AGENCY FOR INTERNATIONAL DEVELOPMENT

Fiscal Year 1977
Submission to the Congress

Management □ Personnel □ Operating Expenses

February 1976

MANAGEMENT - PERSONNEL - OPERATING EXPENSES

CONTENTS

Management	1
Personnel and Workforce	9
A.I.D. Operating Expenses	25
Foreign Service Retirement Fund	31

MANAGEMENT

MANAGEMENT

A.I.D. continues to improve its internal administration and the management of its complex program despite expansion in several program areas and heavy involvement in the orderly closeout of Indochina assistance.

Among its significant management achievements during the past year are:

-- implementation of a new project identification, design, review and approval process that merges previously separate loan and grant procedures.

-- development of new information systems, designed to support the program planning process, which are scheduled for operational use in 1976.

-- strengthening of project management by development of a project performance tracking system and by expansion of related training.

-- reorganization of the Geographic Bureaus, realigning their country responsibilities, to reflect program terminations in Indochina and expansion in the Middle East, and to achieve greater uniformity in internal structure and integration of capital and technical assistance activities.

Introduction

A.I.D. continues its responsibilities for a number of diverse, complex programs, many of which show increases over FY 1974. The scope and variety of these programs are indicated by the following statistics:

-- Planning, managing and monitoring:

** bilateral economic and technical assistance programs, totalling $2.34 billion in 65 countries in FY 1975;

** a loan portfolio of 1,286 active A.I.D. loans totalling $12.4 billion as of December 31, 1975;

** active grant programs and projects totalling $994 million at the end of FY 1975, including projects in such critical development sectors as food and nutrition, health and population planning, and education;

** commodity procurement totalling $808 million in FY 1975, of which 77% was purchased in the United States;

** housing guaranty projects authorized as of November 1975 totalling $773 million in 98 projects covering about 143,000 units;

** 1,594 technical service contracts with a value of $751 million as of December 31, 1975;

** training programs for 8,358 foreign participants during FY 1975;

** P.L. 480 Title II grants to private voluntary agencies such as Catholic Relief Services, Church World Service, CARE, etc. totalling $275 million, including freight, in FY 1975;

** P.L. 480 Title II World Food Program and Government-to-Government grants in FY 1975 totalling $186 million, including freight;

** comprehensive audit programs; 592 audits conducted in FY 1975.

-- Overseeing participation in A.I.D. programs by:

** eleven Federal agencies, with major involvement of the Departments of Agriculture, Commerce, Interior, and Health, Education and Welfare.

** 115 U.S. universities and educational institutions.

-- Coordinating:

** U.S. Government overseas disaster relief programs; 34 disasters in 31 countries with $200 million of U.S. assistance provided in FY 1975.

** U.S. development assistance policies and programs with other U.S. Government agencies and with various international institutions such as the International Bank for Reconstruction & Development (World Bank), International Development Bank, Asian Development Bank, African Development Bank, United Nations agencies, Organization of American States, Development Assistance Committee of the Organization for Economic Cooperation and Development, etc.

-- Participating:

** with USDA and other departments in the development of P.L. 480 Title I programs in 29 countries, totalling $759 million in FY 1975.

Impact of Indochina Closeout

The need for an orderly closeout of A.I.D. activities in Indochina, following U.S. evacuation of that area, has imposed a substantial workload. The Agency's continuing progress in improving its management is especially noteworthy considering its heavy involvement in these tasks:

-- Returnees - reassignment or separation of 525 U.S. Direct-hire employee

-- Claims - of 413 claims for personal property losses submitted as of December 31, 1975, by AID personnel, 325 have been settled for a total of $1.49 million.

-- Commodities - disposition and/or settlement on $66.5 million outstanding under 2,192 letters of credit is more than 90% completed -- i.e., 2,008 transactions representing $60.5 million have been completed.

- disposition of more than $30 million worth of cargo to which A.I.D. took title enroute to Indochina countries involved 1,698 transactions. Action has been completed on 971 transactions costing $19.4 million.

-- Contracts - terminating 172 contracts and grants, and settling 127 contractor/grantee claims totalling $12.2 million, of which 33 have been settled for a total value of $497,956.

-- U.S. property - reviewing and certifying the loss of $22.4 million in U.S. real and personal property. As of December 31, 1975, review and certification had been completed on property valued at $12.3 million.

-- Funds - liquidating obligations of $238.5 million, of which $140 million was completed by December 31, 1975.

Key Management Devices

Three mechanisms continue to be especially valuable in the ongoing effort to improve A.I.D. management:

-- The Administrator's Advisory Council, made up of the Agency's top managers (its statutory officials), concentrates in the area of substantive program policy. Its role is to identify and analyze policy issues and to develop foreign assistance policies, concepts and approaches.

-- The Senior Operations Group (SOG), which is chaired by the Deputy Administrator, includes all Deputy Assistant Administrators and certain Office Directors. SOG advises on the Agency's most significant management and operating problems, serves as a forum for analytic discussion, and sponsors an extensive program of systems development and staff studies.

-- A.I.D.'s Management Improvement Plan for 1975 sets forth a broad program of improvement and innovation in Agency operations and systems.

A.I.D. Management Improvements

Congressional mandates of recent years, together with our continuing concern for economy, efficiency and effectiveness, have given impetus to a variety of Agency efforts toward better management of A.I.D.'s programs.

-- A new system of project identification, review, and approval has been established:

** The new planning cycle provides for earlier submission of project proposals, before preparation of the Congressional Presentation, so that possible factors which would preclude final approval can be identified.

** The system incorporates integrated documentation and procedures for both loan and grant financed development projects.

** The new documentation permits more precise and systematic review of project proposals, particularly in terms of their responsiveness to new policy guidelines and the quality of supporting analysis.

** Evaluation plans are required under the new system, as an integral part of project design.

-- Several measures have been taken to improve project design.

** An intensified training effort has been made, aimed at achieving proficiency for all A.I.D. professionals with program and project design responsibilities. Approximately 620 officers were trained during 1975.

** Two design tools are now required, the logical framework matrix (logframe) and a project planning network (part of the project performance tracking system, below). The logframe has been refined on the basis of experience and is now required for all project proposals. The logframe relates country and sector goals to project purposes, purposes to desired project outputs, and outputs to required inputs of assistance in various forms.

-- Project management is being made more effective.

** A project performance tracking system has been established to show project progress in terms of agreed measures of performance. The purposes of the system are to foster improved project design, better control at the project level, improved program management at the Mission and subregional level, and more effective monitoring by A.I.D./Washington.

** To improve the implementation of projects, work is underway to simplify procedures, make them uniform where feasible as between loan and grant projects, and identify actions which can be undertaken before the obligation of funds, thereby accelerating the implementation process.

** All individuals with project management responsibilities are required to take relevant training (see Personnel and Workforce section of this volume).

-- Management information systems are being installed to improve the support, coordination and management of A.I.D.'s development activities.

** Development of three basic systems covering budgeting and project data, economic and social data on developing countries, and project accounting information is largely completed. Design of the automated elements of these systems is underway, with full implementation in 1976.

