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FINAL REPORT
ON THE ANALYSIS OF PARTICIPANT
TRAINING COSTS AND SERVICES
Under Contract No. AID/SOD/PDC-C-0394
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EXECUTIVE SUMMARY

The Agency for International Development (A.I.D.), through its Participant Training Program, sponsors the training of an estimated 7,000 foreign nationals outside their home countries each fiscal year. Just over half this number are managed by contractors through agreements made directly with U.S.A.I.D. Missions (USAIDs), various A.I.D. Washington (AID/W) offices, or host governments. The remainder are routed through A.I.D.'s Office of International Training (OIT) which directly administers the training of some participants but contracts out to programming agents (also called implementing agents) to administer training for most of its participants.

One of OIT's principal responsibilities is to monitor the performance of a large number of implementing agents, thus requiring substantial OIT staff investment. With recent staff reductions, OIT has been required to reorganize some of its staff roles and responsibilities and a major reorganization of OIT has resulted in the decision to use essentially a one contractor mode for managing a substantial portion of the academic and short-term technical participants in non-agricultural areas. The United States Department of Agriculture (USDA) will continue to manage agricultural participants for OIT.

Selecting a major contractor represents the implementation of a key recommendation offered by Development Associates as part of its 1981 evaluation of participant training services for OIT. However, there is no historical precedent in OIT for estimating the relative costs associated with the administration of most academic and selected short-term technical participant training by one private contractor. Thus, the purpose of this study is to provide AID staff with a framework for analyzing costs of services for different types of contractors providing a broad range of similar and dissimilar services. This framework will assist AID to determine an acceptable range of costs for the one contractor mode. Therefore, the study is based on the assumption that a comparative analysis of current contractor operations can provide the best basis for determining a reasonable range of costs associated with services provided to meet participant training requirements.

A. Methodology

The objectives of the study were twofold: (1) to identify the range of U.S. services provided to support A.I.D. participants by selected participant training contractors; and (2) to determine the relative administrative costs of providing such services for the same group of contractors.

In order to meet study objectives, a final sample of six Resource Support Service Agreements (RSSAs) and seven contracts was identified. Included were RSSAs with USDA, the Census Bureau, the Bureau of Economic Analysis, the Office of International Visitors Programs (OIVP), the Bureau of Labor Statistics (BLS), and the Federal Aviation Administration (FAA). The study also included the following contracts:

- The South-East Consortium for International Development (SECID) participant training contract with OIT.
- Roy Littlejohn Associates (RLA) participant training contract with OIT.
- America-Mideast Educational and Training Services, Inc. (AMIDEAST) host country contract for the Peace Fellowship Program with Egypt.
- Institute for International Education (IIE) Conventional Energy Training contract with A.I.D.'s Energy Office in the Bureau for Science and Technology.
- African American Institute (AAI) contract for AFGRAD II with A.I.D.'s African Bureau.
- Latin American Scholarship Program of American Universities participant training contract with A.I.D.'s Latin American/Caribbean Bureau.
- University of Wisconsin as subcontractor to (and member of) Midwest University Consortium for International Activities (MUCIA) to provide participant training services for Indonesians with A.I.D.'s Asia Bureau.

The sources used to gain information about costs, participants, staffing, and services included staff at OIT, Project Officers elsewhere in A.I.D., Contract Officers in A.I.D. and staff at selected contractor organizations.

The quality and completeness of data gathered vary among contractors. Acknowledging gaps in the data base, study results are nonetheless enlightening.

B. Scope of Contractor Responsibilities

While the scope of work for implementing participant training in the U.S. differs among contractors, there are similarities in the contractor responsibilities as well as in the techniques used to carry out participant training. Some of these contractor responsibilities are discussed below.

1. Types of Participants and Level of Training Effort

There are two types of participants: those who receive academic training and those who receive short-term technical training. The five RSSA agencies besides USDA provide technical training exclusively. SECID, RLA, AMIDEAST, AAI and LASPAU only support academic participants. Only USDA and IIE handle a mix of academic and technical participants.

From the standpoint of level of training effort, clearly USDA is the largest having programmed more than 618 training years in FY 81. RLA and SECID are the next two largest contractors having programmed nearly 239 and 215 training years in FY 81, respectively. At the other extreme are the five RSSAs besides USDA. Within this group during FY 81, the Census Bureau programmed just over 27 training years while the Bureau for Economic Analysis programmed only 4.5 training years.

2. U.S. vs. Overseas Activities

Basically, all of the six RSSA contractors, SECID, RLA, and the University of Wisconsin provide participant training services only in the U.S. Four contractors engage in overseas activities as well as in activities in the U.S. Of the four, IIE's overseas activities are the most limited, consisting of an overseas trip to publicize the program. By contrast, AMIDEAST, AAI and LASPAU are all involved in overseas selection of participants as well as follow up once participants complete training in the U.S. and return home.

3. Placement

The nature of U.S. placement activities is influenced by whether academic or technical participants are to be programmed. For academic participants, hard copy and automated resources are accessed to identify college and university programs as well as entrance requirements. Personal experience of those engaged in placement in the contractor's organization as well as contacts with other knowledgeable contractor staff and staff at colleges, universities and elsewhere are often utilized.

Type of technical training can make placement activities simpler, similar to, or more complex than those for academic participants. The use of known off-the-shelf programs can make placement easier as when USDA places participants in USDA developed short courses. Identifying potentially relevant off-the-shelf courses in addition to selecting appropriate ones for prospective participants is more similar to the placement process for academic participants.

Technical programming can be quite complex when it must be specially tailored and may require arrangement of a combination of activities at different locations. Multiple resources, including the expertise of staff involved in programming, are typically required.

4. Financial Support

A major service provided to participants by all contractors is monthly maintenance and payment or reimbursement for university related expenses such as books, special fees and typing. Usually, staff separate from those involved in placement and/or monitoring/counseling perform financial support functions. Furthermore, such staff typically access automated information systems to track participant progress and project expenditures.

5. Monitoring/Counseling

To a lesser extent than for placement, but nonetheless important, monitoring is influenced by type of participant. At one level, technical training and therefore monitoring is usually much shorter than academic

training. At another level, monitoring of technical participants is often more intense for an equivalent time period than it is for academic participants. For academic participants, the Academic Enrollment Term Reports (AETRs) are a major monitoring tool used by contractors.

Program staff counsel participants as a result of contacts with participants regardless of whether contacts are contractor or participant initiated. A myriad of participant situations may require counseling input by contractor program staff. Extreme problems are to be referred to AID for intensive counseling.

Typically, the program staff involved with monitoring and counseling are also involved in the U.S. placement process. Two contractors (SECID and RLA) split the placement and monitoring/counseling functions.

6. Post-arrival/pre-departure Orientation

Virtually all contractors provide post-U.S. arrival and U.S. pre-departure orientations to participants, when possible. Such orientations are intended to smooth transition to the U.S. culture and education system and to re-entry to the home country.

7. Evaluation

As with other areas of contractor provided services, the type and comprehensiveness of evaluation information collected varies among contractors as does the use of such information to improve services. Some contractors use formal questionnaires while others conduct informal exit interviews with participants. Limited evidence has been obtained that results are systematically processed and that the type of results can meaningfully identify areas where improvements can be made.

8. Staffing and Organization

Staffing patterns and organizational structure for participant training was obtained for six contractors. For all six contractors, staff can be identified for four functions; that is, supervision/coordination, program

monitoring/counseling, program support, and fiscal/information management. For SECID and RLA, separate staff are shown for placement. Only USDA identifies a separate evaluation staff person. Because the IIE Washington Office is conducting the Conventional Energy Program, a small input is made by the IIE's New York headquarters staff. Another way to look at staff is in terms of ratio of professional staff to support staff assigned to each contract. These ratios vary from nearly 1 to 1 for USDA's 12 month RSSA to 5 to 1 for SECID's six month contract and RLA's 12 month contract.

The qualifications of staff with similar responsibilities vary among contractors. For example, at RLA and SECID monitoring/counseling staff tend to have Bachelors degrees in non-relevant majors, good "people" skills and generally no international background and experience while comparable staff with other contractors have more advanced degrees, overseas experience, and may be fluent in one or more major languages besides English.

