

Oregon joins lawsuit while state officials scramble to respond to Trump order freezing federal funds

January 28, 2025



Update - A federal judge has temporarily blocked Trump's order to freeze federal funds until at least Monday.

Update posted at 2:30 p.m. Jan. 28

This is a developing story and may be updated as we receive new information.

Oregon is suing the Trump administration after it abruptly froze many federal payments, leaving state agencies unable to access reimbursements for Medicaid and child care programs and sending state officials scrambling to determine the total effect.

Gov. Tina Kotek and Attorney General Dan Rayfield, both Democrats, announced the suit during a brief press conference Tuesday afternoon. Rayfield plans to file it with all Democratic attorneys general across the country following a Trump administration memo directing all federal agencies to “temporarily pause”

awarding or disbursing any federal funding that could be impacted by a host of recent executive orders by 2 p.m. Pacific time Tuesday.

“When federal funds that are meant to serve the most vulnerable are suspended or unavailable, that has an impact on Oregonians and it’s a dereliction of the federal government’s duty to protect Americans,” Kotek said.

State agencies are still figuring out which grant programs could be affected by the order. Before former President Joe Biden left office, Kotek and members of Oregon’s congressional delegation pushed him to quickly disburse grants that had been approved by Congress. State budgets rely heavily on federal funding: In Oregon, they make up about 30% of the two-year budget — nearly \$40 billion — with certain big-ticket programs, like Medicaid, receiving the biggest chunks of the funding. It’s unclear how much of that funding could be affected by Trump’s memo.

But some state agencies and nonprofit providers experienced immediate impacts on Tuesday, Kotek said. The Oregon Health Authority couldn’t access a Medicaid portal that allows states to enter costs for reimbursements. Preschool providers who receive funds through Head Start for low-income children and the state Department of Early Learning and Care also couldn’t log in to payment management systems. Nor could the Department of Justice access a federal portal to seek reimbursements for child support enforcement — the federal government reimburses states for two-thirds of those costs.

The Trump administration’s memo ordering a federal funding freeze said it wouldn’t affect funding for Head Start, which sends about \$70 million a year to Oregon to provide preschool to nearly 10,000 kids in the state under the age of 5. Trump’s press secretary evaded questions about Medicaid, telling White House reporters she would provide a full list later.

“What we’re hearing from the White House is not what we’re experiencing on the ground,” Rayfield said. “We’re hearing that things aren’t going to be impacted, but the fact on the ground is that these portals are shut down, preventing us from getting access to these critical funds that are important to all Oregonians for programs that they rely on, day in and day out.”

Kotek said Oregonians who receive health care coverage from the Oregon Health Plan and parents with children in Head Start or subsidized child care programs should continue as usual while the state government works to restore reimbursements.

“Your services are safe today,” she said. “If you need medical care under the Oregon Health Plan, please keep your appointments. Please keep your care. If you’re a Head Start parent, your Head Start will be there tomorrow.”

The announcement to federal agencies stirred questions and worry and was on the top of Kotek’s mind as she met Tuesday morning with city officials and staff as part of the League of Oregon Cities’ annual lobbying day — an event that already focused on how cities and the state have been hurt by reduced federal funding for infrastructure.

She told city leaders she was frustrated by the federal government's lack of clarity, and that she was doing everything she could to figure out what was going on.

"I'm a little frustrated this morning because I'm hearing we've got money streams being gummed up and actually stopped," Kotek said. "That does not help anybody. I just want you to know we're on the case, and we are trying to figure it out, because as the folks in the local communities providing the services, you need to know what's going on, and we're going to do everything we can to figure that out."

Frozen funds have broad range

Medicaid serves 1.3 million low-income Oregonians and the federal government pays for about two-thirds of that budget. That funding is vital to ensure that people get treatment when they need it, including for cancer treatment, surgeries, chronic health problems, addiction and mental health services.

Many other programs in Oregon rely on federal money. According to a list posted by Sen. Ron Wyden's office, a freeze could touch people across the state and in many areas of life, from public safety and addiction treatment to suicide prevention, veterans care, schools, small businesses and tribes.

Rayfield said he was deeply concerned about impacts across the board, including federally qualified health centers, which provide care for low-income Oregonians, regardless of their ability to pay or whether they have insurance.

The community health centers work across the state, from urban Portland to rural communities with migrant farmworkers.