** A new activity numbering and classification system has been installed reflecting changes in the Agency's appropriation structure, unifying separate systems for different types of activities, and facilitating computer treatment of data.

-- A new organization, the Development Information Service Staff, will provide

for the retrieval, analysis and dissemination to project designers of development information, including evaluation material on programs and projects, technical information on the "state of the art" in various fields of development, and socio-economic-political data on the developing countries. Some elements of the Development Information Service will be automated, and will be integrated with and draw upon the other three automated management information systems above, as well as the project performance tracking system.

-- The Agency is working to improve <u>project evaluation</u>, and to extend its coverage:

** Evaluation concepts and techniques are being examined and refined in the light of Agency experience, particularly to establish, during the design stage, indicators and measures of project progress.

** The evaluation system is being extended to cover all types of project assistance, irrespective of funding source, with evaluation methods tailored to the unique character of each type.

** To meet growing field requirements, A.I.D. has added to the number of its design and evaluation service contractors, who are readily available to Missions under indefinite quantity contracts.

** The Agency is emphasizing utilization of evaluation findings, recognizing their dual value not only for measuring the progress and impact of individual projects but also for providing information useful for project design in other countries and for program management in A.I.D./Washington.

-- Steps are being taken to achieve a more effective integration of research and operating programs, with these objectives:

** increased relevance of research to the development priorities established by the Congress.

** fuller and faster utilization of research results.

** more effective participation by the less developed countries (LDC's) in planning and conducting research, and greater sharing in its benefits.

-- Actions thus far include:

** tightened procedures for the review of research proposals.

** Mission identification of research needs in their Annual Budget Submission.

** transmission of selected research proposals to appropriate Missions to obtain their suggestions and the views of LDC experts.

** initiation of "state-of-the-art" surveys in several key fields, drawing on expertise developed under FAA Section 211(d) grants.

** initiation of a pilot Sector Research Plan effort in the field of Soil and Water, identifying critical problems, ranking them in order of priority, and assessing the prospects of solution through research.

-- In addition to the several automated systems described elsewhere, the Agency has expanded the scope of automatic data processing services in support of program and management activities:

** A new Project Analysis and Reporting Information System (PARIS), which became operational in 1975, provides automatic tracking and status of critical events for Technical Assistance Bureau projects. Nonfinancial data is largely complete; financial data is presently being added.

** A comprehensive budgeting, programming, and tracking system for Food for Peace, Title II commodities was completed and is now in operation. The system also provides an increased program evaluation capability and permits more rapid and efficient response to disaster situations. A similar system will be developed for Title I programs in 1976.

** A contract inventory and status system has been developed which will increase the efficiency of regular reporting and decrease ad hoc reporting requirements.

** Eleven time-sharing terminals were installed to provide remote query capability to data files, thereby reducing reliance on periodic reports and reducing the need for preparation of ad hoc query programs.

Several actions have been taken to improve the operational and managerial effectiveness of the Agency:

-- Responsibilities for countries in the Near East, South Asia, and East Asia were realigned under a Bureau for Near East and a Bureau for Asia, adjusting to the termination of A.I.D. activities in Indochina and the new requirements to support U.S. initiatives in the Middle East.

-- The Agency's Geographic Bureaus are being restructured internally to:

** foster uniformity of approach to development activities,

** facilitate interchange of personnel, and

** provide for integrated treatment of capital and technical assistance.

-- Reflecting the Administrator's designation by the President under Section 493 of the Foreign Assistance Act as the Special Coordinator for International Disaster Assistance, A.I.D.'s disaster relief coordination office was restructured and given additional staff.

-- A restructured and augmented Office of Country-Financed Technical Services has been given primary responsibility for an expanded program of country-financed technical services under Sections 607 and 661 of the Foreign Assistance Act. A coordinator of Reimbursable Development Programs in the Office of the Administrator will provide primary leadership in stimulating requests by developing countries and encouraging broad response from the U.S. private sector.

In all its improvement efforts, A.I.D., is emphasizing the importance of its Missions and other field organizations, building greater field capacity to carry out Congressional mandates and Agency initiatives.

During the eighteen-month period from July 1974 to December 1975, while all of the above were proceeding, A.I.D. personnel were reduced 35%.

PERSONNEL

PERSONNEL AND WORKFORCE

Introduction

A.I.D. continues to improve its personnel management and adjust its workforce to changing program requirements. During the past year the following major actions have been taken:

- -- Provide for reassignment or separation of the 525 U.S. employees displaced as a result of the abrupt program termination in Indochina.
- -- Ensure that the increasing manpower needs resulting from the new and expanding programs in the Middle East and Africa are met.
- -- Plan for the stabilization of the Agency's total direct-hire workforce at a level of approximately 6200.
- -- Undertake recruitment for skills in short supply, mainly through the International Development Intern Program.
- -- Promote a limited number of employees from FSR 5 to FSR 4 in occupational skills in short supply in that grade range while maintaining a general freeze on Foreign Service promotions.
- -- Restructure the Office of Personnel and Manpower to increase its efficiency and responsiveness.
- -- Institute a cyclical classification review of all Washington Civil Service positions.
- -- Increase the emphasis on training to upgrade the skills and better utilize the talents of Agency employees.

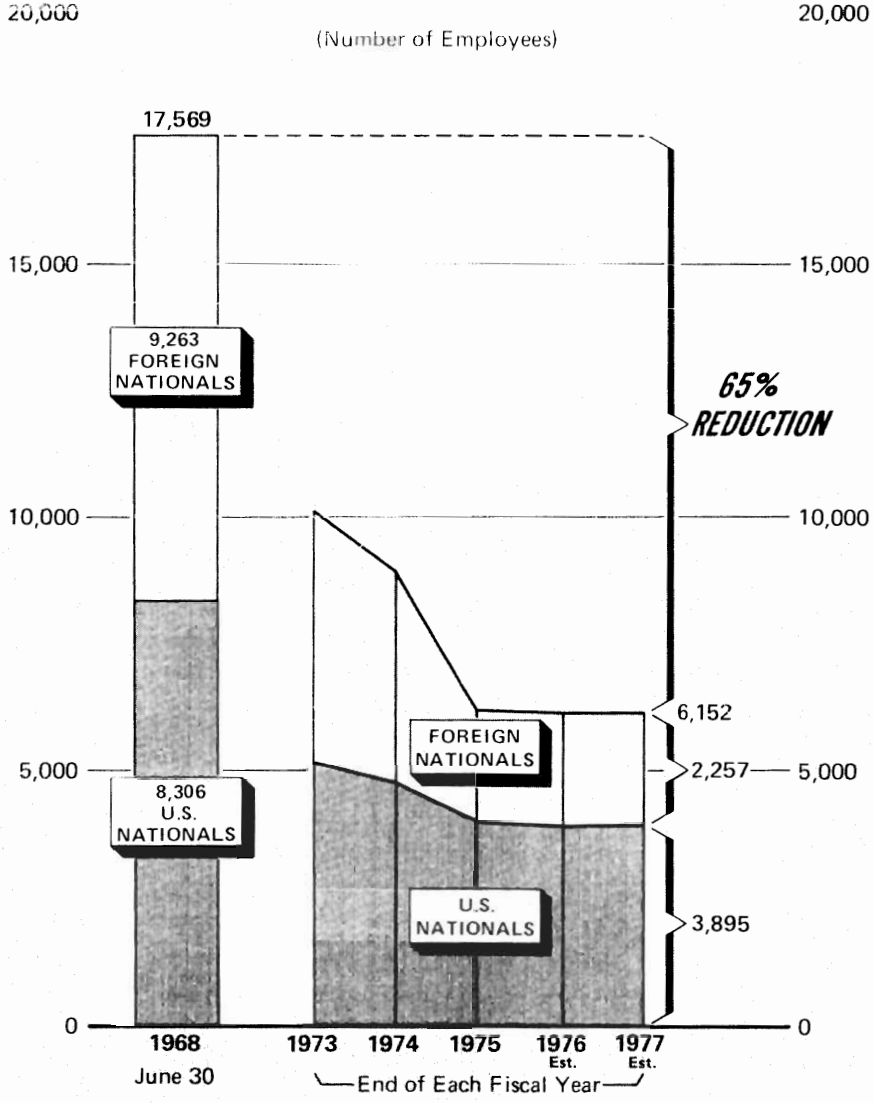
During the remainder of FY 1976, and into FY 1977, A.I.D. intends to accomplish a series of improvements in its personnel and workforce management. Responsibilities have already been assigned and schedules are being developed for accomplishing the following:

- -- Assess the effects of the Indochina phase-down, new program directions, and changes in workload on personnel requirements, and take action to meet these requirements promptly and effectively.
- -- Improve the understanding, acceptance, and performance by managers and supervisors of their responsibilities.
- -- Enhance the contribution of the Foreign Service (FS) and Civil Service (GS) Systems to the accomplishment of A.I.D.'s mission.
- -- Ensure equal employment opportunity in all its personnel policies, practices, and operations.
- -- Establish and maintain a comprehensive personnel management evaluation program which measures and motivates achievement of the Agency's personnel management goals and compliance with legal, regulatory, and public policy requirements.
- -- Improve communications with employees and employee organizations on management plans and actions which affect conditions of employment.

CHART A

65% REDUCTION PROJECTED IN A.I.D. DIRECT-HIRE STAFF FROM JUNE 1968 THROUGH JUNE 1977

U.S. and Foreign Nationals



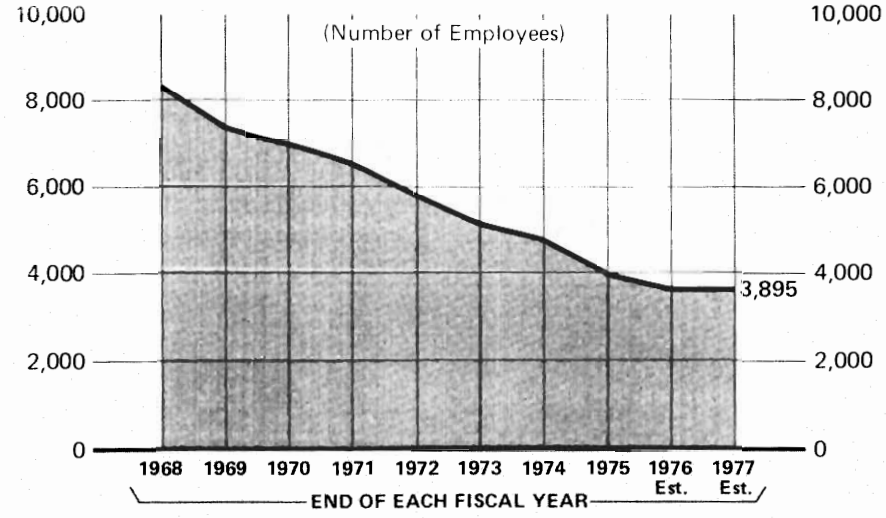
-- Strengthen workforce planning and coordination in the Agency to ensure that short and long-term staffing needs are projected as accurately as possible as the basis for timely and effective action to meet those needs.

-- Align positions and staffing to achieve operational efficiency and economy, compliance with Congressional mandates, sound position management and job classification, and effective utilization of employee skills.

CHART B

REDUCTIONS IN A.I.D. DIRECT-HIRE STAFF

U.S. NATIONALS



A.I.D. Employment Levels

The Agency's total direct-hire strength, Americans and foreign nationals, is projected to decrease from 17,569 on June 30, 1968 to 6,152 on September 30, 1977 -- a cumulative reduction of 65%. Table 1 and Charts A, B and C provide the detailed comparisons.

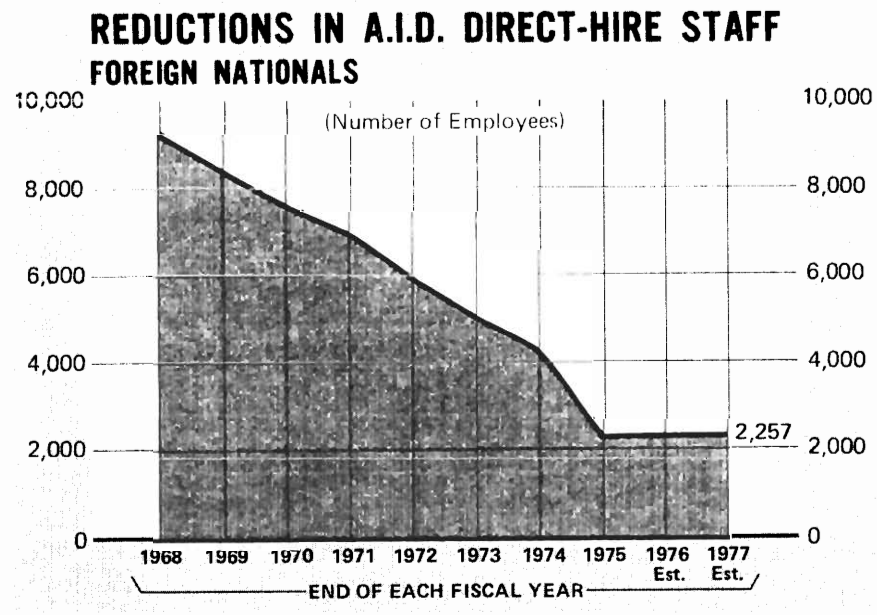
Table 1

A.I.D. STAFF REDUCTIONS

A.I.D. Direct-Hire Personnel

	End of Fiscal Year			
	FY 1968 Actual	FY 1975 Actual	FY 1976 Est.	FY 1977 Est.
U.S. Nationals				
United States	3,468	2,735	2,455	2,425
Overseas	4,838	1,231	1,440	1,470
Total U.S. Nationals	8,306	3,966	3,895	3,895
Foreign Nationals	9,263	2,219	2,257	2,257
Total	17,569	6,185	6,152	6,152
Cumulative Decrease		%	%	%
U.S. Nationals		52	53	53
Foreign Nationals		76	76	76
Total		65	65	65

CHART C



As is evident from the data in Table 1, the Agency's direct-hire staff levels have stabilized at a level of approximately 6200 employees, both U.S. and foreign nationals. It should be noted that the total direct-hire requirements for the expanding programs in the Middle East and Africa (including the Sahel) may well require additional staff resources.