C. Administrative Costs of Contractor Services

Detailed administrative costs have been obtainable only for the same six contractors for which staffing information was presented. Even for this group of contracts, cost data are incomplete for USDA; no cost breakouts by major staff function were obtained.

As a breakdown of total contract costs, major cost categories used were:

- Staff (includes direct salaries and other line items such as consultants and temporary help; merit/cost-of-living increases; and payroll taxes/benefits);
- Overhead (may be computed differently by different contractors);
- U.S. travel (includes local and U.S. travel, per diem);
- Other direct (can include a variety of items the most common of which are communications; supplies; office rent; reproduction/printing; equipment; and purchases); and
- Fee (usually a percentage of total costs).

As a way of evaluating administrative costs across contracts, U.S. administrative costs per participant training year were computed. These ranged from a high of \$11,800 for on-the-job training by the Federal Aviation Agency to \$924 for LASPAU with other contracts representing the gamut in between. While cost differences among contracts can be explained in general, detailed explanations require a more comprehensive and in-depth study than this one.

1. Major Recommendations

In order to evaluate technical and cost proposals submitted to OIT in response to the RFP for selecting a major contractor to carry out most of the academic and technical training, several guidelines can be provided. In judging the costs of competitive proposals for participant training it is important to carefully analyze level of staffing and indirect costs. Staff time should be clearly identified so that AID/OIT is not subsidizing other organizational activities.

The following major recommendations should be considered as key factors in determining project costs.

1. All offerors bidding on the participant training contract should be required to submit a line item budget broken out by function or project tasks. If such offerors cannot or will not submit a detailed budget they should be excluded from bidding on the contract.

The single biggest problem in analyzing costs for participant training is the lack of a requirement by AID for accountability of contractors in expenditure of funds. There is no way to effectively analyze or control costs unless contractors submit costs by line item and broken out by functional category. Further, the contractor(s) should be required to submit monthly financial statements or monthly reports in this fashion.

2. Staffing patterns should not exceed the highest range of staff totals for contractors as shown in Exhibit 2-1 (Chapter 2) unless specifically justified in detail as to function and purpose. In order to avoid subsidizing organizations, support staff should be carefully scrutinized in any proposal, but particularly outside of Washington based office of operations.

3. If costs per participant training year exceed \$2,500, then ample justification should be required in terms of specific staffing patterns, support services and indirect costs. It should be borne in mind that the two previous contracts which are now going to be combined had an average cost per year of \$1,797.
4. In terms of content, attention should be focused on the level and type of services proposed. Such services should include periodic monitoring of participants to ensure they are on track so that problems are identified early and prompt corrective action can be taken to minimize program extensions and costs. Services should also include internal information systems and quality control measures. Information systems may be of several types including a data base on training institutions and an information system which allows an organization to regularly monitor its own activities. Beyond individual services, provisions should be made for establishing solid communication links with all relevant parties involved in participant training, including AID/W and USAIDs.
5. The level and type of staff proposed to accomplish the services should be considered carefully. Staff background and qualifications should be commensurate with assigned responsibilities. Another way to view proposed staff is in terms of the ratio of support services to professional personnel. Often, the closer the ratio is 1 to 1, the less efficient the organization.
6. Cost, of course, is the other major dimension to be evaluated relative to services and quality and numbers of staff proposed. As a point of departure, it is useful to determine the administrative cost per participant training year, as was done for the contracts in this study. Budget details can then be compared across organizations by major cost category.
7. It may well be advisable for AID to consider a more indepth cost analysis of A.I.D.'s Participant Training Program in order to better understand costs associated with various contractor-provided services and to identify the nature of services needed to effectively support participant training. A steering committee could be formed so that OIT, Regional Bureaus and other appropriate AID officials can initiate action on exploring increased cost of participant training.

It should be emphasized that this study had several limitations which prevented a more detailed analysis of the costs incurred for participant training. The most significant drawback to analyzing costs was the lack of consistent and uniform data on cost categories, allocation, expenditures, and budget breakdown by line item and/or functional category.

Obviously, this limited the extent to which costs could be comparatively analyzed both between contractors and within contractor operations. Moreover, an important caveat of the findings and conclusions is that the data represents only budget estimates and not actual expenditures. The data bases for this study were obtained by reviewing budget proposals and interviewing AID as well as contractor staff.

However, data was available consistently on certain categories such as personnel, fees, and broad functional areas, including supervision, program support, placement, monitoring and other key functions. The data that is available can be quite useful in assessing organizational structure, staffing patterns, and participant unit costs of various contractors. While this was not an indepth study, nevertheless, it should provide interested AID staff with a basic framework for further exploration and analysis.

The growing concern in AID over the costs of participant training and the need to develop a cost analysis system which can advance to the point where costs can be meaningful analyzed and controlled is unequivocally confirmed by the findings of this survey study. The remaining questions are concerned primarily with management decisions and resources to proceed.

Development Associates feels that this study can offer a modest beginning to the larger task of analyzing participant training costs and developing a system which can be accountable to AID in relating expenditures to quality of services.

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CHAPTER 1 BACKGROUND AND STUDY METHODOLOGY

Background

The Agency for International Development (A.I.D.), through its Participant Training Program, sponsors the training of an estimated 7,000 foreign nationals outside their home countries each fiscal year. Just over half this number are managed by contractors through agreements made directly by U.S.A.I.D. Missions (USAIDs), various A.I.D. Washington (AID/W) offices, or host governments. The remainder are routed through A.I.D.'s Office of International Training (OIT) which directly administers the training of some participants and contracts out to programming agents (also called implementing agents) to administer the training for most of its participants. Nineteen Federal agencies operating under separate Resource Support Service Agreements (RSSAs) and four private organizations operating under separate contracts have recently served as programming agents for OIT.

Drastic staff reductions at OIT have made the implementation of quality participant training difficult even when contracting out for the management of training for the vast majority of OIT participants. By using a large number of implementing agents, OIT is charged with the task of monitoring performance of all such agents, thus requiring substantial OIT staff investment. To reduce this monitoring burden, to better standardize the nature of contractor provided services, and, hopefully, to benefit from economies of large scale operation, OIT will select a major contractor to manage a substantial proportion of its non-agricultural participants. Selecting a major contractor represents the implementation of a key recommendation offered by Development Associates as part of its 1981 evaluation of contractor-provided participant training services for OIT.

Enactment of the major contractor mode will reduce the number of OIT programming agents. At present, OIT will retain the RSSA with the Department of Agriculture (USDA) to program agricultural participants and is contemplating retaining RSSAs with five other Federal agencies that provide in-house training. With respect to the four private organizations, OIT is planning to extend

the contracts with Roy Littlejohn Associates (RLA) and The South-East Consortium for International Development (SECID) an additional six months ending in the fall of 1982 and is considering not renewing the contracts with the University of Hawaii and the International Council on Education for Teachers (ICET) when they end in the summer of 1982. OIT thus anticipates that the kinds of participants now handled by these four organizations will be handled by the major contractor in the future.

B. Overall Study Objectives

In preparation for the implementation of the major contractor mode, Development Associates was asked to conduct a general cost analysis of services provided in the United States by selected programming agents managing participant training. This study is intended to provide general administrative cost parameters for such participant training services which can be used by OIT to analyze administrative costs of services offered by the organizations submitting proposals to assume the major contractor role.

More specifically, the statement of work requests analysis of participant unit costs by types of services provided such as placement, monitoring, financial support, communication and coordination, and counseling. Furthermore, the statement of work requests examination of staffing and support service costs for carrying out contract objectives and for similar contractor activities.

The study is not intended to extend to an analysis of program or reimbursable participant costs such as participant university expenses, participant travel or participant per diem. Such costs would be identical regardless of the contractor utilized.

C. Data Collection Methodology

The first step in undertaking this study was to identify a sample of participant training contracts to be reviewed. In consultation with OIT's Project Manager, major RSSAs, including USDA, and eight other contracts were nominated for consideration.

