

Josh Kaul
Wisconsin Attorney General



P.O. Box 7857
Madison, WI 53707-7857

NEWS FOR IMMEDIATE RELEASE

July 21, 2026

Wisconsin DOJ and Coalition Win Ruling Protecting Billions in Critical Federal Funding

Judge Rules Trump Administration Cannot Subvert Will of Congress Through Obscure Regulation

MADISON, Wis. – The Wisconsin Department of Justice (DOJ) and a coalition won [summary judgment](#) last Friday, in a court ruling declaring that the Trump Administration illegally misused its regulatory authority to unlawfully terminate billions of dollars in federal funding that Congress had set aside for important state programs and services. U.S. District Judge Indira Talwani in the District of Massachusetts granted the states a declaratory judgment that the OMB regulation does not authorize the Trump administration to terminate funding based on agency priorities that were only identified after the grant was awarded.

In her decision, Judge Talwani wrote that five words in U.S. Office of Management and Budget (OMB) regulations — referencing situations where a grant “no longer effectuates ... agency priorities” — did not give federal agencies effectively unfettered authority to revoke grants nationwide just because the federal administration claims it is shifting its focus.

“The Trump administration has been recklessly attempting to slash funding that supports important programs,” said AG Kaul. “This decision shuts down an unlawful avenue that the Trump administration was using to try to impose those cuts.”

Without providing any lawful justification, the Trump administration relied on this regulation to gut funding across the federal government. A coalition [sued to stop the unprecedented attack](#).

Page 1 of 2

In the complaint, filed in June 2025, the coalition argued that the Trump administration's decision to invoke the regulation to terminate grants based on its changed agency priorities is unlawful. The coalition explained that the regulation does not authorize federal agencies to terminate grants based on changes in agency preferences that occur after a grant is awarded. The coalition also noted the importance of obtaining clarity regarding the scope of this regulation, as states collectively accept hundreds of billions of dollars a year that are at risk of termination pursuant to this regulation.

When the lawsuit was filed, Wisconsin had seen tens of millions of dollars in grant terminations citing this clause, including but not limited to:

- \$5.4 million from the USDA's Local Food Purchase Assistance Grant, which paid Wisconsin farmers to grow food for food banks
- \$32 million in Department of Labor grants used to modernize Wisconsin's unemployment insurance system and improve access for underserved communities
- A \$2.1 million award from the Department of Defense's Minerva Research Initiative to the University of Wisconsin-Madison, which was developing AI and machine learning tools to improve evaluation of federally funded research projects

Nationwide, the indiscriminate cuts have caused programmatic chaos and uncertainty for grantees, including those working to combat violent crime, conduct lifesaving medical and scientific research, educate students, protect clean drinking water, safeguard public health, address food insecurity, and much more.

Joining Wisconsin DOJ in the case are the attorneys general of Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, and Vermont, as well as the governors of Kansas, Kentucky, and Pennsylvania.