

The Trump Administration's Foreign Assistance Review: Nuts and Bolts Issues and Congress's Role

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On January 20, 2025, President Donald J. Trump signed [Executive Order 14169](#), “Reevaluating and Realigning United States Foreign Aid,” directing a review of all U.S. foreign development assistance alongside a 90-day pause in obligations and disbursements. The State Department (State) [followed by](#) pausing not only development assistance, but also most humanitarian and security assistance. The U.S. Agency for International Development (USAID) ordered implementers to stop work except to wind down operations. Secretary of State Marco Rubio authorized [some programs](#) to resume, but [implementation](#) has reportedly been [unreliable](#). Secretary Rubio [announced](#) on March 10 that 83% of USAID programs would be terminated, and State [would administer](#) those remaining. The review’s status is unclear after [reportedly being extended](#) in April. On May 28, the Administration submitted a [rescission request](#) that included prior foreign assistance appropriations.

Such actions raise myriad considerations for Congress as it shapes foreign assistance policy. This product profiles select issues, with a focus on Congress’s tools for steering programs historically managed under USAID.

Review criteria. State [directives](#) indicated review criteria would be finalized in mid-February, followed by a two-month staged review process. State indicated the review was closed twice, [in late February](#) and [again in mid-March](#), during which a [survey](#) that USAID distributed as part of the review was still pending with implementers. Officials reportedly [reopened the review](#) in April and [cut more programs](#). Secretary Rubio [stated](#) that aid must achieve “at least one of three objectives”: making the United States stronger, safer, or more prosperous. He [testified](#) to personally reviewing and terminating each award. Secretary Rubio [told congressional committees to expect consultations](#), but it is unclear if State developed criteria beyond the three objectives. Congress may request review documentation, including key decisionmakers, use of surveys and other inputs, and how congressional committees were engaged.

Implementer impacts. The Administration authorized some programs to resume without [paying](#) invoices [on time](#), despite [court orders](#). [Contractors](#) and [grantees](#), some reportedly facing [bankruptcy](#), may not pause work over nonpayment. Some projects reportedly were [frozen](#), [relaunched](#), [terminated](#), then [un-terminated](#). Implementers [across government](#) may consequently be cautious about federal partnering.

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Congress may consider examining any impacts, weighing legislation [on the implementer base](#), changing [fee caps](#) or [interest penalties](#), or codifying procedures for future reviews.

Cost recovery and fiduciary risks. Rapid award terminations could trigger cost recovery risks. During a mid-1990s downsizing, USAID determined missions needed to make decisions a year before closure to minimize additional costs. Otherwise, implementers may [pay extra severance](#), [lose inventories](#), face lease penalties, unnecessarily [repatriate property](#), or [be sued over unpaid taxes or wrongful terminations](#). The government [must reimburse](#) such costs for [many](#) awards terminated “[for convenience](#),” reportedly [the basis](#) for most aid terminations, and may [face lawsuits itself](#). Implementers’ [medicine](#) and [food aid](#) reserves may spoil without [distribution networks](#) and [temperature-controlled storage](#), and projects disbanding may complicate an ongoing Inspector General [audit](#). Congress has [long scrutinized aid delivery costs](#) and may request cost or risk estimates, create aid stewardship standards, amend cost recovery principles, or direct investigations of potential mismanagement to terminate awards for cause rather than convenience.

Rescission or impoundment. At least [\\$8.6 billion](#) of unobligated FY2024 (as of April 18) USAID-managed funds expire in September. The Administration largely omitted expiring balances in its rescission request and has [not](#) issued new [solicitations](#) to supplant terminations. The Administration’s lead budget official views the President as having [several tools](#) to cut funding, including rescissions, “[pocket rescissions](#)” he [described](#) as not requiring legislation, and other [impoundments](#) ([delaying or withholding](#) enacted funding). Congress may consider enacting, adjusting, rejecting, or clarifying rescission requests; seeking impoundment messages [if not transmitted](#); or amending impoundment procedures to align presidential tools with congressional aims.

Legislative directives. [Foreign aid appropriations](#) set funding for select countries and initiatives, including laws on [food security](#), [African electrification](#), [HIV/AIDS response](#), [state fragility](#), and [education](#). In mid-May, officials [were evaluating](#) “appropriate next steps” regarding an [order](#) to make funding available. Apparent [removal](#) of [implementation materials](#) on [statutory aid initiatives](#) and absence of mandated pre-obligation [notifications](#) could arguably signal the Administration views its “[vast](#)” foreign affairs powers as beyond congressional authority. The President is to notify Congress of noncompliance with spending limitations or requirements “on constitutional grounds” under [Section 7017](#) of FY2024 appropriations. Members may assess obligation or noncompliance notifications and evaluate revising funding directives to accommodate constitutional prerogatives.

Issuing awards. Making expiring funds available for obligation, as current law requires, may necessitate process adjustments. USAID [historically](#) took over six months to design and award projects, and expediting may be challenging given State’s [smaller contracting workforce](#) and [past](#) Inspector General [concerns](#) about award management. Implementer insolvency and professionals’ [departure from the development sector](#) may also preclude bidders from submitting acceptable proposals. New award management staff in State’s [budget request](#) may take time to hire, and the budget proposes overall workforce cuts. The agency may adopt streamlined partnering approaches, such as budget support to governments, but such partnerships are [controversial](#) and not consistently faster. Congress may ask State to outline its award-making plans, assess modifying awards against issuing new ones, or provide new management resources to State.

Tabulating costs averted. Officials’ [estimates](#) of aid cuts [vary](#), and any savings depend on the award. Some terminated awards were [standby mechanisms](#) that expedite but do not award funds. Others had little funding obligated, while some may have already been fully spent down. To weigh rescission proposals, Members may require details on awards terminated, savings calculations, and outstanding uncertainties.

Institutional knowledge. Materials on [USAID’s website](#), [archived websites from prior Administrations](#), and [USAID’s document repository](#) have been taken down. Terminated projects mostly have not completed final reports or been evaluated, despite a [2016 aid evaluation and transparency law](#). Congress

may direct the Administration to finance final reports and evaluations, relaunch websites, update websites to reflect any new priorities and activities, or retain historical materials.

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