



## Federal Funds Update Call

Avery Prine & Kerry York-Myles | Federal Funds Implementation Team

# August 28, 2025 Agenda

## **Presentation (15 minutes)**

1. Introduction: Team & Purpose
2. Updates: Federal Developments, Resources, Funding Opportunities
3. Topic Area Spotlight: Unpacking "Improving Oversight of Federal Grantmaking" EO

## **Questions and Group Discussion (15 minutes)**

# Team Intro & Overview

**Mission:** Partner with Minnesota entities to access and deploy federal funds to accelerate state goals.



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## Our Focus Areas

1. Monitor the federal landscape
2. Advance the resourcing of strategically significant projects
3. Monitor and evaluate federal funds deployment
4. Curate, develop & share federal funding technical assistance

## While we can't provide clarity right now, we can:

- Share information to facilitate risk analyses
  - Tracking reimbursement blockages
  - Tracking cancellations
  - Tracking NOFOs
  - Tracking guidance and EOs
- Provide a space for others to share information and strategies
- Build a support network of people working through similar problems

## Upcoming

- **September 12, 2025: MnCIFA and MN Dept of Commerce [Request for Information](#)**
  - From Developers, contractors, project owners, equipment suppliers, manufacturers and other interested parties to understand the impact of the new requirements in federal law (H.R. 1) for certain clean energy projects and facilities to secure federal investment tax credits

## Ongoing

- Disruption Trackers: [Temporary Disruptions, Permanent Cancellations, and Court Ordered Reversals](#)
- Lawyers for Good Government: [Fund Protection Clinic](#)
- MN TA Collaborative: [Technical Assistance Provider Directory](#)
- Environmental Protection Network: [Federal Funding Management Webinars and Office Hours](#)
- Impala Ecosystem: [Minnesota Philanthropic Hub](#) (for MN-based nonprofits, foundations and members of the Minnesota Council of Foundations)
- MCN Legal Services Initiative: [Nonprofit Legal Help Desk, Legal Resource Library, Compliance Support and Webinars](#)
- Federal Funds Information for States (FFIS): [Deciphering Federal Budgetspeak](#)

# Federal Developments

- [The Supreme Court allowed the Trump Administration](#) to cut off NIH research grants it says advances DEI or promotes "gender ideology extremism." Ruled that while grant recipients can challenge the anti-DEI policies behind these cancellations in regular federal courts, they cannot ask those courts to reinstate their lost funding. Claims about restoring terminated grants must go to the Court of Federal Claims which handles contract disputes against the federal government.
- MN is one of 19 states to [sue the Dept of Energy over 10% Indirect Cost and fringe cap](#) on sustainable energy projects citing it to be unlawful and arbitrary.
- News in Federal Reductions in Force:
  - Administration appealing District Court ruling to [allow for the dismissal of 10,000 HHS employees](#)
  - Federal Appeals Court ruled that the Administration can proceed with the [dismantling of the Consumer Financial Protection Bureau \(CFPB\)](#) - laying off 90% of agency staff
- Some Senate appropriations bills are moving through congress with [attached committee reports with directive language regarding how the funds appropriated](#) in the bills is spent which typically carries the force of law.
- [Several top CDC officials](#), including the Director, have left the agency this week causing increased concern for funding continuity after the [OMB held back the release of millions in CDC grant funds this summer](#).

# Unpacking “Improving Oversight of Federal Grantmaking” EO

The [Improving Oversight of Federal Grantmaking](#) Executive Order directs a new form of oversight for:

- All new notices of funding opportunity for discretionary grants, and
- All discretionary grants

# IMPROVING OVERSIGHT OF FEDERAL GRANTMAKING

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## Oversight by political appointees

Description	Connection to other actions/activities	Past practices
<p>“Senior Appointee’ means an individual appointed by the President.”</p> <p>Senior appointees will review and approve funding opportunity announcements and establish a process to review discretionary grants. Senior appointees will “review discretionary awards on an annual basis for consistency with agency priorities and substantial progress.”</p> <p>Peer review must be advisory and must not be “routinely deferred to”</p>	<p>Past executive orders established “<a href="#">Schedule F</a>” and “<a href="#">Schedule G</a>” employee classes within the federal government. Both classes are political appointee classes and appear to expand the responsibilities of non-career staff.</p>	<p>Career staff and expert review</p>