A.I.D.'s direct-hire staff consists of:

-- Operations Personnel -- in Washington and overseas -- engaged in policy planning, programming, coordination, management and supporting functions;

-- Project Personnel -- technical advisors directly engaged in the implementation of programs and projects.

Table 2 shows the distribution of A.I.D.'s U.S. and foreign national direct-hire staff between operations and project personnel from the end of FY 1975 (actual), through FY 1977 (estimated).

Table 2

DISTRIBUTION OF A.I.D. DIRECT-HIRE PERSONNEL

FY 1975 - FY 1977

	End of Fiscal Year		
	FY 1975 Actual	FY 1976 Estimate	FY 1977 Estimate
Operations Personnel			
U.S. Nationals	3,891	3,822	3,827
Foreign Nationals	2,188	2,231	2,234
Subtotal	6,079	6,053	6,061
Project Personnel			
U.S. Nationals	75	73	68
Foreign Nationals	31	26	23
Subtotal	106	99	91
All Personnel			
U.S. Nationals	3,966	3,895	3,895
Foreign Nationals	2,219	2,257	2,257
Total	6,185	6,152	6,152

Tables 3 and 4 appended to the end of this section reflect the distribution of the Agency's full-time employees in permanent positions as projected for the end of FY 1976 and FY 1977.

Indochina Program Terminations

The unexpected withdrawals from Vietnam, Cambodia, and Laos during the Spring of 1975 interrupted the orderly process of restructuring the Agency, that began in 1974. As a result of program terminations in these countries, 525 U.S. national A.I.D. employees were displaced and provision had to be made for their immediate or future employment or their separation.

-- Special temporary Indochina Complements were established to:

** Provide the emergency staff requirements of the Office of Refugee and Migration (State) to operate the refugee relief centers on Guam and at four military bases in the United States (Inter-Agency Task Force).

** Liquidate these abruptly terminated programs, e.g., cancel contracts, resolve distressed and frustrated cargoes, settle claims and outstanding letters of credit, and fulfill A.I.D.'s obligations for the A.I.D.-sponsored participant trainees in the U.S.

-- Records and qualifications of these former Indochina employees are reviewed to match them against existing vacant positions and known future requirements.

-- Employees whose skills are no longer required in the Agency are being separated.

As of the end of December 1975, the following actions had been effected for the 525 employees:

-- 234 had been assigned to regular positions.

-- 86 had been involuntarily separated.

-- 56 had been voluntarily separated or retired.

Of the remaining 149, it is estimated that:

-- Approximately 45 will be detailed to the Department of Health, Education and Welfare and the Department of State for continued refugee relief work.

-- The remainder will be assigned to positions which require their skills, or separated if their skills are no longer required.

-- These actions are scheduled for completion by June 30, 1976.

Throughout this continuing process, consideration is being given to matching and upgrading relevant employees against vacancies, including those for the new and expanding programs in the Middle East and Africa.

Utilization of these employees on critical temporary assignments has enabled A.I.D. to assure an orderly close-out of the Indochina program, minimize disruptions to Agency operations, and to plan and effect the best utilization of these skilled resources.

To facilitate this process, we have circulated staffing patterns which reflect present and anticipated vacancies to employees both in Washington and overseas so that they can express interest in being considered for specific positions.

Because the abrupt closing of the Indochina missions and the need for prompt staffing of the refugee centers had the potential for creating even more serious morale problems among affected employees, A.I.D. undertook a number of forestalling actions:

-- Staff members of the Office of Personnel and Manpower visited the refugee centers to counsel and assist A.I.D.'s employees.

-- Efforts were expanded to find positions outside the Agency, particularly with International Organizations, for employees on the Special Indochina Complements whose skills would be excess to A.I.D.'s needs.

-- A "hotline" was opened whereby employees at the refugee centers could call Washington regarding the full range of personnel matters.

Expanded Program Initiatives

FY 1975 and FY 1976 have been significant in terms of the Agency's workforce resources distribution. These years have seen a dramatic termination of programs in Indochina. At the same time, there has been a significant increase in program responsibility in other parts of the world.

-- The program for the Middle East, while still in its formative stages, is becoming the Agency's largest economic assistance program. Although provided for under the authority of the Supporting Assistance legislation, the assistance to Egypt, Syria, Israel, and Jordan will be largely programmed on a project basis requiring substantial direct-hire workforce resources to properly plan, design, implement, monitor, and evaluate these activities.

-- The increasing program activity and requirements for additional skilled personnel in most of the African countries will place greater demands upon the Agency's overseas direct-hire staff. Our programs in the Sahel area of Africa are changing from emergency relief and rehabilitation to long-term development assistance projects. There are also a number of new country programs which will require additional staff resources, including those in Guinea Bissau and Sierra Leone.

The effect of these new and expanding programs has been to stem the Agency's long-term downward trend and stabilize the Agency's direct-hire workforce levels at 6200.

Actions to Improve Personnel Management

In September 1975 A.I.D. conducted its annual review to determine the detailed workforce requirements by skills and grade levels for each organizational components of the Agency, both in Washington and overseas. As a result:

-- Recruitment is now being undertaken for those skills in short supply within the agency.

-- A.I.D. has accelerated the hiring of International Development Interns (IDI's) to ensure a steady input of young talent into the Agency. Two classes, of approximately 50 each, are being recruited annually.

-- The freeze on Foreign Service promotions imposed by the Agency in June 1974 was lifted in April 1975 to permit the promotion of 30 employees from FSR-5 to FSR-4 in those occupational skills determined to be in short supply in this grade range.

-- The findings of the Fall 1975 Promotions Panels have been deferred pending a review in February 1976 of A.I.D.'s Foreign Service requirements.

The Agency's continuing efforts to improve its organization structure have a direct impact on the number and types of employment skills required. A detailed description of many of the Agency's organizational changes is provided in the Management section of this volume.

In addition, the Office of Personnel and Manpower's organization has been realigned to increase its efficiency and improve its responsiveness to operating managers. An evaluation staff has been established to monitor personnel operations in the Agency and make recommendations for their improvement.

A special staff was established to define procedures and handle all inquiries resulting from the Privacy Act. All Agency managers have been instructed on their responsibilities under the Act, and all personnel have been informed by means of seminars and publications of their rights and responsibilities.

A management consulting firm conducted an evaluation of the Agency's outplacement program. The Agency has reviewed the results of this study and is presently implementing recommendations designed to improve outplacement service for Agency personnel.

Effective and efficient personnel management requires that all Agency positions be properly classified in accordance with appropriate standards.

-- A cyclical review process whereby each Civil Service position in the Agency is audited at least once every 3 years went into effect in 1975. This effort - which resulted in the immediate correction of more than 200 Washington positions - maintains the integrity of the Civil Service classification process.

