

# Trump's Top 6 Backdoor Funding Cuts

OMB is not just impounding funds through “pocket rescissions.” Through different tactics to delay, move, and withhold funds, OMB is on track to force agencies to impound — that is to cancel — millions of dollars that by law should be spent by the end of the fiscal year on September 30th.

We take a look at some examples — including cuts to programs to cure cancer, prevent chronic disease, and make housing more affordable — to illustrate the ways OMB is unlawfully misusing its authority.

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## Why are funds at risk of expiring?

In March, Congress passed and the president signed a spending law that gave billions of dollars to agencies to spend. That law was a product of a bipartisan, bicameral compromise between members of the House and Senate. Many of those funds are single year appropriations — federal funding that must be spent in the current fiscal year, 2025, which ends on September 30th.

That means, across dozens of agencies and hundreds of programs, any of those 2025 dollars that are not spent one week from now are going to expire. Those expiring funds amount to an unexpected funding cut for the communities, businesses, and causes that were expecting to receive those funds Congress promised .

While OMB has been public about claiming the *power* to make these cuts, the White House has been cagey about where cuts are actually happening. Time after time this summer, news came out about funds being “held up” for [research](#) at the National Institutes of Health or for drug overdose [prevention](#) at the Centers for Disease Control and Prevention. Those delays can add up. Looking at the latest data we have about how much of their 2025 funds agencies have spent, some of these delays could leave agencies with money still unspent at the end of the fiscal year.

Once September 30th has come and gone any 2025 dollars will expire. Absent a new law getting passed or a court taking action on a pending case, that money is gone for good.

Below we walk through six different accounts that are on track to get hit with this kind of backdoor cut. They include funding for programs ranging from cancer research that saves lives, chronic disease prevention, substance abuse prevention, treatment, and mental health programs, and even funding for housing development and businesses in communities underserved by traditional banks.

The Trump Administration sent Congress a “pocket rescission” OMB claims allows the president to unilaterally cancel foreign aid funds.

OMB has been quietly using footnotes and other restrictions to delay agencies spending funds.

These OMB tactics result in potentially millions of funds impounded – backdoor cuts that are not submitted to Congress for debate.

## It sounds illegal, because it is illegal

Our Constitution grants Congress the power of the purse – the president has no [inherent power](#) to refuse to spend funds appropriated by Congress. This Administration has [attempted](#) to claim unconstitutionally broad power allowing the president to cancel federal spending passed by Congress and signed into law. Over the first two centuries of our nation, [disagreements](#) between presidents and Congress were mostly about ensuring federal agencies did not spend more than what Congress allowed.

Fifty years ago, President Nixon [tried](#) to cancel significant federal funding across many different agencies and programs. People affected by those unlawful cuts sued in court — and won. Congress responded as well, passing the Impoundment Control Act of 1974 (ICA).

Since then, presidents have [generally followed](#) the procedures in the ICA to propose cuts, called rescissions, and wait for Congress to take action on those proposals. If Congress agrees to the cut, then it passes a law enacting it. If Congress disagrees with the proposed cut and takes no action, then the president spends the funds.

That had been largely true for half a century, until this summer when OMB Director Russ Vought abused the procedures in the ICA to attempt to unilaterally cancel \$5 billion (without any action by Congress) through a so-called “[pocket rescission](#).”

Vought is trying to [claim](#) that a loophole in the ICA allows the president to propose — and make unilaterally — any cuts in federal funds as long as those cuts are proposed so late that the funds expire while Congress is supposed to be considering them.

Vought’s claim to pocket rescind has been categorically rejected by experts. Indeed, [Members of Congress](#), [legal scholars](#), former OMB and Appropriations Committee [officials](#), the [Government Accountability Office](#) (GAO), as well as the [face of the law](#) and its [legislative history](#) all directly contradict Vought’s claim that the ICA allows pocket rescissions. Indeed, such a dramatic claim to make cuts would render the ICA useless at its stated [purpose](#) of providing “for a system of impoundment control” by allowing the President to exploit a loophole to rescind funds without congressional consent.

But most importantly, the Trump Administration’s unlawful attempt to unilaterally [cut](#) \$5 billion in foreign aid funds has served as a convenient distraction to OMB’s ongoing [abuse](#) of its authority

to apportion funds in order to delay and impede the timely spending of funds across numerous agencies and programs. [Apportionments](#) are legally binding plans that OMB uses to tell agencies how and when they may spend funds appropriated by Congress. Congress [created](#) the apportionment process to help ensure agencies stick to their budgets.