Besides USDA, specific RSSAs with Federal agencies were not named but were to be chosen based on the number of participants trained and whether training was accomplished in-house by Federal agencies instead of subsequently contracting out to other organizations to provide training as needed. The eight other contracts are listed below.

1. The South-East Consortium for International Development (SECID) participant training contract with OIT.
2. Roy Littlejohn Associates (RLA) participant training contract with OIT.
3. America-Mideast Educational and Training Services, Inc. (AMIDEAST) host country contract for the Peace Fellowship Program with Egypt.
4. Institute for International Education (IIE) Conventional Energy Training contract with A.I.D.'s Energy Office in the Bureau for Science and Technology.
5. African American Institute (AAI) contract for AFGRAD II with A.I.D.'s African Bureau.
6. Latin American Scholarship Program of American Universities participant training contract with A.I.D.'s Latin American/Caribbean Bureau.
7. University of Wisconsin as subcontractor to (and member of) Midwest University Consortium for International Activities (MUCIA) to provide participant training services for Indonesians with A.I.D.'s Asia Bureau.
8. Pheips Stokes Fund as subcontractor to Trans-Century to provide participant training support as part of USAID contracts in Botswana, Swaziland and Lesotho.

A variety of sources were tapped to gain information about the RSSAs and contracts recommended for review. These sources included staff at OIT, some of whom were Project Officers for targeted contracts, Project Officers elsewhere in AID, Contract Officers in AID and staff at selected contractor organizations. The goal was to collect several types of information about each selected RSSA and contract. Major information categories of interest included:

- Recent cost data as detailed as available;
- Details about the numbers and types of participants for the time period for which cost data were available;
- Staffing and organizational patterns; and
- Participant training services provided in the U.S.

D. Nature of Data Collected

Generally, information about costs, participants, staffing and services was collected for the RSSAs and contracts selected for review. However, the quality and completeness of such information varies among implementing agents and in the case of the Phelps Stokes Fund contract, too little data were retrievable in the U.S. to permit the kinds of analyses that could prove useful to OIT. In fact, for Phelps Stokes, only monthly reports indicating the number of participants in the U.S. and their major fields of study were available from the A.I.D. Project Officer. Cost data and details about the services and staff for the Phelps Stokes contract is maintained in the field since the contract is managed by the USAID Mission Director in Botswana.

The University of Wisconsin/MUCIA participant training activities were identified as of potential interest late in the conduct of this study. Program descriptive information was obtained via telephone from the project managers of two complementary contracts for Indonesia -- one for agricultural participants, the other for non-agricultural participants. The only cost information that was collected concerned total administrative cost per participant training year for the agricultural program and a ballpark estimate of such costs for the non-agricultural program.

While more information was collected for the other contracts and for the RSSAs, here too there are gaps in information. Of particular importance relative to the proposed scope of work is the extent to which cost data were available by type of service provided. Only one type of service was generally reflected separately by most contractors and that was financial support. Even here, financial support is combined with auditing and/or data processing for some contractors. For only a few contractors could placement service be costed separately. For one contractor, evaluation was separately costed. For some services, separate costing makes no practical sense from the contractor's perspective since the same personnel provide those services. For example, it is typical that the same program staff both monitor and counsel participants.

With the possible exception of financial support, cost analysis by type of service was not feasible. However, broader categories of functions could be

created that would be common for most contractors. Thus, general cost comparisons could be made by functional categories and are discussed in Chapter 3.

Other types of information gaps exist in the data collected. The type and severity of such gaps varies among the implementing agents.

The next two chapters present results based on available information. Chapter 2 focuses on the nature and scope of contractor responsibilities while Chapter 3 presents analyses of administrative costs. Throughout these two chapters, references are made to the nature of available information as findings are discussed. In Chapter 4, the study's conclusions and recommendations are presented.

CHAPTER 2

SCOPE OF CONTRACTOR RESPONSIBILITIES

The scope of responsibilities for implementing participant training in the U.S. differs among the various contractors. However, similarities in responsibilities and contractor techniques for meeting such responsibilities also exist.

This chapter presents the nature of responsibilities for participants across contractors. Both commonalities and differences among contractors are noted. Major topics addressed are:

- number and type of participants;
- U.S. vs. overseas activities;
- U.S. services provided; and
- staffing and organization.

A. Number and Types of Participants

In order for a number of participants to be meaningfully compared across contractors, it is appropriate to first discuss types of participants in terms of the nature of training received. There are basically two types of participant training: academic and technical.

Academic training involves enrollment in an accredited institution of higher learning in order to obtain an undergraduate or graduate degree. Technical training is more variable in content. It can include special programs, on-the-job training and/or observation visits. Special programs may be individual, group, institutional or non-institutional and may involve seminars, workshops, conferences, specially designed or off-the-shelf short courses, or regular courses without degree objectives. On-the-job training involves learning about particular tasks or jobs by doing them and/or observing others do them while receiving instruction about what is being done and why. Observation visits entail organized observation and discussion at selected facilities to learn about processes, methods or systems.

Some contractors support both academic and technical participants. Others handle academic participants exclusively. Still others program only technical participants.

The preferred time frame for evaluating the number of participants handled by various contractors is 12 months. This time frame should correspond to the funding period for the major contractor with annual funding renewals. To the extent possible, annual caseloads have been determined for the contracts included in the study sample.

In the case of RSSAs, participant training is allocated in person months rather than in numbers of participants. Thus, USDA in FY 81 programmed 7,420 person months of training of which 6,434 months involved academic training and the remaining 986 months involved technical training. A major portion of USDA technical training involved the use of USDA-developed short courses. Major USDA fields of specialization include animal science, production and technology, agricultural engineering, agri-business, agricultural economics and policy, natural resources, human resources development, and forestry.

While the other 18 RSSAs were reviewed in general, five received particular attention because those agencies provide in-house training. Two of these five RSSAs are with agencies in the Department of Commerce. The Bureau of Census programmed 327 person months of technical training in FY 81. Key census fields of specialization include agricultural statistics, economic survey, demographic analysis, and sampling and survey methods. The Bureau for Economic Analysis programmed 54 person months of technical training in FY 81 in such fields as national and regional economic accounting, national income, financial flow and product accounting.

Two other RSSA agencies are in the Department of Labor. In FY 81, the Office of International Visitors Programs (OIVP) programmed 242 person months of technical training in such areas as labor/manpower, trade union organization, occupational safety, and industrial production. The 86 person months of technical training programmed by the Bureau of Labor Statistics in FY 81 covered such fields as wages and labor productivity; price, income and poverty measures; labor force and manpower projections; and analysis of labor statistics and policy formulation. In the Department of Transportation, the Federal Aviation Administration (FAA) programmed 120 person months of technical training in FY 81 in such fields as air traffic control, maintenance of air navigational aids, airport engineering, and flight standards.

Two of the other seven contracts in the study sample are with OIT. Both SECID and RLA program only academic participants in non-agricultural fields of study. SECID may place participants at institutions in any of 17 states. RLA may place participants at institutions in any of the other states in the continental U.S.

For FY 81 and for the first four months of the current six month contract which began 10/1/81, SECID's actual average monthly caseload was 215 and 210 participants, respectively. For RLA, the actual average monthly caseload for the year 9/1/80-8/31/81 was 238.7 participants. For the five months beginning 9/1/81, RLA's actual average caseload was 297 participants.

AMIDEAST's Peace Fellowship contract with Egypt began 7/15/80. Since its inception and through 11/30/81, 258 academic participants have been programmed in this sixteen and one-half month period equaling 1,992.66 training months in the U.S. There is technically no limit as to the type of specialty that may be requested for Egyptian participants as long as fields of study relate to Egypt's national development plan.

By contrast, IIE focuses on placing and supporting participants in energy related fields exclusively. IIE began its contract with AID's Energy Office 9/1/81. Projected through 8/31/82, IIE anticipates placing 50 participants, 30 12-month academic and 20 6-month technical.

Although officially a new contract with a start date of 2/1/82, AFGRAD II represents a continuation of AFGRAD I, with some modifications. AAI was involved in implementing AFGRAD I and is embarking on programming for AFGRAD II. Any technical area of specialty may be requested for an African participant. During the first year of AFGRAD II, 170 participants -- all academic -- are expected to be programmed. Ninety of this group are projected to be in training for 12 months, 60 for 6 months and 10 for 1 month.

