D.C. Political News Round-Up for March 2025

Mar 31, 2025

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Keeping Up

Government Shutdown Averted

Congress narrowly avoided a partial government shutdown by passing a last-minute funding bill, securing temporary funding for federal agencies. The agreement extends funding through the summer but does not resolve broader disputes over long-term budget priorities. Key sticking points remain, including defense spending, social programs, and deficit reduction. While the bill prevents immediate disruptions, lawmakers will need to negotiate a more comprehensive budget deal in the coming months to avoid another funding crisis.

Shift in U.S. Corporate Strategy

U.S. business activity picked up in March, with the services sector driving growth despite continued uncertainty in manufacturing. The increase was largely attributed to stronger consumer spending and demand for professional services. However, sentiment among business leaders declined, as concerns over rising input costs, government spending cuts, and uncertainty over tariffs weighed on the outlook. Some analysts warn that while short-term growth remains stable, prolonged policy instability could impact hiring and long-term investment.

New Climate Lobby Formed

The Cleaner Economy Coalition, a newly formed climate lobby, is advocating for policies that promote U.S. clean energy manufacturing while imposing trade penalties on high-carbon imports. The group argues that boosting domestic clean energy production—such as solar panel and battery manufacturing—will enhance energy security and competitiveness. It also supports a carbon border adjustment, a policy that would tax imported goods based on their emissions footprint. Critics caution that such measures could increase trade tensions, particularly with China and the European Union.

On the Horizon

President Trump Invokes Emergency Powers for Critical Minerals

President Trump issued an executive order invoking the Defense Production Act to accelerate domestic production of critical minerals such as lithium, nickel, and cobalt—key components in electric vehicle batteries and renewable energy storage. The move is aimed at reducing reliance on foreign suppliers, particularly China, which dominates global mineral processing. The effectiveness of the order will depend on how quickly federal agencies approve new mining projects and whether domestic firms can scale production to meet growing demand. Environmental groups and some lawmakers have raised concerns about the potential ecological impact of expanding mining operations.

Potential Repeal of Clean Energy Tax Credits

Tax incentives that have driven growth in the U.S. clean energy sector are under scrutiny as lawmakers consider repealing or modifying them. These incentives, enacted as part of previous climate legislation, have spurred investment in solar, wind, and battery manufacturing. Supporters argue that tax credits are essential for maintaining momentum in the clean energy transition and job creation, while opponents claim they disproportionately benefit large corporations and add to the federal deficit. If repealed, analysts warn that the clean energy industry could see slowed growth, affecting both domestic production and global competitiveness.

Business Sentiment & Economic Policies

Despite recent gains in business activity, executives remain cautious due to concerns over rising costs, tariffs, and shifting economic policies. Increased trade restrictions and potential cuts to government spending could impact corporate investment strategies. Some businesses have indicated they may slow hiring or delay expansion plans until there is more clarity on trade policies and federal budget priorities. Policymakers face a balancing act in addressing economic uncertainty while maintaining growth.

Federal Policy Deep Dive

Federal Funding Cuts Under the DOGE Initiative and Executive Orders

The Department of Government Efficiency (DOGE) has implemented a series of federal funding cuts and policy changes through administrative actions. While DOGE itself does not issue executive orders, some of its initiatives align with broader policy directives set forth by the administration. These measures aim to reduce government spending and streamline operations but have also led to legal challenges and policy debates.

- **Suspension of Federal Grants and Financial Assistance**

In January 2025, the Office of Management and Budget (OMB) issued a directive pausing all activities related to the obligation or disbursement of federal financial assistance. This action affected approximately 2,600 federal programs, causing uncertainty among government employees, lawmakers, and nonprofit organizations. Legal challenges ensued, leading to a temporary block of the funding freeze by U.S. District Judge Loren AliKhan.

- **Elimination of the Institute for Museum and Library Services (IMLS)**

On March 14, 2025, President Trump signed an executive order to dissolve the IMLS, which provided funding for libraries and museums nationwide. This action jeopardizes numerous educational and literacy programs that rely on IMLS grants.

- **Reduction in Teacher-Training Grants**

The administration has proposed cuts to teacher-training programs, citing concerns over diversity, equity, and inclusion (DEI) initiatives. Opponents argue that these cuts may violate federal education funding laws. Legal proceedings are ongoing to determine the legality of these reductions.

- **Dismantling of the U.S. Department of Education**

Efforts are underway to dismantle the Department of Education, with plans to transfer its responsibilities to other federal agencies. Critics contend that the president lacks the authority to unilaterally dissolve the department without congressional approval. Legal challenges are in progress to address these concerns.

- **Cuts to U.S. Agency for International Development (USAID) Funding**

DOGE operatives have restructured USAID's financial oversight, leading to temporary funding halts. This has disrupted international aid programs and raised concerns about delays in humanitarian efforts. Reports indicate that DOGE accessed U.S. Treasury systems to monitor and halt USAID payments, causing operational challenges for nonprofits and slowing responses to health crises.

- **Review of Federal Contracts with Consulting Firms**

The General Services Administration (GSA) has mandated that consulting firms, including Deloitte and Accenture, justify their federal contracts and identify areas for cost savings. This initiative aims to eliminate unnecessary expenditures and increase transparency in federal spending.

- **Suspension of Violence Prevention Funding**

Tens of millions of dollars allocated for violence prevention have been cut or frozen. Legal challenges argue that these cuts conflict with congressional budget allocations and may impact national security.

- **Implementation of Cost Efficiency Initiatives**

An executive order titled "Implementing the President's Department of Government Efficiency Cost Efficiency Initiative" mandates increased oversight and transparency in federal spending on contracts, grants, and loans. Agencies are required to implement new mechanisms for recording, justifying, and approving expenditures.

- **Reduction of Federal Bureaucracy**

Another executive order, "Continuing the Reduction of the Federal Bureaucracy," focuses on streamlining government operations by eliminating non-statutory functions and reducing statutory functions of unnecessary governmental entities to what is required by law.

- **Revocation of Funding for Addiction and Mental Health Care**

The administration has revoked $11 billion in funding previously allocated for addiction treatment programs and mental health care. This decision has raised concerns about the potential impact on individuals relying on these services.

- **Termination of Environmental Protection Agency (EPA) Grants**

The EPA has proposed terminating 62 grants in California as part of a broader plan to cut 400 grants nationwide, citing concerns over misconduct and fraud. This decision threatens funding for various environmental initiatives, including air purifier programs for children with asthma and community resilience projects. Legal challenges have arisen, with a federal judge temporarily halting the terminations. Environmental groups and lawmakers have criticized the cuts, arguing they hinder progress on clean energy and environmental justice.

- **Reduction in National Institutes of Health (NIH) Funding**

Recent reductions in National Institutes of Health (NIH) funding have notably affected early-career scientists and their research opportunities. The suspension of programs and reduction in grants have constrained opportunities for students and graduates to gain essential research experience. These funding cuts have led to hiring freezes and job losses, further limiting career prospects for emerging researchers. Critics have raised concerns about the future of scientific research and the retention of talent in the field.

For more information, contact the author or any member of Frost Brown Todd's Lobbying and Public Policy team.

Presidential Administration Impacts

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