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FINAL REPORT

PARTICIPANT TRAINING CONTRACTOR COST STUDY

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EXECUTIVE SUMMARY

This study was commissioned by the Office of International Training, Bureau for Science and Technology (S&T/IT), to analyze participant training costs to assist and support AID/W office directors, mission directors, project officers, contract officers and other Agency officials in improving contractor management for participant training costs and services. The overall study purpose is to provide information and guidance to AID staff in assessing reasonable costs and services when determining which management mode to use in handling participant training and when negotiating with contractors for the most cost effective participant training and support services activities. A corollary objective of this study was to satisfy the Agency's need for cost information to determine whether training costs are singularly high and to identify those factors which influence high costs. The data from this study do not convincingly demonstrate that overall training costs are high or identify what specific factors influence costs more than others. The study findings do reveal, however, that there is great variation in training costs, and that lack of standardized budget and reporting guidelines and formats considerably hamper the Agency's ability to capture meaningful training program and administrative costs.

A. Methodology

In Fiscal Year 1984, there were about 162 contractors under cost reimbursement and fixed cost contracts, grants, cooperative agreements and other arrangements handling some level of participant training activity.

The data for this study were based on 45 responses from a sample of 79 contractors selected from S&T/IT's list of FY 1984 contractors. The source of the data was S&T/IT's Participant Training Information System. The criteria for selecting the contractors were the number of participant training months provided since the unit of analysis for this study was the participant training month. Contractors were also selected from four categories.*: (1) individual

* It should be noted that these contractors were responsible for arranging training and/or providing it.

University, (2) university consortia, (3) private not for profit organization, and (4) private for profit organization.

A questionnaire was developed and approved by S&T/IT for mailing to the sample of contractors. The questionnaire was designed to pick up key data (among other things) on: (1) type of contractor, (2) number of participants trained, (3) number of participant training months, (4) academic and technical program costs, (5) administrative costs, and (6) other cost information and types of services provided (see Appendix A for the sample questionnaire).

A total of 45 contractors out of 79 in the sample responded to the questionnaire. These 45 contractors represented 3,814 participants or 33% of the total trained in FY 1984. Thirty-four contractors did not respond or replied by letter or phone that the data requested were too difficult to retrieve. Contractors were followed up with at least one phone call to assist them in completing a questionnaire but most experienced some difficulty in completing it. In some cases, files had been closed and were in storage, which caused delays in retrieving the requested data.

In other cases, contractors indicated that their contract (or grant, etc.) did not require reporting to AID on the cost items contained in the questionnaire; hence their accounting systems could not break out, for example, administrative costs from program costs. This was especially true where the contract had components other than training such as technical assistance or development activities. A second letter, cosigned by the Director of S&T/IT and the Director of the Office of Acquisition and Assistance Management, was sent to contractors advising them of the importance in completing the questionnaire. This improved the response rate but, as indicated earlier, 34 contractors did not respond.

Despite these issues, those contractors responding did provide fairly consistent data which provide some interesting patterns of training program costs.

5. Data Analysis and Findings

Overview

While the main focus of this study was on the analysis of both administrative and program costs (academic and technical), it will be useful to know at the outset the total training costs of academic and technical programs including administrative costs.

The average total academic training cost was $1,431 per participant month (compared to $1,155 for academic program costs). The total technical training cost was $3,764 per participant month (compared to $2,920 for technical program costs). These costs were expressed in 1984 dollars. These total training costs may be kept in mind when reviewing the program and administrative costs which are analyzed separately in this report. Following is a discussion of the program vs. administrative costs.

1. Program vs. Administrative Costs

The study's main focus was on analyzing costs for providing academic and technical programs and the administrative costs associated with the arrangement and/or provision of training programs. Below is a definition of these costs and types of training.

a. Definition of Program Costs

U.S. participant training program costs were defined as those directly relating to the student's training program including tuition, training related expenses, maintenance and other living allowances. The following items are included in this category:

- Tuition
- Training fees
- Maintenance allowances
- Instruction fees

not included
intl travel 1,000
orientation 500.

total cost
1431 × 12 = 17,172
1500
18,672

academic prog cost adjusted
= 15 360
1155 × 12 = 13 860
1 000 1/3 travel
500 1/3 orientation

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- Lab/research fees
- Purchase/lease of computers for participants
- Purchase/lease of other special equipment for participants
- Master's thesis costs
- Insurance costs
- Monthly book allowances
- Book shipment
- Domestic travel
- Doctoral dissertation fees
- Seminar fees
- Professional society membership fees
- Escorts or interpreters
- Typing costs

An analysis of program costs is discussed in Section C on the following page.

b. Definition of Administrative Costs

Administrative costs of participant training were defined as those relating to the management of the participant training program and included the following:

- Contractor Salaries and Wages

  Home Office
  Field Office

- Indirect Costs

  Home Office
  Field Office

- Subcontracts
- Consultant Fees
- Allowances (not participant allowances)
- Travel and Transportation (not for participants)
- Expendable Equipment and Materials (not used directly in participant programs)
- Other Direct Costs (i.e., telephone, postage, supplies, equipment, word processing, computer processing)
- Overhead/G&A
- Fee

An analysis of administrative costs is discussed in Section D.

C. Program Costs

Program costs are analyzed for both academic training and technical training. Academic training is defined as a course of study that leads to an undergraduate or graduate degree from an accredited training institution. Technical training is all training not leading to a degree. This may include technical training courses, observation tours and specially tailored training programs. The following discussion of program costs does not include administrative costs which are discussed in Section D below. Hence, these costs cannot be compared to other cost data used by the Agency which frequently include administrative costs.

Definition Academic Training

1. Academic Program Costs

The program costs for academic training in FY 1984 ranged from $394 to $2,880 per participant month. The average cost is $1,155 per participant month. Note this does not include administrative costs but only program costs as defined earlier. Also, this figure is not adjusted for inflation so it cannot be directly compared to current expenditures without adjustment.

Most academic program costs in the study clustered between $700 to $1,400 per participant month. This range represents where 70% of the contractors were distributed. Parenthetically, academic training in agriculture represented the dominant field in which participants were trained. Those contractors which trained exclusively in academic agriculture training showed an average cost of $1,124 per participant month which is slightly lower than the average cost for all other academic training.

2. Technical Program Costs

Technical training programs had significant variation in costs, which ranged from a low of $536 to a high of $8,469 per participant month. The average cost was $2,920. Again, this figure does not include administrative costs but only program costs as defined earlier. These figures are also not adjusted for inflation so no comparison can be made to current costs without adjustment.

- Technical training differs considerably from academic training because so much of the training is tailored specifically to the participant and is likely to be more costly in terms of special technological equipment or development activities.