LASPAU has supported 138 academic participants in the period 9/1/79-12/31/81 and is expected to program 25 new academic participants for each of the calendar years 1982 and 1983. The 138 participants were in the U.S. for two year programs while each of the remaining 50 are scheduled for one year programs.

The major focus of LASPAU is on staff development at selected training institutions in Latin America.

The two University of Wisconsin/MUCIA contracts are both nearing completion. In January 1982, there were 53 academic participants for the ten year agricultural contract. By the end of March, 1982, there are expected to be only 10 academic participants. For the four year non-agricultural contract, 76 participants were on-board, 74 studying in the U.S., two doing field work in Indonesia. The non-agricultural project is scheduled to end in July 1982.

B. U.S. vs. Overseas Activities

Basically, all of the six RSSA contractors, SECID and RLA provide participant training services only in the U.S. As OIT contractors, their responsibilities are similar to those proposed for the major contractor. As subcontractor to MUCIA, University of Wisconsin also provides services only in the U.S. but its scope of responsibilities are more streamlined in that project staff in Indonesia select the participants and identify a limited set of universities to which U.S. staff typically send applications. (MUCIA's contract is with AID's Asia Bureau.)

The four remaining contractors engage in overseas activities as well as in activities in the U.S. Of the four, IIE's overseas activities are the most limited. An IIE senior staff member has just returned from a major trip to Asia, the purpose of which was to disseminate information about the availability of the newly created Conventional Energy Training Program. Such international travel costs can be easily partialled out to make other costs more reflective of the kinds of activities to be required by the major contractor.

By contrast, AMIDEAST, AAI and LASPAU are all involved in overseas selection of participants. Selection activities may include arrangements for such tests as the Graduate Record Examination (GRE), the Graduate Management Admissions Test (GMAT), and the Test of English as a Foreign Language (TOEFL). As part of the selection process, these contractors typically provide orientation to their participants about their respective programs and about the education

system in the U.S. Since each of these contractors has staff scheduled overseas, they are also involved in follow up once participants complete training in the U.S. and return home. In addition to these major overseas tasks, AMIDEAST is charged with training Egypt's Ministry of Higher Education personnel so that they will be able to implement all phases of the Peace Fellowship Program once AMIDEAST services end in 1985.

None of these overseas activities are to be the responsibility of the major contractor to be selected. Thus, costs for such activities should be excluded from these contractors' respective budgets to better reflect services needed by the major contractor and to allow more meaningful cost comparisons with contractors not engaged in overseas activities.

When costs are reviewed in Chapter 3, clearly identifiable overseas costs are excluded. The result of such exclusion is not clear cut. On the one hand, involvement in overseas selection give those contractors an opportunity to influence the nature of participants to be programmed and gives them direct access to details about participants' backgrounds and credentials. Other contractors are dependent on AID/W and USAIDs for information about participants. On the other hand, liaison is required with overseas operations and costs associated with such liaison cannot be clearly separated, so for such contractors, these costs are still included. For other contractors, U.S. costs are more precisely represented.

C. U.S. Services Provided

While AID's Handbook 10 provides a general framework for implementing the Participant Training Program, details about how major activities are accomplished vary among contractors. Five major categories of services considered in this study are:

- placement;
- financial support;
- monitoring/counseling;
- post-arrival/pre-departure orientation; and
- evaluation.

The first four involve direct services for participants. The fifth can benefit participants if evaluation is thoughtfully planned and implemented and if

evaluation results are used by the contractor to improve participant services provided. Each of the five categories of services are discussed below.

1. Placement

The nature of placement activities is influenced by whether academic or technical participants are to be programmed. For academic participants, hard copy and automated resources can be accessed to identify college and university programs as well as entrance requirements in order to select one or more programs that meet the objectives of the sponsoring project for which participant qualifications seem appropriate. Personal experience of those engaged in placement in the contractor's organization as well as contacts with other knowledgeable contractor staff and staff at colleges, universities and elsewhere are often utilized in the placement process. For most contractors placing academic participants, applications for a participant are submitted to several schools at the same time. While University of Wisconsin follows this procedure, the schools have usually been identified overseas so that placement in U.S. schools is mostly limited to a processing function. USDA prefers to apply at one school at a time for an academic participant, usually having received a preliminary reading from their school contact about the likelihood of admission. AAI also submits an application for an academic participant to only one university at a time since the university is asked not only to assess admissibility, but also to commit funds to cover student costs. AAI reports that for 80% of their original placement efforts in AFGRAD I, submissions at other universities were unnecessary.

Type of technical training can make placement activities simpler, similar to, or more complex than those for academic participants. The use of known off-the-shelf programs can make placement easier. For example, USDA placed 110 academic participants and 332 technical participants, all directly funded by AID, in USDA short courses. Identifying potentially relevant off-the-shelf short courses in addition to selecting appropriate ones for perspective participants is more similar to the placement process for academic participants. Some participant programming conducted by OIT is of this type.

Another type of technical programming can be quite complex. Such programming is specially tailored and often requires arrangement of a combination of activities, usually at different locations. No single information resource can usually be used for all aspects of specially tailored programs. Instead, multiple resources, including the expertise of staff involved in programming, are typically required. Thus, IIE's Conventional Energy Training Program can require special arrangements with energy providers to offer certain experiences to meet technical objectives.

2. Financial Support

A major service provided to participants by all contractors is monthly maintenance and payment or reimbursement for university related expenses such as books, special fees and typing. For academic participants, expenses associated with practical training such as travel and conference fees are also handled by contractors. Usually, staff separate from those involved in placement and/or monitoring/counseling perform financial support functions. Furthermore, such staff typically are involved in tracking project expenditures relative to budget projections. Most contractors use automated systems to handle financial support and budget functions. One contractor, RLA, manually prepares the necessary forms and submits them to AID which in turn issues checks for payment of participant expenses.

Data processing or word processing capability is generally used for more than financial support and budgeting. Most contractors have developed computer or word processor-based information systems that allow them to access the status of their respective programs at any time, including those occasions when the information serves as input to required progress reports.

As already noted, financial support to participants is but one of several related activities undertaken by contractors and therefore usually costed together. Also involved is budgeting and information system programming, the exact nature of which differs by contractor. Thus, cost data presented in Chapter 3 provides only general guidelines about contractors' combination of financial support, budgeting and/or information system functions.

3. Monitoring/Counseling

To a lesser extent than for placement, but nonetheless important, monitoring is influenced by type of participant. At one level, technical training, and therefore monitoring, is usually much shorter than academic training. Furthermore, monitoring of technical participants is often more intense for an equivalent time period than it is for academic participants. That is, monitoring of technical participants is frequently tied to their movement from one training site and/or program component to another while monitoring of academic participants often becomes standardized since, once placed, academic participants usually remain at the same training institution until their degree objectives are met. Indeed, for some technical training, the contractor-assigned program officer or specialist may actually accompany participants. This might be the case for observation tours.

For academic participants, the Academic Enrollment Term Reports (AETRs) are a major monitoring tool used by contractors. These reports provide grades for subjects just completed by an academic participant, courses for the following term, and comments by the participant and/or his/her academic advisor. Should a problem be noted or should poor grades be evident, contractor program staff will usually follow up to clarify the situation and to establish corrective measures to the extent possible. When no comments are included as part of an AETR, some contractors, like SECID, verify participant status by contacting the academic advisor and/or the participant.

As a general rule, contractors assign participants to particular program staff. Depending on the contractor, such program staff may have a variety of titles. To illustrate, program staff are called program officers at RLA, program officers or program assistants at AAI, assistant program officers at SECID, program specialists at USDA and educational specialists at AMIDEAST.

