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To: Partners
From: Democracy Forward Foundation
Re: Recent Budget Rescissions From the Trump-Vance Administration – Invoking of the Impoundment Control Act and the Covered Litigation Response
Date: September 30, 2026

I. Background

On September 25, 2026, President Trump sent Speaker of the House Mike Johnson [a special message](#) proposing 11 rescissions of budget authority totaling \$810 million. The proposed rescissions would withhold Congressionally-appropriated funding from programs at the U.S. Department of Commerce (DOC), U.S. Department of Education (ED), U.S. Department of Health and Human Services (HHS), U.S. Department of Homeland Security (DHS), U.S. Department of Housing and Urban Development (HUD), and U.S. Department of Justice (DOJ), as well as international assistance programs. The administration claims the rescissions are justified because the targeted programs are wasteful, duplicative, unnecessary, or contrary to executive orders (EOs) issued by the Trump-Vance administration in early 2025.

The proposed budget rescissions withhold over \$800 million in funding, and each targeted budget account expires at the end of the fiscal year, on September 30, 2026 — meaning that any new case to challenge the rescissions would need to be filed and seek to enjoin the expiration of the funding immediately.

However, the impact of the rescissions will not be what the headline figure suggests. The bulk of the cuts includes money that was never obligated, meaning current grantees do not lose funding. In addition, several of the affected programs are already related to ongoing litigation. This means the people who brought those lawsuits may be able to use their current court cases to address the cancellations; it also means that the rescissions are not newly announced cuts, but are already known to the impacted communities.

This resource: (1) explains the president's limited authority to rescind or impound funding appropriated by Congress, and (2) breaks down the 11 proposed budget rescissions to identify the existing litigation best positioned to challenge the withholdings.

II. The President's Budget Rescission Authority – The Impoundment Control Act

The Constitution gives Congress the power of the purse: under the Appropriations Clause, federal money can only be spent through appropriations passed by Congress. The president has no independent power to cancel funds Congress has appropriated.

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The Impoundment Control Act (ICA) of 1974 sets out a narrow process through which the president can propose that Congress rescind specific funds, and may withhold those funds for up to 45 days during a continuous session while Congress considers the request.¹ If Congress does not pass a law approving the rescission within that window, the funds must be released for obligation.

The Trump-Vance administration announced the proposed funding rescissions on September 25, 2026 – only five days before the end of fiscal year (FY) 2026 on September 30, 2026. Some of the targeted budget accounts expire at the end of FY 2026. Congress’s 45-day review period cannot run before then, so withholding the funds subject to expiration at the end of the fiscal year during that period would let them lapse without Congress ever acting. This is known as a “pocket rescission.” In a December 2018 opinion, the Government Accountability Office (GAO) concluded that pocket rescissions are illegal as they circumvent Congress’ power of the purse and are not authorized under the ICA.²

III. Litigation Coverage of President Trump’s Proposed Recissions

To assist in understanding the status and potential impact of the proposal, the charts below list each proposed funding rescission and analyze active litigation coverage where it exists, as well as recent agency activity related to the funding programs.

No.	Agency / Bureau	Account (code)	Amount	The Administration’s Stated Justification
Recissions NOT covered by active litigation / No relevant litigation found				
R26-2	DHS / FEMA	Federal Assistance (070-0413 2025/2026)	\$15 million	Rescinds the full FY 2025 amount for the Alternatives to Detention–Case Management Pilot Program (administered by ICE), which funded nonprofits providing mental health, social, legal orientation, and cultural orientation services to immigrants and asylees. Administration claims funds “would be used for illegal aliens” contrary to EO 14159 and rescission would “eliminate unnecessary and wasteful spending.”
R26-2 Analysis: We did not identify active, relevant litigation.				
R26-4	ED / Office of Elementary and Secondary Education	Education for the Disadvantaged (091-0900 2026/2026)	\$24.9 million	Rescinds \$25M of the \$52M appropriated in FY 2026 for competitive grants within Special Programs for Migrant Students , which the administration claims “subsidizes aliens to come to the United States at the expense of American children and workers.” Administration cites past funding of an “LGBT youth summit” and “Therapy for Latinx” workshops.

