



Decision

Matter of: U.S. Environmental Protection Agency—Application of Impoundment Control Act to the Administration of Community Change Grants

File: B-337485

Date: October 7, 2026

DIGEST

Congress appropriated amounts to the U.S. Environmental Protection Agency (EPA) to carry out the Environmental and Climate Justice Block Grants Program (ECJ Program) for fiscal year (FY) 2022 through FY 2026, as specified in the Inflation Reduction Act of 2022. To carry out the ECJ Program, EPA established several subprograms, the largest being the Community Change Grants Program (CCG Program), and obligated over \$1.5 billion for CCGs. In early 2025, EPA decided to terminate the ECJ subprograms, including the CCG Program, paused payments to grantees, and later terminated the CCGs. Congress subsequently rescinded the unobligated balances of amounts made available to the ECJ Program as part of Public Law 119-21.

Unless Congress has enacted a law providing otherwise, executive branch officials must take care to ensure that they prudently obligate appropriations during their period of availability. The Impoundment Control Act of 1974 (ICA) allows the President to withhold funds from obligation or expenditure, but only under strictly limited circumstances and only in a manner consistent with that Act. The ICA was enacted to ensure that legislation passed by Congress and signed by the President is faithfully executed.

GAO's institutional role is to support Congress, including in Congress's exercise of its constitutional power of the purse. GAO's role is procedural—to protect congressional prerogatives and help ensure compliance with the ICA and appropriations law—and is not to be interpreted as taking a position on the underlying policies.

We find that EPA violated the ICA when the agency, without submitting a special message to Congress: (1) withheld funds from expenditure for the CCG Program after deciding to terminate the program; and (2) withheld funds from obligation by

terminating the CCGs. These withholdings were impoundments subject to the ICA and not programmatic delays.

GAO is aware of ongoing litigation involving the termination of ECJ Program grants, including CCGs. We have included the most up-to-date information related to the litigation in this decision.

DECISION

Congress amended the Clean Air Act to establish the Environmental and Climate Justice Block Grants Program (ECJ Program) as part of Public Law 117-169—commonly known as the Inflation Reduction Act of 2022 (IRA)—and appropriated five-year funds for the U.S. Environmental Protection Agency (EPA) to carry out the program.¹ EPA established several subprograms, the largest being the Community Change Grants Program (CCG Program), and obligated over \$1.5 billion for CCGs.² In February 2025, EPA decided to terminate the CCG Program, paused expenditures for the program and then terminated almost all, if not all, CCGs. Congress subsequently rescinded the unobligated balances of amounts made available to the ECJ Program as part of Public Law 119-21—commonly known as the One Big Beautiful Bill Act (OBBBA).³

We received a congressional request to examine whether EPA's actions with respect to the CCG Program, including the termination of a specific grant, violated the Impoundment Control Act of 1974 (ICA).⁴ As explained below, we conclude that EPA violated the ICA when the agency, without submitting a special message to Congress, withheld funds from expenditure for the CCG Program after deciding to

¹ An Act To provide for reconciliation pursuant to title II of S. Con. Res. 14, Pub. L. No. 117-169, § 60201, 136 Stat. 1818, 2078 (Aug. 16, 2022); 42 U.S.C. § 7438.

² EPA, *Environmental and Climate Justice Community Change Grants Program*, EPA-R-OEJECR-OCS-23-04 (Nov. 21, 2023), at 4 (CCG NOFO), available at <https://www.epa.gov/system/files/documents/2023-11/epa-community-change-grants-notice-of-funding-opportunity-november-2023.pdf> (last visited Sept. 17, 2026); USAspending.gov, *Assistance Listing: 66.616 Environmental and Climate Justice Community Change Grants Program*, available at <https://www.usaspending.gov/search?hash=df32d6d273b05b2ca9806e5f9ccd7154> (last visited Sept. 17, 2026).

³ An Act To provide for reconciliation pursuant to title II of H. Con. Res. 14, Pub. L. No. 119-21, § 60016, 139 Stat. 72, 156 (July 4, 2025).

⁴ Letter from Representative Garamendi to Comptroller General (June 11, 2025) (Request Letter); see Congressional Budget and Impoundment Control Act of 1974, Pub. L. No. 93-344, title X, 88 Stat. 297, 336 (July 12, 1974), 2 U.S.C. §§ 681–688.

terminate the program, and when it subsequently withheld funds from obligation by terminating the CCGs.

We note that there is ongoing litigation involving the termination of ECJ Program grants, including CCGs.⁵ For example, a number of ECJ Program grantees brought suit in the United States District Court for the District of Columbia alleging that the termination of their grants violated the U.S. Constitution and the Administrative Procedure Act (APA).⁶ On August 29, 2025, the court denied the plaintiffs' request for a preliminary injunction and dismissed their claims for lack of subject-matter jurisdiction and failure to state a claim for relief.⁷ The United States Court of Appeals for the District of Columbia Circuit recently vacated that order and directed the district court to assess whether Congress's rescission of the unobligated balances of amounts made available for the ECJ Program mooted the plaintiffs' claims.⁸ Our decision does not address whether EPA violated the Constitution or APA. Instead, our decision addresses only whether EPA withheld funds in violation of the ICA.

Our practice when rendering decisions is to contact the relevant agencies to obtain factual information and their legal views on the subject of the request.⁹ Accordingly, we contacted EPA to seek the agency's views,¹⁰ and EPA provided its response on November 25, 2025.¹¹ In addition, we reviewed publicly available information, including spending data and documents submitted by EPA and grantees in federal court litigation.

⁵ See, e.g., *Appalachian Voices v. EPA*, No. 25-cv-01982 (D.D.C.); *Sustainability Institute v. Trump*, No. 25-cv-02152 (D.S.C.).

⁶ *Appalachian Voices v. EPA*, No. 25-cv-01982, slip op. at 1 (D.D.C. Aug. 29, 2025).

⁷ *Id.* at 1–2.