- There was much less clustering in technical training than academic training with the greatest number of programs falling within the range of $3,501-$4,000 per participant month. Those contractors which provided technical training exclusively in agriculture had an average monthly cost of $2,743 which is only slightly higher than the average cost for non-agricultural training.

D. Administrative Costs

Administrative costs ranged from a low of $35 to a high of $6,739 per participant month. The overall average cost is $669; however, if the extreme cases are excluded from the sample (e.g., $6,739), then the average administrative costs drop to $394 per participant month.

Most contractors clustered in the range of $0-$100 to $400-$500. Almost 70% of the contractors were distributed in this range with approximately 30% falling in the range of $501-$600 to a high of $6,739 per participant month.

These figures change if academic and technical costs are analyzed separately. The average administrative cost for academic training is $294 while the average administrative cost for technical training is $964 per participant month.

E. Other Cost Factors

Cost analysis was performed on a number of other factors such as type of contractor, years providing training to AID, overhead rates and fringe benefits in order to determine if there was any correlation to high or low programs and administrative costs. However, there is no evidence to show any relationship between the above factors and cost.

F. Conclusions and Recommendations

Perhaps the most obvious conclusion to emerge from this study was that one must be cautious in interpreting the data that were obtained from the completed questionnaires returned by the various contractors. In the first place, as indicated in the body of the report, one of the key problems encountered was the fact that there exists no commonly accepted pattern for recording or reporting on the various costs which impact on participant training. The direct program costs of participants are generally not complicated or difficult to calculate, but the allocation of administrative costs within a contract involving other activities as well as participant training does pose problems. The absence of established guidelines for analyzing such costs and for reporting on them doubtless resulted in substantial variation in the manner in which such costs were reported in the questionnaire submitted by the contractors.

The basic problem was compounded by several other factors. The questionnaire asked respondents to report specifically on costs incurred in FY 1984. This approach had the advantage of obtaining parallel data from a number of contractors for a precise time period, as opposed to attempting to gather cost information over the life of contracts with widely varying lengths and beginning and ending dates. However, this approach could not take into account the varying stages of each contract. Some of those reporting indicated that their contracts were approaching an end, and while needs assessments or selection processes had formed part of the contract at an earlier phase, they were not involved in many activities funded in FY 1984.

Another complicating factor was the wide variation in service or functions being performed by the contractors. As reflected in the body of the report, the contractors reported involvement in a wide range of support activities running the gamut from the early stages of needs assessment to planning and carrying out post-training evaluation and follow-up activities. The fact that no two contractors performed the same services -- at least as reported in questionnaires -- made it difficult to make valid cost comparisons between organizations.

Finally, the study depended upon information prepared and submitted voluntarily by the contractors themselves, since there was no direct access to financial or other reports or even to the contract governing the activities covered by the questionnaire. In the absence of detailed guidelines, contractors interpreted the questionnaire instruction -- in some cases supplemented by telephone discussions -- subjectively. Within the constraints imposed by the questionnaire, most contractors doubtless wished to present their performance in the best light possible, and to some degree this motivation made the data contained in the completed questionnaires subjective rather than objective.

Despite the limitations growing out of these factors, certain generalizations are possible. As indicated in the report, the direct program costs of academic training clustered between $700 and $1,400 per participant month with the average falling around $1,155. While a number of contractors reported costs which fell outside the $700 - $1,400 range, the data suggest that this range (adjusted for inflation) can be used as a reference point for most academic training costs. Project officers or contract negotiators should always obtain estimates from potential contractors. While there may be valid reasons for going above -- or below -- the range of $700-$1,400 per month (adjusted), contractors should only exceed this range on the basis of satisfactory explanations or appropriate justification. It should be kept in mind that the range of academic training may vary considerably dependent upon whether it is at the graduate or undergraduate level and in a high cost or low cost training institution.

In the case of technical training, the cost data did not present as clear a pattern in terms of clustering. They ranged from a low of $600 - $800 to a high of $8,000 - $8,500 per participant month. However, a majority of the contractors (18 of 34) fell within the range of $2,800 to $4,500 per participant month with an average of $2,920. Thus, it would be useful to use this range (adjusted for inflation) as a reference point for technical training costs. Estimates from contractors which exceed this range of $2,800 - $4,500 (adjusted) should be analyzed carefully and accepted only after adequate justification. High estimates are not necessarily unwarranted in the case of

Technical training fees are legitimate bases for such costs in many instances. But they ought to be accepted only after careful examination and satisfactory explanation by the contractor.

Finally, administrative costs should be reviewed carefully against the level of activities in the proposed contract to ensure that administrative costs are justified and reasonable. The average program and administrative costs identified by this study should provide AID staff who are responsible for negotiating participant training costs and services with some useful guidance in assessing and managing cost effective programs.

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I. INTRODUCTION

Overview

This project was carried out under AID Contract No. PDC-1406-I-15-4053-00, titled, "Participant Training Contractor Cost Study." The purpose of the study was to assess the costs of participant training and to determine the range of costs and services among different contractors in order to improve the management and administration of participant training programs.

In addition, a Participant Training Cost Brochure was developed to present participant training cost information as a guide to AID staff in developing, programming and managing participant training activities. The Cost Brochure defines various types of training contractor services as well as the range of administrative, academic and technical program costs which can serve as guidance in developing and implementing training programs.

Study Rationale

The Agency has been aware for some time that training costs may be high and that adequate data to analyze costs are elusive with regard to budgeting, reporting and accountability. While many factors play a role in the general absence of precise cost data on participant training programs, increasing evidence from previous studies strongly suggests that lack of standardized cost categories and reporting systems mainly obstructs any attempt by the Agency to capture meaningful costs of participant training.

While some participant programs have fairly clear lines of reporting on functional cost categories and line items, many do not for a number of reasons, chief among them being that the Agency does not require any standardization of budgeting and reporting.

The question of high training costs, however, raises several other compelling issues which demand some explanation to place the cost question in a clearer analytical perspective.

If training costs are high, the question must be asked whether training costs are assessed independently of other corollary or companion activities in a contract which has both training and non-training components. This may be the principal reason why training costs exhibit such extreme variation when on all appearances the training content is similar, especially in academic training programs. And, of course, quality of training should be taken into consideration compared to program costs, although this study did not focus on the issue of quality.

These questions and issues, among others, assume a greater importance as the Agency significantly increases participant training. The need for assessing relative costs and managing participant training programs cost effectively becomes even more acute.

As a result of the Agency's need for cost information, this study was commissioned by the Bureau for Science and Technology, Office of International Training (S&T/IT), to analyze participant training costs in order to obtain information to assist and support AID/W office directors, mission directors, project officers, contract officers and other Agency officials in improving contractor management for training costs and services. Also, S&T/IT has been aware of the need for standardized reporting and injecting some cost consistency into participant training budgets. These issues are currently being dealt with through efforts to standardize the budgeting and cost accountability process of participant training contractors.