¹ ICA, § 1012(b); 2 U.S.C. § 683(b).

² GAO, [Impoundment Control Act—Withholding of Funds through Their Date of Expiration](#), B-330330, at 4 (Dec. 10, 2018).

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No.	Agency / Bureau	Account (code)	Amount	The Administration's Stated Justification
R26-4 Analysis: We did not identify active, relevant litigation. However, there is a recently dismissed case about the grant program. <i>National HEP-CAMP Association v. Department of Education</i> , 1:25-cv-02730 (D.D.C), challenged ED's failure to spend FY2025 funds on High School Equivalency Program (HEP) and College Assistance Migrant Program (CAMP): the two programs that serve students from migrant or seasonal farm-worker families. This rescission could apply to new 2026 HEP and CAMP awards, because for FY26 HEP and CAMP requested a combined \$24.56 million in new awards (and this is a \$25 million rescission). ³				
R26-6	International Assistance Programs / Multilateral Assistance	Debt Restructuring (020-0091 2023/2026)	\$8.7 million	Rescinds \$9M of the \$20M appropriated in FY 2023 for Treasury's Tropical Forest and Coral Reef Conservation Act (TFCCA) program , which provides debt forgiveness to foreign countries for climate-related investments. Administration claims rescissions would stop "one-off subsidies to foreign governments, including for 'debt-for-nature' swaps that do not directly benefit the United States."
R26-6 Analysis: We did not identify active, relevant litigation.				
R26-10	HUD / Housing Programs	Housing Counseling Assistance (086-0156 2025/2026)	\$56.1 million	Rescinds \$56M of the \$58M appropriated in FY 2025 for Housing Counseling in HUD Housing Programs . Administration claims "grantees have included NGOs with divisive and DEI-centric agendas that peddle discrimination based on race," and the program "has not shown reduced delinquencies for counseled homebuyers."
R26-10 Analysis: We did not identify active, relevant litigation. Note: On March 26, 2026, HUD itself published the combined FY 2025 Comprehensive Housing Counseling and Housing Counseling Training NOFO, announcing "\$56 Million to Support Housing Counseling Services." Applications were due May 26, with about 175 awards expected. R26-10 proposes rescinding \$56.1 million, essentially eliminating the funding opportunity HUD just completed.				
R26-11	HHS / Departmental Management	Office of the Secretary (075-0120 2026/2026)	\$5.1 million	Rescinds \$5M of the \$625M appropriated in FY 2026 for General Departmental Management, of which \$75M was designated in congressional report language for the Office of Minority Health (OMH) . Administration claims OMH funds "specific race and sex-based groups in violation of the President's anti-DEI executive orders" and describes rescission as "a first step" toward reforms across OMH.
R26-11 Analysis: We did not identify active, relevant litigation. Note: On August 25, 2026, OMH sent termination letters for 16 grants worth \$38 million over four years , saying they no longer serve "current agency priorities." The programs covered maternal and infant mortality, postpartum home visits, food-as-medicine, cancer screening, hypertension, and suicide and obesity prevention for Native American youth.				

³ Dep't of Educ., Off. of Migrant Educ., [2026 High School Equivalency Program \(HEP\) and College Assistance Migrant Program \(CAMP\) Pre-Application Presentation](#), at 13.