Although the apportionment process was [created](#) as a tool to make sure agencies did not spend more money than Congress allowed, based on recent apportionments made public under a court order, the Trump Administration [appears](#) to be using this authority to impose their own policy preferences on the funds, and abusing it to unlawfully delay or cancel spending in defiance of Congress.

Whether funds are [delayed](#) because of agency leaders or OMB's actions, the fact is that millions of dollars that should be spent in a timely manner are now at risk of being impounded at the end of the fiscal year, or spent quickly in ways that risk wasting taxpayer dollars. Funding that Congress has passed to be spent in 2025 that is not obligated by September 30, 2025 — the end of the federal fiscal year — will expire if it has not been obligated.

For funds to be obligated, the government needs to have an agreement in place — like a contract or grant award — to spend the money. That obligation is recorded and the records of those obligations are used to [track](#) how much funding agencies have spent. Funding that is still unobligated at the end of the fiscal year — that is funding for which a grant award, contract agreement, or something similar has not been signed — will expire and no longer be able to be spent as Congress intended. OMB uses Standard Form 133 to track the progress agencies make in spending their funding throughout the fiscal year. The reporting from agencies is somewhat delayed, so the information below is based on the most recent information available from this form (through August 2025).

One way OMB has abused its apportionment authority is by including language in the footnotes of more than 100 apportionments that prevents agencies from actually spending the funds unless or until OMB approves a more detailed "spend plan," or prevents agencies from spending unless they conform to a more detailed OMB-approved plan. These are legally binding restrictions that could delay or prevent an agency from spending funds. Just like the apportionments themselves, these footnotes are legally binding under the Antideficiency Act, which means federal employees could face disciplinary consequences or even criminal prosecution for violating the conditions placed on these funds.

In July, under pressure from members of Congress, OMB withdrew a similar footnote that had been preventing NIH from spending its funding. Similar outcries about a delay of CDC spending, however, resulted in OMB approving spending for a particular program but leaving in place the footnote restricting the agency's ability to spend the remaining funds in the account.

## At risk: Funding to cure cancer, prevent chronic disease, make housing affordable and more

Here are six funding cuts to keep an eye on that are not part of the Trump Administration's pocket rescission, but may still be facing unilateral cancellation because of the actions OMB took to delay or limit the ability of agencies to spend this funding on time.

### Funding for research to save lives and cure cancer

#### Department of Health and Human Services

##### National Cancer Institute

**\$1.69 billion unobligated**

Account No. 075-0849 /2025

Status: \$1.69 billion of \$7.29 billion or 23% of funds for FY 2025 are unobligated.

#### What is this funding for?

The National Cancer Institute (NCI) is the largest [funder](#) of cancer research in the world, including research to understand how cancer develops, understand the causes of cancer, develop ways to detect and diagnose cancer earlier to save lives, and improve treatments for cancer to reduce the severe side effects for cancer patients.

#### Who gets this funding?

Researchers at NCI designated Cancer Centers, National Clinical Trials Networks, and Community Oncology Program network sites, as well as cancer researchers within NCI and across the country at research institutions.

#### How is the Trump Administration delaying this spending?

About \$1.69 billion of these funds remain [unspent](#), roughly \$600 million more than remained unspent at the same time [last year](#). There are two ways OMB has delayed funding for this account. First, this funding was not [apportioned](#) until July 25, 2025, more than three months later than the apportionment the agency received in the [prior year](#). Delays in apportionment can force the agency to delay its grantmaking process, leaving less time for the normal application and review to identify the most worthy projects. Second, OMB placed additional conditions on the availability of some of the funds in this account using a legally binding [footnote](#). Conditions imposed in this footnote are enforceable under the Antideficiency Act, and could have prevented the agency from spending these funds before the end of the fiscal year. The footnote was removed following bipartisan expressions of [concern](#) from members of Congress in July. At the same time OMB was pressured to lift the footnote, NCI [announced](#) it would be awarding fewer grants this year, and forward funding awards, which means millions of dollars will be frozen for future years rather than used to fund research this year.

## Funding for housing development & businesses

### Treasury Department

#### Community Development Financial Institutions Funds

**\$289 million unapportioned**

Account No. 020-1881 /2025

Status: \$289 million of \$324 million or 89% of funds for FY 2025 are unapportioned.

