



## Federal Financial Assistance in Limbo; Farm Bill Perspective

Jonathan Coppess

Department of Agricultural and Consumer Economics  
University of Illinois

January 30, 2024

*farmdoc daily* (15): 18

Gardner Policy Series

---

Recommended citation format: Coppess, J. “Federal Financial Assistance in Limbo; Farm Bill Perspective.” *farmdoc daily* (15): 18, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, January 30, 2024.

Permalink: <https://farmdocdaily.illinois.edu/2025/01/federal-financial-assistance-in-limbo-farm-bill-perspective.html>

---

It was an interesting week for federal policy. On the evening of January 27, 2025, the Acting Director of the Office of Management and Budget (OMB) in the Trump Administration issued a memo to all federal agencies directing a freeze on federal financial assistance pending a review (Holland, Sullivan, and Morgan, [January 28, 2025](#); *The Washington Post*, [OMB M-25-13](#)). On January 28, 2025, a federal judge temporarily halted the directive (see e.g., Megerian and Whitehurst, [January 29, 2025](#); Habeshian, [January 28, 2025](#); Romm et al., [January 28, 2025](#); Cheney and Gerstein, [January 28, 2025](#); Shear, [January 28, 2025](#)). On January 29<sup>th</sup>, the Trump Administration rescinded the spending freeze (Collins, Treene, and Waldenberg, [January 29, 2025](#); NPR Washington Desk, [January 29, 2025](#); Bolton, [January 29, 2025](#)). This article reviews the brief attempt at a federal spending freeze and potential implications for the Farm Bill.

### Background

The initial OMB memo (which was not available on OMB’s [website](#) as of this writing) reads in pertinent part that:

“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” (*The Washington Post*, [OMB M-25-13](#); see also, *WhiteHouse.gov*, [January 28, 2025](#)).

The OMB memo included two important clarifications in footnotes: (1) “Nothing in this memo should be construed to impact Medicare or Social Security benefits”; and (2) the freeze does not apply to “assistance provided directly to individuals” (*The Washington Post*, [OMB M-25-13](#)). OMB used the definition of federal financial assistance from existing federal regulations ([2 CFR 200.1](#)). That definition includes grants, cooperative agreements, non-cash contributions or donations of property, direct

---

*We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available [here](#). The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).*

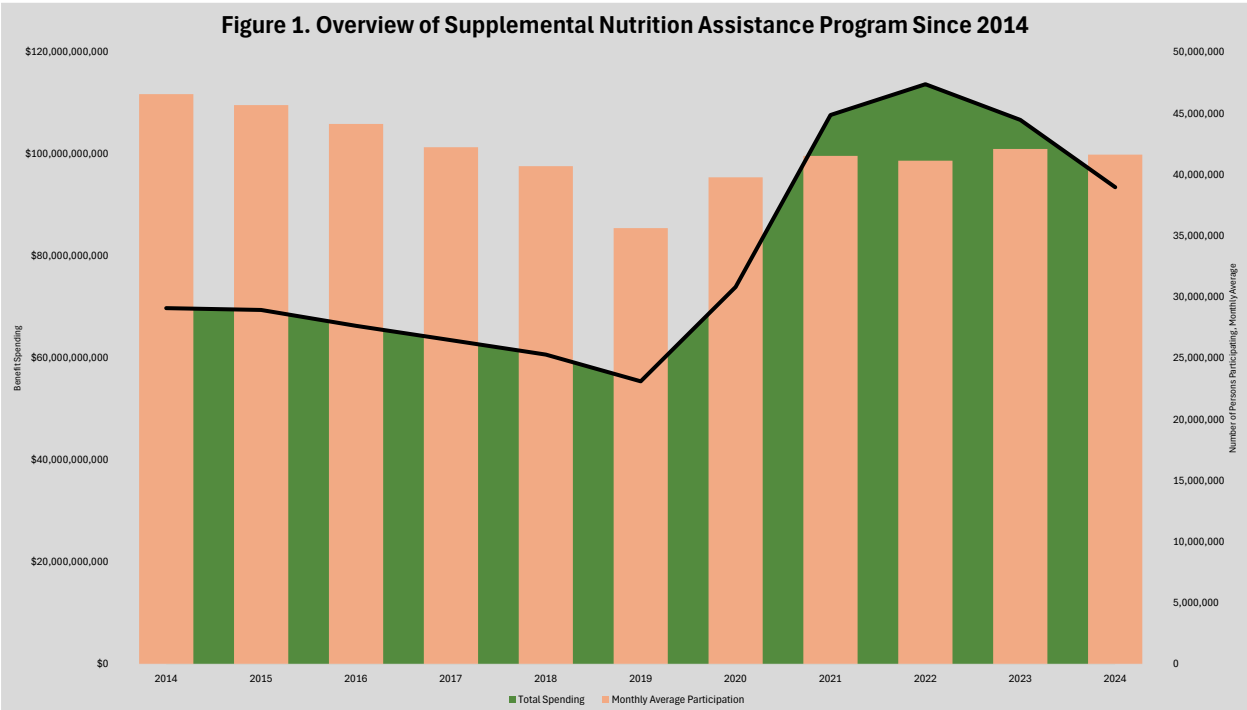
appropriations, food commodities, loans, loan guarantees, interest subsidies, insurance, and other financial assistance.

