



1899 L Street, NW, Suite 1200
Washington, DC 20036


T 202.822.8282
F 202.296.8834

HOBBSSTRAUS.COM

MEMORANDUM

May 5, 2025

TO: TRIBAL HOUSING CLIENTS

FROM:  Ed Clay Goodman and Cari Baermann
HOBBS, STRAUS, DEAN & WALKER, LLP

RE: ***President's Budget Request; Federal Funding Pause Update***

This memo reports on two recent developments. The first is the release of President Trump's fiscal year (FY) 2026 Budget Request to Congress. The second is an update on the litigation and other actions related to the federal funding pause.

I. Release of President Trump's FY 2026 Budget Request to Congress

On May 2, 2025, the President transmitted an [outline](#) of his FY 2026 Budget Request to Congress. It is also known as the "Skinny Budget" because it transmits overall budget targets without specific line items, and does not include non-discretionary spending on items such as Medicare and Medicaid.

Overall, the President's budget requests that Congress cut domestic spending by 23%. These proposed cuts include significant reductions to several Indian Country programs, including at the Department of Housing and Urban Development (HUD). The Bureau of Indian Affairs (BIA) budget was also reduced. The Indian Health Service (IHS) is not mentioned in the overview, so we do not yet know what the Administration's plans are for its funding. The only Bureau of Indian Education (BIE) account addressed is the construction account.

Of course, this is highly concerning. However, it is important to note that the President's Budget Request is a "blueprint" for Congress. In other words, the cuts proposed here would require Congressional approval in the annual appropriations bills. Indian Country has strong bipartisan support, particularly from top appropriators such as Representative Tom Cole (R-OK), Chair of the House Appropriations Committee, and Senator Lisa Murkowski (R-AK), Chair of the Appropriations Interior-Environment Subcommittee. In addition, appropriations require sixty (60) votes to advance in the Senate. Since there are only fifty-three (53) Republican Senators, this means any appropriations will need at least some Democratic support to be enacted.

That being said, we still believe it is important to express concern to Congress. The President's Budget Request is seen as a baseline upon which Congress builds. Tribal Nations

must impress upon Congress that any budget reductions are untenable and unacceptable given the history of chronic underfunding. Please let us know if you would like assistance drafting and submitting a letter to your Congressional delegation and other allies in Congress.

A. Department of Housing and Urban Development

The budget request proposes to reduce funding overall for HUD by \$33.5 billion, with much of that (\$26.7 million) coming from cuts to the Section 8 voucher program.

The budget request for Native American Programs and the Native Hawaiian Housing Block Grant proposes to cut these programs by \$479 million. The summary provided in the outline reads, in its entirety, as follows:

The Budget streamlines housing assistance for Native Americans by eliminating competitive grant programs and focusing available resources on the main formula grant to Tribes. Consistent with similar Budget proposals eliminating housing programs, the Budget eliminates the Native Hawaiian Housing Block Grant. The program has large balances and only one grantee, which would be more appropriately funded by the State of Hawaii.

Thus, the budget request proposes complete termination of the Native Hawaiian Housing Block Grant and termination of all “competitive” funding (which would presumably include the Indian Housing Block Grant [IHBG] Competitive Grants and the Indian Community Development Block Grant program). According to our estimates, the funding previously provided to these eliminated programs totals about \$286 million—about \$235 million from competitive programs and \$51 million from the Native Hawaiian Program. That leaves about \$200 million left to be cut, and it would presumably come from the IHBG account.

Other HUD programs slated to be cut include the following:

- Community Development Block Grant (-\$3.3 billion)
- HOME Investments Partnerships Program (-\$1.25 billion)
- Continuum of Care and Housing Opportunities for Persons with AIDS (-\$532 million)¹
- Surplus Lead Hazard Reduction and Healthy Homes Funding (-\$296 million)²
- Self-sufficiency Programs (-196 million)³

¹ These are separate programs proposed to be consolidated into a “more targeted Emergency Solutions Grant (ESG) program that provides short- and medium-term housing assistance, capped at two years, to homeless and at-risk individuals.”

² These two programs are proposed to be eliminated completely.

³ Also proposed for complete elimination.

- Pathways to Removing Obstacles (PRO) Housing (-\$100 million)⁴
- Fair Housing Initiatives Program (FHIP) and National Fair Housing Training Academy (-\$60 million)⁵

In addition, the budget request also proposes to zero out funding of the Community Development Finance Institutions (CDFI) fund for discretionary awards:

Consistent with the President's goal of reducing the Federal bureaucracy, the Budget recommends eliminating CDFI Fund discretionary awards. Past awards may have made race a determinant of access to loan programs to “advance racial equity,” funded products and services that built so-called “climate resiliency,” and framed American society as inherently oppressive rather than fostering unity. The CDFI industry has matured beyond the need for “seed” money and should at this point be financially self-sustaining. Remaining funding supports oversight and closeout of prior awards, maintaining CDFI certification, and support for New Markets Tax Credit administration and the zero cost Bond Guarantee Program.

The CDFI program is not under HUD (it is within the Department of Treasury), but we include it here because the Native CDFI program has been a growing and important element of bringing financial resources to the development of housing in Indian Country.

