

Federal Government Transition Update - 5.16.25 ^[1]

May 16, 2025 by [Riley Black](#) ^[2]

Dear Colleagues,

Please find a federal government update from our teams.

Update on NSF Reorganization

As previously reported, the National Science Foundation (NSF) outlined new actions to restructure the agency in a two-page [memorandum](#) ^[3] to agency staff on May 9. Actions include reducing the agency's Senior Executive Service from 143 to 59 positions through demotions and reductions in force (RIFs) and scaling back its temporary workforce, including Intergovernmental Personnel Act [IPA](#) ^[4] rotators from universities, from 368 to 70 positions. NSF will maintain its eight directorates, but eliminate the agency's 37 divisions, replacing them with "clusters" focused on five priority areas: artificial intelligence, quantum, biotechnology, nuclear energy, and translational science. NSF will sunset the Division of Equity for Excellence in STEM within the Directorate for STEM Education within 60 days and RIF all employees in the division by July 12. NSF said the cost savings realized through these actions "will be reinvested in administration priorities."

CU is working with the national associations, other universities, and Congress in support of NSF. This week, CU Boulder partnered with the [Coalition for National Science Funding](#) ^[5] and other universities for two days of events on Capitol Hill, including congressional meetings and an exhibition in the U.S. Senate to highlight NSF-funded research, celebrate the agency's 75 years of discovery, innovation, and impact, and urge continued investment.

Temporary Restraining Order Pauses Federal Reductions in Force

A federal judge issued a [temporary restraining order](#) ^[6] on May 9 to halt the administration's [executive order](#) ^[7], "Implementing the Department of Government Efficiency Workforce Optimization Initiative," which ordered federal agency RIFs. Under the ruling, federal agencies are prohibited from issuing any RIF notices until May 23. The order applies to the Office of Management and Budget, Office of Personnel Management, and the Department of Government Efficiency, as well as the departments of Agriculture, Commerce, Health and Human Services, Housing and Urban Development, Interior, Labor, State, Treasury, Transportation and Veterans Affairs. The court will hold a preliminary injunction hearing on May 22 to discuss extending the RIF pause.

Education Secretary Remarks on Student Loans

Education Secretary Linda McMahon endorsed moving federal student loan servicing to the Treasury Department during a Cato Institute event on May 15, reports *Politico*. McMahon's remarks deviate from the President's [announcement](#) ^[8] that the \$1.6 trillion student loan portfolio would move to the Small Business Administration. The White House issued an [executive order](#) ^[9] in March, which calls for the closure of the Education Department, an action

that cannot be implemented without congressional support.

Executive Order on Prescription Drug Prices

The White House issued an [executive order](#) ^[10], “Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients,” on May 12, which seeks to lower prescription drug prices. The U.S. Trade Representatives and Secretary of Commerce are directed to “take action to ensure foreign countries are not engaged in practices that purposefully and unfairly undercut market prices and drive price hikes in the United States.” Additionally, the Secretary of Health and Human Services is directed to “establish a mechanism through which American patients can buy their drugs directly from manufacturers.” The order is expected to face legal challenges. For more information: [Fact Sheet](#) ^[11].

Colorado Joins Immigration Enforcement Lawsuits

Colorado and a coalition of 19 other states [filed two separate lawsuits](#) ^[12] on May 13 against the federal administration, which said it will withhold federal funds from state and local governments that do not assist with federal immigration enforcement.

The first [lawsuit](#) ^[13] is against the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS) following the release of new [terms and conditions](#) ^[14] for federal awards. The second [lawsuit](#) ^[15] is against the Department of Transportation (DOT) following an April 24 [letter](#) ^[16] informing grant recipients of their obligation to assist with federal immigration enforcement to receive DOT funds.

F&A Resources

The [Council on Governmental Relations](#) ^[17] (COGR) hosted a pair of [town hall webinars](#) ^[18] this week on efforts led by the higher education associations to develop a new, implementable model for indirect costs. The webinars included an overview of the current model and information about the [Joint Association Group \(JAG\) on Indirect Costs](#) ^[19] and its subject matter expert (SME) group. The objective of the effort is to create one simple, clear, efficient, and defensible model to propose to the White House and congressional leaders. There will be continuous input between the JAG, SME team and the research community during development of the model.

We understand these potential changes are of concern to our campuses during this time of unpredictable change at the national level. The Federal Relations and General Counsel teams are actively monitoring developments and are committed to keeping you informed. In this time of change, all that you do and will continue to do for CU means more than ever. Our team is working closely with the President and Chancellors as well as the Colorado congressional delegation. We encourage you to contact your campus leadership with questions. Please visit the [CU System Federal Transitions Update](#) ^[20] page for up-to-date communications and federal memos.

Kerry Tipper, Vice President, University Counsel??

Danielle Radovich Piper, Sr. VP External Relations and Strategy

[Federal Transition Updates](#) ^[21]

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[4] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.nsf.gov%2Fcareers%2Frotator-programs%2Fintergovernmental-personnel-act-ipa-assignments&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889>

[5] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.cnsf.us%2F&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889>

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[8] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.insidehighered.com%2Fnews%2Fgovernment-aid-policy%2F2025%2F03%2F21%2Fsmall-business-administration-take-over-student-loans&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889e28f74>

[9] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.whitehouse.gov%2Fpresidential-actions%2F2025%2F03%2Fimproving-education-outcomes-by-empowering-parents-states-and-communities%2F&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889>

[10] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.whitehouse.gov%2Fpresidential-actions%2F2025%2F05%2Fdelivering-most-favored-nation-prescription-drug-pricing-to-american-patients%2F&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889>

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[15] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fcoag.gov%2Fapp%2Fuploads%2F2025%2F05%2Fof-California-et-al.-v.-USDOT-et-al.-Complaint.pdf&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889>

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[19] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.cogr.edu%2Fnational-organizations-announce-joint-effort-develop-new-indirect-costs-funding-model-0&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889e28f74d4470>
[20] <https://nam02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.cu.edu%2Ffederal-transition-updates&data=05%7C02%7Criley.black%40cu.edu%7C36c49c1ee99645534ee608dd948d715e%7Ce889e28f74d4470>
[21] <https://www.cu.edu/blog/government-relations/tag/federal-transition-updates>