⁸ *Appalachian Voices v. EPA*, No. 25-5333, slip op. (D.C. Cir. July 21, 2026). As previously noted, Congress rescinded the unobligated balances of these amounts on July 4, 2025. Pub. L. No. 119-21, § 60016, 139 Stat. 72, 156 (July 4, 2025).

⁹ GAO, *GAO's Protocols for Legal Decisions and Opinions*, GAO-24-107329 (Washington, D.C.: Feb. 2024), available at <https://www.gao.gov/products/gao-24-107329>.

¹⁰ Letter from General Counsel, GAO, to General Counsel, EPA (July 17, 2025).

¹¹ Letter from Chief Financial Officer, EPA, to General Counsel, GAO (Nov. 25, 2025) (EPA Response). EPA subsequently provided attachments that were referenced in, but not included with, its response. Email from Chief of Staff, Office of Finance and Administration, EPA, to GAO, *Subject: RE: GAO Response | B-337162, B-337485, and B-337485* (Dec. 2, 2025).

BACKGROUND

Environmental and Climate Justice Block Grants Program (ECJ Program)

The Clean Air Act, as amended by the IRA, directed EPA “to award grants for periods of up to [three] years to eligible entities to carry out [specified activities] that benefit disadvantaged communities, as defined by” EPA.¹² To implement the program, Congress appropriated \$2.8 billion to EPA to award grants and \$200 million to provide technical assistance.¹³ As originally enacted in the IRA, these funds were available through the end of fiscal year (FY) 2026.¹⁴

Eligible grant activities included: community-led air and other pollution monitoring, prevention, and remediation, and investments in low- and zero-emission and resilient technologies and related infrastructure and workforce development that help reduce greenhouse gas emissions and other air pollutants; mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events; climate resiliency and adaptation; reducing indoor toxics and indoor air pollution; or facilitating engagement of disadvantaged communities in state and federal advisory groups, workshops, rulemakings, and other public processes.¹⁵

To carry out the ECJ Program, EPA established several subprograms for different types of grants: the CCG Program; the Thriving Communities Grantmaking Program; the Collaborative Problem-Solving Cooperative Agreement Program; and the Government-to-Government Program.¹⁶

¹² 42 U.S.C. § 7438(b)(1).

¹³ 42 U.S.C. § 7438(a). The statute also directed the EPA Administrator to reserve seven percent of the appropriated amounts for administrative costs to carry out the program. 42 U.S.C. § 7438(c).

¹⁴ 42 U.S.C. § 7438(a).

¹⁵ 42 U.S.C. § 7438(b)(2). Eligible grantees included community-based nonprofit organizations and partnerships of such organizations, as well as partnerships between such organizations and Indian tribes, local governments or institutes of higher education. *Id.* § 7438(b)(3).

¹⁶ EPA, *Inflation Reduction Act Environmental and Climate Justice Program*, available at <https://web.archive.org/web/20250930221700/https://www.epa.gov/inflation-reduction-act/inflation-reduction-act-environmental-and-climate-justice-program> (archived on Sept. 30, 2025). EPA announced another grant under the ECJ Program, the UPLIFT Climate and Environmental Community Action Grant, with applications due in February 2025, but it does not appear that EPA ever made an award. *See id.*

Community Change Grants Program (CCG Program)

In November 2023, EPA issued a notice of funding opportunity announcing the CCG Program (CCG NOFO), which the agency described as “the final and most comprehensive piece of EPA’s implementation of [ECJ Program] IRA funding.”¹⁷ The CCG NOFO described two separate tracks for considering applications: Track I, which would “focus on multi-faceted applications with Climate Action and Pollution Reduction Strategies to meaningfully improve the environmental, climate, and resilience conditions affecting disadvantaged communities”; and Track II, which would “facilitate the engagement of disadvantaged communities in governmental processes to advance environmental and climate justice.”¹⁸ Between September 25, 2024, and January 20, 2025, EPA awarded over 100 CCGs and obligated over \$1.5 billion for those grants, comprising over half of the total ECJ Program appropriation.¹⁹

In addition to the statutory authority for the program and the terms listed in the CCG agreements themselves,²⁰ the agreements were subject to the CCG Terms and Conditions,²¹ EPA’s FY 2025 General Terms and Conditions,²² and the Office of

¹⁷ CCG NOFO, at 4. Although styled as “grants,” the NOFO states that EPA anticipated awarding cooperative agreements because the agency expected substantial federal involvement in the performance of the award. *Id.* at 27; *see also* 31 U.S.C. §§ 6304–6305 (distinguishing between the use of grant agreements and cooperative agreements based on whether substantial federal agency involvement is expected). For simplicity, we refer to the awards as “grants.”

¹⁸ *Id.* at 6.

¹⁹ *See* EPA Response, at 3; USAspending.gov, *Assistance Listing: 66.616 Environmental and Climate Justice Community Change Grants Program*.

²⁰ We received a CCG agreement for Contra Costa County, California, with the Request Letter. EPA Grant Agreement No. 97T32001 (Jan. 6, 2025) (Contra Costa County Agreement). A number of other CCG grantees submitted their agreements in litigation challenging their termination. Plaintiffs’ Motion for Preliminary Injunction, Exs. A-2, B-1, C-2, F-A, M-2, Q-1, U-1, V-2, X-A, *Appalachian Voices v. EPA*, No. 25-cv-01982 (D.D.C. June 27, 2025), ECF No. 29 (Other CCG Agreements).

²¹ Contra Costa County Agreement (“The recipient agrees to comply with the current EPA Community Change Grants Programmatic Terms and Conditions.”); Other CCG Agreements (same).

