DEMOCRACY2025

To: Democracy 2025 Partners
From: Democracy Forward
Re: Federal Funding Case Spotlight: *City of Fresno v. Mullin*
Date: November 17, 2026

On July 9, 2026, the U.S. District Court for the Northern District of California issued a preliminary injunction in *City of Fresno v. Mullin*,[1] enjoining a number of grant conditions the Trump-Vance administration has imposed on grant programs administered by the U.S. Department of Homeland Security (DHS), the U.S. Department of Justice (DOJ), and the U.S. Department of the Interior (DOI). While this injunction applies only to the named plaintiffs in the case, the decision gives insight into how courts analyze the legality of the challenged conditions. This memorandum addresses the background of the case, details of the preliminary injunction, and implications for funding grantees.

I. Background

Since taking office, the Trump-Vance administration has repeatedly attempted to use federal funding to advance its attacks on diversity, equity, and inclusion (DEI) initiatives, immigrant communities, and LGBTQIA+ rights. Throughout 2025, the Trump-Vance administration issued a number of executive orders (EO) directing federal agencies to impose new conditions on all federal grantees.[2] These EOs direct agencies to impose conditions on grant recipients, including requiring grantees to certify that they do not "operate any programs promoting DEI that violate any applicable federal anti-discrimination laws" and that such certifications are material for purposes of the False Claims Act. They also direct agencies to ensure that grant funds are not used to promote "gender ideology," provide benefits to "illegal aliens," or "facilitate the subsidization or promotion of illegal immigration," among other restrictions. As instructed, Trump-Vance administration cabinet officials began imposing the requested conditions across the vast portfolio of federal grants.

In February 2026, a group of California and Oregon municipalities[3] sued the Trump-Vance administration to challenge the new grant conditions imposed by DHS, DOJ, and DOI on their respective grant programs that supported essential public services, such as disaster mitigation, victim services, law-enforcement training, and water conservation (collectively, "the Challenged Conditions").[4] The Challenged Conditions were grouped into three general categories: (1) conditions related to DEI and "gender ideology" ("DEI Conditions"); (2) conditions related to immigration ("Immigration

[1] No. 26-cv-01535 (N.D. Cal. July 9, 2026).
[2] *See* Exec. Order 14173, 90 Fed. Reg. 8633 (Jan. 21, 2025); Exec. Order No. 14218, 90 Fed. Reg. 10581 (Feb. 19, 2025); Exec. Order No. 14168, 90 Fed. Reg. 8615 (Jan. 20, 2025); Exec. Order No. 14332, 90 Fed. Reg. 38929 (Aug. 7, 2025).
[3] Plaintiffs in this case are City of Fresno, CA; City of Santa Clara, CA; City of Redwood City, CA; City of Santa Cruz, CA; City of Beaverton, OR; City of Corvallis, OR; City of Hillsboro, OR; City of Stockton, CA; County of San Diego, CA; County of Los Angeles, CA; and County of Santa Barbara, CA.
[4] Compl., *City of Fresno*, No. 26-cv-01535, Dkt. No. 1. For a complete list of the affected grant programs, see Appendix A.

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Conditions"); and (3) conditions mandating compliance with EOs ("EO Conditions").[5] Plaintiffs allege that the Challenged Conditions violate the separation of powers doctrine, the Spending Clause, the Tenth Amendment, the Fifth Amendment's void-for-vagueness doctrine, and the Administrative Procedure Act (APA).[6] On May 4, 2026, plaintiffs moved for a preliminary injunction on the separation of powers, Spending Clause, and APA claims.[7] On July 9, 2026, the court granted plaintiffs' motion for a preliminary injunction, ruling that they had established a likelihood of success on the merits.[8] On September 4, 2026, the government appealed the preliminary injunction decision to the Ninth Circuit Court of Appeals.[9]

II. Preliminary Injunction Opinion

A preliminary injunction is a court order that preserves the status quo by stopping parties to a lawsuit from acting further until the court has reached a final judgment. Plaintiffs must meet a high standard to obtain a preliminary injunction which is analyzed through a four-factor test: (1) likelihood of success on the merits, (2) likelihood of suffering irreparable harm if the injunction is not issued, (3) the balance of equities is in the plaintiff's favor, and (4) that an injunction is in the public interest.

