

Plaskett Raises Concern Over New Federal Grant Rules That Could Disrupt USVI Funding

Plaskett warned that Trump's new Executive Order on federal grantmaking could destabilize vital U.S. Virgin Islands funding, citing sweeping changes to oversight, termination clauses, and cash controls that shift decisions to political appointees.

Federal / **Published On August 27, 2025 06:09 AM /**

Staff Consortium **August 27, 2025**

Image not found or type unknown



V.I. Delegate to Congress Stacey Plaskett has warned that sweeping changes to federal grantmaking ordered by the White House could destabilize funding streams critical to the Virgin Islands. She described the directive, [signed August 7 by President Trump](#), as a “broad national policy” that fundamentally alters how agencies manage and oversee discretionary grant programs.

"Within 30 days of the EO's issuance, every federal agency head must conduct a comprehensive review and submit a detailed report to the Office of Management and Budget Director examining whether their current grant terms allow for termination based on political alignment with Executive branch goals, whether foreign assistance awards can be terminated in the 'national interest,' and provide a complete inventory of all active discretionary awards and their existing termination provisions," Plaskett said. "This rapid timeline forces agencies to fundamentally reassess their grant portfolios and oversight structure under new political criteria rather than established performance metrics."

Plaskett argued that the new framework shifts power away from established processes. "The EO fundamentally restructures federal grant-making by centralizing decisionmaking authority with senior political appointees who will have the power to override traditional peer review processes and terminate awards based on policy alignment rather than program performance," she stated. She added that both new and existing awards will be subject to stricter oversight, requiring affirmative authorization for each fund disbursement and detailed justifications that could delay critical projects.

The changes stem from Executive Order 14332, titled "Improving Oversight of Federal Grantmaking." It directs every grant-awarding agency to appoint a senior political appointee responsible for reviewing funding notices and discretionary awards to ensure they align with agency priorities and the national interest. Until this system is in place, agencies are barred from issuing new funding announcements without approval, unless required by law.

The directive calls for simpler, plain-language application forms, more subject-matter input, interagency checks to prevent duplication, and senior-level review of funding decisions before announcements are issued. Peer review panels may still inform grant decisions, but officials are told not to "ministerially ratify" panel recommendations. Instead, awards must "demonstrably advance the President's policy priorities."

It also sets explicit prohibitions: grants may not be used to "fund, promote, encourage, subsidize, or facilitate" racial preferences, denial of "the sex binary in humans" or claims that sex is "a chosen or mutable characteristic," illegal immigration, or "any other initiatives that compromise public safety or promote anti-American values."

A major focus of the order is cost control. Agencies are instructed to prioritize applicants with lower indirect cost rates, reduce use of funds for administrative and facility costs, and distribute awards among a broader pool of recipients. For research grants, federal support should go to institutions committed to "Gold Standard Science," with standards emphasizing rigor and reproducibility.

Another key provision requires that all discretionary grants include clauses allowing cancellation "for convenience." Agencies must report within 30 days whether existing awards already contain such terms and, where permitted by law, amend agreements to add them. All future awards and amendments must include these clauses as well.

The order further directs agencies to tighten cash management by barring grantees from drawing general funds for projects without prior approval. Each disbursement must be accompanied by a specific written justification, effectively replacing automatic funding flows with a request-and-approval process.

The White House framed the executive order as a response to what it described as "offensive waste of tax dollars." The preamble cites examples such as overseas cultural programs and

pandemic-era laboratory research, declaring: "Every tax dollar the Government spends should improve American lives or advance American interests." It adds that tax revenue is "held in trust for the American people."

The order notes that its provisions do not change statutory authorities or the budget functions of the Office of Management and Budget. Implementation must be consistent with existing laws and appropriations, and the directive does not create any enforceable rights or benefits in court. If any section is invalidated, the remainder remains in force.

For the Virgin Islands, the order could significantly affect agencies, hospitals, schools, and nonprofits that rely on federal grants. Local recipients can expect funding notices written in clearer language but subject to heavier scrutiny, potential limits on overhead recovery, and expanded leadership review before awards are issued. New agreements are expected to include stronger termination clauses, existing grants may be amended to permit cancellation, and cash drawdowns will require stricter documentation and written approval.

Plaskett warned that such changes create uncertainty for the Territory, where federal grants fund disaster recovery, infrastructure, education, and social services. "Under this new framework, it's unfortunate that even long-term projects and multiyear commitments may be altered or eliminated, creating uncertainty in fiscal and economic planning, based on political alignment rather than program performance," she said.

She concluded by urging vigilance. "Moving forward, the Virgin Islands must be extremely vigilant about how we manage and spend federal grant funding. I remain committed to working in collaboration with territorial leadership, federal agencies, and community partners to protect the interests of the Virgin Islands and ensure our residents continue to receive the federal support they deserve and need."