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No.	Agency / Bureau	Account (code)	Amount	The Administration's Stated Justification
Rescissions partially or potentially covered by active litigation				
R26-1	HHS / Administration for Children and Families	Refugee and Entrant Assistance (075-1503 2024/2026)	\$567.4 million	Rescinds \$567M of the \$6.3B appropriated in FY 2024 for the Refugee and Entrant Assistance account which funds the Office of Refugee Resettlement Programs . Administration claims the account is “overfunded due to the Administration’s successful border policies”; programs are “operated by pro-illegal immigration non-profits” and “put unaccompanied alien children in harm’s way.” Claims EO 14165 and EO 14163 “have dramatically curtailed arrivals” and rescission would address excess funds and end “the use of Federal taxpayer dollars to support non-citizens.”
Analysis: Current active litigation may be relevant to part of this rescission. There are two active cases challenging termination of Office of Refugee Resettlement (ORR) funding for specific programs. The first case, <i>Pacito v. Trump</i>, 25-cv-00255 (W.D. Wash.), 25-01939 (9th Cir.), is a challenge to a termination of the U.S. Refugee Admissions Program (USRAP). It is unclear whether FY 2024 funding is at issue in this case since there was a change to the framework of USRAP midway through this case, where the program went from being administered by the State Department to being administered through ORR. It is unclear whether this change means FY24 funding for refugee assistance to ORR would apply to this program or not. The second case, <i>Community Legal Services in East Palo Alto v. HHS</i>, 25-cv-02847 (N.D. Cal.), may cover part of the rescission. This case is a challenge to termination of funding for direct legal representation of unaccompanied children in immigration proceedings, something expressly provided for in the FY 2024 appropriations. However, while one or both of these cases could cover programs impacted by the rescission, they would not cover the full rescission – since it is unclear what programs the \$567 million are related to.				
R26-7	DOC / Minority Business Development Agency	Minority Business Development (013-0201 2026/2026)	\$10 million	Rescinds \$10M of the \$50M appropriated in FY 2026 for the Minority Business Development Agency (MBDA) programs . Administration: claims “the MBDA grant programs direct grants to businesses based on race;” states that the FY 2027 budget proposed eliminating the agency; “In 2024, a Federal court found MBDA’s presumption of ‘social disadvantage based on race or ethnicity’ in its funding decisions to be unconstitutional” (the memo does not name the case); and rescission would eliminate “funds appropriated for unconstitutional race-based purposes.”
R26-7 Analysis: Litigation by 21 states in Rhode Island v. Trump (1:25-cv-128-JJM), appears relevant to this rescission. <i>Of note though</i>, the case involved FY 2025 and prior-year money, whereas the R26-7 rescission targets new FY 2026 funds. However, the permanent injunction broadly and prospectively enjoins future implementation of the Reduction EO regarding MBDA. Specifically, the court found that “a permanent injunction” was “warranted” and “permanently enjoined [the administration] from taking any future actions to implement, give effect to, comply with, or carry out directives contained in the <i>Reduction</i> EO with respect to ... MBDA.” While it is unclear whether this prohibition extends to general MBDA funding withholdings without a direct tie to the EO.				

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R26-8	ED / Office of Postsecondary Education	Higher Education (091-0201 2026/2026)	\$69.6 million	Rescinds \$69.6M of the \$70.3M appropriated in FY 2026 for International Education and Foreign Language Domestic Programs (IEFL) , which administration claims “have deviated from their core mission and instead support woke and wasteful projects,” citing dissertations on “Queer and Trans Community Building in foreign countries.”
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R26-8 Analysis: May be relevant to active litigation. *See State of New York v. McMahon*, No. 1:25-cv-10601 (D. Mass.). This case was filed in March 2025; preliminary injunction granted May 22, 2025 and immediately appealed; district court and First Circuit both denied a stay, but the Supreme Court stayed the injunction on July 14, 2025; the First Circuit then dismissed the appeal after the district court’s Rule 62.1 indicative ruling to vacate the injunction, and the case is now proceeding on the merits in the district court (administrative-record discovery as of early 2026). The suit does **not** challenge any individual grant termination. It challenges the March 11, 2025 RIF together with the March 20 EO directing ED’s closure and the March 21 directive transferring the student loan and special education functions out as an unlawful effort to dismantle ED without congressional authorization. Plaintiff states pled five counts: separation of powers, take care clause, ultra vires, APA contrary to law, APA arbitrary and capricious. Plaintiffs cited the RIF’s elimination of the “the entire Office of International and Foreign Language Education” as one of the many examples of offices the RIF effectively abolished or gutted. There is no count directed at IEFL grant funding, the Title VI HEA international-education appropriations, or the termination of any particular NRC/FLAS/LRC/CIBE award. The IEFL office appears as one data point supporting the broader dismantling theory, not as a stand-alone challenge to IEFL funding.