With regard to the issue of high participant training costs, it is difficult to demonstrate convincingly that actual training costs are singularly high or are in fact a significant issue of cost concern to the Agency. The principal reason for this is that current contract procedures and forms do not permit standard itemization of the budget across training components as well as administrative activities. Thus, training costs are often comingled with other development costs,

technical assistance activities and capital investments for which administrative costs are not isolated from those of actual academic or technical training. Another important issue is the manner in which training programs are initially developed.

Some, for example, are relatively straightforward while others involve highly complex series of initial negotiation and development with a number of parties, including missions, an array of host country officials, and ultimately U.S. training institutions. This accounts for the significant variation in training costs, especially with regard to technical training. This array of structures only contributes to obscuring participant training costs. In addition, training is programmed through any number of contract types, grants, cooperative agreements and other contract arrangements. Training programs are also jointly funded by a loan and grant or a loan and contract between host country and U.S. entities.

This study was designed to provide some key information on contractors and the costs and services being provided for participant training. The overall purpose, as stated earlier, was to provide some information and guidance to various AID staff in assessing reasonable costs and services when determining which management mode to use in handling participants and when choosing the contract route to negotiate with contractors the most cost effective participant training and support service activities.

II. METHODOLOGY

The approach to this study was to select a sample of various types of contractors which were active during the 1984 fiscal year. The rationale was that sufficient time had elapsed to enable the contractor to be well into the program but yet not too much elapsed time which would complicate retrieval of information and cost data.

An initial sample of 50 contractors was selected from S&T/IT's participant training information system which contained a list of active AID participant programming contractors. The sample was selected according to the following four categories.

1. Universities
2. University consortia
3. Private for profit sectors
4. Private not for profit sectors

Parenthetically, no contractors were selected which were administered directly by S&T/IT since sufficient cost data are already available for analysis on those contractors.

The initial list of 50 was reduced to 47, due to errors on the contract termination data. The list was then eventually expanded to 79 contractors as non-response rates necessitated conducting both a followup survey and an additional list of new contractors. Thus, a total of 79 contractors received the questionnaire, 45 responded and 34 did not. The criteria for selecting contractors were based on the number of participant training months provided, not on the number of participants, since the key unit of analysis for this study was the participant training month. In some cases, for example with large contractors, the number of training months coincided with a large number of participants. In other cases they were quite distinct. The final selection of the sample focused on a balanced mix of contractor types with a relatively high number of participant training months.

Development of the Questionnaire

A comprehensive questionnaire was developed to capture the costs and services being provided under participant training contracts. (See Appendix A.) The data requested focused on the type of contractor (e.g., private for profit, university, etc.), number of years providing training services to AID, type and duration of contract, to whom contracted, administrative and program costs, types of training provided, contractor cost data and types of services provided. Data were also requested on subcontractors, overseas as well as U.S. staff time, and the personnel benefit and labor overhead rates for home and field office staff. The key cost data, however, were on administrative costs for participant services and the costs of both academic and technical training programs.

Methodological Issues

As the data requested for this study were comprehensive, it was difficult for contractors to provide the requested information in a relatively short period of time. Some of the problems were that financial files were closed and subsequently removed from offices for storage. This was true for a number of universities. Other problems were the nature of the contract itself which involved a number of components in addition to training activities (some of which were only a small percent of the total contract costs) and which hindered the isolation of administrative costs and program costs associated with training services. In two cases, contractors could provide data on academic and technical training programs but not on administrative costs. This issue only highlights the need for the Agency to continue with the development of relevant functional cost categories and budget reporting forms and systems.

The lack of such standardized procedures complicates the task of comparing costs across programs and thereby arriving at meaningful costs for participant training. It also masks the true meaning of participant training costs. There has been an accepted dictum within the Agency that training costs are high. This is no doubt true in a relative number of cases; however, in point of fact, training per se may not be, or may not have to be as high as perceived. The real problem may well be

the complex fashion in which contracts and training are developed and the lack of oversight or monitoring to account for reasonable costs in accordance with functional cost categories. However, it is important to emphasize that cost categories should be carefully designed to obtain information and data which are useful for AID staff who participate in contract development and administration. For example, some services and activities are not amenable to assignment of costs due to the intermittent nature of their activities integrated with other intermittent functions. These kinds of activities are not operational in nature but are action series in which a time allocation study would be necessary to identify time and motion spent. It would be difficult, for instance, to separate out for cost purposes the activities of programming and placement because of their interdependency, and the fact that one flows into the other along a continuum. Recruitment and selection, on the other hand, are generally finite activities involving distinct periods of time and levels of effort. Also, care should be taken to avoid collecting costs of corollary activities to some discrete function, as these may not be of any real use or meaning and will only further complicate the analysis of meaningful cost data and reporting.

Another key issue in cost analysis of the contractors is the extreme variation in both program costs and administrative costs. However, this again is owing primarily to the different components of contracts where training is only one activity and where administrative costs may not actually reflect those of the training component but include other activities. Finally, some contracts were just being initiated at the time of the study and included development or front end costs which were relatively high in comparison to ongoing programs. On the other hand, some programs were just terminating and conversely showed lower costs due to reduction in activity.

Despite these issues and methodological problems, there is an interesting pattern of costs, some quite consistent in terms of both administrative activities, academic program costs and technical program costs. These will be discussed in the next section along with recommendations.

III. FINDINGS

Before discussing the cost study findings in any detail, it will be useful to provide a backdrop against which the study was conducted in order to put the study findings and recommendations in some perspective.

First, the general profile of training activities is discussed in terms of number of contractors and total number of participants. Then an indepth discussion of the specific characteristics of the contractors sampled for the study and a discussion on the costs and services is provided.

A. General Profile of FY 1984 Participants and Contractors

In FY 1984, there were 162 contractors (including S&T/IT's six programming agents) providing training and/or training support services to AID. The total number of participants in training in FY 1984 was 11,410. These figures include all contractors and S&T/IT's programming agents.

Other notable facts are:

- The largest 5 contractors out of 162 (3%) had 50% of all FY 1984 participants.
- The largest 20 contractors (12%) with 100 or more participants constituted 77% of all participants.
- One hundred (100) contractors or 62% of total, had less than 20 participants each.
- Sixty-eight (68) contractors or 42% of the total had less than 10 participants each.
- Fourteen (14) contractors or 9% of the total had only one participant.

These statistics raise interesting questions on the distribution of training contractors by numbers of participants. While it is beyond the scope of work

to suggest that economies of scale could be achieved by reducing the numbers of contractors, and indeed many participants are placed in a variety of specialized training institutions, one could speculate on the reasons for engaging 162 contractors (note this number fluctuates upward and downward each year).