A federal district court issued a temporary stay on the order on January 28<sup>th</sup> (see, *Civil Action No. 25-239, January 28, 2025*). Nothing about federal spending is just about federal spending; it goes to the heart of political power, the power of the purse, under the Constitution (*U.S. Constitution, archives.org*). In this case, the constitutional question involves the President's authority over matters known as impoundments and deferrals of spending. Fifty years ago, Congress enacted the Congressional Budget and Impoundment Control Act of 1974 to address these issues and more (P.L. 93-344; 2 U.S.C. §684; see also, *farmdoc daily, November 21, 2024; November 29, 2018*). The statute requires the President to transmit a special message to Congress about a proposal to defer any budget authority and permits deferrals only to "provide for contingencies," "achieve savings made possible by or through changes in requirements or greater efficiency of operations," or as otherwise "specifically provided by law" (2 U.S.C. §684). In 1975, the Supreme Court noted enactment of the Congressional Budget and Impoundment Control Act but did not decide on any issues concerning the reach or coverage of the Act (*Train v. City of New York*, 420 U.S. 35 (1975)). In 1987, the federal appeals court for the DC Circuit ruled that a legislative veto provision in the statute was unconstitutional based on an earlier Supreme Court decision (*New Haven v. U.S.*, 809 F.2d 900 (DC Cir., 1987), citing *INS v. Chadha*, 462 U.S. 919 (1983)). Congress amended the statute in 1987 to remove the legislative veto provision and, presumably, the constitutional problem (P.L. 100-119).

