

Endangering US Foreign Policy in Hasty USAID-State Merger

The unprecedented scale and pace of USAID's closure carry serious implications for U.S. foreign policy and national security, and threaten to usurp Congressional oversight of appropriated funds. An [information report](#) from the State Department's Office of Inspector General (OIG), released on May 12, concluded that the Department will face **substantial structural and operational challenges in absorbing USAID functions**. Unless long-standing deficiencies in oversight, planning, staffing, and systems at State are addressed, the realignment risks failing to achieve its stated goals of efficiency, accountability, and alignment with U.S. foreign policy.

Key Upcoming Milestones:

- **By June 15, 2025:** Nearly all Foreign Service Officers will have departed their overseas post.
- **By July 1, 2025:** 8,500 of USAID's 10,000 staff will have been off-boarded.
- **By mid-August 2025:** All USAID overseas Missions will be closed.
- **By September 2, 2025:** The remaining 1,500 staff will be off-boarded.

Latest Actions Undermining Congressional Oversight Powers

This shutdown involves the transfer of USAID's appropriations and authorities to the Department of State via an Interagency Agreement (IAA) executed under the Economy Act (31 U.S.C. § 1535), signed on May 1, 2025. While the Economy Act authorizes agencies to procure services from one another, **it was never intended to enable a wholesale transfer of appropriated funds and personnel in a manner that bypasses Congressional authority and intent**. Supporting documents reveal that the State Department plans to hire temporary personnel to assume functions previously performed by USAID direct-hire staff by June 1—in many cases not through a merit-based competitive process, but rather via opaque negotiations.

USAID terminations have been carried out without adherence to governing Reduction in Force (RIF) statutes and regulations. There has been no effort to retain qualified personnel as responsibilities shifted, no compliance with the provisions of the Foreign Service Act, and no transparency regarding retirement eligibility or severance calculations for affected employees. The failures place the U.S. Government at risk of violating federal employment law.

Moreover, the relatively low number of temporary personnel slated for retention significantly increases the risk of waste, fraud, and abuse—given the sheer volume of programs that now must be managed by drastically reduced staff. For example in East Asia, USAID will go from 241 planned U.S. direct hire staff to 15 individuals on temporary contracts, to manage over \$426 million in programs.

The closure of USAID Missions and the transfer of statutory authorities would ordinarily require Congressional authorization under the Reorganization Acts of 1939 and 1977. To date —despite stating that “[their goal is to work with Congress to reorganize USAID](#)”— only **one** Congressional Notification has been submitted related to these sweeping changes. While the State Department’s [reorganization plan](#) includes portions of USAID now under its authority, it accounts for only a small fraction of USAID’s total appropriated funding for complex, multi-year programs. Alarming, no Congressional hearings have been held to examine the merger, its legal justification, or its far-reaching implications—despite the unprecedented scale and consequences of this reorganization.

Implications: National Security Threats, Waste, Fraud, and Abuse

The consequences of USAID’s closure are profound and far-reaching. USAID’s foreign-national staff— highly skilled and deeply embedded in local networks— have been abruptly terminated without transition planning. Their sudden departure severs decades of institutional knowledge and longstanding partnerships across critical regions. The resulting resentment and sense of abandonment threatens to increase U.S. national security threats and undermines U.S. credibility as a reliable partner— especially amid escalating global instability.

The abrupt shuttering of USAID also poses immediate fiscal and operational threats with heightened risk for waste, fraud, and abuse. The transfer of funds to the Department of State is occurring at a time when the Department is itself undergoing a major reorganization and remains under active scrutiny by the [GAO](#) and [Inspector General](#) for deficiencies in managing its existing foreign assistance portfolio, prior to the addition of billions in USAID funding. Additionally, with Missions closed and all staff off-boarded, no mechanisms will remain to safeguard U.S. government property abroad. Many assets— including sensitive materials— are still in the custody of shuttered local and international contractors. In the absence of a formal disposition plan, **credible concerns have arisen regarding the diversion, misuse, or sale of U.S.-funded assets.**

This mismanaged process also carries significant legal and financial risk. Past failures, such as the *Evans v. Atwood* (1999) case, resulted in court rulings against the U.S. government for improperly executed reductions in force (RIFs). A similar legal challenge today—magnified by the scale affected direct-hire employees—**could expose taxpayers to billions of dollars in liability.**

Congressional Action Critical Now

Congress must act swiftly to assert its constitutional oversight authorities on appropriations.

These legal, diplomatic, and operational risks demand immediate oversight and corrective action. The speed and opacity of this full-scale closure, executed without required legal processes or legislative consultation, leave the U.S. Government vulnerable to long-term damage. Bipartisan Congressional engagement is essential to protect U.S. interests, uphold the law, and restore accountability in the use of appropriated resources.

Information in this document reflects the status as of May 12, 2025, and will be updated as new developments occur. For questions, meeting inquiries, or resources on the benefits of USAID and foreign assistance you can reach us at congressaidletters@gmail.com.