-- A cyclical classification review of overseas positions will be started in 1976.

Training and Workforce Development

A.I.D. continues to emphasize improvement in its training activities through the development of revised and new training programs which will provide the means to upgrade the skills and better utilize the talents of Agency Employees.

-- A.I.D. managers operate within a complex interdisciplinery, multi-donor overseas environment. Developing and maintaining the needed skills requires a substantial continuing effort on the part of the Agency. A.I.D. has designed and implemented a number of programs to improve the skills of its employees.

-- A twelve week Development Studies program was initiated early in FY 1976, and the third of a series of courses is now underway. This program provides an interdisciplinary approach to the areas of management, economics and the social sciences.

-- In October 1975 it was determined that all individuals having project management responsibilities must participate in the Agency's Project Management Seminars which are designed to improve the skills essential to successful project design, implementation and evaluation.

-- Advanced Management Training Seminars provide a review of contemporary theories and concepts of management integrated with relevant behavorial science findings. These seminars are conducted periodically both overseas and in the United States.

-- A training program has been developed and implemented to qualify Foreign Service staff personnel (e.g., secretarial, communications and records) for professional Foreign Service Reserve Officer positions and thereby provide expanded professional career opportunities for these employees.

-- Foreign language capability is an essential skill needed to effectively carry out a development assistance program. To ensure that the Agency has the necessary language trained individuals on a timely basis, a policy has been established which provides for approximately 40 individuals to be in language training at any one time. This also provides for more effective central control over the training process.

Table 3

ESTIMATED DISTRIBUTION OF FULL-TIME EMPLOYEES
IN PERMANENT POSITIONS

On Board as of June 30, 1976

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Presidential Appointees				
EX-II	($44,600)	1	07.14	00.02
EX-III	($42,000)	1	07.14	00.02
EX-IV	($39,900)	10	71.43	00.16
EX-V	($37,800)	2	14.29	00.03
Total		14	100.00	00.23
Average Salary, $40,086				
Chiefs of Mission				
FA-02	($42,000)	1	05.00	00.02
FA-03	($39,900)	8	40.00	00.13
FA-04	($37,800)	11	55.00	00.17
Total		20	100.00	00.32
Average Salary, $38,850				
Foreign Service Reserve				
FSR-01	($37,800)	96	05.19	01.56
FSR-02	($36,092-$37,800)	292	15.78	04.75
FSR-03	($28,582-$34,300)	608	32.87	09.88
FSR-04	($22,906-$27,490)	511	27.62	08.31
FSR-05	($18,612-$22,332)	208	11.24	03.38
FSR-06	($15,359-$18,431)	52	02.81	00.84
FSR-07	($12,899-$15,479)	83	04.49	01.35
FSR-08	($11,046,$13,254)	-	-	-
Total		1850	100.00	30.07

Average Taxable Income*, $31,655
*Includes overseas post differentials.

Table 3, page 2

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Foreign Service Staff				
FSS-01	($28,582-$37,159)	-	-	-
FSS-02	($22,906-$29,782)	-	-	-
FSS-03	($18,612-$24,192)	1	00.36	00.02
FSS-04	($15,359-$19,967)	14	05.00	00.23
FSS-05	($13,770-$17,901)	46	16.43	00.75
FSS-06	($12,345-$16,053)	99	35.36	01.61
FSS-07	($11,068-$14,389)	108	38.57	01.75
FSS-08	($9,923-$12,902)	12	04.28	00.19
FSS-09	($8,896-$11,569)	-	-	-
FSS-10	($7,976-$10,370)	-	-	-
Total		280	100.00	04.55
Average Taxable Income*, $15,589				
Classification Act				
GS-18	($37,800)	1	00.06	00.02
GS-17	($37,800)	3	00.18	00.05
GS-16	($36,338-$37,800)	10	00.61	00.16
GS-15	($31,309-$37,800)	132	08.02	02.15
GS-14	($26,861-$34,916)	172	10.46	02.80
GS-13	($22,906-$29,782)	178	10.82	02.89
GS-12	($19,386-$25,200)	130	07.90	02.11
GS-11	($16,255-$21,133)	102	06.20	01.66
GS-10	($14,824-$19,270)	12	00.73	00.19
GS-09	($13,482-$17,523)	121	07.36	01.97
GS-08	($12,222-$15,885)	63	03.83	01.02
GS-07	($11,046-$14,358)	196	11.91	03.19
GS-06	($9,946-$12,934)	203	12.34	03.30
GS-05	($8,925-$11,607)	178	10.82	02.89
GS-04	($7,976-$10,370)	134	08.15	02.18
GS-03	($7,102-$9,235)	10	00.61	00.16
GS-02	($6,296-$8,186)	-	-	-
GS-01	($5,559-$7,224)	-	-	-
Total		1645	100.00	26.74
Average Salary, $18,876				

*Includes overseas post differentials.

Table 3, page 3

		Number of Employees	Percent in Each Grade By Each Pay Schedule	Percent in Each Grade of Agency Total
Administratively Determined				
AD-18	($37,800)	10	14.49	00.16
AD-17	($37,800)	5	07.24	00.08
AD-16	($36,338-$37,800)	17	24.64	00.28
AD-15	($31,309-$37,800)	18	26.08	00.29
AD-14	($26,861-$34,916)	3	04.35	00.05
AD-13	($22,906-$29,782)	4	05.80	00.06
AD-12	($19,386-$25,200)	1	01.45	00.02
AD-11	($16,255-$21,133)	-	-	-
AD-10	($14,824-$19,270)	1	01.45	00.02
AD-09	($13,482-$17,523)	4	05.80	00.06
AD-08	($12,222-$15,885)	1	01.45	00.02
AD-07	($11,046-$14,358)	2	02.90	00.03
AD-06	($9,946-$12,934)	1	01.45	00.02
AD-05	($8,925-$11,607)	2	02.90	00.03
AD-04	($7,976-$10,370)	-	-	-
AD-03	($7,102-$9,235)	-	-	-
AD-02	($6,296-$8,186)	-	-	-
AD-01	($5,559-$7,224)	-	-	-
Total		69	100.00	01.12
Average Salary, $31,966				
Wage Systems				
WI-16	($14,830-$16,390)	1	05.88	00.02
WI-15	($14,394-$15,891)	1	05.88	00.02
WI-12	($13,104-$14,477)	2	11.77	00.03
WI-10	($12,251-$13,541)	4	23.53	00.06
WG-06	($10,795-$12,605)	1	05.88	00.02
WG-05	($10,150-$11,835)	8	47.06	00.13
Total		17	100.00	00.28
Average Salary, $12,697				

Table 3, page 4

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent of Agency Total
Total U S. Nationals	3895	-	63.31
Average Taxable Income, $25,135			
Average nontaxable benefits; -- excluding allowances for cost of living, quarters, education, representation, and official residence expenses: $2,050.			
Total Foreign Nationals, (not included in table above)	2257	-	36.69
Total A.I.D.	6152	-	100.00