For federal funding lawsuits, preliminary injunctions are significant tools in protecting plaintiffs from immediate compliance with new grant conditions and requiring that federal agencies continue processing grant agreements during ongoing litigation. The preliminary injunction issued in *City of Fresno* is helpful to provide rationale and legal arguments for demonstrating that the challenged conditions are likely unlawful. The following analysis breaks down the major claims brought by the municipalities and the high-level reasoning provided by the court in *City of Fresno* when granting injunctions in favor of the plaintiffs.

A. Separation of Powers

The court found that the Trump-Vance administration's imposition of the Challenged Conditions constitutes a likely unconstitutional usurpation of Congress' exclusive spending power.[10] The court agreed with plaintiffs' analysis of the statutory text governing the grant programs at issue, finding that the Challenged Conditions are, at best, beyond the scope of the discretion granted by the statutes,[11] and at worst, in direct conflict with the codified priorities of the grant programs.[12] The court discussed

[5] *See, e.g.*, Mot. for Prelim. Inj. at 25-30, 26-cv-01535 (N.D. Cal. May 4, 2026), Dkt. No. 20.; Order on Mot. for Prelim. Inj. at 33, No. 26-cv-01535 (N.D. Cal. July 9, 2026), Dkt. No. 33.
[6] *Id.* at 58-66.
[7] Mot. for Prelim. Inj. at 25-39.
[8] Order on Mot. for Prelim. Inj. at 33.
[9] *See* Notice of Appeal.
[10] Order on Mot. for Prelim. Inj. at 35.
[11] *See id.* at 38 (asserting "executive agencies do not have 'carte blanche to impose political priorities expressed in Presidential Executive Orders on grantees'").
[12] *See id.* at 37-38 (pointing to statutory text that requires DOJ to prioritize certain demographic groups for some grants, a prohibited practice under the DEI Conditions); *id.* at 39 (finding that the Immigration Conditions conflict with the statutory

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the EO Conditions and the Immigration Conditions separately and found that both sets of conditions likely violated the separation of powers doctrine by imposing the executive branch's political priorities on congressionally-appropriated federal funding without statutory authority and that the Immigration Conditions conflicted with the Trafficking Victims Protection Act (TVPA), which protects trafficking victims' access to certain services regardless of immigration status and prohibits requiring victims to cooperate with law enforcement to receive those services.[13]

The court ruled that the DEI Conditions, while worded and implemented differently across grant programs, all had the same effect: requiring compliance with an interpretation of federal antidiscrimination law that is inconsistent with the written laws and judicial interpretation of them.[14] The court also pointed to the statutory language of some challenged grant programs[15] that explicitly required grantees to target funds at specific ages, genders, and races — a targeting that would seemingly be banned under the new DEI Conditions.[16] As such, the court determined that the DEI Conditions likely conflicted with congressional intent and violated the separation of powers doctrine.

B. Spending Clause

The court ruled that the Challenged Conditions likely exceeded the limits the Spending Clause places on the federal government's ability to attach conditions to its funding because they are (1) impermissibly ambiguous, and (2) unrelated to the content of the grants.

The court held that the DEI Conditions are impermissibly ambiguous, particularly with regard to the prohibition on "advanc[ing] or promot[ing] DEI."[17] The court stated that there was nothing in the grant conditions, EOs, or agency memoranda that explained what it would mean for a grantee to "provide or advance" DEI, nor was there any explanation as to how this condition fit within the current understanding of federal anti-discrimination law.[18] The court rejected the administration's argument that ambiguity in the terms was acceptable so long as grantees were given clear notice that there were conditions placed on the grants, no matter how unpredictable those conditions were.[19] Instead, the court asserted that ambiguity must be determined based on whether the grantee would "clearly understand . . . the obligations of the conditions."[20] Additionally, the court held that the EO Conditions are impermissibly ambiguous because it is unclear how a grantee must comply with EOs that are directed at agencies, not grantees, and are constantly changing.[21] The court pointed to its prior ruling in

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scheme of the TVPA Programs, which expressly prohibits requiring trafficking victims to cooperate with law enforcement and mandate eligibility for services "without regard to . . . immigration status").

[13] *See id.* at 38-39.

[14] *Id.* at 36.

[15] The statutes highlighted by the court as conflicting directly with the DEI Conditions are those governing the COPS, TVPA, AFG, and SAFER grant programs.