## Discussion

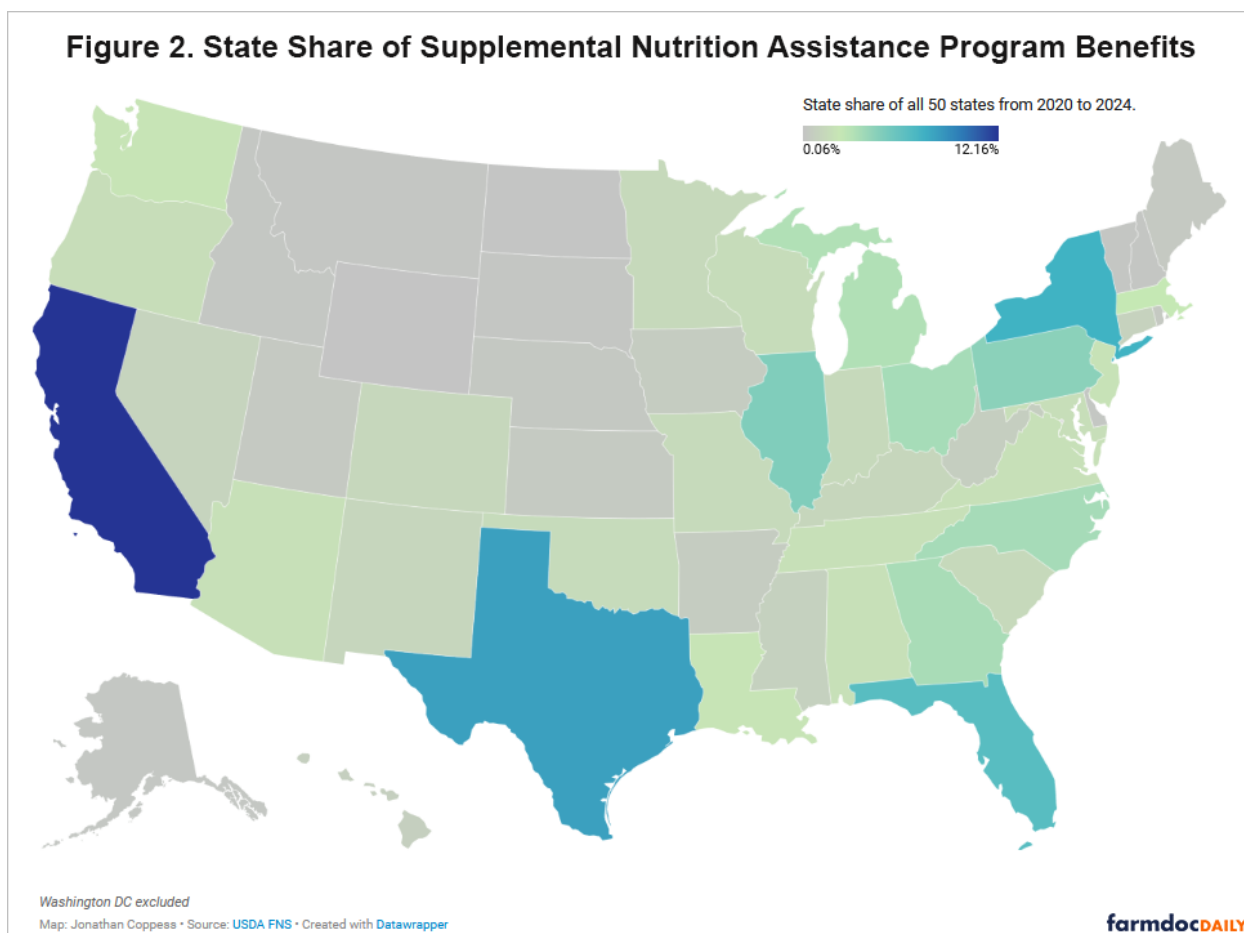
The Trump Administration rescinded the OMB directive, settling matters for the moment but leaving huge swaths of federal financial assistance in a new state of political and legal limbo. From various headlines are signals of alignment over a rush to cut programs, spending, and taxes as Congress prepares for budget reconciliation (see e.g., Whitehurst, *January 29, 2025*; McCarthy and Kashinsky, *January 28, 2025*; Parlapiano, Sanger-Katz, and Gamio, *January 28, 2025*; Hill, *January 27, 2025*). Reportedly, OMB listed the programs to be reviewed and included much of the Farm Bill, with one analysis counting 2,600 total programs (The Upshot Staff, *The New York Times, January 28, 2025*; Natanson, *January 28, 2025*). From the Farm Bill, the list included crop insurance, farm programs, conservation programs, the Supplemental Nutrition Assistance Program (SNAP) and related programs, as well as rural economic development programs, agricultural research programs, energy programs, the Market Access Program (MAP) and Foreign Market Development (FMD) Cooperator Program, and more. The list also included school lunch and related programs, supplemental assistance for Women, Infants, and Children (WIC), and other food distribution programs.

For the thrice-extended Farm Bill, the emphasis on budgets and spending signals further challenges ahead; while much of the spending may be on a list, the primary risk is to SNAP and the additional investments in conservation policy appropriated by Congress in the Inflation Reduction Act of 2022 (IRA) (see e.g., Clayton, *January 27, 2025*; Yarrow, *January 13, 2025*; Held, *January 8, 2025*; Hanrahan, *January 6, 2025*). The fast-track proceedings of a budget-centered battle in Congress create confusion and disruption, magnifying concern. Big dollar amounts in massive omnibus legislation conceal consequences and dispense with deliberation about a policy's merits in the blunt pursuit of cost reduction (see e.g., Wildavsky, 1988; Coppess, 2024; *farmdoc daily, July 6, 2024* and *February 29, 2024*). SNAP serves the primary example. Over \$100 billion in spending obscures key facts: (1) the money helps struggling families put food on the table; and (2) that more than 40 million people on average each month receive assistance, about \$200 per person. Figure 1 provides an overview of the SNAP program since 2014, with the rise and fall of costs tied to participation over time. Program costs appear to be coming down after the spike in response to the pandemic.