²² Contra Costa County Agreement (“The recipient agrees to comply with the current Environmental Protection Agency (EPA) general terms and conditions available at: <https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1->

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Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. part 200), as supplemented by EPA's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. part 1500).²³

Contra Costa County Grant

The CCG awarded to Contra Costa County, California, provides an example of the types of projects funded by the CCG Program.²⁴ EPA awarded \$19.1 million for the grant on January 6, 2025, with a project period of February 1, 2025, to January 31, 2028.²⁵ Projects funded by the grant included: building a community resiliency center; planting new trees; renovating properties and converting them to energy-efficient single-family homes; installing energy-efficient systems in homes; and demolishing blighted and vacant units and replacing them with community gardens.²⁶

Pause and Termination of CCGs

On February 25, 2025, the EPA Assistant Deputy Administrator conducted a review of EPA grant programs "for consistency with [a]gency policy priorities" and "decided that certain grant programs . . . should be terminated for policy reasons."²⁷ Among the programs slated for termination were the CCG Program and the other ECJ subprograms.²⁸ An internal EPA chart described future actions for the CCG

[2024-or-later.](#)"); Other CCG Agreements (same). One CCG was awarded in late September 2024, with the performance period beginning on October 1, 2024. See USAspending.gov, *Project Grant, FAIN 84098801*, available at https://www.usaspending.gov/award/ASST_NON_84098801_068 (last visited Sept. 17, 2026). We do not have a copy of this agreement, and it is unclear whether this CCG was subject to the FY 2025 General Terms and Conditions.

²³ EPA Response, at 2.

²⁴ The Request Letter referenced the termination of this specific grant. Request Letter, at 1–2.

²⁵ Contra Costa County Agreement.

²⁶ Contra Costa County Agreement, at 4–5.

²⁷ Declaration of Travis Voyles ¶ 3, *Sustainability Institute v. Trump*, No. 25-cv-02152 (D.S.C. May 6, 2025) (Voyles Decl.), ECF No. 147-4, at 2–3.

²⁸ Voyles Decl., Ex. A, *Sustainability Institute*. EPA's correspondence lists the "Environmental and Climate Justice Block Grant program" as one of the terminated programs. *Id.* Although this would appear, on its face, to refer to the broader ECJ
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Program as canceling any unawarded/unobligated actions and decommitting funding, terminating grants awarded prior to October 1, 2024, and making “[n]o new award actions” for grants awarded after October 1, 2024, but holding on any terminations until further discussion with EPA’s Office of General Counsel.²⁹

On March 7, 2025, EPA put a financial control in the Automated Standard Application for Payments (ASAP) system³⁰ for grants funded under programs identified for termination, including the CCG Program, to prevent recipients from drawing down funds between the announcement and execution of grant terminations.³¹ Several CCG grantees confirmed that their access to funding was suspended on or after this date.³² On March 10, 2025, the EPA Assistant Deputy Administrator distributed a list of grants “approved for cancellation” that included the CCGs.³³ The same day, EPA issued a press release stating that the EPA Administrator had cancelled 400 grants “across nine unnecessary programs totaling \$1.7 billion in savings for the American people.”³⁴

Program, the Catalog of Federal Domestic Assistance listing number is the CCG Program’s (66.616), and EPA lists the other ECJ subprograms separately. See *id.*

²⁹ See *id.*

³⁰ ASAP “is a completely electronic system that federal agencies use to quickly and securely transfer money to recipient organizations.” Bureau of the Fiscal Service, Automated Standard Application for Payments, *available at* <https://fiscal.treasury.gov/payments-from-government/automated-standard-application-for-payments-asap> (last visited Sept. 17, 2026).

³¹ Voyles Decl. ¶¶ 4–5, Ex. B, *Sustainability Institute*. In particular, the list of awards suspended includes Contra Costa County’s grant and the other CCGs. Voyles Decl., Exs. C–D, *Sustainability Institute*.

³² See, e.g., Plaintiffs’ Motion for Preliminary Injunction, Exs. B ¶¶ 12–14, E ¶ 10, H ¶ 29, I ¶ 11, M ¶¶ 20–21, V ¶ 14, *Appalachian Voices*.

³³ Voyles Decl., Exs. E–F, *Sustainability Institute*.

³⁴ EPA, *EPA Administrator Lee Zeldin Cancels 400+ Grants in 4th Round of Cuts with DOGE, Saving Americans More than \$1.7B* (Mar. 10, 2025), *available at* <https://www.epa.gov/newsreleases/epa-administrator-lee-zeldin-cancels-400-grants-4th-round-cuts-doge-saving-americans> (last visited Sept. 17, 2026). Internal EPA emails indicate that the ECJ Program was one of the programs referenced in the press release. See Email from Deputy Associate Administrator for Management, Office of Public Affairs, EPA, to EPA Personnel, *Subject: RE: Updated Grants Statement* (Mar. 12, 2025), *Sustainability Institute*, ECF No. 128-5, at 26.

On April 15, 2025, the United States District Court for the District of Rhode Island issued a preliminary injunction enjoining EPA and other agencies “from freezing, halting, or pausing on a non-individualized basis the processing and payment of funding that . . . was appropriated under the [IRA] . . . and . . . ha[d] already been awarded” and ordering EPA and the other agencies to “take immediate steps to resume the processing, disbursement, and payment of already-awarded funding appropriated under the [IRA] . . . , and to release awarded funds previously withheld or rendered inaccessible.”³⁵ In an April 23, 2025, sworn statement describing EPA’s compliance with the order, the EPA Deputy Assistant Administrator for Infrastructure and Extramural Resources explained that, prior to issuance of the order, EPA decided to terminate certain IRA grant programs, including the CCG Program and other ECJ subprograms, and had paused access to funds in the ASAP system for recipients of those soon-to-be-terminated programs.³⁶ The official further stated that EPA understood that continuing to pause those grants would comply with the court’s order because the determination to pause was made prior to the entry of the preliminary injunction for reasons other than the fact that the grant funds were appropriated under the IRA.³⁷

On April 25, 2025, the court ordered EPA to unfreeze those funds until the grants were terminated,³⁸ and EPA subsequently reported that it had restored access to funding in ASAP for recipients of the previously listed programs, including the ECJ subprograms.³⁹ Several CCG grantees stated that they were able to request funds through ASAP beginning April 28 or April 29, 2025, until their grants were terminated several days later,⁴⁰ while others stated they were unable to access ASAP prior to receiving notice that EPA was terminating their grant.⁴¹

³⁵ *Woonasquatucket River Watershed Council v. United States Department of Agriculture*, 778 F. Supp. 3d 440 (D.R.I. 2025) (memorandum and order granting preliminary injunction), *aff’d in part, vacated in part*, No. 25-1428, slip op. (1st Cir. Aug. 7, 2026).

