

Federal Policy Developments Digest

August 26, 2025

Supreme Court Allows NIH To Move Forward with Cutting Almost \$800M in DEI-Related Grants (8.21.25)

The Supreme Court has [halted](#) a lower-court ruling by U.S. District Judge William Young from June that had ordered the administration to restore \$783M in NIH grant funding, citing racial and LGBTQ+ discrimination in the NIH's cancellations. The Supreme Court ruled that the district court likely lacked jurisdiction to hear challenges to the grant terminations. However, it left [intact](#) the district court's finding that the NIH's guidance – which prompted the DEI-related cuts – was illegal. That ruling is currently being [litigated](#) in appellate court. Due to this Supreme Court ruling, the groups seeking to challenge the NIH cuts must now file separate lawsuits in the Court of Federal Claims, which hears monetary claims against the federal government. Because this case was decided on the emergency docket, there is little explanation for the high court's ruling.

Implications/next steps: This ruling is a major [setback](#) for institutions that were seeking to restore NIH grants. Justice Ketanji Brown Jackson said in her dissent that grant recipients will now be sent “on a likely futile, multivenue quest for complete relief,” and Massachusetts Attorney General Andrea Campbell added that grant recipients will have “to jump through more hoops” to restore grant funding. This ruling is also another signal that the Trump administration will likely continue to find success via the Supreme Court's emergency docket. Critics have [expressed](#) disapproval that the high court has made so many decisions on the emergency docket, where justices typically don't hear oral arguments and briefings are limited.

Future of Hispanic Serving Institutions (HSIs) in Jeopardy As Department of Justice Rules Definition of HSIs Unconstitutional (8.22.25)

The Department of Justice [announced](#) that it will not defend HSIs against a lawsuit alleging that the current way in which HSIs are defined is unconstitutional. The [legal complaint](#) was filed by Students for Fair Admissions (the group that sued Harvard and UNC-Chapel Hill, leading the Supreme Court's affirmative action ban) and by the state of Tennessee in June. The complaint alleges that the ethnicity-based requirement – in which at least a quarter of an institution's student body must be Hispanic to qualify – is unconstitutional.

Implications/next steps: There are currently about 600 Hispanic-serving institutions, which are now in [danger](#) of losing federal funding they receive due to their HSI status. Leaders at HSIs have shared that the program is an important source of funding – particularly since their institutions have been traditionally underfunded – and that the funding serves students of all races and ethnicities at their institutions. It is [unclear](#) as of yet whether the federal government's stance will effectively end the program or allow for a modified version to survive.