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No.	Agency / Bureau	Account (code)	Amount	The Administration's Stated Justification
Rescissions relevant to active litigation				
R26-3	DHS / USCIS	Federal Assistance (070-0408 2025/2026)	\$10 million	Rescinds the full FY 2025 amount for the Citizenship and Integration grant program . Administration claims DHS “has already paused the program and cancelled previously awarded grants.” Consistent with the President’s Budget and the FY 2026 DHS appropriations act, “neither of which funded the program.”
R26-3 Analysis: The termination of the grant program is subject to challenge in <i>Solutions in Hometown Connections v. Mullin</i> , No. 8:25-cv-885 (D. Md.)				
R26-5	DOJ / Legal Activities and U.S. Marshals	Salaries and Expenses, Community Relations Service (015-0500 2026/2026)	\$15 million	Rescinds \$15M of the \$20M appropriated in FY 2026 for the Community Relations Service (CRS) . Administration claims CRS “was eliminated by the Department of Justice early in the Administration” and allegedly “worked to stoke racial tensions and promote radical critical race theory and gender ideology.” Administration states that rescission “does not impact CRS, as all remaining statutory functions have already been transferred to the U.S. Attorneys.”
Analysis: Likely relevant to active litigation. This rescission of almost the entire program appears relevant to <i>Ethical Society of Police et al v. Bondi</i> , 1:25-cv-13115 (D. Mass.), which challenges the impoundment of CRS funding.				
R26-9	HHS / Agency for Healthcare Research and Quality	Healthcare Research and Quality (075-1700 2026/2026)	\$27.7 million	Rescinds \$28M of the \$345M appropriated in FY 2026 for the Agency for Healthcare Research and Quality (AHRQ) . Administration claims AHRQ research is “wasteful or duplicative” of other HHS research, such as NIH; cites a climate-emissions primer and a Seattle Children’s Hospital telehealth project on gender-affirming care; and describes rescission as “a first step to prioritize the statistical functions of AHRQ.”
R26-9 Analysis: Likely relevant to active litigation. <i>Society of General Internal Medicine v. Kennedy</i> , No. 8:25-cv-02751 (D. Md.) challenges the withholding of AHRQ’s grantmaking on APA and impoundment grounds and may be the most useful vehicle to address rescission of R26-9 funds. The lawsuit challenged HHS placing about 123 AHRQ staff on leave on April 1, 2025, and fired the extramural research office, which runs peer review and grantmaking, in July 2025. By late July, AHRQ acknowledged it couldn’t obligate tens of millions in FY 2025 funds before they expired on September 30. Claims include APA (contrary to law; arbitrary and capricious), violation of AHRQ’s statutory duties, separation of powers, and impoundment of appropriated funds. Grant Witness reports AHRQ has made no new awards in FY 2026 , which suggests those funds were being held long before the September 25 message. The amended complaint (ECF 46, filed September 3, 2026) squarely reaches FY 2026 funds and the July 2026 non-awards. The pleadings already cover FY 2026 funds and seek extension of the obligation deadline.				
		Total (per cover letter)	\$810 million	

Source: Letter from the President to the Hon. Mike Johnson, Speaker of the House (Sept. 25, 2026), https://www.whitehouse.gov/wp-content/uploads/2026/09/September-Rescissions-Package-for-Speaker-Johnson_signed-9.25.26.pdf. Amounts are rounded; exact figures appear in the memo.