"Not getting this funding could mean that some individuals and families in Oregon won't have access to basic medical services, like doctor screenings and chronic disease management and early interventions," Rayfield said. "That is because a freeze in funding would force these centers to reduce hours, cut staff or even close locations, particularly in rural areas."

It could also affect legal aid, according to Disability Rights Oregon, which provides legal assistance to people with disabilities, foster children and people in the Oregon State Hospital.

"This is a cruel attack on some of our most vulnerable Americans," said Jake Cornett, the organization's executive director and CEO. "We're going to do everything within our power to make sure this freeze doesn't impact our services in the near term, but we may be forced to reduce services if the funding pause persists."

The affected funding includes federal grants and programs meant to collaborate with states and tribes on wildfire prevention, home hardening and community wildfire resilience, and grants providing financial assistance to firefighters. Karl Koenig, president of the Oregon State Fire Fighters Council, said he was very concerned about the pauses in federal funding.

"As the Oregon Fire Service returns from our deployment in California we cannot fathom any suspension or elimination of any of the numerous grant programs you listed," Koenig said. "We are reaching out to our

Congress members to get a sense of what is going to happen moving forward.”

About 14% of Oregon’s annual education budget comes from the federal government, amounting to more than \$1 billion each year.

That includes more than \$160 million from the U.S. Department of Education under the Individuals with Disabilities in Education Act. The money supports staff and programs for the more than 80,000 students with special needs in the state’s 197 school districts.

At a news conference to discuss high school graduation data Tuesday, Oregon Department of Education Director Charlene Williams said the agency is trying to understand possible impacts.

“We’re doing what everyone else is doing in terms of really trying to make sense of everything and get people good information around next steps,” she said. “So, as we know more, we’ll share.”

In September, the federal education agency announced it would send Oregon more than \$11 million to help support reading instruction, and potentially more than \$50 million by 2035.

A list of affected programs published by Politico also includes incentives and research and development grants under the CHIPS Act, a bipartisan 2022 law intended to grow the semiconductor industry. Shortly before Biden left office, his administration announced that Oregon State University, HP in Corvallis and Analog Devices in Beaverton would receive a combined \$203 million in CHIPS Act funding. It wasn’t immediately clear Tuesday whether that funding, or hundreds of millions in previously announced CHIPS awards to Oregon companies, will be affected.

The Nonprofit Association of Oregon sent out an email Tuesday afternoon advising any nonprofits in the state that have federal funding to request a drawdown before 5 p.m. Eastern time. They said they expect the federal pause to last 30 to 60 days.

“There is significant uncertainty about how broad this order extends. Regardless of its reach, we are certain this action will effectively halt many billions of dollars in federal grants and loans to organizations across the country and appear to leave many other federal payments in jeopardy — including grants and loans issued to charitable nonprofits, research bodies, community projects, and more in Oregon,” association officials wrote in the email.

The National Council of Nonprofits, of which the Nonprofit Association of Oregon is a member, sued in the U.S. District Court for the District of Columbia on Tuesday to block the White House Office of Management and Budget from pausing all federal agency grants and loans.

Congressional delegation responds

Officials from the Oregon Health Authority and departments of human services, education, environmental quality, agriculture, forestry and transportation did not immediately respond to requests for details about specific cuts or deferred to Kotek’s office.

But some Democratic members of Oregon's congressional delegation were quick to react:

"Chaos is not leadership," Wyden said. "Ransacking resources from Oregonians counting on federal support for local law enforcement, schools, small businesses, firefighters, veterans and more hurts each and every community I am honored to represent. My team and I are working overtime right now to hold this lawless administration accountable for trampling the Constitution and make sure that everyone depending on these funds aren't left in the cold."

Oregon's U.S. Sen. Jeff Merkley, also the ranking member of the Senate Budget Committee, said Trump's order is unconstitutional and will ripple through local communities.

"The President is not a king, and the laws Congress passes are not suggestions," Merkley said. "The Trump administration must follow the law and immediately reverse this shameful order. Federal funds are the foundations for our schools, hospitals, and law enforcement and fire departments."

U.S. Rep. Suzanne Bonamici said Trump's move will shut down essential services for Oregonians across a range of areas.

"Federal funding, including grant funding, gives Oregonians and Americans better opportunities and better access to quality health care, housing, education, infrastructure, scientific advancements and much more," Bonamici said. "This will harm families, workers, and the economy, and in some cases cost lives. I will do everything I can to get this funding restored."

U.S. Rep. Janelle Bynum said the decision threatens Oregonians' ability to pay for groceries, rent and education.