As part of contractor support, participants are given a toll-free telephone number to reach their assigned program staff person should any problem (academic, social or personal) arise. Some participants avail themselves of this option on a frequent basis while others are reticent about using the

toll-free line at all. In the latter case, contractors tend to fall along a continuum in terms of monitoring. At one end, most contractors assume there are no problems if participants don't notify their program staff person, or if the AETRs seem in order. RLA operates like this, although large caseloads per program officer make anything more than responding to problems identified by participants difficult. At the other end of the continuum, contractor staff keep in touch with their participants on a regular basis. For example, in University of Wisconsin's non-agricultural participant training program for Indonesians, at least one phone or letter contact is made monthly with each student. Along the continuum, program staff of various contractors contact participants, their academic advisors, the foreign student advisors or established training institution liaison persons on usually an irregular basis to determine participant status.

Program staff counsel participants as a result of contacts with participants regardless of whether contacts are contractor or participant initiated. A myriad of participant situations may require counseling input by contractor program staff. Extreme problems are to be referred to AID for intensive counseling.

Typically, the program staff involved with monitoring and counseling are also involved in the placement process. Such an allocation of duties means the same program staff member performs all services, except financial, for a participant, once assigned to the contractor and subsequently assigned to that U.S.-based staff member. Two contractors (SECID and RLA) split the placement and monitoring/counseling functions. In these instances, different staff conduct placement activities than do monitoring and counseling. An advantage of this division of labor is that specialization can lead to the development of greater expertise in specific areas. An additional requirement of such an arrangement is the need for placement staff to share information about each participant with appropriate monitoring counseling staff. Not to be part of the major contractor's responsibilities, but part of the duties undertaken by some contracts included in the study, is the separate staff who are involved in overseas selection of participants.

4. Post-arrival/Pre-departure Orientation

Virtually all contractors provide orientation to newly arrived participants in the U.S., if possible. Due to late arrival in the U.S., some participants may have to go directly to the training institution or technical training site, skipping contractor provided orientation.

Orientation offered to new arrivals is frequently one to two days in length. Contents of orientation usually include review of sponsoring program objectives, AID's role, the contractor's role, program operation logistics, and an introduction to U.S. culture and the U.S. education system. For those contractors with overseas operations, some of these topics are introduced in home country pre-departure orientations, then reviewed in U.S. post-arrival orientations.

Most contractors also conduct U.S. pre-departure orientations with participants, when possible. Some participants who are at training sites that are different from the contractor's site may return directly to their home countries without receiving any pre-departure orientation. When given, such an orientation is intended to smooth re-entry into the home country setting.

Those contractors with overseas operations have the opportunity to directly follow up participants once they return home. Some of these contractors can more easily follow up with participants because their operations continue in the same geographic area. This is the case for LASPAU, which has been engaged in long-term staff development at a limited number of universities in Latin America. AMIDEAST can also benefit from project longevity with its five-year Egypt Peace Fellowship Program where the program deputy director is currently heading up AMIDEAST's Cairo office. AMIDEAST's additional responsibility to train Ministry of Higher Education staff based in Cairo affords its in-country staff additional opportunities to interact with returned participants.

5. Evaluation

U.S. pre-departure orientation provides the opportunity for contractors to collect evaluation information from participants about their experiences in the participant training program. For those not participating in U.S. pre-departure orientations, contractors who have developed formal exit interview questionnaires may forward such a questionnaire to the participant so that s/he may complete it at the training site. USDA, for one, adopts this procedure.

Evaluation information can be utilized by contractors to improve the nature of services they provide to future participants. As with other areas of contractor provided services, the type and comprehensiveness of evaluation information collected varies among contractors as does the use of such information to improve services. Among the contracts included in this study sample, only USDA has a full-time evaluation specialist assigned to its participant training contract. For both USDA short courses and for academic participants, evaluation questionnaires have been developed, administered and results tabulated. The results have been most influential in the redesign of USDA short courses to better reflect expressed needs of participants. Recent USDA experience with academic participants has been that information is available only for limited percentages of these participants. The goal is to improve response rates so that a more representative sample of participant reactions can be captured so that hopefully results can be used to improve services.

While other contractors may also use formal questionnaires, little evidence has been obtained that results are systematically processed and that the type of results can meaningfully identify areas where improvements can be made. Still other contractors conduct informal exit interviews with participants. The nonsystematic nature of such data collection inhibits the likelihood both that appropriate evaluation questions have been asked and that, even if they have, results are utilized to improve services.

D. Staffing and Organization

Staffing patterns and organizational structure for participant training was obtained for a subset of contracts included in the study sample. Such information was obtained for only USDA of the six RSSAs under consideration. No staffing and organizational information was obtained for LASPAU. Only contemporary staffing information was gathered for the two University of Wisconsin subcontracts. For the agricultural program as of the end of January 1982, 1.6 full-time equivalents (FTEs) were handling a caseload of 53 participants; about 2.5 FTEs were responsible for the 76 on-board participants in the non-agricultural program.

Exhibit 2-1 presents staffing information for the remaining six contractors with respect to the contracts of interest. Information for two contract periods are presented for both SECID and RLA. The first contract period is for twelve months, the second for six months. For a twelve month period, the number of actual or projected training months to be provided ranges from a low of 480 for IIE's Conventional Energy Training Program to a proposed 7,600 for USDA. (The actual number of training months to be given by USDA is expected to be less; OIT and AID are currently in negotiation regarding this FY 82 RSSA.) The AAI contract is also in negotiation. All other contracts have been negotiated.

Seven staff functions are listed in Exhibit 2-1. The types of staff included in each functional category are presented below:

1. Supervision/Coordination -- Includes top program management such as the program director and other key management staff.
2. Program Placement -- Includes program staff responsible exclusively for participant placement.
3. Program Monitoring/Counseling -- Includes program staff responsible for monitoring and counseling of participants. For some contractors, these same staff do placement.
4. Program Support -- Includes administrative assistants, secretaries and clerk typists.
5. Evaluation -- Includes USDA evaluation staff.

EXHIBIT 2-1

STAFFING PATTERN BY CONTRACT FOR PARTICIPANT TRAINING

	USDA ^①	SECID	SECID	RLA	RLA	AWIDEAST Peace Fellowship	AAI AFGRAD II	IIE Energy
A. Time Frame	10/1/81-9/31/82	10/1/80-9/31/81	10/1/81-3/31/82	9/1/80-8/31/81	9/1/81-2/28/82	7/15/80-11/30/81	2/1/82-1/31/83	9/1/81-8/31/82
B. Duration	12 months	12 months	6 months	12 months	6 months	16.5 months	12 months	12 months
C. Participants-Total	-- ^②	215 average ^③	210 average ^④	238.7 average ^⑤	297.5 average ^⑥	258	170	50
D. Total Training Mos.	7,600	2,580	840	2,864	1,485	1,992.66	1,460	480 ^⑦
E. Total Training Yrs.	633.3	215	-- ^⑦	238.7	-- ^⑦	166.1	121.7	40
F. Staff by Function								
1. Supervision/ Coordination	2.40	1.00	0.75	1.00	1.00	2.27 ^⑧	0.65	1.00
2. Prog.Placement	--	2.00	1.75	0.30	1.00	--	--	--
3. Prog.Monitoring/ Counseling	15.30	4.00	3.00	4.00	4.00	12.92 ^⑧	1.75	2.00
4. Program Support	16.80	2.00	1.50	1.30	3.00	9.50 ^⑧	1.15	2.00
5. Evaluation	1.00							
6. Professional Support (Nat'l.Office)								0.17
7. Fiscal/Info. Management	7.80	1.00	2.00	1.30	1.30	5.25 ^⑧	1.25	--
8. Staff-Total	43.30	10.00	9.00	7.90	10.30	29.94 ^⑧	4.80	5.17
#Professional:	21.50	8.00	7.50	6.60	7.30	20.44 ^⑧	3.65	3.17
#Support	21.80	2.00	1.50	1.30	3.00	9.50 ^⑧	1.15	2.00
<p>^①Based on original USDA submission, dated 10/6/81.</p> <p>^②Unknown.</p> <p>^③Average monthly caseload for 12 months.</p> <p>^④Average monthly caseload for 4 months.</p> <p>^⑤Average monthly caseload for 5 months.</p> <p>^⑥Estimated length of training for 20 technical participants is 6 months.</p> <p>^⑦Only six month contract.</p> <p>^⑧Staffing allocations according to original proposal, not actual.</p>								

6. Professional Support-National Office -- Includes technical assistance to IIEs Washington, D.C.-based energy program by IIE New York staff in the Placement Division, English and Special Programs, Program Development, etc.
7. Fiscal/Information Management -- Includes financial, information systems staff such as accountants, records clerks and information specialists.