Table 4

ESTIMATED DISTRIBUTION OF FULL-TIME EMPLOYEES
IN PERMANENT POSITIONS

On Board as of September 30 1977

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Presidential Appointees				
EX-II	($44,600)	1	07.14	00.02
EX-III	($42,000)	1	07.14	00.02
EX-IV	($39,900)	10	71.43	00.16
EX-V	($37,800)	2	14.29	00.03
Total		14	100.00	00.23
Average Salary, $40,086				
Chiefs of Missions				
FA-02	($42,000)	1	05.00	00.02
FA-03	($39,900)	8	40.00	00.13
FA-04	($37,800)	11	55.00	00.17
Total		20	100.00	00.32
Average Salary, $38,850				
Foreign Service Reserve				
FSR-01	($37,800)	90	04.85	01.46
FSR-02	($36,092-$37,800)	275	14.81	04.47
FSR-03	($28,582-$34,300)	621	33.44	10.09
FSR-04	($22,906-$27,490)	523	28.16	08.50
FSR-05	($18,612-$22,332)	213	11.47	03.46
FSR-06	($15,359-$18,431)	52	02.80	00.85
FSR-07	($12,899-$15,479)	83	04.47	01.35
FSR-08	($11,046-$13,254)	-	-	-
Total		1857	100.00	30.18
Average Taxable Income*, $31,572				

*Includes overseas post differentials.

Table 4, page 2

Foreign Service Staff		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
FSS-01	($28,582-$37,159)	-	-	-
FSS-02	($22,906-$29,782)	-	-	-
FSS-03	($18,612-$24,192)	1	00.36	00.02
FSS-04	($15,359-$19,967)	14	05.00	00.23
FSS-05	($13,770-$17,901)	46	16.43	00.75
FSS-06	($12,345-$16,053)	99	35.36	01.61
FSS-07	($11,068-$14,389)	108	38.57	01.75
FSS-08	($9,923-$12,902)	12	04.28	00.19
FSS-09	($8,896-$11,569)	-	-	-
FSS-10	($7,976-$10,370)	-	-	-
Total		280	100.00	04.55
Average Taxable Income*, $15,589				
Classification Act				
GS-18	($37,800)	1	00.06	00.02
GS-17	($37,800)	3	00.18	00.05
GS-16	($36,338,$37,800)	10	00.61	00.16
GS-15	($31,309-$37,800)	126	07.69	02.05
GS-14	($26,861-$34,916)	165	10.07	02.68
GS-13	($22,906,$29,782)	170	10.38	02.76
GS-12	($19,386-$25,200)	125	07.63	02.03
GS-11	($16,255-$21,133)	98	05.98	01.59
GS-10	($14,824-$19,270)	12	00.73	00.20
GS-09	($13,482-$17,523)	121	07.39	01.97
GS-08	($12,222-$15,885)	63	03.85	01.03
GS-07	($11,046-$14,358)	196	11.97	03.19
GS-06	($9,946-$12,934)	203	12.39	03.30
GS-05	($8,925-$11,607)	178	10.87	02.89
GS-04	($7,976-$10,370)	157	09.59	02.55
GS-03	($7,102-$9,235)	10	00.61	00.16
GS-02	($6,296-$8,186)	-	-	-
GS-01	($5,559-$7,224)	-	-	-
Total		1638	100.00	26.63
Average Salary, $18,669				

*Includes overseas post differentials.

Table 4, page 3

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Administratively Determined				
AD-18	($37,800)	10	14.49	00.16
AD-17	($37,800)	5	07.24	00.08
AD-16	($36,338-$37,800)	17	24.64	00.28
AD-15	($31,309-$37,800)	18	26.08	00.29
AD-14	($26,861-$34,916)	3	04.35	00.05
AD-13	($22,906-$29,782)	4	05.80	00.06
AD-12	($19,386-$25,200)	1	01.45	00.02
AD-11	($16,255-$21,133)	-	-	-
AD-10	($14,824-$19,270)	1	01.45	00.02
AD-09	($13,482-$17,523)	4	05.80	00.06
AD-08	($12,222-$15,885)	1	01.45	00.02
AD-07	($11,046-$14,358)	2	02.90	00.03
AD-06	($9,946-$12,934)	1	01.45	00.02
AD-05	($8,925-$11,607)	2	02.90	00.03
AD-04	($7,976-$10,370)	-	-	-
AD-03	($7,102-$9,235)	-	-	-
AD-02	($6,296-$8,186)	-	-	-
AD-01	($5,559-$7,224)	-	-	-
Total		69	100.00	01.12
Average Salary, $31,966				
Wage Systems				
WI-16	($14,830-$16,390)	1	05.88	00.02
WI-15	($14,394-$15,891)	1	05.88	00.02
WI-12	($13,104-$14,477)	2	11.77	00.03
WI-10	($12,251-$14,541)	4	23.53	00.06
WG-06	($10,795-$12,605)	1	05.88	00.02
WG-05	($10,150-$11,835)	8	47.06	00.13
Total		17	100.00	00.28
Average Salary, $12,697				

Table 4, page 4

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Total U.S. Nationals	3895	-	63.31
Average taxable Income, $24,989			
Average nontaxable benefits; -- Excluding allowances for cost-of-living, quarters, education, representation and offical residence expenses: $2,036.			
Total Foreign Nationals, (not included in table above)	2257	-	36.69
Total A.I.D.	6152	-	100.00

OPERATING EXPENSES

A.I.D. OPERATING EXPENSES

In FY 1974 A.I.D. introduced the worldwide Operating Expense concept for two reasons:

-- To develop more accurate operational cost data for management control and decision making;

-- To inform the Congress of the total cost of planning, administering and supporting A.I.D. programs and projects.

The A.I.D. Operating Expenses budget consists of salaries and supporting costs in Washington and overseas associated with the functions of:

-- policy formulation;
-- program coordination;
-- program planning;
-- program support;
-- program management;
-- administrative management;
-- program evaluation;
-- personnel support.

The operating expense concept presents in a single budget not only traditional "administrative" costs, but also significant cost relating to support and management of approved programs and projects, such as;

-- technical planning and management of specific projects and programs;

-- contracting;

-- commodity procurement;

-- engineering services;

-- participant training services.

To present a complete picture of A.I.D. Operating Expenses, the presentation includes all costs which fit the definition of operating expenses -- even though about 5% of these costs are met from nonappropriated funds. A.I.D. Operating Expenses are funded from three types of funds, as shown in Table 1:

-- dollar funds appropriated annually by Congress;

-- dollar funds from the A.I.D. Housing Guaranty and Excess Property programs that do not require annual appropriation, and;

-- local currency trust funds provided by the recipient countries themselves to support A.I.D. operations.