B. Department of the Interior (DOI) – Indian Affairs

The budget proposes to cut funding for the core BIA programs by \$617 million. Specifically, it “reduces funding for programs that directly fund tribal operations such as roads, housing, and social services in order to focus on core priorities for tribal communities, such as law enforcement.” The document goes on to reduce the BIA Public Safety & Justice Program by \$107 million, stating that there are redundancies and inefficiencies in the program that can be eliminated. It indicates that Tribes can supplement their law enforcement budgets by applying for grants from the Department of Justice and the Department of Homeland Security.

This budget proposes to eliminate the Indian Guaranteed Loan Program because “it is duplicative of several other programs across the Federal Government that offer loans to small businesses and which tribal businesses are eligible for and receive.” It would also terminate the Indian Land Consolidation Program.

While the overall Bureau of Indian Education account is not addressed, the budget looks to reduce the Construction account by \$187 million, stating it has “been plagued by poor

⁴ Also proposed for complete elimination.

⁵ These two programs are also proposed for complete elimination. However, the proposed budget “maintains support for the [Fair Housing Assistance Program], which funds State and local enforcement agencies that collectively process about 80 percent of the Nation’s fair housing complaints under the Fair Housing Act.”

program management, cost overruns, and delays in school construction and repairs.” The document adds that there would be a renewed effort to improve the program.

C. Department of Health and Human Services

As stated, the document does not address the proposed budget for the IHS. However, it proposes to drastically reduce funding for several agencies through which Tribes previously received funding. This includes eliminating the Low Income Home Energy Assistance Program because “States have policies preventing utility disconnection for low-income households.” The budget states that the Administration will continue to support low-income individuals by pursuing energy dominance.

It also looks to consolidate the Health Resources (HRSA) and Services Administration and the Substance Abuse and Mental Health Administration into the new Administration for a Healthy America. This is consistent with the reorganization plans previously announced by Secretary Kennedy. Through that consolidation, the budget proposes the following program cuts within HRSA:

- Maternal and Child Health Programs (-\$74 million)
- Health Workforce Funding (-\$1 billion)
- Family Planning Programs (-\$286 million)

The Centers for Disease Control and Prevention (CDC) budget would be reduced by \$3.6 billion. It proposes to merge funding for Infectious Disease and Opioids, Viral Hepatitis, Sexually Transmitted Infections, and Tuberculosis programs into one grant program funded at \$300 million. The following offices and programs within CDC would be eliminated:

- National Center for Environmental Health
- National Center for Injury Prevention and Control
- Public Health Preparedness and Response
- Preventive Health and Human Services Block Grant

Funding for the National Institutes of Health would be reduced by nearly \$18 billion. It would consolidate many of its existing functions into five focus areas: National Institute on Body Systems Research; National Institute on Neuroscience and Brain Research; National Institute of General Medical Sciences; National Institute of Disability Related Research; and National Institute on Behavioral Health.

D. Other

The budget includes a \$27 million increase to the Indian Reservation Drinking Water Program within the Environmental Protection Agency. Finally, the budget proposes to reduce

funding for several programs for which Tribes are eligible, but it explicitly maintains the funding allocated for Indian Country. This includes the Environmental Protection Agency's Categorical Grants and well as the Department of Agriculture's Rural Development Program and National Institute of Food and Agriculture.

II. Federal Funding Pause Update

Since our last federal funding pause update memorandum, there have been two more appeals filed by the federal government in the funding freeze cases—one each in the Nonprofits case⁶ in the United States District Court for the District of Columbia and in the States case⁷ in the United States District Court for the District of Rhode Island.

In the Nonprofits case, on April 24, 2025, the federal government filed an appeal in the D.C. Circuit Court of Appeals of the district court's preliminary injunction order. The government also filed an answer to the plaintiffs' complaint on April 14, and the district court has directed the parties to meet and confer and file a joint proposed briefing schedule by May 9.

In the States case, as we discussed in our last memorandum, on April 14 the district court denied the federal government's motion to reconsider or stay the court's April 4 order enforcing the court's preliminary injunction order with regard to specific FEMA funds ("FEMA enforcement order"). On April 28, the federal government filed an appeal in the First Circuit Court of Appeals challenging both the district court's FEMA enforcement order and its subsequent April 14 order declining to reconsider or stay the FEMA enforcement order.

We will provide further updates as the appeals in these cases progress and as the proceedings in the respective district courts continue.

In addition to the litigation updates above, we also wanted to call your attention to a new resource tracking frozen funding across the country announced by Senator Patty Murray (D-WA) and Congresswoman Rosa DeLauro (D-CT-03) on April 29, 2025. Information in the tracker is compiled by Democratic staffs of the House and Senate Appropriations Committees. While the tracker is not necessarily comprehensive, it is intended to catalog the wide variety of federal funding that the Committees believe, at a minimum, the Trump Administration is currently freezing, canceling, or fighting to freeze or cancel through litigation. The tracker can be accessed at: <https://www.appropriations.senate.gov/trumps-funding-freeze>.

Conclusion

If you have any questions, please do not hesitate to contact us by phone at (503) 242-1745 or by email at egoodman@hobbsstrauss.com or cbaermann@hobbsstrauss.com.

⁶ *Nat'l Council of Nonprofits v. Off. of Mgmt. & Budget*, No. 1:25-cv-00239 (D.D.C. filed Jan. 28, 2025).

⁷ *New York v. Trump*, No. 1:25-cv-00039 (D.R.I. filed Jan. 28, 2025).