

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSION
Foreign Assistance Requirements
OMB Number 1405-XXXX**

A. JUSTIFICATION

1. Why is this collection necessary and what are the legal statutes that allow this?

To ensure that foreign aid is aligned with administration policy and promotes human flourishing, the President has directed the Secretary of State to reinstate the Mexico City Policy. In addition, the Secretary of State has directed that foreign assistance align with State Department policies opposing gender ideology, discriminatory equity ideology, and unlawful diversity, equity, and inclusion programs. Consistent with these directives, as a condition of receiving foreign assistance, recipients must generally agree to the award terms pursuant to the following policies: Protecting Life in Foreign Assistance, Combating Gender Ideology in Foreign Assistance, and the Combating Discriminatory Equity Ideology in Foreign Assistance. These policies are referred to collectively as the Promoting Human Flourishing in Foreign Assistance (PHFFA) Policy, and are authorized by 22 U.S.C. 2151, 2451, 1461, and 2 CFR part 200. They were codified by rulemaking in 2 CFR parts 602, 603, and 604, and are effective February 26, 2026.

2. What business purpose is the information gathered going to be used for?

Foreign NGOs, U.S. NGOs, and international organizations are required to comply with the policy stated in the three rules comprising the PHFFA Policy (see paragraph 1) (foreign governments and parastatals may also be required to comply with the policies, but those entities are not "persons" under the Paperwork Reduction Act, thus not covered by the Act).

The PHFFA Policy requires recipients of U.S. foreign assistance funds to maintain records and make business records available upon request, which is a requirement subject to the Paperwork Reduction Act. Specifically, recipients of foreign assistance must maintain records for activities they perform that are funded by federal grants, separate from activities funded from other sources, and must make the records relating to the former activities available for inspection upon request. Foreign assistance grantees must ensure that award terms flow down to subrecipients of such assistance as applicable.

This standard record keeping requirement should not be conflated with the separate requirement applicable only to U.S. NGOs seeking to undertake activities otherwise prohibited under PHFFA to keep such activities physically and financially separate from activities funded by awards to which PHFFA is applicable. In this context, the existence of separate, accurate accounting records for the two different sets of activities may be relevant to determining whether those activities are sufficiently physically and financially separate to satisfy PHFFA requirements.

3. Is this collection able to be completed electronically (e.g. through a website or application)?

Respondents may maintain records in any format consistent with the PHFFA grant terms.

4. *Does this collection duplicate any other collection of information?*

No.

5. *Describe any impacts on small business.*

The regulations that require this record keeping are applicable equally to large and small grantees. The burden imposed as a result of this record-keeping requirements is directly correlated with the number of federal grants managed by a business.

6. *What are consequences if this collection is not done?*

The recordkeeping requirement is essential for the Department to monitor compliance with federal grant terms and the use of taxpayer dollars consistent with U.S. policy.

7. *Are there any special collection circumstances?*

No.

8. *Document publication (or intent to publish) a request for public comments in the Federal Register*

The Department is publishing a *Federal Register* notice, soliciting comment for 30 days. The Department published a 60-day notice for this information collection on April 6, 2026. 91 FR 17322. The Department received three relevant comments.

Summary of InterAction Comment

InterAction's central argument is that the Department's burden estimates fail to capture the real operational costs of PHFFA compliance, particularly because the regulations require organizations to assess activities and funding streams beyond a single U.S. Government award. Training costs are understated: one member organization consolidated training across three related regulations but still had to run both introductory and specialized HR-focused sessions, with more anticipated as interpretation evolves — meaning these are recurring, not one-time, costs. A second major cost driver is ambiguity around allowable activities; without clear definitions or standardized documentation expectations, organizations cannot direct compliance resources efficiently and must repeatedly engage legal review. Subaward relationships compound the burden further — prime recipients must determine which PHFFA requirements apply to which partners, monitor activities funded by non-U.S. donors to assess overall organizational compliance, and in some cases provide technical assistance to partners struggling to interpret the rules against their own funding structures. InterAction warns this could push smaller local and national organizations out of U.S.-funded programs altogether, given their limited administrative capacity. Finally, the comment flags unresolved retention-period questions (duration, post-award cost allocation, audit-triggered extensions, and translation of non-English records) as a gap likely to cause organizations to over-retain records defensively, inflating costs further. InterAction's asks are narrow and specific: clarify the scope of monitoring for non-

federally-funded activities, and ensure any new compliance IT tools integrate with existing nonprofit systems rather than adding parallel administrative layers.

FAO Response:

The Department of State acknowledges InterAction for its comment submitted in response to the 60-Day Notice of Proposed Information Collection: Foreign Assistance Requirements (Public Notice 12977, 91 FR 17322, April 6, 2026).