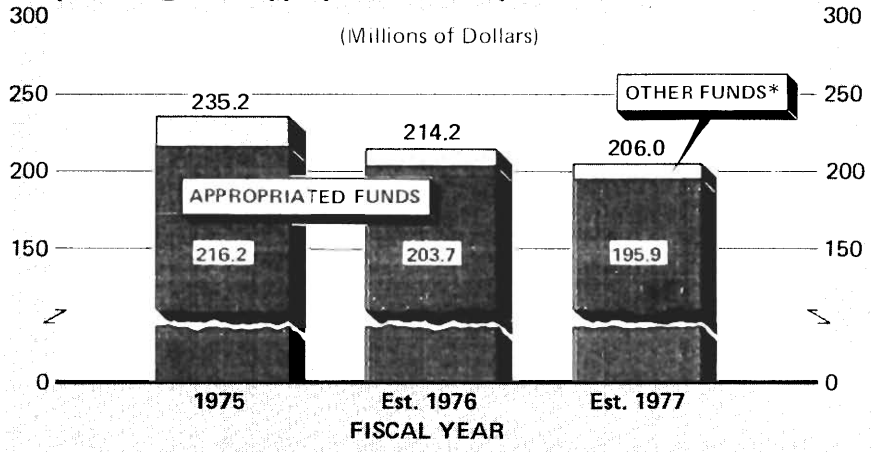
Table 1

FY 1977 A.I.D. OPERATING EXPENSES
By Major Funding Sources
($ Millions)

Appropriated Dollar Funds	195.9
Nonappropriated Dollar Funds	1.8
Local Currency Trust Funds	8.3
TOTAL OPERATING EXPENSES	206.0

CHART A

TREND OF A.I.D. OPERATING EXPENSES; Fiscal Years 1975-1977 (Including Non-Appropriated Funds)



*INCLUDES NON-APPROPRIATED DOLLARS AND LOCAL CURRENCY TRUST FUNDS.

A.I.D. Operating Expenses continue to decline despite pay raises and substantial inflation factors affecting both overseas and U.S. costs. As shown in Table 2, A.I.D.'s total estimated FY 1977 Operating Expenses are $8.2 million less than estimated FY 1976 requirements and about $30 million less than FY 1975 costs. These reductions are illustrated in Chart A. The figures shown include costs of the October pay raises in 1974 and 1975. No provision for a pay raise is included in the FY 1977 estimate.

Table 2

A.I.D. OPERATING EXPENSES
BY MAJOR LOCATION
($ Millions)

	FY 1975 ACTUAL	FY 1976 ESTIMATE	FY 1977 ESTIMATE
Overseas Operations	132.5	120.1	117.0
Washington Operations	102.7	94.1	89.0
TOTAL OPERATING EXPENSES	235.2	214.2	206.0

Operating Expenses by type of cost, grouped by the traditional object classifications, are shown in Table 3. The estimated distribution by object class for the FY 1977 budget is illustrated in Chart B.

There is a need for flexibility in funding A.I.D. Operating Expenses. Many variables which cannot be projected with complete certainty affect total requirements for Operating Expenses, such as:

-- New Programs: the need from time to time to start new programs (e.g., Middle East, Africa, Portugal). Operating Expenses for such programs are very difficult to project, and sometimes activities which A.I.D. is called upon to administer cannot even be foreseen at the time the Operating Expense budget is prepared.

BEST AVAILABLE

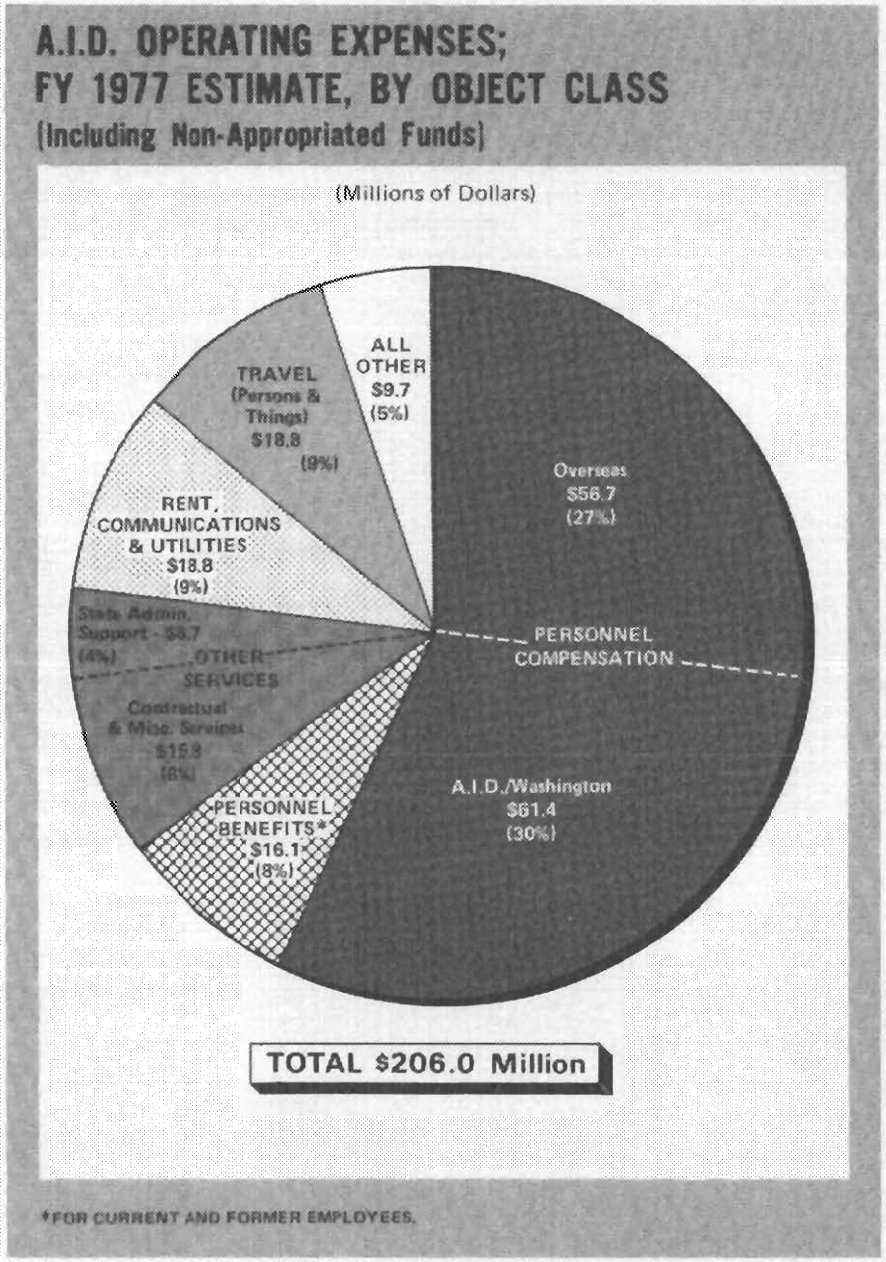
-- Major Disasters: the need to maintain Agency capability to respond to major disasters (floods, earthquakes, hurricanes and drought) which cannot be predicted in advance.

