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Federal Government Transition Update- 6.27.25 [1]

June 27, 2025 by Annie Larson [2]

Dear Colleagues,??

Please find a federal government update from our teams.?

Court Rules Against NSF Indirect Cost Cap

A U.S. District Judge ruled [3] on June 20 that an effort by the National Science Foundation (NSF) to institute a 15 percent cap on indirect cost reimbursements is illegal. The ruling cites a declaration of impact [4] the policy would have at CU Boulder. The administration is expected to appeal the decision. This ruling follows a similar trajectory of cases regarding indirect cost rate caps proposed at the National Institutes of Health (NIH), Department of Energy (DOE) and Department of Defense (DoD).

NIH Halts Termination of Grants

According to *Science* [5] and *STAT News* [6], National Institutes of Health (NIH) officials sent an internal memo on June 24 directing NIH employees not to terminate future grants within the agency. The memo comes on the heels of a district court ruling [7] ordering NIH to reinstate all grants terminated due to diversity, equity and inclusion provisions. The administration formally appealed [8] the ruling on June 23.

While the case is being considered by the courts, NIH is expected to reinstate more than 900 terminated grants. CU's federal team will closely monitor the reinstatement of any terminated NIH grants to CU's campuses.

OSTP Issues Agency Guidance for Implementing Gold Standard Science

The White House Office of Science and Technology Policy (OSTP) issued a memorandum [9] to federal agencies on June 23 on incorporating the tenets of Gold Standard Science into their research activities as directed in the May 23 executive order entitled, *Restoring Gold Standard Science* [10]. Gold Standard Science is defined by the federal administration as reproducible; transparent; communicative of error and uncertainty; collaborative and interdisciplinary; skeptical of findings and assumptions; structured for falsifiability of hypotheses; subject to unbiased peer review; accepting of negative results as positive outcomes; and without conflicts of interest. These nine tenets are intended to ensure federal research is "transparent, rigorous, and impactful."

Federal agencies are directed to implement the tenets "in all agency-managed scientific activities, including both intramural and extramural research" and post their implementation actions online by Aug. 22. For more information: OSTP press release [11], opinion essay [12] in *Science* by OSTP Director Michael Kratsios.

Housing and Urban Development Announces Relocation to NSF Headquarters

The U.S. Department of Housing and Urban Development (HUD) announced [13]on June 25 it will take over the headquarters of the National Science Foundation (NSF) in Alexandria, VA. The move will relocate over 2,700 HUD employees but displace 1,800 NSF employees. NSF, which has been based in Alexandria since 2017, did not indicate when or where it will relocate its headquarters. AAU released a statement [14] urging NSF to "promptly identify an appropriate home" so that its essential work "on behalf of the American people can continue uninterrupted."

Colorado Joins Lawsuit Challenging OMB Federal Funding Cuts

A coalition of more than 20 states, including Colorado, filed a lawsuit [15] on June 24 against the White House Office of Budget and Management (OMB) and several federal agencies, challenging the administration's termination of billions of dollars of federal funds appropriated by Congress, including for education, medical and scientific research. Specifically, the lawsuit argues use of an OMB clause to facilitate grant terminations "if an award no longer effectuates the program goals or agency priorities" is being applied unlawfully and does not "independently authorize" the executive branch to terminate funding based on new agency priorities *after* grants are awarded.

DOJ Lawsuits Challenging In-State Tuition for Undocumented Students

The U.S. Department of Justice (DOJ) filed a lawsuit [16] against Minnesota on June 25 to halt the state's law that allows undocumented Minnesota students access to in-state tuition and financial aid. The lawsuit claims Minnesota is violating federal law and discriminating against U.S. citizens. Similar lawsuits [17]have been filed in Kentucky and Texas, however, the law in Texas was eliminated after the state sided with the federal government. Colorado grants in-state tuition and financial aid to undocumented Colorado students through its *Advancing Students for a Stronger Tomorrow (ASSET)* law, which was passed in 2013 and most recently updated in 2022. To date, the federal government has not filed a lawsuit challenging the Colorado law.

Judge Orders the Reinstatement of Department of Education OCR Employees

A federal judge issued an preliminary injunction [18] on June 17 ordering the U.S. Department of Education to reinstate all employees laid off from the Office for Civil Rights (OCR), noting the layoffs and shuttering of seven regional offices had rendered the remaining staff "incapable of addressing the vast majority of OCR complaints." A total of 208 OCR investigators are in line to be reinstated. The Department said it will appeal the decision.

Coalition Files Lawsuit Challenging NSF STEM Education Cuts

A coalition of organizations representing educators and researchers announced [19]on June 18 a lawsuit against the National Science Foundation (NSF) challenging its termination of STEM education programs. The coalition of plaintiffs, represented by Democracy Forward and the Norton Law Firm, includes the American Association of University Professors, the American Association of Physics Teachers, the American Association of Colleges and Universities, and more. Their complaint alleges the sudden termination of NSF STEM education programs violates the Administrative Procedure Act, separation of powers and due process.

Supreme Court Limits Power of Nationwide Injunctions in Birthright Citizenship Case

The Supreme Court issued a 6-3 [20] ruling along ideological lines on June 27 curtailing the power of district court judges to issue injunctions that halt the implementation of executive branch policies nationwide. The high Court did not rule on the underlying constitutionality of

the White House's executive order entitled, Protecting the Meaning and Value of American Citizenship [21], which seeks to end birthright citizenship. Instead, the justices punted the decision on whether the policy violates the 14th Amendment back to the lower courts. In its ruling, the majority wrote, "Universal injunctions likely exceed the equitable authority that Congress has given to federal courts." The ruling pulls back nationwide injunctions that have prevented the administration's ban on birthright citizenship from being implemented across the U.S. but is unlikely to impact the preliminary injunction in effect in the 22 plaintiff states, including Colorado, that directly challenged the policy.

CMS Issues Final Rule on Medicaid Enrollment

The Centers for Medicare and Medicaid Services (CMS) issued a final rule [22]on June 20 amending enrollment criteria for the Medicaid marketplace. The rule reduces the enrollment period for plans by two weeks, establishes additional paperwork requirements for some enrollees, ends the use of federal subsidies to help cover gender transition-related medical care and bars Deferred Action for Childhood Arrivals recipients from purchasing insurance on the exchange. Additionally, the rule repeals a special enrollment period for individuals in households earning less than 150 percent of the federal poverty level. The CU team will be monitoring the implementation of this rule closely.

We recognize our campus communities have concerns at this time of unpredictable and unprecedented change at the national level. The Federal Relations and General Counsel teams are actively monitoring developments and are committed to keeping you informed.? We are likewise working closely with the President and Chancellors as well as the Colorado congressional delegation to champion CU priorities. Thank you for the important work you do and will continue to do.

Due to the July 4 holiday, we will not publish a federal update next week. The next update will be posted the week of July 7. We encourage you to visit the CU System Federal Transitions Update page for up-to-date communications and federal memos in the meantime.??????

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[10] https://www.whitehouse.gov/presidential-actions/2025/05/restoring-gold-standard-science/
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