Second, the absolute disparity in the small number of contractors responsible for a large number of participants (only five contractors handle 50% of participants) and the large number of contractors responsible for a small number of participants suggest that the statistical differences may be incongruous with respect to training needs and opportunities provided by smaller contractors.

Third, a distinction must be drawn between those contractors which simply program and place participants with those which primarily train participants. For example, in this study there were a number of contractors which had responsibility for only programming and placing participants. Other contractors in this study performed all programming, placement, training, administrative and support services.

3. Specific Profile of Study Sample Contractors and Participants

The data for analysis were obtained from 45 contractors (out of a total sample of 79) who returned questionnaires with most of the key data requested. Reasons for not completing certain cost questions were primarily based on the fact that AID does not require information to be reported out by specific cost categories, and thus some contractors had no data in the format requested.

Administration, for example, was frequently cited as an area which the Agency does not require specific cost allocations, especially between administrative costs for training in comparison to other program components. Part of this problem is that contracts and budget data are frequently written very loosely and in a manner which eludes specific cost accounting by direct labor, functional category and other direct costs.

A majority of the respondents, however, responded to the questions after frequent prodding. However, two contractors exhibited a rather indifferent attitude towards the cost survey and did not seem to grasp that they were obligated by virtue of contracting with AID to respond to the questionnaire. Reasons given for not responding to the questionnaire or to certain questionnaire items were that it was too difficult and time consuming to retrieve the data.

A more detailed analysis of the findings in administrative costs will be discussed later in this section.

The total number of participants represented by this study is 3,814 or 33% of the total participants receiving training in FY 1984. The total number of training months is 28,621 or 2,385 years of participant training. Below is a graphic representation of key analytical variables:

Type of Training	Number of Participants	Percentage	Months of Training	Percentage
Academic	2,324	61%	25,255	88%
Technical	1,490	39%	3,366	12%
Total	3,814		28,621	

Academic training is defined as a course of study that leads to an undergraduate or graduate degree from an accredited institution. Technical training is defined as training not leading to a degree (e.g., technical courses, workshops, seminars, observation tours and internships).

It is interesting to note that the percentage of technical training to the total number of participant training months is approximately 12% while academic training is 88% of the total.

As a guide to reviewing the data and for ease of access to individual cases for comparative observation, a comparative matrix is shown in Appendix B which graphically displays all of the relevant data reflected in the questionnaire.

The individual contractors are identified only by case number, and of course by contractor type such as Separate University, (Sep. Univ.), Private for Profit (PFP), Private not for Profit (PNFP), and University Consortium (Univ. Cons). Also, the number of years each training contractor has been providing support services to AID is indicated and the matrix identifies the source of the contract (i.e., Central Bureau, Regional Bureau, Mission, etc.) and the dates of the contract. This contractor profile enables the reader to obtain a perspective over time as well as by type and structure of each contractor.

All of the other data items are expressed in numerical values except for the category Types of Services, which is indicated alphabetically according to the alphabet sequence of services from A through H (e.g., A is Training Needs Assessment, B is Recruitment, C is Selection, etc.) Finally, the raw numbers are included as the basis for analysis and calculations with numbers of participants and composite months of training for each contractor and for the total entries. The matrix may then serve as a convenient composite picture of all contractor data for comparisons and analyses which may not be included in this study's objectives but may elicit imaginative comparisons or observations expressing other Agency or individual issues or concerns.

In the following section each of the data categories included in the matrix is discussed and the relevant costs and services provided by each contractor are identified.

Contractor Costs and Services

Before proceeding with the discussion of contractor costs and services, it will be useful to identify for the reader the total training costs for both academic and technical training. Total costs include both program costs and administrative costs which provide a composite picture of the Agency's training costs. Moreover, it should be recognized that this study's objectives were to analyze the program costs and administrative costs which are treated separately in the body of this report. The reason for separating program costs from administrative costs is that from a policy and cost perspective, the division of these costs provides more pragmatic data and analysis for policymakers and administrators when program activities are isolated from administrative activities or services. A major factor in all programs is the cost of administering them and administrative costs are generally more flexible for budget revision and modifications. Thus, it is important to know the range and average administrative costs for training programs. On the other hand, program costs need to be analyzed functionally because of the variation in services and activities which are separated from the administrative costs. Program costs may also exhibit considerable flexibility and variation and in view of the fact tha these costs represent the major training expenditures, it is important to know the range and average program costs.

Below is a discussion of the total training costs for both academic and technical training.

Academic Training

Total academic training costs ranged from $502 per participant training month to a high of $3,089. Most programs fell within the range of $501 to $2,000 per participant month.

Below is an illustration showing the distribution of programs:

TOTAL ACADEMIC TRAINING COSTS

Cost Range Per Participant Month	Number of Cases
$ 0 - 500	0
501 - 1,000	6
1,001 - 1,500	14
1,501 - 2,000	7
2,001 - 2,500	1
2,501 - 3,000	1
3,001 - 3,500	1
3,501 - 4,000	0
	30

As can be seen above, 14 programs out of 30 (47%) ranged from $1,001 to $1,500, with approximately 50% of that range lying both below and above the distribution. That is, six (6) programs were below the range at $501 to $1,000 and seven (7) were above it at $1,501 to $2,000 per participant month. Three programs were distributed between $2,001 and $3,500. The average cost is $1,431 per participant month. This contrasts with the academic cost per participant month of $1,155 (excluding of course administrative costs).

The total training costs showed a concentrated clustering between $1,001 to $1,500, with a major grouping of programs immediately below and above the range. However, it should be emphasized that the rationale for these costs was based on the assumption that administrative costs were proportional to the program costs for both academic and technical training, since no audit or access to financial records was possible under the study. Generally, this assumption is likely to be valid for administrative costs on an average.

Technical Training

Total technical training costs ranged from a low of $928 to a high of $10,870 per participant month.

Fifteen (15) programs out of 34 (44%) fell between $501 to $3,500 per participant month. However, the highest number of programs (7) was in the range of $3,501 to $4,000 per participant month.

Below is an illustration showing the distribution of technical training programs.

Total Technical Trainining Costs Cost Range Per Participant Month	Number of Cases	
$ 0 - 500	0	
501 - 1,000	1	
1,001 - 1,500	5	
1,501 - 2,000	3	44%
2,001 - 2,500	2	
2,501 - 3,000	3	
3,001 - 3,500	1	
3,501 - 4,000	7	
4,001 - 4,500	3	
4,501 - 5,000	1	
5,001 - 5,500	2	
5,501 - 6,000	3	
6,001 - 6,500	0	
6,501 - 7,000	0	
7,001 - 7,500	1	
7,501 - 8,000	0	
8,001 - 8,500	1	
8,501 - 9,000		
10,500 11,000	1	
	34	

The above distribution shows much less clustering of technical training costs than those costs for academic training. The average total cost for technical training is $3,764 per participant month.