The number of staff allocated by function are presented in Exhibit 2-1 as full-time equivalents (FTEs) for each contract. Staffing for AMIDEAST's Peace Fellowship contract is based on projections included in their technical proposal and do not represent actual time spent. For all contracts, staff can be identified for four of the functions listed, that is, supervision/coordination, program monitoring/counseling, program support, and fiscal/information management. For SECID and RLA, separate staff are shown for placement. Only USDA identifies a separate evaluation staff person. Because the IIE Washington Office is conducting the Conventional Energy Program, a small input is made by the IIE's New York headquarters staff.

Item 6 in Exhibit 2-1 presents summary staff information by contract. Total staff is roughly reflective of size of contract and scope of work. USDA, with the largest contract, has the most total staff assigned proposed at 43.30 FTEs. Compared to other contractors, IIE appears to have a heavy staff loading relative to the number of participant training months. This can be attributed to a variety of factors including, start up associated with a new program, the need to place technical participants in specially tailored programs in addition to placing academic participants, and the focus of training on energy, which has not received major emphasis in the past.

Item 6 in Exhibit 2-1 also presents information on the number of professional staff and the number of support staff assigned to each contract. Support staff in this instance includes accounting clerks in addition to secretarial/typist personnel. Ratios of professional to support staff vary from near 1 to 1 for USDA to 5 to 1 for SECID's six month contract and RLA's 12 month contract. IIE is more similar to USDA with a professional to support staff ratio of 3 to 2. Professional to support staff ratios for the other contracts range between 2.2 to 1 for AMIDEAST to 4 to 1 for the 12 month SECID contract.

The qualifications of staff with similar responsibilities vary among contractors. For example, at RLA, monitoring/counseling staff tend to have bachelors degrees in non-relevant majors, good "people" skills and generally no international background and experience, while comparable staff with other contractors have more advanced degrees, overseas experience, and may be fluent in one or more major languages besides English.

Staffing information presented in Exhibit 2-1 is incomplete. Contractors include other sources of staff support in such categories as consultants, regional office supervision, fiscal management/data processing, temporary help and professional services. Although not readily translatable into number of staff, costs associated with such other categories of staff support will be presented in Chapter 3.

A related dimension of staffing is the organizational structure used by contractors to implement participant training. USDA, SECID and RLA operate out of a single U.S. office. IIE - Washington interacts with IIE -- New York and uses staff in its U.S. regional offices for more direct supervision of its participants. AAI - New York utilizes its program representatives in African countries to identify and select participants. Similarly, AMIDEAST -- Washington, D.C., uses staff in its Cairo office to identify and select participants. While the major contractor will operate only in the U.S., it is important to understand the actual organizational context used by contractors in the study sample.

Chapter 2 has provided the framework for understanding what contractors do and how they do it. Chapter 3 presents the costs associated with what contractors do.

CHAPTER 3 ADMINISTRATIVE COSTS OF CONTRACTOR SERVICES

Detailed administrative costs have been obtained only for the same eight contracts for which staffing information was presented in Chapter 2. Even for this group of contracts, cost data are incomplete for USDA; and no cost breakouts by major staff function were obtained.

Limited cost information was obtained for other selected contracts. For LASPAU, administrative costs have been allocated over a four and one-third year period according to major contractor functions performed, that is, placement and monitoring/counseling. For the two University of Wisconsin subcontracts, only total administrative cost per participant was obtained. In the agricultural project for the period 7/77 - 12/80, U.S. administrative costs averaged \$362.22 per year per participant, primarily the result of salaries for an administrative secretary and a stenographer. For the non-agricultural project, the academic specialist heading up the U.S. part of the program provided a ball park estimate of \$500.00 per participant per year. For the five RSSA contracts considered besides USDA, only administrative costs per participant training month projected for FY 82 were obtained.

Exhibit 3-1 presents available administrative cost information for USDA, SECID, RLA, AMIDEAST, AAI, IIE, LASPAU and for four of the five RSSAs besides USDA. For the other RSSA with FAA, different weekly total administrative costs have been projected for FY 82. These will be discussed under Section G of this chapter. To the extent feasible, the integrity of line item categories for all contracts and RSSAs have been retained.

So that staffing patterns presented in Exhibit 2-1 can be related to costs associated with staffing for selected contracts, the same seven functional staffing categories are used in Exhibit 3-1. In addition, for easy reference, the time frame and duration of the contracts, the total number of participants to be programmed, and the total number of participant training months and years are included in Exhibit 3-1 as they were included in Exhibit 2-1. For LASPAU and the five RSSAs besides USDA, this information is only included in Exhibit 3-1.

**EXHIBIT 3-1
ADMINISTRATIVE COSTS FOR PARTICIPANT TRAINING BY CONTRACT**

	USDA ①	SECID	SECID	REA	REA	AMIBEAST Peace Fellowship	AAI AFGRAD II	IIE Energy	LASPMU	Census Bureau	Bureau of Economic Analysis	OIWP	RLS
Time From	10/1/81 9/31/82	10/1/80- 9/31/81	10/1/81- 3/31/82	9/1/80- 8/31/81	9/1/81- 2/28/82	7/15/80- 11/30/81	2/1/82- 1/31/83	9/1/81- 8/31/82	9/79-12/83	10/1/81- 9/31/82	10/1/81- 9/31/82	10/1/81- 9/31/82	10/1/81- 9/31/82
Duration	12 months	12 months	6 months	12 months	6 months	16.5 mos.	12 months	12 months	52 months	12 months	12 months	12 months	12 months
Participants-Total	-- ②	215 avg. ③	210 avg. ④	238.7 avg. ⑤	297.5 avg. ⑥	258	170	50	188	-- ②	-- ②	-- ②	-- ②
Total Training Months	7,680	2,580	840	2,864	1,485	1,992.66	1,460	480 ⑦	3,912	327	54	250	86
Total Training Years	633.3	215	-- ⑦	238.7	-- ⑧	166.1	121.7	40	326	27.2	4.5	20.8	7.2
Salaries Total	1,837,000	229,658	96,829	140,418	94,015	303,107	120,943	153,500					
1. Supervision/Coordination		42,953	15,229	33,760	17,854	52,039	31,980	50,000					
2. Program Placement		46,209	21,891	4,673	7,391								
3. Program Monitoring/Counseling		68,413	27,001	74,152	37,822	128,718	37,326	59,500	43,250				
4. Program Support		32,327	13,813	14,288	18,973	74,618	21,649	29,000	150,140				
5. Evaluation													
6. Professional Support (National Office)								15,000					
7. Fiscal/Info. Management		30,756	19,695	13,545	11,975	59,664	29,988 ⑨						
Merit/C.O.L. Increases							4,936 ⑩						
Payroll Taxes/Benefits	98,520		20,334	32,296	21,623	58,356	37,287	30,700					
Overhead	325,680	68,959	31,777	138,171	98,292	182,437	105,909 ⑪	53,832					
Consultants	50,000			12,000	1,500			4,000					
U.S. Travel	50,000	20,122	6,350	14,500	1,500	17,868	7,645	25,110					
Meeting Allowance						800							
Other Direct	35,000	64,813	35,370	17,400	22,500	145,255	21,750	70,797					
1. Regional Office Supervision													
2. Fiscal Mgmt./Data Process.		1,478		3,000	1,800	14,741		16,000					
3. Temporary Help					6,000	2,750		8,200					
4. Professional Services		2,640	800										
5. Communications		22,572	17,029	12,000	9,000	47,855	17,500	5,110					
6. Supplies	10,000	5,000	576		300	8,875	4,250	1,060					
7. Office Rent/Furniture		17,338	9,315			52,355		14,175					
8. Reproduction/Printing	10,000	2,520	900	2,400	2,400	9,204		3,350					
9. Equipment	15,000	8,385	4,471			7,306		15,652					
10. Purchases		500				2,169		1,250					
11. Brochure/Catalogs								6,000					
12. Miscellaneous		3,600	2,279										
Fee		18,288	9,533	24,835	14,638								
Total Costs	1,596,168	384,040	200,193	379,620	251,868	788,796	298,470	337,939	301,330	9,000	7,800	7,800	4,580
Average Cost Per Training Year	2,520	1,786	1,907	1,598	1,688	4,268	2,453	8,448	924				

Based on original USDA submission, dated 10/6/81

average monthly caseload for 12 months.
average monthly caseload for 4 months.