"There's uncertainty about which programs will and will not be impacted and which bills Americans will and will not be able to pay," Bynum said in a statement. "This is irresponsible, unproductive, and exactly what Americans have said they want to see less of in Washington."

U.S. Rep. Maxine Dexter said Trump's order is cruel and creates uncertainty and confusion for people.

"This is a great betrayal of Oregonian who have planned around these programs and funding," Dexter said. "Trump's chaos is wreaking

havoc on our communities and nation by upending our ability to rely on federal programs that serve so many."

And U.S. Rep. Andrea Salinas condemned Trump's move as an "illegal theft" of taxpayer dollars.

"With the stroke of his pen, President Trump is ordering an unprecedented steal that will take critical resources away from our police, firefighters, veterans, growers, and working families here in Oregon and across the country," she said. "Oregonians will immediately feel the effects of Trump's steal at a time when most folks are already struggling to pay the bills and put food on the table."

U.S. Rep. Cliff Bentz, Oregon's lone Republican in Congress, did not immediately respond to a request for comment.

Previous coverage posted at 12:15 p.m.

Oregon officials scrambling to respond to Trump; order freezing many federal funds

This is a developing story and will be updated as we receive new information.

Oregon leaders were scrambling Tuesday morning after an announcement from the Trump administration that it was at least temporarily freezing many federal funds.

State budgets rely heavily on federal funding: In Oregon, they make up about 30% of the two-year budget — nearly \$40 billion — with certain big-ticket programs, like Medicaid, receiving the biggest chunks of the funding.

The announcement to federal agencies stirred questions and worry and was on the top of Gov. Tina Kotek's mind as she met Tuesday morning with city officials and staff as part of the League of Oregon Cities' annual lobbying day — an event that already focused on how cities and the state have been hurt by reduced federal funding for infrastructure.

She told city leaders she was frustrated by the federal government's lack of clarity, and that she was doing everything she could to figure out what was going on.

"I'm a little frustrated this morning because I'm hearing we've got money streams being gummed up and actually stopped," Kotek said. "That does not help anybody. I just want you to know we're on the case, and we are trying to figure it out, because as the folks in the local communities providing the services, you need to know what's going on, and we're going to do everything we can to figure that out."

A Kotek spokeswoman said the office's top priority was coordinating with state agencies to figure out the effect of the freeze.

Medicaid serves 1.3 million low-income Oregonians and the federal government pays for about two-thirds of that budget. That funding is vital to ensure that people get treatment when they need it, including for cancer treatment, surgeries, chronic health problems, addiction and mental health services.

On Tuesday, state governments had apparently lost their access to the federal government's Medicaid access sites, according to a post on X by Oregon's U.S. Sen. Ron Wyden:

"My staff has confirmed reports that Medicaid portals are down in all 50 states following last night's federal funding freeze. This is a blatant attempt to rip away health insurance from millions of Americans overnight and will get people killed," Wyden said.

Oregon has its own Medicaid portal to apply for benefits but the state still needs to connect with the federal government.

Many other programs in Oregon rely on federal money. According to a list posted by Wyden's office, a freeze could touch people across the state and in many areas of life, from public safety and addiction treatment to suicide prevention, veterans care, schools, small businesses and tribes.

Before Trump took office, Kotek and members of Oregon's congressional delegation pushed Joe Biden's administration to speed up disbursing federal grants that were approved for Oregon while preparing for a Trump presidency.

Attorney General Dan Rayfield said in a statement that he was working with attorneys general across the U.S. to explore "any and all legal actions to challenge this harmful order."

He said he is deeply concerned about the impacts across the board, including federally qualified health centers, which provide care for low-income Oregonians, regardless of their ability to pay or whether they have insurance.

The community health centers work across the state, from urban Portland to rural communities with migrant farmworkers.

"Not getting this funding could mean that some individuals and families in Oregon won't have access to basic medical services, like doctor screenings and chronic disease management and early interventions," Rayfield said. "That is because a freeze in funding would force these centers to reduce hours, cut staff or even close locations, particularly in rural areas."

The affected funding includes federal grants and programs meant to collaborate with states and tribes on wildfire prevention, home hardening and community wildfire resilience, and grants providing financial assistance to firefighters. Karl Koenig, president of the Oregon State Fire Fighters Council, said he was very concerned about the pauses in federal funding.

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<https://oregoncapitalchronicle.com/2025/01/28/oregon-officials-scrambling-to-respond-to-trump-order-freezing-many-federal-funds/>

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