³⁶ Declaration of Daniel Coogan ¶¶ 3–6, *Woonasquatucket River Watershed Council*, No. 25-cv-00097 (D.R.I. Apr. 23, 2025), ECF No. 51-1, at 1–2.

³⁷ *Id.* at ¶ 7.

³⁸ *Woonasquatucket River Watershed Council*, No. 25-cv-00097, slip op. at 4–5 (D.R.I. Apr. 28, 2025).

³⁹ Declaration of Daniel Coogan ¶ 3, *Woonasquatucket River Watershed Council*, No. 25-cv-00097 (D.R.I. May 2, 2025), ECF No. 64-3, at 1.

⁴⁰ See, e.g., Plaintiffs’ Motion for Preliminary Injunction, Exs. C ¶ 23, E ¶ 10, H ¶¶ 35–38, I ¶ 11, M ¶¶ 21–22, Q ¶ 9, V ¶¶ 20–21, *Appalachian Voices*.

⁴¹ *Id.* at Ex. B ¶ 14.

EPA terminated almost all of the CCGs by the end of May 2025.⁴² As previously noted, on July 4, 2025, Congress rescinded the unobligated balances available to carry out the ECJ Program as part of OBBA.

CCG Grant Termination Notices

EPA terminated Contra Costa County's CCG on May 1, 2025.⁴³ A number of other CCG grantees submitted their termination notices in litigation challenging those terminations.⁴⁴ Aside from certain grant-specific information such as the grant number, grantee, and grantee representative, the termination notices appear identical, and state, in relevant part:

⁴² See USAspending.gov, *Assistance Listing: 66.616 Environmental and Climate Justice Community Change Grants Program* (showing period of performance end dates for most CCGs as May 2025 or earlier); see also Defendants' Motion to Dismiss and Memorandum in Opposition to Plaintiffs' Motion for a Preliminary Injunction, at 5, *Appalachian Voices*, No. 25-cv-01982 (D.D.C. July 14, 2025) (stating that "[a]s of May 2, 2025, all grants in support of the . . . [ECJ] Program had been terminated"); EPA Response, at 3 (stating that between February 21, 2025, and July 4, 2025, EPA terminated a total of 274 ECJ Program grants, among which were 96 CCGs). Per a May 2025 court order, EPA was initially prohibited from terminating seven specific CCGs. *Sustainability Institute v. Trump*, 784 F. Supp. 3d 861, 871 (D.S.C. 2025) (order granting preliminary and permanent injunction), *vacated and remanded*, 165 F.4th 817 (4th Cir. 2026); *Sustainability Institute*, 784 F. Supp. 3d at Ex. A (showing the seven CCGs in the list of grants subject to the district court's injunction). Those seven CCGs were later terminated after the United States Court of Appeals for the Fourth Circuit stayed the lower court injunction in June 2025. Plaintiffs' Motion for Partial Summary Judgment as to Environmental and Climate Justice Block Grant Program and Memorandum in Support, at 8 & n.9, *Sustainability Institute*, No. 25-cv-02152 (D.S.C. Apr. 21, 2026) (describing the termination of the grants after the Fourth Circuit stayed the district court's injunction); see *Sustainability Institute v. Trump*, No. 25-1575, slip op. (4th Cir. June 5, 2025) (staying lower court injunction pending appeal); USAspending.gov, *Assistance Listing: 66.616 Environmental and Climate Justice Community Change Grants Program* (showing period of performance end dates for the seven CCGs in July and August 2025).

⁴³ See Memorandum from Award Official, EPA, to Director, County of Contra Costa, *Termination of EPA Assistance Agreement 5F-97T32001-1 under 2 CFR 200.340* (May 1, 2025).

⁴⁴ Plaintiffs' Motion for Preliminary Injunction, Exs. A-3, B-4, C-4, F-B, M-3, P-3, Q-3, U-2, V-6, X-B, *Appalachian Voices*. Hereafter we refer to the Contra Costa County and other termination notices collectively as "CCG Termination Notices."

The purpose of this communication is to notify you that the U.S. Environmental Protection Agency (EPA) is hereby terminating Assistance Agreement [XXXXX] awarded to [XXXXX]. This EPA Assistance Agreement is terminated effective immediately on the grounds that the remaining portion of the Federal award will not accomplish the EPA funding priorities for achieving program goals. The objectives of the award are no longer consistent with EPA funding priorities.

The EPA Administrator has determined that, per the Agency's obligations to the constitutional and statutory law of the United States, this priority includes ensuring that the Agency's grants do not conflict with the Agency's policy of prioritizing merit, fairness, and excellence in performing our statutory functions. In addition to complying with the law, it is vital that the Agency assess whether all grant payments are free from fraud, abuse, waste, and duplication, as well as to assess whether current grants are in the best interests of the United States.⁴⁵

The termination notices go on to discuss the closeout procedures and the dispute process.⁴⁶ Several grantees also submitted the amendments terminating their grants, which state, in relevant part, that EPA was "asserting its right under 2 [C.F.R. §] 200.340 and the Termination General Term and Condition of this agreement to unilaterally terminate this award."⁴⁷

In an August 22, 2025, letter from EPA to the requester regarding the termination of Contra Costa County's CCG, the agency stated that the grant "provides funding for programs that promote or take part in [diversity, equity, and inclusion (DEI)] or environmental justice initiatives that conflict with the Agency's policy of prioritizing merit, fairness, and excellence in performing our statutory functions. The grant is therefore inconsistent with, and no longer effectuates, Agency priorities."⁴⁸

⁴⁵ CCG Termination Notices.

⁴⁶ *Id.*

⁴⁷ Plaintiffs' Motion for Preliminary Injunction, Exs. A-4, C-3, F-B, M-2, Q-2, U-3, *Appalachian Voices*; see EPA Assistance Amendment, Grant No. 97T32001 (May 1, 2025). Hereafter we refer to the termination amendments collectively as "CCG Termination Amendments."