③ Average monthly caseload for 5 months.
④ Estimated length of training for 20 technical participants is 6 months.
⑤ Only six month contract.

⑥ Includes \$1,500 for part-time audits.
⑦ Not adjusted for exclusion of Office of Overseas Activities.
⑧ On all costs.

As can be seen, Exhibit 3-1 includes a variety of cost categories and sub-categories. Besides staffing costs, other major cost categories are: overhead, U.S. travel, other direct, and fee. Total contract costs are also presented, as well as U.S. administrative costs per participant training year.

To provide additional insight into the cost information presented in Exhibit 3-1, various line items will be reviewed. These are:

- staffing;
- overhead;
- U.S. travel;
- other direct costs;
- fee;
- total costs; and
- administrative cost per participant training year.

A. Staffing

Staffing costs take into account a range of line items listed in Exhibit 3-1. Direct staff salaries represent the major component of staffing costs. Exhibit 3-1 presents total salaries (Item F in Exhibit 3-1) as well as salaries according to the seven functional areas (Items F1-F7 in Exhibit 3-1). LASPAU further breaks out the monitoring/counseling category into English language training monitoring and academic monitoring. The respective costs for these two types of monitoring are \$21,000 and \$129,040 over the contract period 9/79-12/83.

Tied to direct salaries are two additional line items: merit/cost-of-living increases and payroll taxes/benefits. The first of these two line items is used only by AAI. The presumption could be made that the other contractors built in provisions for salary increases into direct salary costs. The second line item -- payroll taxes/benefits -- is included for all of the first eight contracts in the exhibit with the exception of the second contract, SECID FY 81. In this case, cost information show fringe benefits included with direct salaries. Note that for the other SECID contract, which began 10/1/81, benefits are included in a separate line item.

As noted in Chapter 2, and important in viewing staffing costs, it may be necessary to take other line items into consideration besides those discussed so far. Within the set of the first eight contracts included in Exhibit 3-1,

for example, five other line items reflect, or can reflect, additional staffing costs. One obvious line item is consultants (Item J on Exhibit 3-1). Consultants may be utilized by contractors to provide special technical expertise on an as-needed, limited basis. Consultants were included in the budgets for the USDA RSSA, both RLA contracts and the IIE contract.

IIE provides an interesting illustration of the second line item -- regional office supervision (Item M1 on Exhibit 3-1) -- which is included as part of other direct costs. In this case, more direct supervision of participants is to be provided by staff located in various IIE U.S. regional offices. On the other hand, professional support provided by IIE headquarters staff in New York to IIE-Washington, which is conducting the Conventional Energy Program, is included with direct salaries.

The third line item, fiscal management/data processing (Item M2 in Exhibit 3-1) included as part of other direct costs may reflect staffing in some cases, in others, a combination of staffing-data processing, and in still others, only data processing. At least some staffing charges are included in this line item for IIE since no salary costs are allocated to the functional staffing category "fiscal/information management."

The fourth line item -- temporary help (Item M3 in Exhibit 3-1) -- clearly reflects staffing. Both RLA and AMIDEAST include this line item as part of other direct costs. The fifth line item, also included under other direct costs, is professional services (Item M4 in Exhibit 3-1) for the two SECID contracts. This may be most similar to the consultant category used by USDA, RLA and IIE.

B. Overhead

Overhead (Item I in Exhibit 3-1) is included in the budgets of all of the first eight contracts. The amount of \$325,600 included as overhead for USDA is somewhat misleading. This category, referred to as "fair share" by USDA, represents prorated administrative and indirect expenses, including some items such as communications which are not costed separately. For all other contracts with detailed cost data, communications represent a separate line item of the other direct cost category.

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For seven of the eight contracts, overhead is computed as a percentage of salaries plus payroll taxes/benefits. For AAI, overhead is computed as a percentage on total costs.

One general factor should be considered when reviewing overhead rates. When direct salaries include staff from different contractor offices, the overhead rate applicable for that office should be charged. Only one illustration of the use of different overhead rates is included in U.S. costs of the first eight contracts presented in Exhibit 3-1. For the direct salary category "professional support, national office," the overhead rate for IIE's New York office was applied while for all other direct salary categories, the overhead rate for IIE's Washington office was applied.

C. U.S. Travel

The first eight contracts in Exhibit 3-1 include U.S. travel costs (Item K). The \$50,000 figure for USDA travel, as proposed, includes some visits to AID missions and thus represents some overseas as well as domestic travel. The U.S. travel costs for IIE is a combination of two inputs. First is the U.S. travel costs of \$20,610 allocated in the original contract. Second is \$4,500, primarily for U.S. travel by advisory committee members, considered part of "other direct costs" in the recent contract amendment. Mostly, U.S. travel by contractor staff is to training sites where participants are placed to perform in-person monitoring. Such site visits are also used by contractor staff to gain current information about admission requirements and the availability of new program offerings. As for IIE, other U.S. travel costs are usually associated with periodic advisory committee meetings at the contractor's home office.

D. Other Direct Costs

For the same group of eight contracts, other direct costs (Items M, M1-M12 in Exhibit 3-1) include a variety of line item expenses. The first four line items (M1-M4) -- IIE regional office supervision, fiscal management/data processing, temporary help and professional services -- have been discussed earlier as part of staffing. The line items of communications, supplies, office rent/furniture and reproduction/printing are self-explanatory (M5-M8).

Equipment and purchase line items (M9 and M10) are rarely broken out in budgets. According to IIE however, equipment for the energy project is a word processor unit. Line item M11, brochure/catalogs reflects a unique requirement of the IIE contract; that is, to produce a brochure on energy training opportunities, supported by relevant catalogs. The last line item under other direct costs labelled "miscellaneous" (M12) applies to the two SECID contracts and includes such expenses as bank charges, advertising, and participant admission fees.

One special item (L) is housing allowance for the director of the AMIDEAST Peace Fellowship Program. The director, who is Egyptian, arrived in the United States on August 13, 1981. The deputy director, who is American, transferred to AMIDEAST's Cairo office about the same time to head up the Cairo office and to manage the Cairo-based program activities.

E. Fee

Two of the contractors include fees (Item N) on the direct and indirect contract costs. These contractors are SECID and RLA.

F. Total Costs

Line item O simply indicates total contract costs for the group of eight contracts and for LASPAU.

G. Administrative Cost per Participant Training Year

The last cost figure for each contract and RSSA in Exhibit 3-1 provides average administrative cost per participant training year (Item P). It was arrived at by dividing the total costs (O) by the number of participant training years (E). For the four RSSAs besides USDA, average administrative cost per participant training year for FY 82 was determined by multiplying the monthly charge per participant training month by 12. By RSSA agency, these charges are:

Census Bureau	\$750/mo.
Bureau of Economic Analysis	\$650/mo.
Office of International Visitors Program	\$650/mo.
Bureau of Labor Statistics	\$375/mo.

For the other FY 82 RSSA with the Federal Aviation Administration, weekly costs have been projected and these vary, depending on the nature of training provided.

As an aid to the discussion in this section, administrative cost per participant training year from largest to smallest are arrayed by contract below.