[16] *Id.* at 37-38.

[17] *Id.* at 40.

[18] *Id.*

[19] *Id.*

[20] *Id.* (quoting *City of Fresno v. Turner*, No. 25-cv-07070-RIS, 2025 WL 2469330, at *6 (N.D. Cal. Aug. 27, 2025)).

[21] *Id.* at 42.

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County of Santa Clara v. Noem,[22] where it raised concerns over similar conditions.[23] The court was concerned with the changing nature of EOs, which EOs would be defined as "related to grants," and how grantees were expected to comply if an EO directly contradicted the purpose of the grant program.[24]

The court found that plaintiffs were likely to succeed on their claim that the Immigration Conditions were impermissibly ambiguous, pointing to undefined terms such as "benefits," "incentivizes," "promotes," "impedes," and "hinders."[25] The court also concluded that, as applied across DHS grants, the conditions were impermissibly broad and lacked the necessary tailoring required under *South Dakota v. Dole*.[26]

The Supreme Court has long held that grant conditions must be "reasonably related to the purpose of the expenditure" to be valid under the Spending Clause.[27] In a similar vein to its reasoning on the separation of powers claims, the court ruled that the Challenged Conditions lacked the relatedness mandated by Supreme Court precedent.[28] The court cited a number of decisions from other district and circuit courts that have found similar grant conditions to not only be unrelated to the purposes of the grants, but also squarely in conflict with them.[29]

C. Administrative Procedure Act (APA)

The court ruled that the Challenged Conditions likely violate the APA because they exceed the agencies' statutory authority and are unlawfully arbitrary and capricious.[30] As a threshold matter, the court rejected the administration's arguments that the imposition of the Challenged Conditions are not final agency actions under the APA and that the allocation of federal funds is unreviewable because the agencies are statutorily given discretion that renders judicial review impossible. The court held that the imposition of the Challenged Conditions are final agency actions because they demonstrate a clear consummation of the agencies' decision-making process and legal consequences flow from the imposition of the conditions.[31] The court also held that while the grant-authorizing statutes do grant discretion to agencies, they do not grant the breadth of discretion that allows an agency to evade judicial review.[32] Since all of the governing statutes set forth a purpose, a selection criteria, requirements, and conditions of their respective grant programs, the court reasoned that there exists a clear standard against which to judge the agencies' exercise of that discretion.[33]

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[22] 815 F. Supp. 3d 979, 992 (N.D. Cal. 2025).
[23] Order on Mot. for Prelim. Inj. at 43.
[24] *Id.*
[25] *Id.* at 18-19.
[26] 483 U.S. 203 (1987); Order on Mot. for Prelim. Inj. at 44.
[27] *See New York v. United States*, 505 U.S. 144, 172 (1992); *Dole*, 483 U.S. at 207, 209.
[28] Order on Mot. for Prelim. Inj. at 44.
[29] *Id.* at 45.
[30] *Id.* at 49.
[31] *Id.* at 46-47.
[32] *Id.* at 47-48.
[33] *Id.* at 48.

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Echoing assertions it already made on the separation of powers and Spending Clause claims, the court held that the Challenged Conditions are likely in excess of the agencies' authority both because the conditions violate the separation of powers doctrine and the Spending Clause and because the conditions are in conflict with the governing statutes.[34]

While acknowledging that judicial review under the APA's arbitrary-and-capricious standard is deferential, the court ruled that the Challenged Conditions are likely arbitrary and capricious, departing drastically from federal anti-discrimination law and the governing grant statutes without explanation.[35] The court rejected the government's characterization of the Challenged Conditions as a mere rewording of existing requirements that grantees comply with federal law.[36] Instead, the court invoked its decision in *Santa Clara*, holding that the government's interpretation of the conditions had "starkly changed" without "real explanation."[37]

III. Takeaways

The preliminary relief provided by this decision is very narrow. DHS, DOJ, and DOI are enjoined only from imposing or enforcing the Challenged Conditions or materially similar conditions on grant programs for which plaintiffs and their subrecipients have indicated they have applied or intend to apply.[38] Non-party grantees who have been impacted by these same conditions are not afforded any relief.