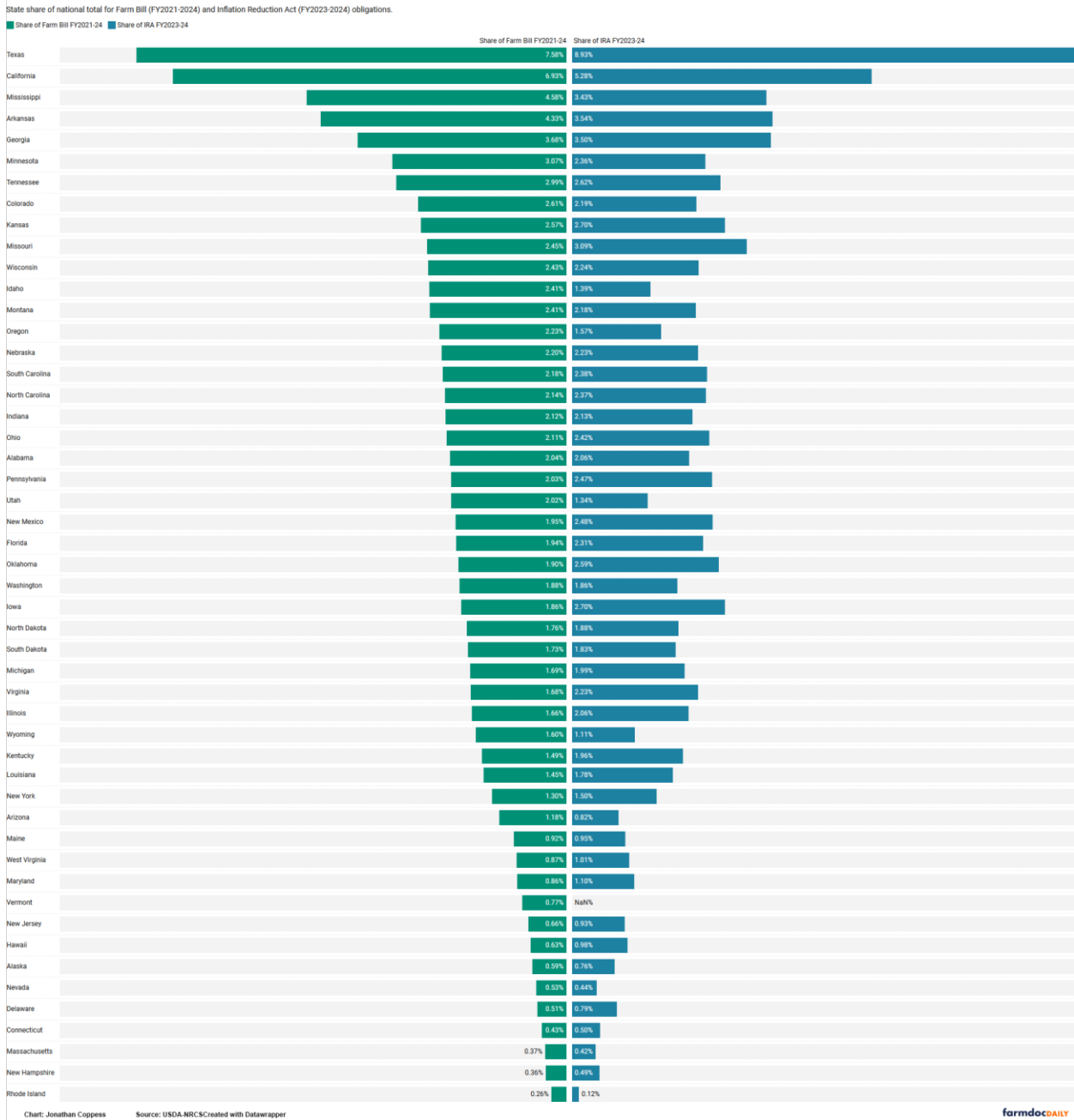
The consequences of any cuts will follow participation, population, and cost of living, falling upon those struggling with poverty (see e.g., *farmdoc daily*, [April 20, 2023](#)). Figure 2 adds perspective with an interactive map of the distribution of SNAP benefits and participation among the fifty States, adding to ongoing efforts to visualize Farm Bill policies (see, Policy Design Lab, [SNAP](#)).

