

## Impoundment: An Illegal Power Grab That Will Harm People

**On Monday, the Trump administration illegally ordered a “pause” in all federal grant and loan programs, cutting people off from critical programs in order to grab power for Trump himself.**

The full scope of the directive was unclear, as the Office of Management and Budget (OMB) issued [contradictory](#) guidance and appeared to roll back parts of the order that generated backlash. The directive was temporarily blocked by a federal judge on Tuesday, and [rescinded](#) by the White House on Wednesday, but it still managed to ripple through our government with deleterious consequences.

This illegal directive is likely to return in some form, with Trump and his allies having [long](#) advocated for the power of the president to impound congressionally appropriated funds. The executive orders with which the OMB purported to be ensuring agency compliance are still in effect.

**What to know: This illegal order hurt people, and any similar action in the future would hurt people as well.**

In the brief period when the directive was in effect, we glimpsed what sorts of things could be in the Trump administration’s impoundment crosshairs:

- **MEDICAID:** According to the [New York Times](#), Medicaid portals in every state—the system through which state Medicaid agencies receive funding—were down following the freeze. Medicaid is the largest health insurer in the U.S., covering over 70 million people.
- **FEDERAL GRANTS TO CHARITIES:** Charitable groups like [Meals on Wheels](#) and groups that provide shelter to [homeless veterans](#) feared that their federal funding would be cut off.
- **AFFORDABLE CHILD CARE:** A [lawsuit](#) filed against the OMB—which won the temporary stay—alleges in part that the order would halt disbursement of the HHS-administered Child Care and Development Block Grant program, “the primary federal funding source to help families with low incomes access child care,” which would “significantly harm ... customers who will no longer be able to afford to pay for child care.”
- **PRESCHOOL FOR LOW-INCOME CHILDREN:** According to the [Huffington Post](#), the order threatened to delay grants in the federally-funded Head Start program, which provides preschool to around 800,000 low-income children.
- **GRANTS TO HEALTH CARE SYSTEMS:** Twenty-three states [sued](#) the Trump administration over the funding freeze, alleging in part that it could have blocked HHS-administered grants that support “hospital facilities, community health centers, lab testing, addiction treatment centers, services for people living with disabilities, and facilities for aging people.”
- **SCHOOL LUNCH:** The states’ [lawsuit](#) also alleged that the National School Lunch Program, which provides lunch to low-income children, could have been affected by the directive.

**Despite the federal judge’s order on Tuesday to temporarily halt the funding freeze, funds continued to be affected into Wednesday.** For example, on Wednesday, the day after the judge’s order, the Urban Institute’s Yonah Freemark said that he had received a stop-work order from HUD on a grant that supports a [research project](#) on land-use reform and affordable housing.

Importantly, even a temporary pause—which the administration tried to pitch this directive as—would cause lasting harm. Food in two weeks doesn’t feed hungry families now. Rent is due on the first of the month. Labs working on cancer cures can’t just be paused and resumed at will.

### **What we're watching for: Who benefits?**

- While cutting off programs for people in need, Trump is already [set](#) to give tax breaks to billionaires and corporate interests. We cannot allow an administration intent on corporate giveaways to claim that freezing critical programs is nothing more than shrewd accounting.
- This is a power grab that will chiefly benefit Trump himself, as it is an attempt to expand his presidential authority to include Congress' "power of the purse." If he is successful, he will surely use that new discretion to benefit the class to which he has dedicated his entire political career: the wealthy.

### **The chaos and illegality of the order were the point.**

Agencies that should be serving all Americans, particularly the most vulnerable among us, were scrambling this week to figure out what was and was not covered by the OMB directive. Whenever a particular program's funding freeze received unwanted attention, the administration went on to claim it was never supposed to be included. The chaos served as plausible deniability, but we should all know who this illegal order was targeting: us.