Executive limitless power’: Federal judge torches Trump admin with order blocking spending freeze, says ‘actions violate the Constitution’](#) (January 31, 2025) Colin Kalmbacher, *Newsbreak*.

There will be additional posts shortly, with more detail, links to original sources, and notice of certain breaking news.

- **[Update 2/4/25]:** Five minutes after I pressed the “publish” button, I heard Rachel Maddow in the background discussing this case and mentioning reports from nonprofits around the U.S. that the payment portals they rely on are still locked, despite the court orders.
- **[Update 2/4/25]:** [EPA spending freeze continues despite court orders](#) (February 4, 2025, 12:15 pm EST) Jean Chemnick, *politico.com* [“Two judges have ordered the administration to lift the freeze. But nonprofits and states still can’t get money for contracts backed by the Inflation Reduction Act.”]

- [Update 2/5/25]: Some federally funded clinics still cannot access funds (February 5, 2025, 8:10 pm EST) Sarah Kliff and Noah Weiland, *The New York Times*
- [Update 2/6/25]: Trump and Musk Are Strangling the Government (February 6, 2025) Sam Stein, *The Bulwark* ["HIV prevention is hampered. The social safety net is falling apart. Federal employees fear for their safety. And it's only week three."]

Conclusion

For now, you may want to start chewing on three key documents:

- Memorandum (M-25-13)
- Complaint by lead plaintiff National Council of Nonprofits
- Complaint by 23 Democratic State Attorneys General

The two court documents are well-written and provide plain-English descriptions of: (a) the plaintiffs' understanding of the circumstances surrounding the issuance of M-25-13; (b) the meaning of the rambling language; and (c) the strong legal arguments that should persuade the courts to tear up this unfortunate document into little bits.

The critical takeaway right now is to acknowledge and applaud the amazing work of the plaintiffs' groups and their counsel: in particular, the lightning speed in which news of a five-alarm-fire quickly turned into court-filed lawsuits.

It was – literally – overnight.

This is a master class in rapid-fire and effective resistance.

– *Linda J. Rosenthal, J.D., FPLG Information & Research Director*