The Department acknowledges the compliance requirements on prime and sub-recipients, and will consider further additional information regarding the scope of prime recipient monitoring obligations with respect to non-U.S. Government-funded activities. The Department also notes InterAction's concern regarding potential compliance costs and will take these issues into consideration.

Regarding InterAction's points on record retention, the guidance outlined in 2 CFR 200.334 (Uniform Guidance) shall apply. Records must generally be retained for three years from the date of the final expenditure report, subject to applicable exceptions.

Taking note of InterAction's observation on technology and automation, the Department does not require recipients to maintain technological or automated compliance systems for the purposes of PHFFA compliance. To the extent a recipient implements a PHFFA-specific technological or automated monitoring system, the Department suggests that any technological solutions should be designed to integrate with existing compliance systems wherever possible.

Regarding InterAction's observations on award budget structures appropriately accounting for PHFFA compliance costs, particularly for organizations managing complex partner networks, the Department takes seriously its obligations under the PRA to ensure burden estimates are accurate, information collections are clear and useful, and reporting burden is minimized. *See* 44 U.S.C. § 3506(c)(2)(A)-(C). The Department remains committed to maintaining an open dialogue for ongoing feedback in relation to the demonstrated burden estimates.

Conclusion

The Department thanks InterAction for its comment. The Department is committed to working with the implementing partner community to ensure that PHFFA compliance requirements are clear and accurately reflected in the burden estimates submitted to OMB.

Summary of National Catholic Bioethics Center Comment and FAO Response.

The NCBC provides an argument focused on Title X of the Public Health Service Act. The Department does not implement Title X programs.

Summary of The Council for Global Equality Comment

CGE's comment is a procedural challenge under the Paperwork Reduction Act, not a policy critique of PHFFA's substance. The core claim is that the Notice fails all four PRA evaluation criteria because it discloses almost nothing about what records must be kept, why the collection

is necessary, or how it will be used — stating only that recipients must maintain records "separate" from non-federally-funded activities and make them available on request. CGE identifies a specific legal defect here: the underlying Rules only require U.S. NGOs to keep separate records, yet the Notice/Supporting Statement extend this obligation to foreign recipients as well, a requirement they argue appears nowhere in the Rules themselves. On burden estimation, CGE documents two concrete numerical inconsistencies: a 52,500-hour gap between the Rules' estimate (652,500 hours) and the Notice's estimate (600,000 hours), and an approximately \$85 million discrepancy in per-hour cost assumptions (\$175/hour in the Rules versus \$50/hour in the Supporting Statement, yielding \$114M vs. \$30M total cost estimates) — with no explanation offered for either gap. CGE also argues the Notice's respondent count (2,500) is unrealistic because it excludes subgrantees and subrecipients who are independently subject to monitoring obligations under the Rules; they cite an example of a single foreign NGO with roughly 1,500 subgrantees to illustrate how far off the estimate could be. Separately, CGE notes the Notice does not address burden-minimization for small entities as required by the PRA, and the Supporting Statement's response — that requirements apply "equally to large and small grantees" — does not satisfy that obligation. CGE's requested remedy is not to block the rule but to require the Department to withdraw and reissue the Notice with sufficient detail to allow a genuine 60-day comment period, arguing the current process is procedurally inadequate as a matter of law.

FAO Response:

The Department of State has reviewed the comment submitted by the Council for Global Equality (CGE), Professor Pamela Herd, and Professor Donald Moynihan in response to the 60-Day Notice of Proposed Information Collection: Foreign Assistance Requirements (Public Notice 12977, 91 FR 17322, April 6, 2026).

The commenters objected to the Notice's application of the segregation requirement to foreign recipients as contradicting the rules. The rules require U.S. NGOs to ensure that any program, project, or activity for which funds are made available under a Department award must be organized so that the program, project, or activity is physically and financially separate from any "prohibited activities" undertaken using other funding sources. However, in accordance with 2 CFR 200.334, all recipients need to preserve records. The Department recognizes that the terminology utilized in the Notice generated confusion due to the separation requirement for U.S. NGOs under the rules and will clarify the terminology in the 30 day notice. Regarding the concern on information collection, Appendix A to Part 602 I outlines relevant terms and conditions in alignment with Part 200 of Title 2 of the CFR.

Additionally, the Department's operating expectation is that grantees will be required to maintain records that track expenses attributable to U.S. funded activities separate from expenses attributable to other activities. A single record or records system may include both U.S. funded and other expenses but the U.S. funded expenses would need to be demonstrated separately. For U.S. NGOs impacted by the physical separation requirement, the requirement that U.S. NGOs maintain records for U.S. funded activities and that those records are physically separate from the records of other activities, the Department confirms that that requirement applies only to U.S. NGOs and only when there is an activity funded from any other source that would otherwise be prohibited under the rules. Reiterating this point, a U.S. NGO needs to maintain physical and financial separation only if it engages in any of the otherwise "prohibited activities" outlined in

the rules – with another source of funds. Certain activities remain prohibited for U.S. NGOs regardless of funding sources.