Several programs were above $7,000 per participant month, with one program at a cost of $10,870. If this program is excluded from the analysis because of its extreme variation, then the average cost is $3,548 per participant month. (The average cost for technical programs, excluding administrative costs, is $2,920.)

In analyzing these costs it is difficult to explain the wide variation although such factors as specialized or tailored training design, other non-training components of the program, and the specific objectives of the training program may account for the cost variability. Technical training, for example, is not as standardized in most cases as academic training and often requires more labor intensive and capital intensive (equipment) costs. These factors are discussed in more detail in the analysis of administrative, academic and technical programs later on in this report.

1. Contractor by Type

As indicated earlier, 45 contractors returned questionnaires for analysis. Of these, the majority comprised Private not for Profit groups with the remaining contractors falling fairly evenly into four other classifications.

Below is a breakout of contractor by type:

Classification	No. of Contractors
PNFP (Private not for Profit)	19
Univ. Consortia	9
PFP (Private for Profit)	8
Sep. Univ.	7
Other:	
PASA	1
International Org.	1
Total	45

The PNFP represents, among other things, a majority of the largest AID contractors although the three other major categories are also represented, though limited, in the largest 20 contractors. Information was gathered on the type of contractor because it was thought that different types may exhibit different costs or that certain types of contractors may have higher or lower costs than others.

Generally, there was little relationship between cost of academic/technical training and the contractor types or categories, with the exception that technical training in PFP contractors was somewhat higher than the other groups; however, this should be discounted because of the effect produced by one contractor (an engineering firm) which had unusually high training costs which departed significantly from the norm. This could have been due to special provisions in the training or the types of participants trained. At any rate, if this contractor is omitted from the sample, costs of PFP contractors in technical training is approximately identical to other groups. Actually, the single highest cost for technical training was a PNFP firm in the health field. Otherwise, there is no significant correlation between the categories.

2. Source of Contract/Duration

Information was collected on the source of the contract and its duration to see if there is any relationship between cost of training programs and source and duration of contract. No correlation was found to exist.

3. Academic Participant Training

Thirty (30) contractors of the study sample provided academic participant training services. Academic training, as pointed out earlier, comprised roughly 80% of the total training expenditures identified in the sample. Program costs for academic training are defined as only those expenses which actually support the training programs. Program costs DO NOT include administrative costs which are discussed later in this section. Cost categories used in the questionnaire included the following:

- Tuition
- Training fees
- Maintenance allowances
- Instruction fees
- Lab/research fees
- Purchase/lease of computers for participant(s)
- Purchase/lease of other special equipment for participant(s)
- Master's thesis costs
- Insurance costs
- Monthly book allowances
- Book shipment
- Domestic travel
- Doctoral dissertation fees
- Seminar fees
- Professional society membership fees
- Escorts or interpreters
- Typing costs

The program cost of academic training ranged from $399 to $2,880 per participant month. While this range is affected by any number of contingencies, such as the choice and location of training institution, it is clear that in many cases the reduced tuition which is either shared or entirely borne by the host country accounts for some of the disparity.

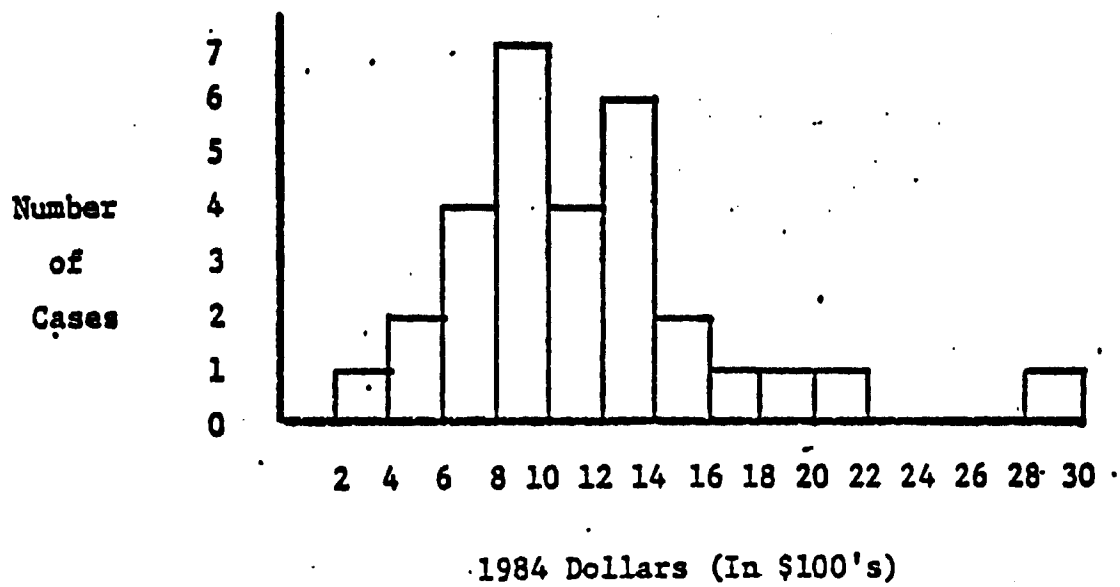
In addition, the process of programming and placement plays a strong role since it is possible to select for participant placement those training institutions which offer quality and are more cost effective.

Despite the range of costs, there was some clustering of contractors which established a consistency representative of a majority of contractors in the study sample. For example, the average program cost of academic training, based on the cases within the range, is $1,155 per participant month of training. However, it should be noted that this cost is in FY 1984 dollars and no inflation factor is included to compare FY 1986 dollar costs.

Exhibit 1 below shows the clustering of the contractors by case and participant cost per month.

Exhibit 1

ACADEMIC COSTS PER PARTICIPANT MONTH



In reviewing how contractors cluster, it can be observed that an almost stepwise progression exists from the lowest cost to a peak cost down to relatively high series of costs. Most contractors exhibited academic training costs within the range of $700-$1,400 per participant month. This is consistent with the average cost.

Another way of looking at the distribution of these costs is to graphically display them by numbers. For example, below is a table which shows the cost of training per participant month arranged in numerical series from $100-$200 to $2,501-$3,000, with the number of cases assigned to each series.

