

OneUSAID FLASH UPDATE:

The Trump Administration Just Cancelled Thousands of USAID Programs – Including Hundreds of Life-Saving Activities – to Skirt Its Legal Obligations

- The sudden termination of over 5,000 USAID awards and contracts **is a catastrophic blow to USAID’s implementing partners and the populations they serve, likely bankrupting many, and shuttering lifesaving and important programs forever.**
- Instead of complying with a court order to reimburse USAID partners by midnight tonight for the nearly \$2 billion owed for programming already provided prior to Trump’s inauguration, and to resume USAID programs that had not been reviewed, Director of the Office of Foreign Assistance and acting USAID Deputy Administrator, Pete Marocco, chose to shut down thousands of programs by terminating the awards.
 - It appears this may have been done to make the case that the entire suit brought by the plaintiffs was moot because the review had been completed or as an excuse for not making the payments yet because the review consumed the majority of the administration’s time so they were unable to make the payments. *[NOTE: As of publication, the administration is now taking the case to the [Supreme Court.](#)]*
 - In their haste, the administration reportedly terminated multiple contracts that had already received a waiver for life-saving humanitarian assistance such as emergency food, shelter, and medicine.
- The administration claims it has conducted a “good-faith, individualized assessment of [each] contract or grant,” but this simply cannot be true after just 30 days in office, especially without the staff required to undertake such a review, because they have been put on administrative leave, terminated, or furloughed.
 - According to [Charles Kenny of the Center for Global Development](#): If the administration’s submission to the court that Secretary Rubio “**made a final decision with respect to each award, on an individualized basis,**” were true it would mean **that the Secretary reviewed one award every minute and twenty seconds in the eight days between 2/18 and 2/26.**

Just Some of What’s Been Eliminated...

- Contracts with U.S. factories in Georgia and Rhode Island that produce a vital treatment for the most malnourished children in the world, including for emergency response in Gaza and Syria.
- Contracts with the LA County and Fairfax County Urban Search and Rescue teams who are deployed to respond to natural disasters like earthquakes and hurricanes globally.
- Work with American universities to strengthen global food security, including a project at Purdue University to reduce foodborne pathogens and improve food handling practices worldwide. This helps prevent the spread of foodborne diseases that can affect imported foods as well as American travelers.
- A project in the Democratic Republic of Congo that operates the only source of water for 250,000 people in camps for displaced people located in the center of current fighting.
- Almost all of the Global Health Supply Chain project, which helps lifesaving medical supplies reach countries and health facilities all around the world.

- A project in Sudan that runs the only operational health clinics in one of the biggest areas of the Kordofan region, cutting off all health services.

ACTION: Call or email your Senators and Representative, pick one of the programs that has been cut, and ask them to demand a specific explanation for why it has been cut.

Background on How USAID Payments Work

- USAID's contractor partners finance the up-front costs of the work they perform for USAID. They are mostly small and mid-sized businesses and they invoice the U.S. government in arrears for those costs. Other USAID partners, mainly non-profits, depend on advance funding through the U.S. Government's letter-of-credit system to perform cooperative agreements and grants they have been awarded.
- USAID currently owes hundreds of millions of dollars to American companies for work performed under Congressionally approved, competitively awarded contracts prior to the change in Administration. Much of that balance is more than 30 days past due, in violation of the [Prompt Payment Act](#). USAID owes hundreds of millions more for the ongoing costs of its foreign assistance programs in the month since January 20.
- **The impact was already being felt before today:**
 - The impact of USAID's failure to meet basic contractual obligations is profound: tens of thousands of Americans furloughed or terminated; subcontractors, landlords, and vendors abruptly cut off from contracted funds; billions of dollars in life-saving medicines and food aid left undistributed.
 - Banks that finance government contractors are losing faith in the credibility of U.S. Government receivables and they are no longer assigning the full value to valid invoices on contracts entered into by the Department of State and USAID. The full faith and credit of the U.S. Government is in question.
 - Many USAID contractors are employee-owned. It is not only the salaries of employee-owners at risk from USAID's failure to pay. Hundreds of millions of dollars in Employee Stock Ownership Plan (ESOP) retirement savings are in jeopardy.
- This now could be the death knell for the vast majority of USAID's partners, especially smaller contractors and NGOs, including USAID's local partners that the Agency was actively working to increase the number of to advance self-reliance and efficiency.
- **There are also issues around improper award closure and oversight concerns:**
 - The closeout of USAID awards is a multi-step process that involves multiple teams and Bureaus across the Agency. It ensures that all U.S. taxpayer dollars are properly accounted for and that U.S.-funded vehicles, medical equipment, and pharmaceuticals are properly disposed of or re-purposed for good use.
 - The hasty termination of thousands of awards means that these crucial steps—which promote accountability and oversight of taxpayer funds—cannot realistically be completed in a timely fashion.