⁴⁸ Letter from Associate Administrator, Office of Congressional and Intergovernmental Relations, EPA, to Representative Garamendi and Representative DeSaulnier, at 1 (Aug. 22, 2025).

DISCUSSION

At issue here is whether EPA's actions with respect to the CCG Program in 2025 complied with the requirements of the ICA, given that the Administration did not send a special message under the ICA related to the CCG Program. Specifically, this decision focuses on EPA's determination to terminate the CCG Program and the pause in CCG Program expenditures pending termination beginning on or about March 7, 2025, and ending on or about April 28, 2025, as well as EPA's subsequent termination of the CCGs without reobligating the grant funds for other purposes consistent with the ECJ Program.

As explained below, we conclude that EPA withheld funds from expenditure when it paused payments to CCG grantees after deciding to terminate the CCG Program and that the agency withheld funds from obligation when it subsequently terminated the CCGs. We further conclude that these withholdings constituted impoundments under the ICA because EPA had no discretion to withhold funds under the IRA and did not withhold them for programmatic reasons. Because the Administration did not submit a special message proposing to rescind⁴⁹ the CCG funds, EPA's actions violated the ICA.

It is important to understand the constitutional and historical underpinnings of the ICA with respect to the critical role of Congress in exercising its constitutional powers. The Constitution specifically vests Congress with the power of the purse, providing that "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."⁵⁰ The Constitution also gives Congress the exclusive power to legislate, and sets forth the procedures of bicameralism and presentment, through which the President may accept or veto a legislative bill passed by both houses of Congress, and Congress may subsequently override a presidential veto.⁵¹ This process does not grant the President the authority to pass his own laws or to ignore or amend a law duly enacted by Congress.⁵² Instead, the President must "faithfully execute[]" the law as Congress enacts it.⁵³

⁴⁹ As explained below, the ICA describes two types of impoundments—deferrals and rescissions—both of which require the Administration to submit a special message to Congress. Because EPA did not undertake these withholdings for the limited reasons permitted for deferrals, EPA's only option under the ICA was to withhold the funds pursuant to a proposed rescission.

⁵⁰ U.S. Const. art. I, § 9, cl. 7.

⁵¹ *Id.* at art. I, § 7, cl. 2, 3.

⁵² See B-331564, Jan. 16, 2020 (citing *Clinton v. City of New York*, 524 U.S. 417, 438 (1998)).

⁵³ U.S. Const., art. II, § 3.

Once enacted, an appropriation is a law like any other, and the President must implement it by ensuring that appropriated funds are obligated and expended prudently during their period of availability unless and until Congress enacts another law providing otherwise.⁵⁴ In fact, Congress was concerned about the failure to prudently obligate according to its congressional prerogatives when it enacted and later amended the ICA.⁵⁵

The Constitution grants the President no unilateral authority to withhold funds from obligation.⁵⁶ Instead, Congress has vested the President with strictly circumscribed authority to impound, or withhold, budget authority only in limited circumstances as expressly provided in the ICA.⁵⁷ The ICA separates impoundments into two exclusive categories – deferrals and rescissions. First, the President may seek to temporarily withhold funds by proposing a “deferral.”⁵⁸ Second, the President may seek the permanent cancellation of funds for fiscal policy or other reasons, including the termination of programs for which Congress has provided budget authority, by proposing a “rescission.”⁵⁹

In either case, the ICA requires the President to first transmit a special message to Congress outlining the amounts in question and the reasons for the proposed deferral or rescission.⁶⁰ These special messages must provide detailed and specific

⁵⁴ See B-331564, Jan. 16, 2020; B-329092, Dec. 12, 2017 (The ICA operates on the premise that the President is required to obligate funds appropriated by Congress, unless otherwise authorized to withhold.).

⁵⁵ See *generally*, H.R. Rep. No. 100-313, at 66–67 (1987); see *also* S. Rep. No. 93-688, at 75 (1974) (explaining that the objective was to assure that “the practice of reserving funds does not become a vehicle for furthering Administration policies and priorities at the expense of those decided by Congress”).

⁵⁶ See B-135564, July 26, 1973.

⁵⁷ See 2 U.S.C. §§ 681–688.

⁵⁸ 2 U.S.C. § 684.

⁵⁹ 2 U.S.C. § 683.

⁶⁰ 2 U.S.C. §§ 683–684.

reasoning to justify the withholding, as set out in the ICA.⁶¹ The burden to justify a withholding of budget authority rests with the executive branch.⁶²

While the ICA does not circumscribe when funds can be proposed for rescission, it only permits deferral of budget authority in a limited range of circumstances: to provide for contingencies; to achieve savings made possible by or through changes in requirements or greater efficiency of operations; or as specifically provided by law.⁶³ With respect to deferrals, the ICA specifies that the funds at issue are only temporarily withheld and must still be obligated before expiration.⁶⁴

GAO's institutional role is to support Congress, including in Congress's exercise of its constitutional power of the purse. This includes GAO's functions under the ICA, such as reviewing special messages and reporting impoundments the President has not reported.⁶⁵

Application of the ICA to EPA's Actions Related to the CCG Program

When examining whether an agency complied with the ICA, we consider the extent to which the relevant statutory authority affords the agency discretion to withhold or delay the obligation or expenditure of funds.⁶⁶ We also examine whether there was

⁶¹ See *id.*; B-237297.4, Feb. 20, 1990 (vague or general assertions are insufficient to justify the withholding of budget authority).

⁶² See, e.g., B-337137 (May 22, 2025).

⁶³ 2 U.S.C. § 684(b).

