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Federal Grant Terminations Whiplash: What Can Litigation do to Protect Organizations?

Last week, reporting announced the Trump Administration's plans to rescind $600 million in public health funds from state and local public health departments and nongovernmental organizations in Democrat-led states (California, Colorado, Illinois, and Minnesota), including grants that had been aimed at HIV prevention, gender affirming care, and support for LGBTQ+ communities. As justification, the Department of Health and Human Services (HHS) said the grants were "being terminated because they do not reflect agency priorities."

These cuts join a host of federal funding cuts issued by the Trump Administration. Days into the second Trump term, the Administration impounded (meaning paused) the disbursement of trillions of federal funds. Since then, the Administration has continued to terminate existing or restrict future grants that relate to health—such as grants supporting biomedical research, health care access and quality initiatives, housing and social supports for individuals experiencing homelessness, and public health initiatives and pandemic response. Advocacy and litigation have halted some funding terminations, but litigation can only go so far. Multifaceted strategies will be necessary to protect grant funded programs and the communities they serve.

Read on for more about these funding cuts, including whether litigation can help bring back these important grants, and prospects for these strategies moving forward.

Recent Efforts to Cut Health Funding: CDC and SAMSHA Grants

The grant cuts announced on February 9 impact $600 million of public health funds administered through the Centers for Disease Control and Prevention (CDC). Prior to this action, on January 23, the CDC paused over $5 billion in grants awarded to states for public health infrastructure projects to "ensure alignment with administration and agency priorities"—and then ended that pause the next day. At the time of writing, the Feb 9 cuts have not been walked back, and the four affected states filed a lawsuit on February 11.

HHS acted similarly on the evening of January 13, cancelling thousands of grants from the Substance Abuse and Mental Health Services Administration (SAMHSA) overnight. The terminated grants, awarded to programs providing substance use treatment, overdose prevention, and other services to people experiencing substance use, homelessness, or behavioral health issues, totaled an estimated $2 billion. The termination letters stated the terminations were effective immediately and again offered as justification only vague statements such as that defunded grants did not "align . . . with current agency priorities."

Swift and intense policy advocacy, including to bipartisan members of Congress, was what saved the SAMHSA grants: the Administration announced its decision to reverse the terminations the next evening. Yet even with the rapid-fire reinstatements, the SAMHSA termination announcements created immense uncertainty and strain for organizations and service providers already facing other funding cuts. Funding cuts to these sorts of services are also immensely harmful to people living with or vulnerable to chronic conditions such as HIV, as these grants often support wrap-around services that enable people to access healthcare, avoid disease transmission, and improve quality of life.

Grant Terminations Litigation Update

Advocates have worked to challenge the Administration's grant terminations through litigation. In a number of preliminary decisions, including those covered in an April 2025 issue of Health Care in Motion, district court judges have agreed with plaintiffs that the Administration's terminations likely violated the law. Additional cases have been filed—and also had preliminary success—over the past six months challenging new conditions on grant funding as well as terminations of existing grants. The table below includes examples of these cases.

Recent Grant Termination Litigation			
Case	**Court**	**Issue in Case**	**Status**
Washington v. Department of Housing and Urban Development	Federal District Court, Rhode Island	States, cities, counties, and nonprofits challenge the Department of Housing and Urban Development's (HUD) changes to funding for housing and other services for individuals at risk of and experiencing homelessness. The plaintiffs allege these changes improperly limit grants from programs that provide services to transgender or non-binary individuals and for behavioral health and substance use disorders.	The district court granted the plaintiffs' requests to temporarily halt the agencies' actions on December 23, 2025, and briefing on the merits of the case is continuing.
American Academy of Pediatrics v. HHS	Federal District Court, District of Columbia	American Academy of Pediatrics (AAP) sued after HHS canceled seven of AAP's grants. AAP alleges that HHS terminated these grants in retaliation for AAP's engagement in protected First Amendment activities, such as its advocacy (including as a plaintiff in separate litigation) against Secretary Kennedy's changes to pediatric vaccination schedules.	On January 11, 2026, a federal district court in DC granted AAP's motion for a preliminary injunction in its grant termination challenge.
Illinois v. Vought	Federal District Court, Northern District of Illinois	The states of Illinois, California, Colorado, and Minnesota sued federal agencies, President Trump, and appointed officials to challenge public health funding cuts targeted at their states, alleging these cuts are "based on political animus and disagreements about unrelated topics such as federal immigration enforcement, political protest, and clean energy."	On February 12, 2026 the district court granted plaintiffs a temporary restraining order halting agency internal guidance to terminate public health grants.