#### What is this funding for?

According to a bipartisan [letter](#) from the Senate's Community Development Finance Caucus, federal funding for Community Development Financial Institutions (CDFI) "serve as vital engines of economic growth and financial inclusion in some of the nation's most underserved communities, leveraging federal investment to provide loans, capital and financial services in areas that are often overlooked by traditional financial institutions." The letter expressed concern that "significant delays remain in awarding and obligating those funds, creating uncertainty for the more than 1,400 certified CDFIs that rely on the Fund for program continuity and impact."

#### Who gets this funding?

Private financial institutions use this "funding to provide financing to businesses, housing and other projects in economically distressed communities." According to a [letter](#) from the CDFI Coalition, signed by affected institutions across myriad states, these institutions leverage \$8 in additional investment for each federally funded dollar, allowing \$250 million of financial assistance from the federal government to support as much as \$2 billion worth of loans to businesses and other loans in communities across the country.

#### How is the Trump Administration delaying this spending?

[OMB](#) has refused to apportion funds for this program. [Last year](#), OMB transferred \$289 million of 2024 funds to a 2024/2025 account and immediately apportioned it to be spent by the agency. This year, OMB transferred \$289 million of 2025 funds to a 2025-2026 account, but unlike last year, OMB has *not* apportioned those funds. This transfer prevents these funds from expiring on September 30th, but still does not allow them to be spent this year — as Congress directed in the law. A July [presentation](#) to the CDFI Coalition indicates advocacy efforts to persuade OMB to release the funds are ongoing, but as long as OMB [refuses](#) to apportion these funds, this spending will remain on hold.

## Funding for chronic disease prevention

### Department of Health and Human Services

#### Centers for Disease Control and Prevention

#### Chronic Disease Prevention and Health Promotion

**\$479 million unobligated**

Account No: 75-0948/2025

Status: \$479 million out of \$1.19 billion or 40% of funds for FY 2025 are unobligated.

#### What is this money for?

Funds within the Chronic Disease Prevention and Health account "[provide](#) national leadership

and support for State, Tribal, and community efforts to promote health and well-being through the prevention and control of chronic diseases.” This includes more than \$400 million for cancer prevention work like the National Breast and Cervical Cancer Early Detection Program, more than \$37 million for the National Diabetes Prevention Program, as well as programs that help raise awareness and provide education about a variety of chronic diseases, from heart and kidney diseases to tobacco use and obesity interventions.

#### **Where does this money go?**

Some of this money goes to state and local communities that are doing work to educate their communities or track the incidence of diseases, and organizations that track and help health care providers treat and prevent chronic diseases.

#### **How is the Trump Administration delaying this spending?**

About half or \$479 million of these funds still remain [unspent](#), compared to just \$217 million unspent at this time [last year](#). There are two ways OMB’s [apportionment](#) may be responsible for this delay. First, the apportionment that made these funds available to the agency for spending was not signed until July 29, 2025. Second, OMB placed additional conditions on the availability of some of the funds in this account using a legally binding [footnote](#). Conditions imposed in this footnote are [enforceable](#) under the Antideficiency Act, and could prevent the agency from spending these funds before the end of the fiscal year.

## **Funding for mental health services**

### **Department of Health and Human Services**

#### **Substance Abuse and Mental Health Services Administration**

##### **Mental Health**

**\$1.1 billion unobligated**

Account No: 75-1363 2025

Status: \$1.1 billion out of \$2.47 billion or 44.5% of funds for FY 2025 are unobligated.

#### **What is this funding for?**

Mental Health funding at the Substance Abuse and Mental Health Services Administration (SAMHSA) supports: the National Child Traumatic Stress [Initiative](#), which works to improve the quality of care and provide access to mental health care for children and adolescents affected by trauma throughout the country; the Community Mental Health Services [Block Grant](#), which funds mental health services for at-risk populations, including outpatient treatment for persons with serious mental illnesses such as schizophrenia and bipolar disorders, as well as crisis stabilization and case management; [Projects](#) for Assistance in Transition from Homelessness, which funds services for people who are homeless and experiencing severe mental illnesses; and Children’s Mental Health Services, among others.

#### **Who gets this funding?**

States, localities, nonprofit organizations and health care providers.