**Figure 2. State Share of Supplemental Nutrition Assistance Program Benefits**



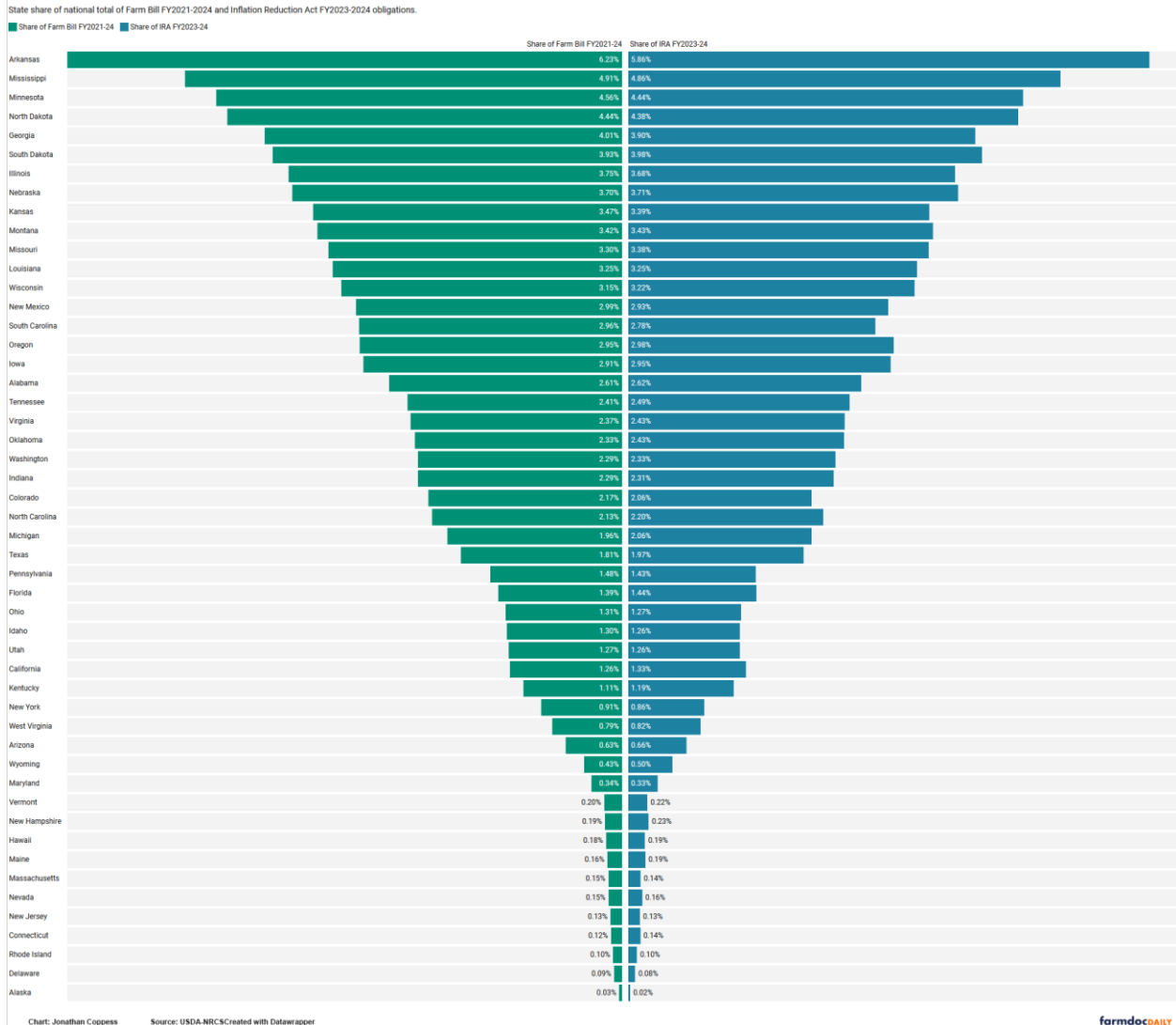
The IRA conservation funds represent a different dilemma. Enacted by Democrats without Republican support, the financial assistance does not have a large budgetary impact. Instead, the funding is jeopardized by its partisan appropriation and ideological opposition to anything viewed as “green new deal social engineering policies” (*The Washington Post*, [OMB M-25-13](#); see also, *farmdoc daily*, [August 29, 2024](#)). In reality, the funding is financial assistance to farmers who persistently demand more of it than Congress provides (Wicks, [January 31, 2024](#); *farmdoc daily*, [September 28, 2023](#); Happ, [September 9, 2021](#)). And, despite the Congressional emphasis on climate change, allocations of the funds has been little different than that of the baseline Farm Bill funding ( Zimmerman, [December 11, 2024](#); Smith, [May 13, 2024](#)). For example, Figure 3 compares each State’s share of Environmental Quality Incentives Program (EQIP) financial assistance in the four most recent fiscal years (FY2021 to FY2024) of Farm Bill (or Commodity Credit Corporation (CCC)) funding with each State’s share of the two most recent fiscal years (FY2023 and FY2024) of the IRA funding. Texas has received the most EQIP funds of any State from both funding sources but has received a higher share of the IRA funding (8.93%) than of the Farm Bill funding (7.58%).