Jurisdictional Barriers to Recourse

Despite some preliminary successes, the ability of advocates to recover terminated grant funds has been hindered by a threshold legal issue of court jurisdiction. As discussed in a recent Health Care in Motion issue, in 2025, the Supreme Court issued two decisions—*Department of Education v. California* and *NIH v. APHA*— that decided that claims seeking reinstatement of canceled grants needed to be filed in the Court of Federal Claims (CFC), a specialty court that has exclusive jurisdiction over certain contract claims seeking money judgments against the United States. Collectively, these decisions suggest that, while plaintiffs can file claims challenging the legal basis for an agency's decision to terminate a grant in district court, only the CFC has jurisdiction to hear claims seeking reinstatement of grant funds.

District Court Jurisdiction

Before a court can opine on the legality of an agency's action or issue an order to address an unlawful agency action, the court must establish that it has "jurisdiction," or the power to hear and decide the case. Federal courts' jurisdiction are established under the U.S. Constitution, but Congress can enact statutes that assign specific kinds of cases to specific courts. The Administrative Procedure Act (APA) and the Tucker Act are two such statutes, which allow cases to be brought against the United States in certain circumstances. Cases based on a violation of the APA can generally be brought in district court, but under the Tucker Act, cases seeking monetary damages must be brought in the CFC.

These decisions impose a practical barrier for plaintiffs seeking to reinstate existing grant funding. For instance, in Harvard's case challenging the Administration's revocation of funding from the university, the district court reasoned that, in light of *NIH v. APHA*, it had jurisdiction over the university's claims challenging the agency's guidance documents "that set the federal government's policy moving forward as to grant funding at Harvard." However, the Court wrote, "given the current guidance from the Supreme Court," it lacks jurisdiction over APA claims regarding the actual grant termination letters because these claims must be brought in the CFC. (CHLPI and its staff, including the authors of this issue, have no involvement with or special knowledge of this litigation.) District courts have also held that purely constitutional claims challenging grant terminations do not invoke CFC jurisdiction. In the American Academy of Pediatrics' First Amendment challenge, the district court held that it had jurisdiction over the plaintiff's First Amendment claim, which sought injunctive relief from the court to correct the Administration's constitutional violation.

The bottom line is that, in some cases, a court may be able to hear a case but may not have the power to grant a solution to the plaintiff's problems. And reinstatement of grant funding will likely be limited to cases filed in the CFC.

What's Next?

Much remains to be seen across the pending grant termination challenges, including the newly filed case challenging the February 2026 cuts. Several district courts are poised to evaluate these challenges on the merits and appellate courts will also likely weigh in eventually. Litigation strategies continue to adapt to new jurisdictional and remedial hurdles, whether through legal claims crafted to aim to avoid CFC jurisdiction, through litigation filed in multiple courts at once, or otherwise.

As advocates continue to respond to funding cuts, litigation should proceed in concert with other multifaceted advocacy strategies. Given the relatively slow speed of litigation, and the procedural hurdles the Supreme Court has created, grant terminations may cause significant harm even if grant funds are ultimately reinstated through litigation.

Further Actions on Substance Abuse Treatment

The Administration has also signaled plans to impact substance abuse treatment policy through other mechanisms. On January 29 and February 2, respectively, the White House and Secretary of Health and Human Services announced plans for a "Great American Recovery" initiative, described by the Secretary as a "comprehensive plan" and "a $100 million investment to solve long-standing homelessness issues, fight opioid addiction, and improve public safety by expanding treatment that emphasizes recovery and self-sufficiency." We are continuing to monitor these plans as they unfold.

Share Your Stories

AIDS United is seeking to document examples of how funding cuts, policy shifts, or system disruptions are affecting HIV prevention and care. These stories may be used to support policy efforts to combat these types of grant terminations or to encourage other actors to step in to fill gaps. Please consider sharing your experiences here. AIDS United also has an action alert to enable you to contact your members of Congress and urge them to tell the Administration to stop weaponizing public health spending!

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