<u>Contract</u>	<u>Administrative Cost Per Participant Training Year</u>
Federal Aviation Agency (FAA) (on-the-job training)	\$11,800
Census Bureau	9,000
IIE Conventional Energy Program	8,448
Bureau of Economic Analysis	7,800
Office of International Visitors Program (OIVP)	7,800
FAA (Familiarization and observation training)	6,136
Bureau of Labor Statistics (BLS)	4,500
AMIDEAST Peace Fellowship Program	4,268
USDA	2,520
AAI AFGRAD II	2,453
SECID (6 month)	1,907
SECID (12 month)	1,786
RLA (6 month)	1,688
RLA (12 month)	1,590
LASPAU	924

For the Federal Aviation Agency, weekly administrative costs are projected for FY 82 for two types of training. For on-the-job (OJT) training, the first two weeks are free; thereafter, the weekly cost is \$236. For familiarization and observation (F/O), the weekly cost is \$118. Multiplying these amounts out, annual OJT costs per participant would be \$11,800 while annual F/O costs per participant would be \$6,136. For the other four FY 82 RSSAs with agencies that only provide technical training, administrative costs per participant training year vary from \$9,000 for the Census Bureau to \$4,500 for the Bureau of Labor Statistics.

As a group, administrative costs for these five RSSAs are generally higher than those associated with the other contracts. All of these agencies provide specialized technical training on a demand basis. As noted in Chapter 2, specially tailored short-term training can be quite complex, involving multiple geographical sites and a variety of topics as well as coordination of the various components into a single training package.

By contrast, for the other RSSA with USDA, the monthly training cost for FY 82 is \$210, for an average participant cost per training year of \$2,520. USDA manages a mix of academic and technical participants. According to USDA generated statistics, in FY 81, USDA managed a total of 673 academic participants (241 studying for their bachelors degrees, 330 working towards masters degrees and 102 working towards PhDs). Of the 507 technical participants managed by USDA in FY 81, 349 participated in USDA-developed short courses. Such technical training streamlines USDA placement and monitoring functions. For the remaining 158 technical participants, 63 participated in study tours, 32 in OJT, 29 in academic non-degree programs, 14 in observation tours, and 20 in other special programs. It is this latter set of 158 participants for which more specially tailored training of the type provided under the other five RSSAs was necessary. This group represents 13.4% of all participants (N = 1180) placed by USDA in FY 81.

Close to USDA's average cost per participant training year of \$2520 is AAI's cost of \$2453. For current time periods, SECID and RLA costs are at least \$500 and \$700 less per participant training year than for AAI and USDA. For earlier one-year contract periods, SECID and RLA costs are at least \$650 and \$850 less than those for AAI and USDA.

USDA, AAI, SECID and RLA have similar scope of work responsibilities in the U.S. Differences in costs may reflect differences in how services are provided, but perhaps more significantly cost differences may reflect the qualifications and staffing patterns used by these contractors, as well as the way in which overhead costs are computed and other indirect costs.

The lowest cost per participant training year of contracts included in Exhibit 3-1 is for LASPAU, only \$924 per year. This rate partly reflects LASPAU's long-time operation in Latin America, its training of participants from only a selected set of Latin American universities, and the use of its network of over 100 U.S. universities who will train LASPAU participants tuition-free.

AMIDEAST's cost per participant training year of \$4,268 is substantially higher than for other contracts discussed so far (excluding the five RSSAs besides USDA's RSSA). Start-up costs on the new contract contribute to this higher rate. For example, early on AMIDEAST hired personnel to process the

Large numbers of dossiers expected to be received according to the Egyptian government; in fact, during the ensuing months, only about one-third as many dossiers were received. While AMIDEAST did let some staff go, staff were given some notice and not fired effective immediately. Supporting the position that extra costs were incurred early in the contract, AMIDEAST computed U.S. administrative costs for calendar year 1981; with a monthly rate of \$301.91, the average yearly rate is \$3,623, \$645 less than the rate for the first 16 1/2 months.

Excluding the RSSAs with agencies besides USDA, IIE Conventional Energy Training Program has the highest average administrative cost per participant training year -- \$8,448. As for AMIDEAST, this figure reflects start-up costs. In addition, only 50 participants, 20 of whom are to be short-term technical, are projected for this program in its first year of operation. Furthermore, all participants are to be placed in the energy field, an area which has received little emphasis in the past, thus requiring the development of programming opportunities.

CHAPTER 4 CONCLUSIONS AND RECOMMENDATIONS

Details of results obtained in our general cost analysis of selected contractors engaged in providing participant training services have been presented in Chapters 2 and 3. Chapter 2 focused on the nature of U.S. services provided while Chapter 3 concentrated on the costs associated with U.S. services. In this chapter, we present our conclusions and recommendations based on the information collected, our analysis of such information, and our own experience gained by conducting similar studies.

In order to evaluate technical and cost proposals submitted to OIT's RFP to become the major contractor, several guidelines can be provided. These guidelines are concerned with what is proposed and how much it is projected to cost.

In terms of content, attention should be focused on the level and type of services proposed. Such services should include periodic monitoring of participants to ensure they are on track. Such monitoring permits early identification of problems so that prompt corrective action can be taken. Effective monitoring can decrease the likelihood that participant programs will need to be extended. Thus, unanticipated increased costs of program extensions and consequent delayed return by participants to their home countries to utilize their newly acquired expertise can be effectively controlled.

Participant services proposed by organizations should also include internal information systems and quality control measures. Information systems may be of several types, including a data base on training institutions consisting of admission requirements, program offerings, contact persons, and even experiences of participants placed at various institutions. A different type of information system allows an organization to regularly monitor their own activities. Especially since the major contractor will have responsibility for large numbers of participants, an information system that permits tracking of individual participants, as well as determination of the status of all participants at particular points in time, can serve as an important management tool.

Each type of information system can contribute to quality control. Use of a training institution data base can mean effective placement of participants to

meet program objectives. Use of a tracking system can mean mid-course adjustments to better handle caseloads. Quality control can also be implemented through an evaluation system which provides information that an organization can use to improve participant services.

Establishing solid communication links with all relevant parties involved in participant training is yet another important aspect of providing appropriate services in a timely fashion. Key parties involved in this process should include AID/W and USAIDs in addition to participant monitoring, which may include contact with participants and others like the academic advisor and the foreign student advisor.

Beyond review of services offered by an organization, the level and type of staff proposed to accomplish these services should be considered carefully. In terms of type of staff, the background and qualifications of staff should be reviewed relative to their proposed responsibilities. On one hand, it may be inappropriate to assign all placement activities to a secretary. On the other hand, it may be similarly inappropriate to assign the recording of all financial expenditures in a ledger to a CPA. Staff background and qualifications should be commensurate with assigned responsibilities.

Another way to view proposed staff is in terms of the ratio of support services to professional personnel. Our experience indicates that the higher the ratio of support services to professional personnel (that is, the closer that ratio is 1 to 1) the less efficient the organization. This is only a general perception and need not be descriptive of a particular organization.

Cost, of course, is the other major dimension to be evaluated relative to services and quality and numbers of staff proposed. As a point of departure, it is useful to determine the administrative cost per participant training year, as was done for the study contracts in Chapter 3. This provides one summary way to compare costs across organizations responding to the major contractor RFP.

Budget details can then be compared across organizations by major category. The categories used in Chapter 3 should prove useful. Specifically, major cost categories that may be worthy of review include: staff salaries, benefits, overhead, U.S. travel, other direct costs, and fee.

In summary, this was an interesting study, one that provided useful results despite constraints imposed by OIT short-term need for results. Through OIT, contractor, and contracts office cooperation, we were able to obtain relevant information about contractor services and associated costs that provided the basis for results presented in this report. But, as noted throughout, the comprehensiveness and equivalency of information was limited.

It may well be advisable to consider a full scale cost analysis and evaluation of AID's Participant Training Program in order to better understand costs associated with various contractor-provided services and to identify the nature of services needed to effectively support participant training. Certainly, based on our general cost analysis, it is clear that services and their costs vary significantly among contractors. A more detailed analysis of why costs differ and what services should be offered can provide AID with a better tool for issuing and managing participant training contracts.

However, the most important decision for AID is to tighten up the budget and reporting process of contractors if costs are ever going to be meaningfully analyzed and controlled. It is essential to the understanding of participant training costs to break down budgets and reporting by line item and functional categories. Until this kind of data is available AID will not be able to discuss training costs with any degree of precision or accountability.