## Ideological criteria: racial preference

Description	Connection to other actions/activities	Past practices
<p>Awards shall not be used to “fund, promote, encourage, subsidize, or facilitate:</p> <p>“racial preferences or other forms of racial discrimination”</p> <p>“Intentional proxies for race” may not be used as selection criterion.</p>	<p>Intersects with numerous policies, actions, and EOs, including:</p> <p>Administration ended affirmative action requirement in federal government by <a href="#">revoking EO 11246</a></p> <p>Federal “DEI staff are being <a href="#">placed on leave</a>”</p> <p>An <a href="#">earlier EO</a> terminated “to the maximum extent allowed by law, all DEI, DEIA, and ‘environmental justice’ offices and positions...; all ‘equity action plans,’ ‘equity’ actions, initiatives, or programs, ‘equity-related’ grants or contracts; and all DEI or DEIA performance requirements for employees, contractors, or grantees.”</p>	<p>Grantmaking model:</p> <ul style="list-style-type: none"> <li>• emphasized objectivity</li> <li>• made awards based on merit, impact and alignment with statutory purpose</li> </ul>

## Ideological criteria: denial of sex binary

Description	Connection to other actions/activities	Past practices
<p>Awards shall not be used to “fund, promote, encourage, subsidize, or facilitate:</p> <p>“denial of... the sex binary in humans or the notion that sex is a mutable characteristic.”</p>	<p>This is consistent with:</p> <p>A January 2025 executive order titled “<a href="#">Defending Women From Gender Ideology Extremism And Restoring Biological Truth To The Federal Government</a>,” and</p> <p>Themes in another executive order titled “<a href="#">Keeping Men Out of Women’s Sports</a>”</p>	<p>Grantmaking model:</p> <ul style="list-style-type: none"> <li>• emphasized objectivity</li> <li>• made awards based on merit, impact and alignment with statutory purpose</li> </ul>

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## Ideological criteria: illegal immigration

Description	Connection to other actions/activities	Past practices
<p>Awards shall not be used to “fund, promote, encourage, subsidize, or facilitate:</p> <p>“illegal immigration”</p>	<p>This intersects with portions of <a href="#">several executive orders</a> that <a href="#">focus on immigration</a>.</p> <p>This is thematically consistent with significant increases in U.S. Immigration and Customs Enforcement (ICE) funding H.R. and with increased ICE deployment in communities across the country.</p>	<p>Grantmaking model:</p> <ul style="list-style-type: none"> <li>• emphasized objectivity</li> <li>• made awards based on merit, impact and alignment with statutory purpose</li> <li>• population data sources beyond US Census reports</li> </ul>

## Ideological criteria: anti-American values

Description	Connection to other actions/activities	Past practices
<p>Awards shall not be used to “fund, promote, encourage, subsidize, or facilitate: “initiatives that compromise public safety or promote anti-American values” like “Marxism” and “class warfare propaganda”</p>	<p>While “anti-American values” is a somewhat vague term, some administration documents shed light on the topic:</p> <p>One <a href="#">executive order</a> indicates that “representing that societies including the United States have used race to establish and maintain systems of power, privilege, and disenfranchisement” is an anti “Western value.”</p> <p><a href="#">A U.S. DOT memo</a> implies that high birth rates and high marriage rates are American values</p> <p>An <a href="#">executive order</a> indicates that non-binary genders are “anti-American”</p>	<p>Widely trusted, bipartisan administrative grantmaking process</p>

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## Indirect costs

Description	Connection to other actions/activities	Past practices
<p>Establishes a preference for low indirect cost rates</p> <p>Directs a revision of Uniform Guidance and “other relevant guidance” to “limit the use of discretionary grant funds for costs related to facilities and administration”</p>	<p>This is consistent with other administration actions to limit or reduce indirect cost rates, including:</p> <p>A <a href="#">Department of Energy policy</a> to limit indirect cost reimbursements to 10%</p> <p>A May 2025 <a href="#">National Science Foundation policy</a> to limit university indirect costs to 15%</p>	<p>Grantees reimbursed in accordance with their negotiated indirect cost rate agreement (NICRA)</p> <ul style="list-style-type: none"> <li>• Consistent and equitable method for allocating indirect costs</li> <li>• NICRA negotiated with a cognizant federal agency</li> </ul>