Figure 3. Comparing State Allocations for EQIP Financial Assistance



Similarly, Figure 4 provides the same comparison for the Conservation Stewardship Program (CSP) by comparing each State’s share of the two funding sources (CCC and IRA). Arkansas has received the highest share of CSP funding in both the Farm Bill (6.23%) and the IRA (5.86%).

Figure 4. Comparing State Allocations for Conservation Stewardship Financial Assistance



Whether the allocations of the IRA conservation funding protect it (and to what degree) from the budget axe of either Congress, or the Administration, presents an interesting test case. The allocations also present design questions about conservation policy and how different practices drive distribution of assistance. This, in turn, raises further questions.

### Concluding Thoughts

A whirlwind week for federal financial assistance is only the beginning. With the Trump Administration rescinding the OMB directive, the constitutional questions it raised remain unsettled for now. Immediate cessation of the contretemps does little to quiet the echoes from these first shots, however. Ahead Congressional budget reconciliation awaits, as well as whatever the Administration attempts next. Three years after it was scheduled for reauthorization the Farm Bill languishes, its fate dependent upon the outcomes of these budget battles. At the forefront for the Farm Bill are the Supplemental Nutrition Assistance Program and the Inflation Reduction Act's additional conservation funding. The consequences for them will be consequential to reauthorization. It is a state of legal and political limbo in which few matters are certain or clear, where the potential for chaos, confusion, and disruption is high.

### References

Bolton, Alexander. "White House budget office rescinds federal funding freeze." *The Hill*. January 29, 2025. <https://thehill.com/homenews/5113527-omb-federal-funding-freeze-rescind/>.

Cancryn, Adam and Myah Ward. "White House defends dramatic federal funding freeze." *Politico.com*. January 28, 2025. <https://www.politico.com/news/2025/01/28/trump-omb-funding-cuts-00200998>.

Cheney, Kyle and Josh Gerstein. "Judge blocks Trump's spending freeze." *Politico.com*. January 28, 2025. <https://www.politico.com/news/2025/01/28/donald-trump-freeze-blocked-00201082>.

Clayton, Chris. "SNAP, Reconciliation and the Farm Bill." *DTN-Progressive Farmer*. January 27, 2025. <https://www.dtnpf.com/agriculture/web/ag/news/article/2025/01/27/house-ag-leaders-seek-protect-snap>.

Collins, Kaitlan, Alayna Treene, and Samantha Waldenberg. "White House rescinds federal aid freeze." *CNN.com*. January 29, 2025. <https://www.cnn.com/2025/01/29/politics/white-house-rescind-federal-funding-freeze/index.html>.

