Impact of Federal Funding Cuts

Background

On March 24, 2025, state health departments, directly-funded local health departments, and some partners that support STLT health department work received new notice of awards zeroing out resources that were currently being used to fulfill existing projects. We are aware of the following effected projects:

- ELC: Immunization (supplemental funding)
- ELC: Epi and lab capacity (supplemental funding)
- COVID-19 Health Disparities Grant (CDC-RFA-OT21-2103)
- Community Health Workers for COVID Response and Resilience (CDC-RFA-DP21-2109)
- Mental Health Block Grant (MHBG) Supplement grants (SAMHSA)
- Substance Use Prevention, Treatment and Recovery Services (SUPTRS) Supplement grants (SAMHSA)

News reports cite the total amount of funding impacted is $11 billion from CDC and approximately $1 billion from SAMHSA.

These notices essentially clawed back previously obligated funds and required an immediate stoppage of work, causing confusion and disarray. The notices also only allow 30 days to close out the paperwork on the projects, instead of the 120 days usually included. They say they are all cancelled "for cause," as “the end of the pandemic provides cause to terminate COVID-related grants and cooperative agreements.” Local health departments are impacted by loss of direct funding, loss of federal funding that was passed through the state, and loss of partner grants (i.e., CDC funds passed through to LHDs via NACCHO).

Importantly, there was no communication with health departments before the notifications to allow them to allow for an orderly closure of the programs or to identify alternative funding. Moreover, these funds were allocated by CDC to address the systems and structures needed to address COVID-19, but also a wide range of other public health needs. They are very much still needed in communities.

Key themes:

- Claw back of funds like this for public health is unprecedented. Congress has rescinded funding from federal agencies in the past, but funds already obligated to partners were always honored.
- The impact is real— work that was serving the community on Monday is now gone as of Tuesday.
- All work was approved by the federal government as part of the recovery phase of the COVID-19 pandemic. Using the resources to have a broader public health impact was encouraged to ensure better efficiency in public health practice.

- We recognized that the funds had an end date and responsibly budgeted to use the resources over the full performance period. Without these funds, the work has to stop, but the needs have not gone away.

Suggested Talking Points:

- On March 24, state and local health departments were notified that funding awards were being terminated immediately, with the remaining dollars clawed back to the federal government.
- This is having an immediate impact on local health departments like mine.
- These pandemic-era funds were made available for a wide range of activities to help communities recover from the COVID-19 pandemic, and every activity was aligned with federal rule on what the money could be used for.
- The activities done to keep people from getting sick or dying with COVID-19, can also prevent them from getting sick or dying from other diseases. It has a ripple effect across public health practice.
    - Possible examples:
        - Local health departments have worked with nursing homes to prevent the spread of COVID-19, which also prevents the spread of other viruses and dangerous bacterial infections.
        - Laboratories (some of which were mid construction as of the time of the claw back) could be used to identify any problematic shifts in the COVID-19 virus can also be used to process samples for illnesses like H5N1.
        - Epidemiologists could track and model potential outbreaks of a wide range of diseases and conditions.
        - Community health workers could help build trust and share education on a wide range of important public health issues, often times ensure prevention or early detection of issues that are costly and painful if identified too late.
- These immediate stop-work orders sent out earlier this week mean that our community has lost access to programs that do:
    - **[insert specifics about impacted services here].**
- We budgeted our work for the full period of performance, but now:
    - **[insert specifics about what will happen; if they include layoffs, describe how that will impact the community].**
- And this is impacting other health departments across the country—overall these cuts will reduce capacity nationwide for identifying and tracking infectious diseases, public health lab services, outbreak investigations, stopping the spread of disease in healthcare facilities and nursing homes, and data transparency
- We were given no notice of this funding being clawed back, nor time to wind down the program or identify alternative funding.

- As local health departments across the nation face simultaneous health emergencies, reducing federal capacity to support local public health is not how we will improve the overall health of the nation.
- We are gravely concerned about the long-term impacts of these actions on our public health infrastructure and on our ability to monitor and defend against infectious disease, battle opioid and mental health epidemics, and deliver high-quality care to veterans, seniors, and other community members.
- Our health department remains committed to serving our community, but these actions put our community at risk.

If asked:

Why didn't you/states draw down all the funds?

- The system is set up with fiscal controls to ensure that money is only drawn down after work is completed and documented—not before. This ensures that grantees do not have to return any money at the end of the performance period that was not used. This means drawdown has built-in lags, and is not an accurate indicator of the need for the money in a community.

Isn't the pandemic over?

- The activities done to keep people from getting sick or dying with COVID-19, can also prevent them from getting sick or dying from other diseases. It has a ripple effect across public health practice.
- When making these awards, the federal government was clear that they were to support the COVID-19 recovery period and should be used in an efficient manner so as not to duplicate other efforts.
- That is why they are important for broader systems and structures that address not only COVID-19 but a wide-range of activities to lesson death and disease.
- All funds were used in line with submitted workplans approved by the federal government.

Don't you have 30 days to wind down the program?

- No, the 30-days mentioned in the cancellations is to submit final paperwork. The actual funds were clawed back the day of the notice.
- Typically, a grant has 120 days for final paperwork—this shortened timeline could mean that health departments are not even able to get their full reimbursement for the work up until 3/24/25.