While this decision has little direct impact on non-party grantees, it adds to the growing body of case law that supports the fight against the Trump-Vance administration's attempt to coerce EO compliance by conditioning federal funding. The court's grant of a preliminary injunction is also a promising sign for a final decision in favor of plaintiffs. As of November 2026, the government has appealed the injunction decision to the Ninth Circuit Court of Appeals.

[34] *Id.* at 49.
[35] *Id.* at 50-51.
[36] *Id.*
[37] *Id.* (quoting *Santa Clara*, 815 F. Supp. 3d at 1040).
[38] *Id.* at 64-65. Appendix A is a replicated version of the court-provided table of which grant programs and plaintiffs are affected by the injunction.

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IV. Appendix A: List of Enjoined Grant Programs and Affected Plaintiffs

Plaintiff	Defendant	Grants
City of Fresno	DOJ	1. Bureau of Justice Assistance Grant 2. Community Oriented Policing Services (COPS) Safer Outcomes: Enhancing De-Escalation and Crisis Responding Training for Law Enforcement Grant 3. COPS Mental Health and Wellness Act Grant 4. COPS Community Policing Development Microgrant Grant
City of Fresno	DHS/FEMA	1. Staffing for Adequate Fire and Emergency Response (SAFER) Grant 2. Assistance to Firefighters Grant (AFG) Grant
City of Fresno	DOI	1. WaterSMART Water and Energy Efficiency Grant 2. WaterSMART Drought Resiliency Program Grant
City of Santa Clara	DHS/FEMA	1. SAFER Grant 2. Homeland Security Grant Program (HSGP) Grants (including Urban Area Security Initiative (UASI) grants)
City of Redwood City	DHS/FEMA	1. AFG Grant 2. FEMA Public Assistance Grant 3. Flood Mitigation Assistance Grant Program 4. Hazard Mitigation Grant Program (HMGP) Grant 5. UASI Grant
City of Redwood City	DOJ	1. Byrne Justice Assistance Grant
City of Santa Cruz	DHS/FEMA	1. HMGP Grant 2. FEMA Disaster Relief Grant 3. Public Works Project Grant
City of Santa Cruz	DOJ	1. Patrick Leahy Bulletproof Vest Partnership Grant
City of Beaverton	DOJ	1. Byrne Justice Assistance Grant 2. Patrick Leahy Bulletproof Vest Partnership Grant
City of Beaverton	DHS/FEMA	1. Emergency Management Performance Grant
City of Corvallis	DHS/FEMA	1. Ground Emergency Medical Transportation Grant
City of Corvallis	DOJ	1. Patrick Leahy Bulletproof Vest Partnership Grant
City of Corvallis	DOI	1. Land and Water Conservation Fund Grant
City of Hillsboro	DOI	1. Land and Water Conservation Fund Grant

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City of Hillsboro	DHS/FEMA	1. HSGP Grant 2. HMGP Grant (including UASI funding) 3. Flood Mitigation Assistance Grant
City of Hillsboro	DOJ	1. Byrne Justice Assistance Grant 2. Stop Violence Against Women Grant 3. COPS Safer Outcomes Grant
City of Stockton	DOJ	1. COPS Safer Outcomes: Enhancing De-Escalation and Crisis Response Training for Law Enforcement Grant
City of Stockton	DOI	1. WaterSMART Water and Energy Efficiency Grant
County of San Diego	DOJ	1. Office for Victims of Crime (OVC) Enhanced Collaborative Model Task Force to Combat Human Trafficking Grant 2. Public Safety and Mental Health Initiative Grant
County of Los Angeles	DOI	1. National Parks Service Land and Water Conservation Fund Grant
County of Los Angeles	DOJ	1. Coverdell Grant 2. Services for Victims of Crime Grant 3. National Sexual Assault Kit Initiative Grant
County of Santa Barbara	DOJ	1. Byrne Justice Assistance Grant 2. OVC Services for Victims of Human Trafficking Grant 3. Bureau of Justice Assistance Grant (Smart Prosecution – Innovative Prosecution Solutions) 4. The California Governor's Office of Emergency Services (CalOES) grants through OVC
County of Santa Barbara	DHS/FEMA	1. Public Assistance Grant 2. HMGP Grant 3. HSGP Grant 4. Emergency Management Performance Grant
County of Santa Barbara	DOI	1. Water-Wise Landscape Rebate Program

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