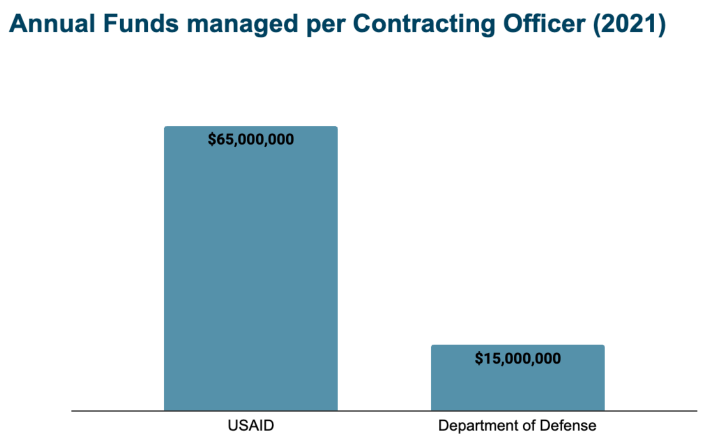
Staffing Cuts Invite Waste, Fraud, and Abuse

Previous staffing cuts at USAID undermined the agency's ability to effectively manage programming, with multiple Office of Inspector General's (OIG) reports highlighting increased risk of waste, fraud, and abuse due to reduced oversight. These challenges are now escalating. With the current 100% staff reduction at USAID, a planned 15% cut at the State Department, and a lack of a coherent strategy to fill critical development expertise, there are serious concerns about the future viability of foreign assistance programming. These staffing gaps severely compromise the U.S. government's ability to manage taxpayer-funded development efforts responsibly and the State Department risks failure in delivering effective, accountable foreign assistance.

Mismatch Between Foreign Assistance Funding and Oversight Capacity



Even before January 20, 2025, USAID's staffing levels were insufficient to provide adequate oversight and limited the agency's ability to quickly adapt development contracts to evolving humanitarian conditions. These challenges are long-standing: for over two decades USAID faced a growing portfolio of assistance funding without corresponding increase in staffing.

A GAO report found that the agency's workforce worldwide declined from approximately 8,600 in 1962 to about 3,200 in 1990.[1] According to the Congressional Research Service, staffing fell to fewer than 2,000 by 2000, leading to a significant loss of technical and professional expertise. As a result, USAID was forced to outsource many functions that were traditionally considered inherently governmental.[2] A subsequent GAO report noted that between 2004 and 2009,while the Agency's staff declined 3%, its budget surged by 92%.[3]

This trend has continued: between fiscal years 2014 and 2023, USAID's foreign assistance funding grew 64% faster than its staffing budget. [4]

[1] GAO, "Foreign Assistance: Strategic Workforce Planning Can Help USAID Address Current and Future Challenges," GAO-03-946, September 23, 2003.

[2] Congressional Research Service, "U.S. Agency for International Development (USAID): Background, Operations, and Issues," updated July 21, 2015, pp. 31, 33-34.

[3] GAO, "USAID Needs to Improve its Strategic Planning to Address Current and Future Workforce Needs," GAO-10-496, June 2010, p. 4.

[4] Calculation derived by dividing the total amount of foreign assistance disbursed by the agency by its total operating expenses. USAID Inspector General Paul Martin, "Review of the Fiscal Year (FY) 2025 Budget Request for USAID," April 9, 2024, p. 4.

A 2021 report by USAID's OIG on the agency's humanitarian response in Syria revealed "significant programmatic weaknesses and fraud and abuse," attributing these issues to agency-wide deficits in humanitarian programming oversight. The report cited insufficient staff to manage fraud risk, inadequate training, and the lack of a tailored anti-fraud strategy for humanitarian assistance.[5] While USAID took steps to address some of these issues by 2023, the OIG again identified oversight of humanitarian aid as a top concern that year—and reaffirmed this in a May 23, 2025 report.[6]

A separate 2024 USAID OIG report linked a range of agency challenges to staffing constraints, including the absence of essential guidance and procedures and an inability to directly fund local partners.[7] As one former USAID/Afghanistan Mission Director put it, "USAID outsource[d] its implementation because of the way Congress divide[d] its appropriations between a small pot for operating expenses to run the agency and a much larger allocation to finance programs."

The persistent staffing challenge is unlikely to be resolved by folding USAID into the Department of State. The Department has announced plans to hire fewer than 600 development experts[8] to manage a foreign assistance budget exceeding $10 billion, per FY26 President's Budget Request. These positions are intended to replace 100% of the USAID staff worldwide who are slated for reduction-in-force (RIF) by September 2.

Congressional Action Items:

In addition to Congressional Notifications, and reports required by statute, Congress should:

★ **Require Department of State to provide data on the ratio of foreign assistance dollars to direct hire staff providing both:**
   - Oversight, and
   - Technical implementation expertise.

   HFAC and SFOPS should set a benchmark for what they consider acceptable staffing ratios.

★ **Appropriate sufficient Operating Expenses funding** to keep the dollars-to-staff ratio within the set benchmark.

★ **Mandate quarterly, semi-annual, or annual reporting to Congress** to monitor staffing levels and assess whether they are keeping pace with development dollars.

[5] USAID, "Weaknesses in Oversight of USAID's Syria Response Point to the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance," Office of Inspector General, March 4, 2021, pp. 2, 9, 12.
[6] USAID, "Top Management Challenges Facing USAID in Fiscal Year 2023," Office of the Inspector General, p. 3.; USAID OIG, "Semiannual Report to Congress," https://oig.usaid.gov/node/7694.
[7] USAID Inspector General Paul Martin, "Review of the Fiscal Year (FY) 2025 Budget Request for USAID," April 9, 2024, p. 4.
[8] Note these are the estimated numbers per announcements by State officials as of May 29, 2025.