

USAID Shutdown Costs Top \$6 Billion, Internal Estimate Shows. By Ian Kullgren and Jack Fitzpatrick, Bloomberg, 26 Jun 2025

The closure of US Agency for International Development was one of the first and most expansive steps taken by President Donald Trump and his new Department of Government Efficiency.

Dismantling the US Agency for International Development will cost more than \$6 billion, including hundreds of millions needed to fight legal challenges over the shutdown and dismissal of thousands of its workers, according to a State Department draft assessment.

The previously unreported estimate was included in a seven-page memo, dated June 3, prepared for Secretary of State Marco Rubio and signed by nine State Department aides.

It's unclear whether Rubio has personally reviewed the memo, which Bloomberg Government obtained and confirmed with four people who have seen it. A State Department spokesperson declined twice to comment on the \$6 billion draft estimate. And an inquiry to the press email address went unanswered.

Still, the internal estimate raises questions about how much President Donald Trump will ultimately save taxpayers by closing USAID and other agencies as part of his promise to rein in government spending.

The dismantling of USAID was one of the first and most expansive steps Trump took after he tapped Elon Musk to oversee the newly formed Department of Government Efficiency.

Musk claimed USAID — which for decades sought to strengthen US alliances worldwide by administering humanitarian and economic aid — was rife with corruption and waste, though he offered little evidence. Nearly all of its 10,000 staffers have since resigned, accepted a buyout, or were dismissed.

A [DOGE website](#) dedicated to government savings lists individual USAID contracts and grants among the programs it says have yielded billions of dollars in savings. But the site — last updated June 3 — lacks the contract details. Critics have repeatedly assailed the DOGE website for inaccuracies.

The conventional wisdom that the food and medical aid the agency provided would prevent war clashed with Trump's "America First" doctrine, which prioritizes the needs of US citizens over other countries.

USAID managed more than \$35 billion in grants and aid programs in fiscal 2024, according to the Congressional Research Service. Its operating budget that year — covering employee pay, capital expenditures, and other overhead costs — was closer to \$2 billion, according to the State Department.

The USAID assessment, written by Jeremy Lewin, a senior DOGE official leading the agency's shutdown, said nearly \$6 billion would be needed to close out contracts the agency had already negotiated.

"Settlement of terminations and closeouts for USAID activities will take an extended period of time, requiring support to close out thousands of recently or soon-to-be terminated awards and tens of thousands of expired awards," the memo says.

In particular, the administration forecasts \$344 million will be needed to fight legal battles with contractors and USAID staff who contend they were terminated illegally.

"There are large numbers of pending and projected litigation matters and grievances to be resolved," the memo says, predicting the agency will still need a general counsel, six attorneys, and contracted help from an outside law firm.

In addition, it says USAID has more than 100 owned and rented properties worldwide that need to be sold, decommissioned, or transferred.

The document also cites a "very large backlog" in off-boarding, with more than 4,000 workers leaving the agency, requiring USAID to maintain a skeleton human resources staff deep into 2026.

The government already faces a labyrinth of lawsuits over Trump's actions to fire at least tens of thousands of workers, cancel union contracts, and target perceived enemies in independent agencies. Last week, a federal judge ordered the State Department to freeze planned staff cuts, saying the administration violated an earlier layoff freeze.

USAID this month [backtracked](#) on some layoffs, offering about 800 staffers eight weeks of extra pay to keep working until their planned layoff dates. Some employees will be needed to stay and respond to "grievances and litigation," and repatriate workers stationed abroad, the administration said in a notice to workers.

The tear-down of the US's soft-power apparatus has received pushback from some Republican lawmakers, especially as Trump tries to manage a volatile situation in the Middle East after the bombing of three Iranian nuclear sites.

Rep. Michael McCaul (R-Texas), a former chairman of the House Foreign Affairs Committee, said USAID may be the US government's only human presence in certain areas, such as Yemen.

Musk "wanted to actually shut down everything and then built it up, rather than take things off and reform," McCaul said in an interview with Bloomberg Government this week. That approach may work for businesses, but isn't as effective "when you're talking about foreign policy and life-saving things" including USAID and the HIV/AIDS program PEPFAR, he added.