⁶⁴ See 2 U.S.C. § 684(a) ("A deferral may not be proposed for any period of time extending beyond the end of the fiscal year"); B-329092, Dec. 12, 2017 ("Any amount of budget authority deferred must be prudently obligated before the end of the period of availability."); 54 Comp. Gen. 453 (1974) (deferral provision should be used when the withholding is temporary and when prudent obligation of funds within the period of availability is not precluded by the withholding). With respect to proposed rescissions, the funds must still be prudently obligated unless Congress acts within 45 days to pass a new law rescinding them. 2 U.S.C. § 683(b). The ICA also does not authorize the withholding of budget authority through its date of expiration. See B-330330, Dec. 10, 2018. As such, so-called "pocket rescissions" are not consistent with the ICA.

⁶⁵ 2 U.S.C. §§ 685–686.

⁶⁶ See, e.g., B-337137, May 22, 2025.

in fact a withholding or delay; if not, the ICA does not apply.⁶⁷ If there was a withholding or delay, we next determine whether such action constituted an impoundment covered by the ICA or merely a “programmatic delay.”⁶⁸ If the agency’s action constitutes an impoundment and the agency did not submit a special message under the ICA proposing to defer or rescind the affected funds, then the agency’s actions violate the ICA.⁶⁹

(1) Statutory Framework

The Clean Air Act provision establishing the ECJ Program states that the EPA Administrator “*shall* use [the] amounts made available . . . to award grants for periods of up to [three] years to eligible entities to carry out [specified activities] that benefit disadvantaged communities, as defined by” the EPA Administrator.⁷⁰ The statute thus required EPA to award such grants,⁷¹ although it neither mandated particular awards to specific grantees nor prohibited EPA from terminating individual ECJ awards or withholding payments to individual grantees.⁷²

The scope of EPA’s discretion under the statute was recently addressed in *Green & Healthy Homes Initiative, Inc. v. EPA*, in which the court examined EPA’s termination of grants under a different ECJ subprogram, the Thriving Communities Grantmaking Program.⁷³ The court concluded that EPA exceeded its authority under the statute

⁶⁷ See, e.g., B-337142, June 16, 2025 (concluding that the U.S. Department of Energy did not take actions to withhold funding for the relevant program).

⁶⁸ See, e.g., B-337137, May 22, 2025.

⁶⁹ See, e.g., B-337208, July 31, 2025; B-337375, June 16, 2025. Although not at issue here, the ICA’s fourth disclaimer prohibits withholding from obligation or expenditure funds appropriated for programs for which there is a mandate to spend, notwithstanding the submission of a special message. See 2 U.S.C. § 681(4); B-337137, May 22, 2025.

⁷⁰ 42 U.S.C. § 7438(b)(1) (emphasis added).

⁷¹ See 42 U.S.C. § 7438(b)(1); *Green & Healthy Homes Initiative, Inc. v. EPA*, 788 F. Supp. 3d 676, 699–700 (D. Md. 2025) (order granting plaintiffs’ motion for summary judgment), *appeal filed*, No. 25-1808 (4th Cir. July 16, 2025); see *Kingdomware Technologies, Inc. v. United States*, 579 U.S. 162, 171–72 (2016) (“Unlike the word ‘may,’ which implies discretion, the word ‘shall’ usually connotes a requirement.”).

⁷² See 42 U.S.C. § 7438. EPA did not rely on the statute as its authority to terminate the CCGs; instead, it cited OMB regulations at 2 C.F.R. § 200.340. See CCG Termination Notices; CCG Termination Amendments.

⁷³ *Green & Healthy Homes Initiative*, 788 F. Supp. 3d 676.

“because it cancelled [those] grants precisely *because* they [were] ‘environmental justice’ programs.”⁷⁴ The court explained that while the statute did not require EPA to fund the plaintiffs or any particular grantee, it did “require that the grant program exist and that these grants support ‘environmental justice’ in some way, as defined by the EPA.”⁷⁵ The court further stated that the statute “prohibit[ed] precisely what EPA did [in that case]: expressly terminating grants *because* they [were] for programs that Congress mandated EPA to fund.”⁷⁶ Applying this reasoning to the CCG Program, the statute did not grant EPA discretion to withhold CCG funds from obligation or expenditure because the agency disagreed with the overarching statutory purposes of the ECJ Program.

(2) Withholding or Delay

EPA withheld funds from expenditure when it paused CCG Program payments from March 7, 2025, until late April 2025. In addition, EPA withheld funds from obligation when it terminated almost all, if not all, CCGs.

By its plain terms, the ICA applies to both obligations and expenditures,⁷⁷ and we have previously determined that an agency withholds funds from obligation or expenditure when it pauses obligations or expenditures for an entire program.⁷⁸ For example, in several recent decisions, we examined actions taken by other agencies in 2025 to implement various Executive Orders.⁷⁹ Each agency paused obligations and expenditures funded by the IRA or other laws cited in the Executive Orders and applied the pause to the program under review in the decision.⁸⁰ We determined in each case that the agency had withheld funds from obligation, expenditure, or both, though we concluded that some of those pauses constituted permissible

⁷⁴ *Id.* at 699 (emphasis in original).

⁷⁵ *Id.* at 700.

⁷⁶ *Id.* (emphasis in original).

⁷⁷ B-337137, May 22, 2025 (*citing* 2 U.S.C. § 681(1); B-200685, Dec. 23, 1980).

⁷⁸ See B-337137, May 22, 2025.

⁷⁹ See B-337233, July 23, 2025; B-337208, July 31, 2025; B-337209, Aug. 5, 2025.

⁸⁰ See B-337233, July 23, 2025 (involving funds appropriated by the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (Nov. 15, 2021)); B-337208, July 31, 2025 (same); B-337209, Aug. 5, 2025 (involving funds appropriated by the IRA).

“programmatic delays” rather than impoundments.⁸¹ Here, EPA withheld funds from expenditure when it paused CCG Program grantee payments in March and April 2025 as part of a broader pause in payments for grant programs slated for termination.⁸²

With respect to obligations, we have recognized that a large-scale termination of grants can represent withholding funds from obligation.⁸³ For example, in B-337375, June 16, 2025, we determined that the Institute of Museum and Library Sciences (IMLS) withheld funds from obligation and expenditure when it terminated approximately 1,200, or 90 percent, of its competitive grants.⁸⁴ Likewise, in B-337203, Aug. 5, 2025, we determined that the National Institutes of Health withheld funds from obligation when it terminated 1,800 grants and paused the award of new grants.