Table 1

NUMBER OF CASES ASSIGNED TO COST CATEGORY

Academic Cost/Participant Months	Number of Cases	
$ 100 - $ 300	0	
301 - 400	1	
401 - 600	2	
601 - 800	4	21 of 30 cases or 70%
801 - 1,000	7	
1,001 - 1,200	4	
1,201 - 1,400	6	
1,401 - 1,600	2	
1,601 - 1,800	1	
1,801 - 2,000	1	
2,001 - 2,500	1	
2,501 - 3,000	1	
Total	30	

This table reveals the clustering in a way which permits a percentage of the cluster to be distributed among ranges. The distribution shows that 70% of the cases fall within the ranges of $700-$1,400, with over 50% of this range group falling between $600-$1,000 per participant training month and just under 50% falling within $1,001-$1,400 per month. It should be noted that the program in the $301-$400 range per participant month represents the attendance at a heavily subsidized program from non-AID sources.

Those cases lying outside the ranges, which represent the majority of contractors (i.e., 70%) and also which lie considerably outside the average cost of $1,155 (excluding administrative costs and inflation), cannot be explained from the data available for the cost study analysis. The explanation of cost diversity would require close scrutiny of the contract and the special training content and objectives. However, the sample contractors are representative of the variety of training institutions and types of academic training provided. In addition, training costs can be affected by the numbers of academic disciplines for which the participants are trained.

Some contractors only trained in one academic field such as agriculture or energy, while others trained participants in virtually all fields. It may be instructive to analyze the costs of agricultural training where this was

the only training service provided by contractors, and since agriculture was the predominant field in which participants were trained. However, it should be noted that many contractors trained participants in multiple fields and disciplines including agriculture but for obvious reasons costs could not be separated out when a contractor provided training in many disciplines, because costs were not allocated by discipline. When contractors provided services only in one area or field, the costs of this training are simply a matter of isolating data from the group. Fifteen (15) contractors provided agricultural training exclusively. Of these fifteen, eight (8) provided either academic training or technical training but not both. The remaining seven (7) provided both academic and technical training.

The average monthly cost for agricultural academic training was $1,124 which is almost identical to the average for all other contractors providing training in many disciplines. The average cost for technical training is $2,743 which is only slightly above the average for all other contractors providing technical training in many fields. Thus, while more training is provided in agriculture than any other field, the cost for training exclusively in agriculture is not appreciably higher than that for other fields.

4. Technical Participant Training

Program costs for technical training are based on the same categories as academic program costs (i.e., tuition, maintenance, etc.) Technical training, which had significant variation in costs, ranged from a low of $636 to a high of $8,469, with the average cost per participant month being $2,920. As indicated earlier, the total expenditures under technical training was 22% of the total program training monies identified in the sample.

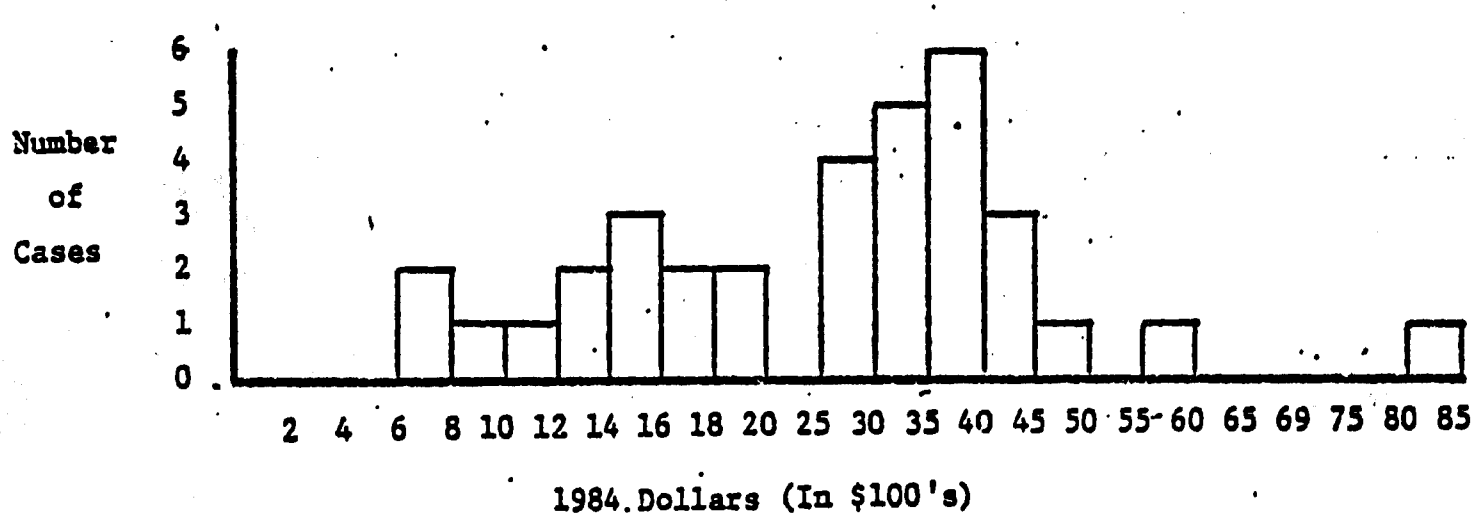
Technical training differs substantially from academic training in that almost infinite variations on a theme can be played out. This is not true of academic training which leads to a degree and therefore is more regulated and formal in a number of ways. Technical training, however, poses training problems ranging from sophisticated technological education and equipment

(e.g., remote sensing which is more costly in equipment to provide training) to complicated field trips and transfer of technology, which is often more development intensive as, for example, in energy and energy conservation. Thus, costs would be expected to fluctuate dramatically and of course they do.

In addition, there is much less clustering of contractor costs than was evident for academic training. Below is a distribution of technical costs.

Exhibit 2

TECHNICAL TRAINING COSTS PER PARTICIPANT MONTH



As can be seen, the contractors exhibit a more or less linear progression up to the range between $2,500-$3,000. Then there is a steady increase which peaks and declines somewhat precipitously, trailing off until the dispersion increases significantly by cost but involving only three contractors.

This wide dispersion of technical training costs is opposite to the more clustered and less dispersed academic training programs. This is due to the essential tailored aspects of technical training in that each program is

uniquely different and also has more requirements in the way of equipment and special features of training such as field trips and observation tours or hands-on experimentation.

If we group the technical training in terms of numbers of contractors distributed along a plane of cost categories as we did for academic training, then another picture emerges which more dramatically displays the wide distribution of technical training. Table 2 shows this range of costs by number of contractors falling within cost categories.

