



# LEVITATE

LEGAL & CONSULTING

**Policy Memo**

**ANALYSIS OF TRUMP ADMINISTRATION EXECUTIVE ORDERS AND POLICY SHIFTS:  
IMPLICATIONS FOR STATE AND LOCAL GOVERNMENTS AND MISSION-DRIVEN  
ORGANIZATIONS**

**March 2025**

The Trump administration's 2025 executive orders have significantly reshaped federal grant-making, impacting both existing and prospective funding for state and local governments, as well as mission-driven organizations. These changes reflect a broader policy shift emphasizing fiscal efficiency, national security, and a reevaluation of prior funding priorities.

## **Federal Agencies' Handling of Grant Funding Opportunities**

### 1. Pause and Review of Federal Grants

On January 27, 2025, the Office of Management and Budget (OMB) issued Memo M-25-13, directing federal agencies to temporarily pause all activities related to the obligation or disbursement of federal financial assistance. This pause aimed to allow the administration to assess the alignment of existing grants with its policy objectives, particularly concerning programs associated with diversity, equity, and inclusion (DEI), environmental initiatives, and foreign aid.

Although the memo was rescinded following legal challenges, the administration has continued efforts to realign federal funding with its priorities, leading to the suspension or cancellation of several grant programs.

### 2. Rescission and Modification of Existing Grants

The administration has taken steps to rescind or modify grants awarded under the previous administration. For instance, the Department of Energy canceled \$3.7 billion in clean energy project grants, including significant investments in carbon capture and emissions reduction technologies. Similarly, the National Institutes of Health (NIH) announced a cap on indirect cost support for grants, reducing it to 15% of a grant's value, which has led to financial strain on research institutions.

### 3. Increased Oversight and Compliance Requirements

Executive Order 14215 mandates that independent agencies submit significant regulations for White House review and adhere to legal interpretations issued by the President or Attorney General. This centralization of oversight has introduced additional compliance requirements for grant recipients, necessitating closer alignment with the administration's policy positions.

## **Impact on Entities Awarded Grants Under the Biden Administration**

### 1. Termination of Grants to Academic Institutions

Harvard University experienced the cancellation of approximately \$3.3 billion in research grants, including projects related to tuberculosis vaccines and studies on cancer, HIV, and ALS. The administration cited concerns over the university's handling of antisemitism and DEI initiatives as justification for the funding cuts.

## 2. Suspension of Foreign Aid Programs

Executive Order 14169 initiated a 90-day pause on U.S. foreign development assistance programs to conduct a comprehensive review. This suspension affected NGOs involved in international development, particularly those focusing on gender, DEI, or reproductive health.

## 3. Impact on Cultural and Educational Institutions

The administration's efforts to dismantle the Institute of Museum and Library Services have led to the termination of grants supporting programs at museums and libraries, affecting services such as art residencies and accessibility initiatives.

## **Implications for Organizations Seeking Federal Funding**

### 1. Shift in Funding Priorities

Organizations must realign their programs to match the administration's focus on infrastructure, economic development, and national security. Programs emphasizing DEI, environmental sustainability, or international aid may face reduced funding opportunities.

### 2. Enhanced Compliance and Reporting

Increased oversight requires organizations to implement robust compliance frameworks and ensure adherence to new regulatory standards. Failure to comply may result in grant termination or legal challenges.

### 3. Legal Uncertainty

Ongoing legal challenges to the administration's executive orders have created a fluid funding environment. Organizations must stay informed about legal developments that may affect grant availability and compliance requirements.

## **Strategic Recommendations**

1. **Policy Monitoring:** Establish dedicated teams to track policy changes and assess their impact on funding opportunities.
2. **Program Realignment:** Evaluate and adjust programs to align with current federal priorities, focusing on areas such as infrastructure and economic development.
3. **Compliance Infrastructure:** Invest in compliance systems and training to meet new regulatory requirements and avoid potential penalties.
4. **Diversify Funding Sources:** Seek alternative funding from state, local, and private sources to mitigate reliance on federal grants.
5. **Legal Preparedness:** Consult legal experts to navigate the evolving regulatory landscape and address potential challenges proactively.