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## Research preferences

Description	Connection to other actions/activities	Past practices
<p>Prioritizes “grants...given to a broad range of recipients rather than to a select group of repeat players” and implements a "pre-issuance review of discretionary awards" by political appointees to ensure consistency with "agency priorities and the national interest"</p> <p>Prioritizes “immediately demonstratable results and...longer-term, breakthrough results”</p> <p>Articulates importance of “Gold Standard Science”</p> <p>8/29/2025</p>	<p>Reflects an executive order titled <a href="#">Restoring Gold Standard Science</a></p> <p>Intersects with an executive order prioritizing “gold-standard research” titled <a href="#">“Establishing the President’s Make America Healthy Again Commission”</a></p> <p>Gold Standard Science implementation is outlined in an <a href="#">NSF implementation plan</a></p>	<p>Objective scoring and grantmaking model agnostic to recipient.</p> <p>No agency individual tasked with the specific work of overseeing the "use, interpretation and communication of scientific information."</p>

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## Terms and conditions

Description	Connection to other actions/activities	Past practices
<p>Directs agencies to, as permitted by law:</p> <p>“revise the terms and conditions of existing discretionary grants to permit immediate termination for convenience, or clarify that such termination is permitted, including if the award no longer advances agency priorities or the national interest.”</p> <p>“ensure that such terms are included in all future discretionary grants”</p> <p>“incorporate these new terms and conditions into all future amendments to grant awards”</p>	<p>Termination of many grants based on the grants no longer effectuating the administration’s priorities</p> <p>Minnesota is <a href="#">party to a lawsuit</a> contesting termination of grants because they “no longer effectuate[] ... agency priorities”</p>	<p>Some grant agreements contained these clauses, some did not.</p> <p>Grants rarely terminated midstream</p>

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## Justifications for drawdowns

Description	Connection to other actions/activities	Past practices
<p>“Agency heads shall...require grantees to provide written explanations or support, with specificity, for requests for each drawdown”</p>	<p>Gradual increase of requirement to provide justifications in various payment systems (ASAP, etc.) and for various funding streams</p>	<p>Minimal administrative detail required when drawing funds in accordance with grant award.</p> <p>Award funds disbursed in a regular and predictable cadence with draws</p>



Thank you!!

**Please share recommendations for future call topics!**

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# Supplemental Info

# AI screening for words and themes

- Analysis has shown that words associated with themes in issued executive orders and federal agency guidance are being removed or replaced on federal websites.
- Federal agencies may be conducting AI screening for these or similar words in federal grant applications and reporting.
- Applications and reports that omit these words or themes may not trigger additional review.

The New York Times			
accessible	discriminated	inclusive	privilege
activism	discrimination	inclusive leadership	privileges
activists	discriminatory	inclusiveness	promote diversity
advocacy	disparity	inclusivity	promoting diversity
advocate	diverse	increase diversity	pronoun
advocates	diverse backgrounds	increase the diversity	pronouns
affirming care	diverse communities	indigenous community	prostitute
all-inclusive	diverse community	inequalities	race
allyship	diverse group	inequality	race and ethnicity
anti-racism	diverse groups	inequitable	racial
antiracist	diversified	inequities	racial diversity
assigned at birth	diversify	inequity	racial identity
assigned female at birth	diversifying	injustice	racial inequality
assigned male at birth	diversity	institutional	racial justice
at risk	enhance the diversity	intersectional	racially
barrier	enhancing diversity	intersectionality	racism
barriers	environmental quality	key groups	segregation
belong	equal opportunity	key people	sense of belonging
bias	equality	key populations	sex
biased	equitable	Latinx	sexual preferences
biased toward	equitableness	LGBT	sexuality
biases	equity	LGBTQ	social justice

# Reminders/Best Practices

- Grants with signed agreements appear to be somewhat stable for the time being
- Some grants may be terminated for convenience—check terms and conditions
  - **The standard terms and conditions are being amended by EPA to make grants easier to cancel for convenience**
  - Stay consistent with terms and conditions
- Get any directives in writing
- Know that calls may be recorded
  - **Folks from the federal government – and potentially DOGE in particular – are joining meetings.**
- Reporting and funding applications: anticipate use of AI screening for key words.
- Court cases continue: **Covid and FEMA fund cancellations were blocked; reductions in force blocked, then unblocked.**