#### **How is the Trump Administration delaying this spending?**

About \$1.1 billion remains [unspent](#) compared to \$363 million at this time [last year](#). There are two

ways OMB may be responsible for delayed obligation of these funds. First, funds were not [apportioned](#) until July 29, 2025, considerably late in the fiscal year. Second, OMB placed additional conditions on the availability of some of the funds in this account using a legally binding [footnote](#). Conditions imposed in this footnote are [enforceable](#) under the Antideficiency Act, and could prevent the agency from spending these funds before the end of the fiscal year.

## Funding for drug abuse treatment services

### Department of Health and Human Services

#### Substance Abuse and Mental Health Services Administration

##### Substance Abuse Treatment

**\$2.6 billion unobligated**

Account No: 75-1364/2025

Status: \$2.6 billion out of \$4.15 billion or 62.65% of funds for FY 2025 are unobligated.

#### What is this funding for?

Funds in this [account](#) support: the Substance Use Prevention, Treatment, and Recovery Services Block Grant, which provides funding to States and Territories to support alcohol and drug use prevention, treatment, and recovery support services; the State Opioid Response Grant Program, which was created to address the opioid epidemic by providing resources to states to prevent, intervene, and promote recovery; and programs that provide training and technical assistance to health care providers for screening, prevention, referral and community based services. Several programs target rural areas with particular needs.

#### Who gets this funding?

These funds are provided as grants to States, Tribes, health departments, colleges and universities, and other nonprofit organizations that provide substance abuse treatment services to individuals and communities in need.

#### How is the Trump Administration delaying this spending?

While [some](#) funds have been distributed, other programs funded by this account have faced problematic threats of [cuts](#) or [delays](#). As a result, \$2.6 billion of these funds remain [unspent](#), compared to \$1.6 billion unspent at this time [last year](#). There are two ways OMB may be responsible for delayed obligation of these funds. First, funds were not [apportioned](#) until July 29, 2025 considerably late in the fiscal year. Second, OMB placed additional conditions on the availability of some of the funds in this account using a legally binding [footnote](#). Conditions imposed in this footnote are [enforceable](#) under the Antideficiency Act, and could prevent the agency from spending these funds before the end of the fiscal year.

## Funding to support first generation college students, parent students, and educational programs that support national security

### Department of Education

#### Office of Postsecondary Education



## Higher Education

**\$2.59 billion unobligated**

Account No: 91-0201/2025

Status: \$2.59 billion out of \$3.15 billion or 82% of funds for FY 2025 are unobligated.

### What is this funding for?

Funds in this [account](#) support higher education programs: such as Child Care Access Means Parents in School, providing support to student parents so they can complete their education; Gaining Early Awareness and Readiness for Undergraduate Programs ([GEAR UP](#)), which provides funding for programs that increase college enrollment and completion by low-income students; Federal TRIO Programs which are targeted to serve and assist low-income individuals, first-generation college students, and individuals with disabilities to progress through the academic pipeline from middle school to postbaccalaureate programs; funds to strengthen institutions that serve diverse communities of students; and International Education and Foreign Language [Studies](#). Funding for International Education and Foreign Language studies [was](#) "originally developed as a national security tool to help the U.S. increase its international expertise in the midst of the Cold War and the aftermath of Soviet Union's 1957 launch of Sputnik."

### Who gets this funding?

These funds are provided as grants to non-profits and schools, community colleges, colleges and universities helping, supporting, and educating students.

### How is the Trump Administration delaying this spending?

A shockingly high percentage of these funds for higher education programs remain [unspent](#) as of the end of August, \$2.59 billion unspent as of August or more than \$2 billion behind in spending compared to this same time [last year](#). In some cases the Trump Administration has made clear these funds are unspent because the Administration [does not want](#) to spend funds on the programs for which Congress allocated this funding. In May, OMB [apportioned](#) funds for this account, making clear no funds were allocated for [Child Care](#) Access Means Parents In School, Graduate Assistance in Areas of National Need, or International Education and Foreign Language Studies. About \$1.9 billion of the funds in this account were apportioned for an "unallocated" purpose in May, and subject to a legally binding footnote. Conditions imposed in this footnote are [enforceable](#) under the Antideficiency Act, and could prevent the agency from spending these funds before the end of the fiscal year.

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For more information, contact:

**Cerin Lindgrensavage**

Counsel

[cerin.lindgrensavage@protectdemocracy.org](mailto:cerin.lindgrensavage@protectdemocracy.org)

#### ABOUT US

Protect Democracy is a nonpartisan, nonprofit group working to prevent American democracy from declining into a more authoritarian form of government.