

Federal Government Update - 7.11.25 ^[1]

July 11, 2025 by [Riley Black](#) ^[2]

Dear Colleagues,

Please find a federal government update from our teams.

Supreme Court Lifts Preliminary Injunction Preventing Federal Firings and Agency Closures

The U.S. Supreme Court ruled on July 8 that the federal administration can proceed with its plans to restructure federal agencies and reduce the federal workforce while a case challenging the actions is considered in a lower court. The 8-1 decision overrides lower court orders temporarily pausing the actions, which seek to operationalize an executive order signed in February entitled, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* ^[3].

The high court did not opine on the legality of the specific actions being taken by the federal administration. Its ruling does allow the administration to implement mass layoffs and agency closures as the case, filed by a coalition of labor organizations, non-profits and local governments, is considered by the 9th Circuit Court. Twenty-two agencies are impacted by the order including the departments of Agriculture, Energy, Interior, Labor, State, Treasury and Veterans Affairs, as well as the National Science Foundation, Environmental Protection Agency, Small Business Administration and Social Security Administration.

JAG Releases New Indirect Cost Model

The [Joint Associations Group \(JAG\) on Indirect Costs](#) ^[4] released its [Financial Accountability in Research \(FAIR\) model](#) ^[5] to Congress and the executive branch on July 11. The FAIR model is a proposal to replace the current paradigm that reimburses universities for the indirect costs of federal research grants. The FAIR model seeks to "increase transparency, accountability, and clarity in how federal research funding is spent." It is informed by university stakeholder input, including from CU's campuses. The JAG is convening a town hall on July 15 to discuss the proposal, answer questions and highlight plans for championing the new model with policymakers. Register [here](#) ^[6].

NOAA Budget Proposal Unveiled

The U.S. Department of Commerce released the details of its Fiscal Year 2026 [budget request](#) ^[7] for the National Oceanic and Atmospheric Administration (NOAA) last week. The request proposes elimination of NOAA's research office, the Office of Oceanic and Atmospheric Research, including all its labs and its national network of Cooperative Institutes (CIs), which span 80 universities and 33 states. Colorado is the only state in the nation with two CIs, [CIRES](#) ^[8] at CU Boulder and [CIRA](#) ^[9] at Colorado State University. In addition to CIRES, the [Physical Sciences Laboratory](#) ^[10], [Chemical Sciences Laboratory](#) ^[11] and [Global Monitoring Laboratory](#) ^[12], located in Boulder, are proposed for elimination. With input from our federal

relations team and campus experts, Rep. Neguse led a coalition of lawmakers who sent letters [13] to congressional appropriators and the federal administration this week opposing the proposed cuts. Additionally, with input from our federal relations team, Sen. Hickenlooper highlighted the importance of NOAA research, including the CIs, in his questions [14] to Neil Jacobs, NOAA administrator nominee, at his confirmation hearing [15] on July 9. CU is actively working with lawmakers, national associations, and other universities to advocate against the proposal.

Nationwide Injunction Halts Implementation of Birthright Citizenship Executive Order

A federal judge issued a new nationwide injunction on July 9 that halts implementation of the White House's executive order entitled *Protecting the Meaning and Value of American Citizenship* [16], which seeks to end birthright citizenship. The ruling follows the U.S. Supreme Court's recent decision that curbs – but does not eliminate – the power of district court judges to issue injunctions that stop implementation of executive branch policies nationwide. In its ruling, the high court permitted nationwide injunctions to continue for class action lawsuits, such as the one brought by the American Civil Liberties Union in this case. The district court ruling is effective in seven days to allow the federal administration to appeal the decision, reports [17] *Reuters*.

U.S. Department of Education Dismisses Civil Rights Complaints

The U.S. Department of Education's Office for Civil Rights (OCR) dismissed over 3,400 complaints between March and June, reports [18] *POLITICO*. This follows reductions in force impacting nearly half of OCR's workforce as well as the closure of seven of its 12 regional civil rights offices. Department officials say streamlining OCR's functions, including partnering with the U.S. Department of Justice, have enabled the office to "vigorously" uphold its statutory responsibilities with fewer employees. The Department has not released details on the types of complaints and reasons for their dismissal, reports [19] *Inside Higher Education*.

FDA and NIH Announce New Animal Research Requirements

The Food & Drug Administration (FDA) and the National Institutes of Health (NIH) held a workshop [20] on July 7, titled "Reducing Animal Testing," which featured speakers from the FDA, NIH and European partners. During the event NIH unveiled a new policy which states "all new NIH funding opportunities should incorporate language on consideration of New Approach Methods (NAMs). NIH will no longer seek proposals exclusively for animal models."

FDA said it will create an "action plan" in the coming weeks based on the workshop discussions and solicit comments from the community [21] by July 14 regarding a shift to NAMs from animal research models.

Colorado Joins Lawsuit Against ED Mental Health Grant Cancellations

Colorado joined a coalition of 16 states in a lawsuit [22] against the U.S. Department of Education (ED) on June 30, challenging the cancellation of two bipartisan mental health grant programs established by Congress in 2018 and 2020. The programs aim to increase K-12 students' access to mental health services and recruit more mental health professionals into schools, in part through higher-education partnerships that enable graduate students to provide mental health services in K-12 settings while pursuing their degrees. The cancellations total over \$1 billion and could lead to hundreds of thousands of students losing access to mental health services. ED announced the cancellations in late April, saying the funding was no longer aligned with the administration's priorities.

Included ^[23] in the funding is \$10 million to Colorado for CU Denver, the University of Northern Colorado, the University of Denver, Metropolitan State University, Poudre Valley School District R-1, and the Colorado Department of Education.

NIH Updates on Closing Out Grants During Appeals, Foreign Subawards and Publishing Fees

The NIH issued new guidance ^[24] on July 7 on closing out grants and cooperative agreements undergoing the NIH appeals process ^[25]. The agency said the process of reviewing appeals for recent grant terminations is ongoing and noted that “in cases where a recipient has submitted an appeal, but has not yet received a response, NIH will not take action to initiate unilateral closeout while the appeal is under review.” Furthermore, the guidance states, “We will document our compliance records and ask that the community use this notice as supporting documentation to prevent an audit finding related to closeout.”

Additionally, on July 8, the NIH announced ^[26] plans to implement a cap on the fees publishers can charge scientists to publish their NIH-supported research. NIH will implement the cap starting in Fiscal Year 2026 to ensure “publication fees remain reasonable across the research ecosystem.”

Finally, as reported ^[27] by *Science* on July 3, the NIH has taken internal steps to update its foreign subaward policy. Recent guidance for NIH staff outlines an exemption for research involving human subjects. It allows staff to “convert the subawards within these projects to special ‘supplements’ to the main grant that will go directly to the foreign collaborator.” The agency originally stated that it was establishing a new award structure to prevent foreign subawards from being nested under a parent grant.

The Federal Relations and General Counsel teams are actively monitoring developments. We are working closely with the President and Chancellors as well as the Colorado congressional delegation to champion CU priorities. We are committed to keeping you informed. Please visit the CU System Federal Transition Update page ^[28] 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 ^[29]

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