-- Inflation: substantial inflationary pressure in most of the developing countries in which A.I.D. operates necessitates local employee pay increases and causes other local costs to rise. The effect upon various cost elements of our budget is frequently uneven and unpredictable. For example, the median price increase in the developing countries during the most recent 12-month period, as compiled by the International Monetary Fund, was about 30%. Frequent fluctuations in currency valuations is another variable which affects cost estimates.

-- Diminishing local currency-generating programs: as programs which generate country-owned local currency are reduced, the availabilities of local currency trust funds provided by host countries trend downward unpredictably. This, in turn, may increase the requirements for appropriated dollar funds to meet essential Operating Expenses.

Every effort has been made to incorporate all factors known at this time in the FY 1977 request and to present requirements as accurately as possible. As noted above, the presentation herein furnishes in detail the total estimated Operating Expenses, including those funded from nonappropriated dollars and local currency trust funds, as well as from appropriated dollars.

CHART B



BEST AVAILABLE

Table 3

A.I.D. OPERATING EXPENSES
BY OBJECT CLASS
($ Millions)

OBJECT CLASS	FY 1975 ACTUAL	FY 1976 ESTIMATE	FY 1977 ESTIMATE
11 Personnel Compensation			
A.I.D. Washington	65.8	62.6	61.4
Overseas	62.3	52.6	56.7
Total	128.1	115.2	118.1
12 Personnel Benefits			
A.I.D. Washington	5.8	4.0	4.0
Overseas	7.2	9.4	10.3
Total	13.0	13.4	14.3
13 Benefits - Former Personnel			
A.I.D. Washington	.7	.7	.6
Overseas	3.8	1.1	1.2
Total	4.5	1.8	1.8
21 Travel and Transportation - Persons			
A.I.D. Washington	10.1	4.9	4.8
Overseas	7.9	8.8	8.4
Total	18.0	13.7	13.2
22 Transportation of Things			
A.I.D. Washington	2.0	1.1	1.1
Overseas	6.2	5.6	4.5
Total	8.2	6.7	5.6
23 Rent, Communications, Utilities			
A.I.D. Washington	7.0	7.5	8.3
Overseas	9.2	9.5	10.5
Total	16.2	17.0	18.8

Table 3
(Continued)

24 Printing and Reproduction			
A.I.D. Washington	.9	.8	.9
Overseas	.1	.1	.1
Total	1.0	.9	1.0
25 Other Services			
A.I.D. Washington	9.5	11.6	7.0
Overseas	23.8	24.0	17.5
Total	33.3	35.6	24.5
26 Supplies and Materials			
A.I.D. Washington	.7	.6	.6
Overseas	4.9	2.8	2.9
Total	5.6	3.4	3.5
31 Equipment			
A.I.D. Washington	.2	.2	.2
Overseas	4.5	4.1	3.1
Total	4.7	4.3	3.3
32 Lands and Structures			
A.I.D. Washington	-	-	-
Overseas	.2	.2	-
Total	.2	.2	-
41 Grants, Subsidies, and Contributions			
A.I.D. Washington	-	-	-
Overseas	2.4	1.9	1.8
Total	2.4	1.9	1.8
42 Insurance Claims and Indemnities			
A.I.D. Washington	-	.1	.1
Overseas	-		
Total	-	.1	.1
SUMMARY			
A.I.D. Washington	102.7	94.1	89.0
Overseas	132.5	120.1	117.0
TOTAL	235.2	214.2	206.0

Table 4

FUNDING SOURCES FOR A.I.D. OPERATING EXPENSES
($ Millions)

U.S. DOLLAR FUNDS	FY 1975 ACTUAL	FY 1976 ESTIMATE	TRANSITION Quarter	FY 1977 ESTIMATE
Functional Development Assistance	119.0	174.6	49.9	176.1
Food and Nutrition	(63.6)	(106.2)	(20.0)	(95.7)
Population and Health	(26.2)	(38.6)	(12.8)	(45.7)
Education and Human Resources	(14.5)	(15.2)	(10.2)	(22.7)
Sec. 106 Development Activities	-	(14.6)	(6.9)	(12.0)
Selected Development Problems	(9.6)	-	-	-
Selected Countries and Organizations	(5.0)	-	-	-
Indochina Postwar Reconstruction	46.6	6.3	-	-
Security Supporting Assistance	2.2	22.6	5.5	19.6
Disaster Relief Assistance	5.1	-	-	-
American Schools and Hospitals Abroad	.2	.2	.1	.2
A.I.D. Administrative Expenses	43.1	-	-	-
Total Appropriated Funds	216.2	203.7	55.5	195.9
Nonappropriated Funds:				
Housing Guaranty Fund	1.2	1.3	.4	1.3
Excess Property Fund	.5	.5	.1	.5
Total U.S. Dollar Funds	217.9	205.5	56.0	197.7
Local Currency Trust Funds	17.3	8.7	1.9	8.3
TOTAL OPERATING EXPENSES	235.2	214.2	57.9	206.0

NOTE: Totals may not add due to rounding.

Foreign Service
Retirement Fund

FOREIGN SERVICE RETIREMENT FUND

$16.7 million is required to pay for the FY 1977 annual installment required to cover the unfunded liability of A.I.D. Foreign Service employees now included in the Foreign Service Retirement and Disability System.

-- A.I.D. Foreign Service personnel were transferred to the Foreign Service Retirement and Disability System by Section 625(k) of the Foreign Assistance Act of 1973.

-- The Foreign Service Act of 1946 (Title VII) establishes the System and provides that any statute which authorizes extension of the System to new groups of employees is deemed to authorize appropriations to the Fund to finance the unfunded liability created by that statute.

-- Under normal budgetary practice, annual installments to cover the unfunded liabilities are the responsibility of the Department of State for the Foreign Service Retirement System and of the Civil Service Commission for the Civil Service Retirement System.

-- In FY 1974, payment of the first installment of the unfunded liability for A.I.D. Foreign Service employees was made by the Department of State.

-- In FY 1975, the State Department Appropriations Act (P.L. 93-433) included $15,600,000 for payment to the Fund to cover the second installment due on the unfunded liability incurred as a result of including A.I.D. Foreign Service employees in the System.

-- However, the State Department-USIA Authorization Act, FY 1975 (P.L. 93-475) in Section 5, specifically prohibited the use of appropriations made under the authorities of that Act to meet the unfunded liability created by including A.I.D. employees in the System.

-- The FY 1975 Foreign Assistance Appropriations Act (P.L. 94-11) provided for the transfer to A.I.D. of the funds previously appropriated to the State Department to cover the installment due in FY 1975 and provided further that an additional $480,000 from funds made available for development assistance for FY 1975 should be used to cover the additional unfunded liability arising from the October 1974 pay raise.

-- In order to comply with the intent apparent in Section 5 of the State Department-USIA Authorization Act, FY 1975 (P.L. 93-475) which prohibited the use of funds appropriated under the Act to meet the unfunded liabilities attributable to A.I.D. Foreign Service employees, the amount for FY 1976 ($16.7 million) was included in the FY 1976 Foreign Assistance Appropriations request. Similar requirements of $16.7 million have been included in the FY 1977 Foreign Assistance Appropriations request.