In this case, EPA terminated almost all, if not all, CCGs, representing over \$1.5 billion in obligated funds and over half of the total \$2.8 billion appropriation available for grants under the ECJ Program.⁸⁵ This meant that EPA would likely have needed to reobligate most of these funds⁸⁶ in order to implement the ECJ

⁸¹ See B-337233, July 23, 2025 (programmatic delay); B-337208, July 31, 2025 (impoundment); B-337209, Aug. 5, 2025 (programmatic delay).

⁸² See Voyles Decl., Exs. E–F, *Sustainability Institute*.

⁸³ See B-337203, Aug. 5, 2025; B-337375, June 16, 2025.

⁸⁴ Other withholdings included terminating certain contracts and reducing agency staff. B-337375, June 16, 2025.

⁸⁵ See Voyles Decl., Exs. E–F, *Sustainability Institute*; USAspending.gov, *Assistance Listing: 66.616 Environmental and Climate Justice Community Change Grants Program*.

⁸⁶ The total amount of deobligated funds resulting from the termination of the CCG Program is unclear given that CCG grantees are entitled to payment for allowable costs incurred prior to termination and for closeout costs, meaning that some unliquidated obligations may still exist. See CCG Termination Notices. Based on publicly available information on obligations and expenditures for the program, the amount of deobligated funds could be over \$1.4 billion. See Voyles Decl., Exs. E–F, *Sustainability Institute* (reflecting over \$1.4 billion in unexpended balances for the CCG Program as of March 14, 2025); USAspending.gov, *Assistance Listing: 66.616 Environmental and Climate Justice Community Change Grants Program* (reflecting over \$1.4 billion in unexpended balances for the program based on subtracting total outlays from the total amount previously obligated for CCGs).

Program.⁸⁷ Consistent with our previous decisions, we conclude that these terminations constituted withholding funds from obligation.

(3) Type of Withholding or Delay

Not all delays in the obligation or expenditure of budget authority constitute impoundments under the ICA.⁸⁸ For example, “when an agency is taking reasonable and necessary steps to implement a program or activity, but the obligation or expenditure of funds is unavoidably delayed,” that delay is a “programmatic” one, not an impoundment.⁸⁹ Such programmatic delays include delays in the obligation or expenditure of budget authority that result from agency compliance with statutory requirements.⁹⁰ On the other hand, when an agency lacks discretion to take the action that results in a delay, the delay is an impoundment and not a programmatic delay.⁹¹ As discussed above, EPA did not have discretion to withhold CCG funds from obligation or expenditure because it disagreed with the overarching statutory purposes of the ECJ Program.

When assessing whether a withholding or delay occurred because the agency disagreed with the statutory purpose of the funds at issue, our decisions have examined the agency’s reasons for the withholding or delay and the agency’s efforts to obligate or expend the funds within the period of availability.⁹² For example, in B-337375, June 16, 2025, we concluded that IMLS’s actions, including the termination of 90 percent of its grants, constituted an impoundment because the goal was to prevent spending for purposes “counter to the administration’s priorities,” and the agency was not seeking to repurpose or reobligate the funds for other

⁸⁷ EPA stated in its response that although the funds associated with the terminated grants were initially available for new obligations, those funds were rescinded by OBBBA on July 4, 2025, and were no longer available for obligation. EPA Response, at 3. The status of ECJ Program funds after the rescission is the subject of active litigation, and we do not opine on this issue here. See, e.g., *Appalachian Voices v. EPA*, No. 25-5333, slip op. (D.C. Cir. July 21, 2026) (directing the district court to assess whether the rescission mooted the plaintiffs’ claims).

⁸⁸ B-337137, May 22, 2025.

⁸⁹ *Id.* (citing B-331564.1, Feb. 10, 2022).

⁹⁰ B-337137, May 22, 2025 (citing B-333110, June 15, 2021).

⁹¹ See B-337137, May 22, 2025.

⁹² See B-337375, June 16, 2025.

mission activities.⁹³ We noted that IMLS's actions were "contrary to the amounts directed in the [agency's] FY 2024 and FY 2025 appropriations."⁹⁴

Here, EPA's reasons for terminating the CCGs and the fact that the agency did not reobligate the funds indicate that EPA took such action because it disagreed with the statutory purposes of the ECJ Program. Specifically, the EPA Assistant Deputy Administrator decided to terminate all the ECJ subprograms, including the CCG Program, "for policy reasons."⁹⁵ Similar to the reasons stated by IMLS in B-337375, the CCG Termination Notices explained that the grants would "not accomplish the EPA funding priorities for achieving program goals" and "[t]he objectives of the award[s] [we]re no longer consistent with EPA funding priorities."⁹⁶ The CCG Termination Notices described various agency priorities including "ensuring that the Agency's grants do not conflict with the Agency's policy of prioritizing merit, fairness, and excellence in performing [EPA's] statutory functions," "assess[ing] whether all grant payments are free from fraud, abuse, waste, and duplication," and "assess[ing] whether current grants are in the best interests of the United States."⁹⁷ However, the notices did not specify which of these priorities were at issue with respect to the CCGs.⁹⁸ EPA's August 2025 letter to the requester clarified this point with respect to Contra Costa County's CCG, stating that the award "provide[d] funding for programs that promote or take part in DEI or environmental justice initiatives that conflict with the Agency's policy of prioritizing merit, fairness, and excellence in performing [EPA's] statutory functions. . . . [and was] therefore inconsistent with, and no longer effectuate[d], Agency priorities."⁹⁹ As noted above, the purpose of the ECJ Program was to fund "environmental justice initiatives,"¹⁰⁰ and EPA's letter implies that the agency disagreed with that purpose.

In addition, the evidence indicates that EPA did not intend to reobligate the CCG funds for other grants consistent with the statute, and its actions appeared to foreclose such reobligation. Although EPA stated in its response that it had been working "on plans to fulfill statutory requirements and spend these funds as directed

⁹³ *Id.*

⁹⁴ *Id.* at 10.

