



COLORADO

Office of the State Controller

Department of Personnel & Administration

1525 Sherman St., 5th Floor

Denver, CO 80203

March 10, 2025

Dear Federally Funded Grant Recipient:

The State is continuing to monitor developments related to federal funding and wanted to provide grantees with an update on the ongoing status of federal funding and related litigation. As stated previously, the State recognizes that the federal government's actions have created substantial uncertainty, and the State is continuing to evaluate all of its options to ensure the federal government meets its commitments. The State intends to continue to honor its payment obligations under the federally funded grants it has awarded so long as the federal government continues to make the associated funds available.

The State of Colorado, along with 21 other jurisdictions, continues to challenge freezes in federal funding. There are also cases that the State is not a party to, but nonetheless impact Colorado. Below are the two most relevant cases regarding funding:

- *State of New York et al v. Trump et al (25-cv-00039-JJM-PAS)*: Colorado along with 21 jurisdictions challenged the original OMB memo creating a freeze in funding as well as any subsequent freeze attempts. The Court entered a Preliminary Injunction on March 6, 2025, prohibiting the federal agency defendants in that suit “from pausing, freezing, blocking, canceling, suspending, terminating, or otherwise impeding the disbursement of appropriated federal funds to the States under awarded grants . . . based on the OMB Directive, including funding freezes dictated, described, or implied by Executive Orders issued by the President before rescission of the OMB Directive or any other materially similar order ... under which the federal government imposes or applies a categorical pause or freeze of funding appropriated by Congress.” The federal government is appealing this decision.
- *National Association of Diversity Officers in Higher Education v. Trump, (25-cv-333-ABA)*: On February 21, 2025, the Court issued a preliminary injunction with respect to



three provisions of the following two Executive Orders: Executive Order 14,151, 90 FR 8339, entitled *Ending Radical and Wasteful Government DEI Program and Preferencing*; and Executive Order 14,173, 90 FR 8633, entitled *Ending Illegal Discrimination and Restoring Merit-Based Opportunity* (collectively “the EOs”). With respect to these EOs, Federal agencies cannot “pause, freeze, impede, block, cancel, or terminate” awards, contracts, or obligations pursuant to the Termination Provision; require grantees or contractors to make certifications as mandated by the Certification Provision; or bring any enforcement action pursuant to the Enforcement Threat Provision. The federal government is appealing this decision.

If you have questions regarding these orders or others related to federal funding, we encourage you to retain independent legal counsel.

We have seen federal agencies resume reimbursement for most but not all existing awards, although there are still some agencies, such as FEMA, where the federal agency continues to pause or delay reimbursements. Given the general resumption of reimbursements, it is important that the State and grantees honor existing agreements and fulfill grant timelines. We ask that you continue to implement grants unless directed otherwise by your State grant manager due to grant-specific funding instructions received from the federal government. Please stay in close coordination with your State grant managers - they will be monitoring expenses closely and submitting requests for reimbursement to the federal government promptly to avoid accruing large unreimbursed balances and associated financial risk.

It is still unclear how the courts will ultimately rule in the aforementioned cases and what future action the federal government could take in relation to these litigations or subsequent actions related to federal awards to states. Actions could include canceling grants already awarded, refusing to disburse the funds for those grants, or refusing to contract with states for awards. Given ongoing uncertainty regarding federal funding, the State still encourages grant recipients to be judicious in incurring expenses as necessary to the continuing operation of their programs. It is important for grantees to fulfill grant requirements and timelines, to provide your State grant manager with anything needed to expedite expense reimbursement requests, and to notify your State grant manager immediately of any issues that could impact your ability to fulfill the terms and conditions of the grant.



The State continues to monitor developments related to federal funding and will provide updates as they become available, including additional information and guidance when available. More information on these cases can be found on OSC's website [Federal Grant Funding FAQs](#).

Sincerely,



Robert Jaros, CPA, MBA, JD
Colorado State Controller

