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U.S. President Donald Trump looks on as he speaks to reporters aboard Air Force One before arriving at Joint Base Andrews, Maryland, U.S., January 27, 2025. (REUTERS/Elizabeth Frantz/File)

by Reuters

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The Trump administration on Wednesday rescinded a sweeping directive to pause federal loans, grants and other financial assistance, a White House official said, just shortly before it was set to appear in court for a second straight day to defend the policy.

The decision to rescind the Office of Management and Budget's Monday directive came shortly before a federal judge in Rhode Island was set to consider a request by 22 mostly Democratic-led states and the District of Columbia for a temporary restraining order blocking a policy that they said could have a [devastating effect](#) on their budgets.

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Such an order from Chief U.S. District Judge John McConnell in Providence could have been longer in duration than [the pause](#) U.S. District Judge Loren AliKhan imposed on Tuesday in a separate case brought by a group of nonprofits in Washington, D.C. federal court.

AliKhan paused the measure until Monday, when another hearing is scheduled.

The order by President [Donald Trump](#) sowed chaos throughout the government on Tuesday and appeared to disrupt payments for medical and child-care providers. It was one of several efforts to overhaul the federal government since he took office on Jan. 20.

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Democrats said it was an illegal assault on Congress' authority over federal spending, while Republicans largely defended it as fulfilling Trump's campaign promise to rein in the \$6.75 trillion federal budget.

In suing to block the measure, the 23 attorneys general argued the policy was unconstitutional because Congress had already determined how the funds would be spent. They also said it would jeopardize disaster relief funds to help southern California rebuild from wildfires.

"The president does not get to decide which laws to enforce and for whom," New York state Attorney General Letitia James told reporters on Tuesday in announcing the suit.

This story appears in the **Trump's Second Term** feature series. [View the full series.](#)