⁹⁵ Voyles Decl. ¶ 3, Ex. A, *Sustainability Institute*.

⁹⁶ CCG Termination Notices.

⁹⁷ *Id.*

⁹⁸ *See id.*

⁹⁹ August 2025 EPA Letter.

¹⁰⁰ *See Green & Healthy Homes Initiative*, 788 F. Supp. 3d at 699–700.

by law” after terminating the CCGs and prior to enactment of the OBBBA, EPA’s response did not describe what those plans were and we did not find any other publicly available information demonstrating such plans.¹⁰¹ In addition, the EPA Administrator’s statement that the termination of the CCGs and other grants amounted to “savings for the American people” suggests that the agency did not intend to reobligate the funds for other purposes.¹⁰²

Moreover, the agency’s decision to terminate almost all, if not all, CCGs likely foreclosed reobligation of the funds. Per the terms of the CCG agreements, EPA was required to reobligate uncommitted funds from terminated CCGs to “another [CCG] recipient receiving an award pursuant to” the CCG NOFO.¹⁰³ Given these restrictions, EPA’s actions appear to have effectively precluded the obligation of the CCG funds.¹⁰⁴

Based on the foregoing, EPA’s actions did not constitute the type of unavoidable delays or efforts to comply with statutory requirements that we have previously recognized as programmatic delays. EPA did not have discretion to pause CCG program expenditures or terminate the CCGs because it disagreed with the overarching purposes of the ECJ Program and Congress’s mandate to fund the specified activities. But the available evidence indicates that EPA did just that. Accordingly, EPA’s actions constituted impoundments rather than programmatic delays.¹⁰⁵

¹⁰¹ EPA Response, at 2.

¹⁰² March 10 EPA Press Release.

¹⁰³ CCG Terms and Conditions, § H.3.a.

¹⁰⁴ *Cf.* B-337204.2, Sept. 29, 2025. In that decision, we determined that an agency deobligated grant funds that had since expired and were thus unavailable for new obligations. *Id.* We explained that “if an agency has terminated grants or deobligated grant funds that are no longer available for obligation, the agency has ‘effectively preclude[d] the obligation or expenditure of budget authority’” as described in the ICA. *Id.* at 21 (*quoting* 2 U.S.C. § 682(1)(B)).

¹⁰⁵ We note that even if EPA’s termination of the CCGs was consistent with the ECJ statutory provision, EPA’s discretion was also circumscribed by the terms of the CCG agreements, as well as EPA’s federal award regulations and the OMB regulations incorporated by reference. See EPA Response, at 2; Contra Costa County Agreement; Other CCG Agreements; *see also, e.g., National Environmental Development Association’s Clean Air Project v. EPA*, 752 F.3d 999, 1009 (D.C. Cir. 2014) (“It is ‘axiomatic,’ . . . ‘that an agency is bound by its own regulations’. . . . ‘Although it is within the power of [an] agency to amend or repeal its own regulations, [an] agency is not free to ignore or violate its regulations while they remain in effect.’” (brackets in original) (*first quoting Panhandle Eastern Pipe Line* (continued...)

The ICA does not allow deferrals for policy reasons.¹⁰⁶ Accordingly, EPA's actions to terminate the CCGs and pause the expenditure of funds pending termination would have only been permissible under the ICA if the Administration had submitted a special message proposing to rescind those funds, which it did not do. Therefore, EPA violated the ICA.

CONCLUSION

Based on the information available to us, we conclude that EPA violated the ICA when the agency, without submitting a special message to Congress, withheld funds from expenditure for the CCG Program after deciding to terminate the program and when it withheld funds from obligation by terminating almost all, if not all, CCGs.

GAO's institutional role is to support Congress, including in Congress's exercise of its constitutional power of the purse. This includes GAO's functions under the ICA, such as reviewing special messages and reporting impoundments the President has not reported. Our analysis and conclusions regarding EPA help ensure compliance with the ICA. We do not take a position on EPA's policy goals, and this decision is not to be interpreted as taking a position on the underlying policies entailed. Congress has since rescinded the unobligated balances available for the ECJ

Co. v. Federal Energy Regulatory Commission, 613 F.2d 1120, 1135 (D.C. Cir. 1979); then quoting *U.S. Lines, Inc. v. Federal Maritime Commission*, 584 F.2d 519, 526 n.20 (D.C. Cir. 1978)). These authorities limited EPA's ability to terminate or withhold payments for grants that it determined were no longer consistent with agency priorities. See Notice, *Applicability Date for the Office of Management and Budget's Regulatory Revisions*, 89 Fed. Reg. 55262, 55263 (July 3, 2024) ("an agency may terminate a [f]ederal award if it no longer effectuates the program goals or agency priorities . . . but only when such language is clearly and unambiguously included in the terms and conditions of the award."); see also *Woonasquatucket River Watershed Council*, No. 25-cv-00097, slip op. at 4 (D.R.I. Apr. 28, 2025) (order clarifying preliminary injunction) (addressing EPA pausing payments for certain grants pending termination, including ECJ Program grants, and stating that those pauses were "seemingly in conflict with" the OMB regulation prohibiting the withholding of grant payments except in certain limited circumstances).

¹⁰⁶ *E.g.* B-337375, June 16, 2025 (citing B-331564, Jan. 16, 2020; B-237297.3, Mar. 6, 1990; B-224882, Apr. 1, 1987).

Program and further changes can be addressed through the legislative process with Congress and the Administration.¹⁰⁷

A handwritten signature in black ink, reading "Edda Emmanuelli Perez". The signature is written in a cursive, flowing style.

Edda Emmanuelli Perez
General Counsel

¹⁰⁷ As discussed above, we are not opining on the status of ECJ Program funds following the OBBBA rescission. See note 87, *supra*. However, whether ECJ Program funds were available for further obligation does not affect our conclusion that EPA's actions prior to the enactment of OBBBA violated the ICA.