Table 2

CASES WITHIN COST CATEGORIES

Technical Costs/Participant Month	Number of Cases	
$ 100 - 200		
201 - 400		
401 - 600		
601 - 800	2	
801 - 1,000	1	
1,001 - 1,200	1	
1,201 - 1,400	2	
1,401 - 1,600	3	
1,601 - 1,800	2	
1,801 - 2,000	2	
2,001 - 2,800	0	
2,801 - 3,000	4	53%
3,001 - 3,500	5	
3,501 - 4,000	6	
4,001 - 4,500	3	
4,501 - 5,000	1	
5,001 - 5,500	0	
5,501 - 6,000	1	
6,001 - 7,000	0	
7,001 - 8,000	0	
8,001 - 8,500	1	
Total	34	

This distribution can be seen as having no real clustering or pattern although the highest number of cases fall within the range of $3,501-$4,000 per technical participant training month. Otherwise, the contractors have a wide array of costs ranging from $601-$800 to $8,001-$8,500. However, a

majority of contractors (18 or 53%) did cluster between $2,800-$4,500, with three contractors above this range and 13 contractors widely disbursed below $2,800 per participant month.

In terms of types of training or types of contractors, there is no correlation to either high or low cost programs. The highest cost per participant training month is in health/population and the contractor is a private not for profit (PNFP) entity. The lowest cost for technical training is also a PNFP contractor which provided management training in health/population and nutrition. Thus, as would be expected, the cost of technical training depends greatly on the individual requirements and complexities of the programs which indeed exhibit great complexity and have unique requirements. There also is no correlation between cost for technical agriculture training, as indicated previously, or for other types of technical training. Energy, for example, is $1,731 per participant training month which is well below the average cost of technical training. This does not suggest that energy technical training may not be a high cost for some programs, as it might be expected to occur in a highly technical and sophisticated training program in energy. However, the one contractor training solely in the energy field had a lower cost per participant training month than the average cost for technical training.

5. Training by Types of Contractors for Both Academic and Technical Programs

It will be useful to analyze the training costs by type of contractor since there is some interest as to whether certain types of contractors have higher costs than other types. A comparison of program types, however, shows very little correlation between costs and types of contractor. The one exception is in technical training where the average cost per participant training month is highest in the PFP group. However, as indicated earlier, the average cost is heavily skewed by one contractor which had extraordinarily high training costs for engineering. The reason for those high costs may have been due to any number of factors such as high start-up costs, heavy travel requirements or costly technological training. If this contractor is omitted, then training costs for the PFP group approaches the average for the other groups.

Surprisingly, academic training costs were lowest in the PFP group and highest in the PNFP group. However, the differences between the average costs for all four groups in both academic and technical training is so small as to be of no real consequence. For example, the difference between the highest and lowest monthly cost for technical training is $410, and the difference for academic training is $134 between all groups. Table 3 below shows the relative training costs by contractor type.

Table 3

TRAINING COSTS BY TYPE OF CONTRACTOR

(Cost per participant month)

	PNFP	PFP	UNIV	UNIV CONS
Academic	$1,124	$ 990	$1,070	$1,122
Technical	$2,938	$3,399	$2,989	$2,860

As evidenced by the above table, there is little meaningful correlation by program type except in technical training costs which, as explained earlier, is caused by one contractor's extremely high training factor which if treated as an anomaly and excluded from the data establishes a truer cost closer to the average cost of the other groups.

6. Administrative Costs

Administrative costs are defined as those non-program costs by the contractor which support the training activities and the participant. Administrative costs associated with participant training contracts include at least the following categories:

- Salaries and Wages

  Home Office
  Field Office

- Indirect Costs

  Home Office
  Field Office

- Subcontracts
- Consultant Fees
- Allowances (not participant allowances)
- Travel and Transportation (not for participants)
- Expendable Equipment and Materials (not used directly in participant programs)
- Non-expendable Property (not used directly by participants)
- Other Direct Costs (i.e., telephone, postage, supplies, equipment, word processing, computer processing)
- Overhead/G&A
  Fee

Administrative costs are the most intangible costs to identify through the study's data and information obtained through followup telephone calls. Data, of course, were available in most of the cases, but in view of the multiple components contained in some of the contracts (grants, cooperative agreements), administrative costs were mixed in with both training and non-training activities. This complicates the analysis, especially if training was such a small part of the total expenditures. For example, in one case, a contractor had only eight participants in three years but provided long-term technical assistance on a nearly fulltime basis and could not separate out training administrative costs from technical assistance. Obviously, the administrative costs were high and these data have to be manipulated so as not to unreasonably skew costs upward. In another case, there was no administrative charge to the contract since the contractor had a resource support grant from AID which covered all training administrative costs in other AID training contracts. In this case, the contractor charged an administrative fee attached to the bottom line of the contract on all other direct costs, which in fact amounted to an administrative cost close to the average.

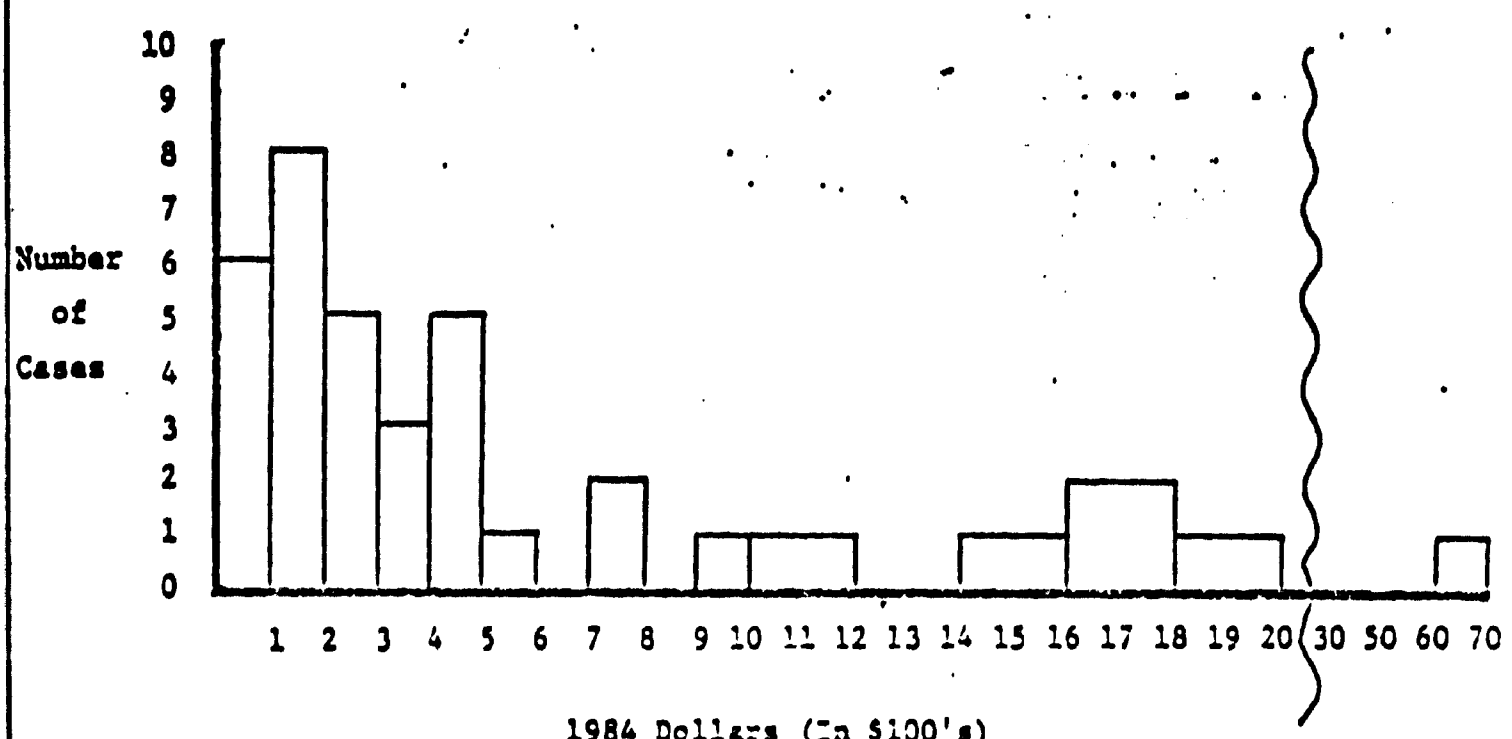
In addition to these examples of administrative cost structures, the host country contribution often plays a significant role in both program as well as administrative costs. These variations on how administrative costs are calculated pose some difficulty in assigning such direct costs to the training component. This is further complicated by lack of standardized cost categories for administration and standardized budget forms which can separate out both program and administrative costs for participant training. However, frequent follow up with contractors to clarify issues which seemed suspect on the administrative costs tended to resolve any data problems in a majority of cases. This did not prove successful with two of