Regarding concerns that there are calculation discrepancies between the burden figures in the final rules, the Notice, and the Supporting Statement. The final rules address compliance estimates beyond the more narrow scope of the PRA notice which is focused on the information collection. The final rules also include associated training. The Department is aware that burden estimates at the notice stage are preliminary and welcome continued dialogue with implementers as these compliance costs become more apparent.

Regarding the comment's point that the estimate of 2,500 respondents fails to account for subrecipients, the Department's position is that prime recipients have the duty to monitor their subrecipients and the estimate reflects the respondents as the prime recipient. The final rules require prime recipients to ensure that award terms flow down to subrecipients, as applicable, and to monitor subrecipient compliance.

Regarding the issue of the Small Entity Burden, the Department acknowledges that the PRA requires agencies to consider how to minimize burden on small entities, including through exemptions or simplified requirements that account for resource limitations.

Effect on the Proposed Collection

The Department has considered the commenters' submission in full. These actions reflect the Department's standard process for finalizing a PRA submission and are responsive to the requirements of 44 U.S.C. § 3506(c)(2)(A)-(C).

The Department does not agree that the collection must be withdrawn and reissued. The concerns raised are appropriately addressed through the Supporting Statement and supplemental guidance, which are the standard mechanisms for providing the level of detail the commenters seek.

Conclusion

The Department thanks the Council for Global Equality, Professor Herd, and Professor Moynihan

9. *Are payments or gifts given to the respondents?*

No.

10. *Describe assurances of privacy/confidentiality*

None.

11. *Are any questions of a sensitive nature asked?*

This is a recordkeeping information request; no questions are asked.

12. *Describe the hour time burden and the hour cost burden on the respondent needed to complete this collection*

The three final rules that promulgated the PHFFA provided a total burden for all entities for all aspects of the PHFFA policy. This paragraph deals only with the recordkeeping requirement subject to the PRA. The final rules address compliance estimates beyond the more narrow scope of the PRA notice which is focused on the information collection.

The Department estimates that the total number of respondents that will be subject to this record-keeping requirement is 2,500. These respondents are entities who have received foreign assistance grant money, so it can be assumed that they already keep business records. The recordkeeping requirement mandated by the PHFFA policy will require them to segregate records of activities funded by federal foreign assistance, from those funded through other sources. The Department estimates that 240 hours per year (20 hours per month) will be necessary for an entity to maintain its records in accordance with the PHFFA policy. 240 hours times 2,500 respondents yields a total burden of 600,000 hours.

For a workforce with an average hourly salary (including benefits) of \$50, the Department estimates the total PRA cost burden to be \$30,000,000.

13. Describe the monetary burden to respondents (out of pocket costs) needed to complete this collection.

Once the records are segregated, there is no anticipated additional cost to respondents to maintain them. Grantees are businesses and nongovernmental organizations and would need to maintain business records, absent this policy.

14. Describe the cost incurred by the Federal Government to complete this collection.

Department of State personnel are responsible for monitoring recipient compliance with the policy. This generally includes Foreign Affairs Officers, Public Health Specialists, and/or GOs and GORs at the GS14 and GS15 levels who engage with implementing partner leadership in the normal course of business and other routine project oversight. Based on prior experience with such policies, the Department anticipates spending not less than 4 hours per week per person on routine compliance activities for foreign assistance awards. In addition to routine monitoring (e.g. reviewing agreements to ensure they contain the applicable provisions, reviewing partner reports, activity plans, and other project-level reporting), Department personnel at the GS14 and GS15 levels, and senior-level locally employed staff, conduct announced and unannounced site visits to prime recipient and subrecipient sites where foreign assistance funded-activities are being implemented to verify compliance with legal and policy requirements. This can include facility tours, discussions with program participants, observation of activity implementation, and discussions with site-based staff. On occasion, Department personnel including Attorney-Advisers at the GS12-GS15 level may be engaged to address specific questions, as needed.

15. Explain any changes/adjustments to this collection since the previous submission

This is a new collection.

16. *Specify if the data gathered by this collection will be published.*

This is a record-keeping requirement, so this question is not applicable.

17. *If applicable, explain the reason(s) for seeking approval to not display the OMB expiration date. Otherwise, write “The Department will display the OMB expiration date.”*

There is no form associated with this information collection, so the Department requests approval to not display the collection’s expiration date.

18. *Explain any exceptions to the OMB certification statement below. If there are no exceptions, write “The Department is not seeking exceptions to the certification statement”.*

The Department of State does not seek any exceptions.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.