Coppess, Jonathan. *Between Soil and Society: Legislative History and Political Development of Farm Bill Conservation Policy* (University of Nebraska Press, 2024). <https://www.nebraskapress.unl.edu/nebraska/9781496225146/>.

Coppess, J. "Federal Budget Discipline and Reform: A Review and Discussion, Part 1." *farmdoc daily* (8):218, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, November 29, 2018. <https://farmdocdaily.illinois.edu/2018/11/federal-budget-discipline-and-reform-a-review-and-discussion-part-1.html>.

Coppess, J. "Farm Bill 2023: NRCS Backlogs and the Conservation Bardo." *farmdoc daily* (13):177, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 28, 2023. <https://farmdocdaily.illinois.edu/2023/09/farm-bill-2023-nrcs-backlogs-and-the-conservation-bardo.html>.

Coppess, J. "Hiding Behind the Baseline: Big Numbers and the Budget Game." *farmdoc daily* (14):42, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 29, 2024. <https://farmdocdaily.illinois.edu/2024/02/hiding-behind-the-baseline-big-numbers-and-the-budget-game.html>.

Coppess, J. "Budgetary Dissonance and the 2024 House Farm Bill." *farmdoc daily* (14):106, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 6, 2024. <https://farmdocdaily.illinois.edu/2024/06/budgetary-dissonance-and-the-2024-house-farm-bill.html>.

Coppess, J. "Reauthorization or Reconciliation: Thoughts on the Farm Bill's Prospects." *farmdoc daily* (14):213, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, November 21, 2024. <https://farmdocdaily.illinois.edu/2024/11/reauthorization-or-reconciliation-thoughts-on-the-farm-bills-prospects.html>.

Coppess, J. and M. White. "Farm Bill 2023: Questions About the Focus on SNAP Work Requirements." *farmdoc daily* (13):73, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, April 20, 2023. <https://farmdocdaily.illinois.edu/2023/04/farm-bill-2023-questions-about-the-focus-on-snap-work-requirements.html>.

Habeshian, Sareen. "Trump's funding freeze temporarily halted by federal judge." *Axios.com*. January 28, 2025. <https://www.axios.com/2025/01/28/trumps-funding-freezing-temporarily-halted-by-federal-judge>.

Hanrahan, Ryan. "Budget Reconciliation Likely to Include SNAP." *Farm Policy News*. January 6, 2025. <https://farmpolicynews.illinois.edu/2025/01/budget-reconciliation-likely-to-include-snap/>.

Happ, Michael. "Closed Out: How U.S. farmers are denied access to conservation programs." *Institute for Agriculture & Trade Policy*. September 9, 2021. <https://www.iatp.org/documents/closed-out-how-us-farmers-are-denied-access-conservation-programs>.

Held, Lisa. "Will Congress Pass a New Farm Bill in 2025?" *Civil Eats*. January 8, 2025. <https://civileats.com/2025/01/08/will-congress-pass-a-new-farm-bill-in-2025/>.

Hill, Meredith Lee. "Trump details his costly congressional wishlist." *Politico.com*. January 27, 2025. <https://www.politico.com/news/2025/01/27/donald-trump-house-gop-reconciliation-wishlist-007107>.

Holland, Steve, Andy Sullivan, and David Morgan. "Trump's funding freeze triggers worry, Democrats say it hits Medicaid program." *Reuters.com*. January 28, 2025. <https://www.reuters.com/world/trump-orders-pause-all-federal-grants-loans-2025-01-28/>.

McCarthy, Mia and Lisa Kashinsky. "Trump runs up the reconciliation tab." *Politico.com*. January 28, 2025. <https://www.politico.com/newsletters/inside-congress/2025/01/28/trump-runs-up-the-reconciliation-tab-00200897>.

Megerian, Chris and Lindsay Whitehurst. "Federal judge temporarily blocks Trump administration freeze on federal grants and loans." *APNews.com*. January 29, 2025. <https://apnews.com/article/donald-trump-pause-federal-grants-aid-f9948b9996c0ca971f0065fac85737ce>.

NPR Washington Desk. "Trump rescinds freeze on federal funding." *NPR.org*. January 20, 2025. <https://www.npr.org/2025/01/29/g-s1-45313/trump-federal-funding-freeze-reversed>.

