

Federal Government Update - 7.24.26 ^[1]

July 24, 2026 by [Riley Black](#) ^[2]

Dear Colleagues,

Please find a federal government update from our teams.

Court Rules Federal Agencies Cannot Use Termination Clause to Retroactively Cancel Grants

A U.S. district court denied the federal government's request to dismiss part of a June 2025 [lawsuit](#) ^[3] brought by twenty-three states, including Colorado, challenging its use of the "termination clause" to cancel federal grants. The judge [ruled](#) ^[4] on July 17 that federal agencies cannot retroactively cancel grants "based on new program goals or agency priorities." While the ruling upholds the federal government's ability to terminate grants, the summary judgment clarifies that the termination clause does not "permit the termination of grants based on their inability to effectuate program goals and agency priorities identified after the award was made."

The termination clause was added to the regulations that govern Federal Financial Assistance by the first Trump administration in 2020 and then revised in 2024, [reports](#) ^[5] the *Associated Press*. The current administration recently [proposed new revisions](#) ^[6] to this guidance that would substantially change how the federal government manages federal grants, cooperative agreements and other federal assistance. CU [reported](#) ^[7] on the proposal last week and all four CU campuses submitted comments for consideration by the White House Office of Management and Budget.

DOJ Files Lawsuit Challenging Colorado's In-State Tuition Law

The U.S. Department of Justice (DOJ) [announced](#) ^[8] on July 23 it had sued the State of Colorado, the Colorado Commission on Higher Education, and the Colorado Department of Higher Education to challenge the 2013 ASSET law ("the Advancing Students for a Stronger Tomorrow Act").

Regardless of citizenship status, ASSET allows students to qualify for in-state tuition and financial aid if (1) the student attended a Colorado high school for at least one year immediately preceding their graduation date (or was in Colorado for at least one year before they completed their high school equivalency exam), and (2) the student was present in Colorado for at least 12 consecutive months before their enrollment at a state institution. DOJ's position is that ASSET "extends eligibility for in-state tuition benefits at Colorado public universities or community colleges to illegal aliens, while requiring U.S. citizens from other states to pay higher tuition rates." DOJ asserts that ASSET violates the equal protection and supremacy clauses of the U.S. Constitution. Colorado is the 14th state sued by the DOJ over similar in-state tuition laws. We will continue to monitor this situation.

CU Anschutz Comments on Proposed CMS Medicaid Changes

CU Anschutz [responded](#) ^[9] to a rule proposed by the Centers for Medicare and Medicaid Services (CMS) on July 21 that would cut the Medicaid reimbursement rate for providers in Colorado. The letter highlights CU's role as the largest Medicaid provider in Colorado and urges CMS to rescind the rule or modify its implementation. CU Government Relations is working closely with CU Anschutz regarding any changes to Medicaid programs.

White House Releases Pair of R&D Reports

The White House [released](#) ^[10] a pair of new reports on July 22 detailing its federal research and development (R&D) policy and funding priorities. The documents include *Science: A New Golden Age*, a 123-page [report](#) ^[11] issued by the Office of Science and Technology Policy (OSTP), which seeks to chart "a bold new course to revitalize American research and development," and a 14-page [annual memorandum](#) ^[12] from the Office of Management and Budget (OMB) to federal agencies and departments outlining the administration's R&D funding priorities for the next fiscal year.

The OSTP report is organized around the following four pillars: revitalize America's science and technology enterprise, secure U.S. dominance in critical and emerging technologies, launch a new Golden Age powered by AI for science and ensure that science and technology better the lives of all Americans. Notably, the report directs funding agencies to "prioritize the individual scientist over legacy institutions" as well as "support a broader range of performers." It also directs agencies to fund more flexible grants, such as "fast-track grants, long-horizon grants, and new mechanisms that allow reviewers to champion radically unconventional proposals." Federal agencies are directed to submit an implementation plan within 90 days.

The OMB memorandum directs agencies to integrate industry into the research enterprise, fund transformative science in the physical sciences and engineering and reconnect scientific discovery to manufacturing and skilled crafts. OMB also prioritizes investments in "strategic technology priorities" including artificial intelligence, quantum information science, semiconductors, advanced communications, robotics, advanced manufacturing, nuclear fission and fusion and space systems.

The Genesis Mission, "a whole-of-government effort" to use AI to double the productivity and impact of American S&T, also features prominently in the memorandum, which was released the same day the U.S. Department of Energy (DOE) [announced](#) ^[13] the first tranche of Genesis Mission projects selected for more than \$5 billion in federal funding to "accelerate AI-driven scientific discovery." DOE [selected](#) ^[14] 278 projects for funding, including three projects at CU Boulder, out of over 5,000 submitted.

President Orders Suspension and Disbarment of the National Academies of Sciences

In a [social media post](#) ^[15] on July 19 the president ordered the federal administration to initiate a suspension and disbarment investigation into the National Academies of Sciences, Engineering and Medicine for publishing so-called "fraudulent, biased, and misleading" manuals on climate change. The order specifically targets a new 1,700-page reference manual for federal judges, which includes a chapter on climate science, [reports](#) ^[16] *The New York Times*. Suspension and disbarment is a process that federal agencies can use to prohibit universities, research institutions and other organizations from receiving federal contracts, typically for a period of up to three years, [reports](#) ^[17] *Politico*. It is unclear what agencies will oversee the investigation.

DOJ Opens Review into Harvard's Financial Aid Programs

The U.S. Department of Justice (DOJ) [announced](#) ^[18] on July 20 that it was opening a compliance review to determine whether Harvard's "China-based financial aid programs" are discriminatory against U.S. citizens. The DOJ alleges that the dollars are provided by Chinese donors and stipulate that scholarships are only made available to international students from certain countries of origin, which would be a violation of Title VI of the *Civil Rights Act of 1964*, under which discrimination on the basis of national origin is prohibited. DOJ has not yet reached any conclusions in this investigation.

The Federal Relations and General Counsel teams are actively monitoring developments at the federal level. 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 [Updates](#) ^[19] and Actions page for up-to-date communications and federal memos.

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[Federal Weekly Updates](#) ^[20]

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