Parlapian, Alicia, Margot Sanger-Katz, and Lazaro Gamio. "Cutting Medicaid, Taxing Scholarships, and Killing Invasive Plants: A Guide to the G.O.P. Wishlist." *The New York Times*, The Upshot. January 28, 2025. <https://www.nytimes.com/interactive/2025/01/28/upshot/2025-republican-policy-proposals.html>.

Peters, Sara E., Michael K. Friedberg, Micah J. Burbanks-Levy, Robert H. Bradner, and Rich Gold. "Trump Administration Pauses Federal Financial Assistance." Holland & Knight, January 28, 2025. <https://www.hklaw.com/en/insights/publications/2025/01/trump-administration-pauses-federal-financial-assistance>.

Ordonez, Franco, Deirdre Walsh, Barbar Sprunt, and Ashley Lopez. "Trump memo to halt federal funds triggers confusion and constitutional questions." *NPR.org*. January 28, 2025. <https://www.npr.org/2025/01/28/nx-s1-5277029/trump-memo-halt-funding>.

Romm, Tony, Jeff Stein, Jacob Bogage, and Emily Davies. "White House tries to clarify Trump federal spending freeze as confusion spreads." *The Washington Post*. January 28, 2025. <https://www.washingtonpost.com/business/2025/01/28/trump-spending-freeze-upends-washington-triggering-legal-threats-delays/>.

Shear, Michael. "Judge Stays Trump's Federal Funding Freeze, but Disruption to Medicaid Sows Fear." *The New York Times*. January 28, 2025. <https://www.nytimes.com/2025/01/28/us/politics/trump-freeze-funding.html>.

Smith, Alex. "The Inflation Reduction Act's 'Climate-Smart Agriculture' Investments Aren't Very Smart." *Breakthrough Journal*, No. 20. May 13, 2024. <https://thebreakthrough.org/journal/no-20-spring-2024/the-inflation-reduction-acts-climate-smart-agriculture-investments-arent-very-smart>.

Scholtes, Jennifer and Nicholas Wu. "Trump administration orders sweeping freeze of federal aid." *Politico.com*. January 27, 2025. <https://www.politico.com/news/2025/01/27/trump-freezes-federal-aid-omb-00200891>.

Stein, Jeff, Jacob Bogage, and Emily Davies. "White House pauses all federal grants, sparking confusion." *The Washington Post*. January 28, 2025. <https://www.washingtonpost.com/business/2025/01/27/white-house-pauses-federal-grants/>.

Tamborrino, Kelsey, Josh Siegel, James Bikales and Zack Colman. "Trump's spending freeze spreads chaos across US." *Politico.com*. January 28, 2025. <https://www.politico.com/news/2025/01/28/chaos-confusion-trump-order-freeze-federal-dollars-00201079>.

The Upshot Staff. "Which Federal Programs Are Under Scrutiny? The Budget Office Named, 2,600 of Them." *The New York Times*, January 28, 2025. <https://www.nytimes.com/interactive/2025/01/28/upshot/federal-programs-funding-trump-omb.html>.



Whitehurst, Lindsay. "The legal battle over Trump's federal funding freeze is just beginning." *APNews.com*. January 29, 2025. <https://apnews.com/article/federal-grants-loans-pause-trump-supreme-court-87f4951ad01ea2782ef5290642b0305e>.

Wicks, Noah. "IRA-infused conservation programs still struggling to keep up with farmer demand." *Agri-Pulse*. January 31, 2024. <https://www.agri-pulse.com/articles/20574-ira-infused-conservation-programs-still-struggling-to-keep-up-with-farmer-demand>.

Wildavsky, Aaron. *The New Politics of the Budgetary Process* (Glenview: Scott, Foresman, 1988).

Yarrow, Grace. "Eyeing SNAP cuts in reconciliation." *Politico.com*. January 13, 2025. <https://www.politico.com/newsletters/weekly-agriculture/2025/01/13/eyeing-snap-cuts-in-reconciliation-00197735>.

Zimmerman, Sarah. "Farm conservation funding hit a record high in 2024. A majority of farmers still got nothing." *Agriculturedive.com*. December 11, 2024. <https://www.agriculturedive.com/news/farm-conservation-funding-usda-climate-ira-eqip-csp/735253/>.