the contractors who could not provide a reasonable audit trail of administrative costs because of their own accounting system inadequacies or simply lack of data on which to respond.

The average administrative cost is $669 per participant month. However, if we omit the outliers or anomalous contractors with high administrative costs, then the cost is reduced to an average $394 per participant month. The one case which is clearly an exception is $6,739 per participant month with a total of 19 participants. However, administrative costs ranged from a low of $35 per participant month to $6,739. Exhibit 3 below shows the clustering of administrative costs within the $0-100 to $400-500 range, with an extremely wide dispersion above $500 and in a linear progression of one to two contractors up through $6,731 per participant month. The average of $669 per participant month also reflects the range up through the $401 to $500 where the majority of the contractors were distributed.

Exhibit 3

OVERALL ADMINISTRATIVE COSTS FOR CONTRACTS



If we view each category by number of cases in an arithmetic distribution, then another perspective can be seen in the relative distribution. For example, 27 out of 39 contractors fell between $0-$100 to $401-$500 ranges. This accounts for 69% of the total cases. On the other hand, 12 contractors or 31% of the total fell between a broad range of costs from $501-600 to $5,001-7,500. These cases can certainly be considered extraordinary and affected by other factors, such as unusual training requirements or high developmental and support costs. Below is an arithmetic distribution table of the number of cases.

Table 4

NUMBER OF CASES ASSIGNED TO COST CATEGORY

Cost Range in Dollars		Number of Cases	
$ 0	100	6	27 Contractors or 69%
101	200	8	
201	300	5	
301	400	3	
401	500	5	
501	600	1	12 Contractors of 31%
601	700	0	
701	800	2	
801	900	0	
901	1,000	1	
1,001	1,200	1	
1,201	1,300	1	
1,301	1,400	1	
1,401	1,600	1	
1,601	1,800	2	
1,801	2,000	1	
2,001	5,000	0	
5,001	7,500	1	
		39	

These figures on administrative costs strongly suggest that any contractor which exceeds $500 per participant month costs for administration should be carefully scrutinized. While it may be that higher administrative costs due to the nature of the training can be justified, nevertheless the distribution of cases is so unusually dispersed and exceeds the average that

appropriate accountability should be required of contractors for these high ranges of costs.

The distinction between administrative costs for both academic and technical training exhibited the same variation associated with the total program costs. In separating out the costs for academic and technical training, however, there were only a small number of contractors which trained exclusively in either academic or technical training.

The total number of contractors which trained in either academic or technical programs was 10 each, and although the sample for contractors training in academic or technical programs is small, the results are significantly different. The average administrative cost per participant month for academic programs was $246 and for technical training $1,641. This latter figure includes the extreme outliers ($6,739, $1,953) which if excluded from the sample to obtain a more representative distribution brings the total administrative cost to $964 per participant month for technical training.

An interesting comparison emerges if we analyze the administrative costs for those contractors which provided both academic and technical training programs. Obviously, some economies of scale may affect the costs but for those contractors providing such services, the administrative cost is $365 per participant month. In this group there was much more clustering and less dispersion with the exception of two contractors having costs approximately four times the average.

Thus, we can look at administrative costs from four angles: (1) all contractors' costs; (2) technical contractors' costs; (3) academic contractors' costs; and (4) contractors providing both academic and technical training.

Below is a summary of these costs.

Average Administrative Costs Per Participant Month

All Contractors	Academic	Technical	Academic and Technical
$669	$246	$964*	$365

*Adjusted to outliers.

Administrative costs represent the most elusive costs of training which, in the absence of standardized forms and procedures, tends to defy analysis unless an audit is performed. But in view of the essential characteristics of administrative costs which are usually comprised of 70-80% direct labor and overhead, it behooves AID staff who draw up and/or negotiate contracts to pay especially close attention to the administrative costs of the contract in order to justify costs and to encourage more cost-efficient administration of contracts by contractors. High costs, of course, might be justified owing to unusual requirements of the training contract. It should be emphasized that such costs may represent special cases and that if beyond the average, careful analysis should be required to ensure the necessity of unusually high costs. Both level of effort and staff time/costs are the critical variables for which contractors need to demonstrate an accounting.

7. Training Sectors

The single largest training sector provided by contractors was in the field of both academic and technical training in agriculture. A total of 15 contractors provided training exclusively in this field and agriculture was included in the training sectors for 34 out of 45 contractors. Education was the next most common training sector followed by health, population, nutrition (HPN), public administration, engineering, energy, housing/community development, and transportation.

Below is a graphic representation of the major training sectors provided by contractors. They are listed in descending order by numbers of contractors providing training in each sector down to the category of two contractors. Where only one contractor was providing sector training, the sectors are grouped under the one (1) contractor category, signifying one contractor for each of the training sectors.

Table 6

TRAINING SECTORS PROVIDED BY CONTRACTORS

Training Sector	Number of Contractors
Agriculture	34
Education	19
Health, Population, Nutrition	16
Public Administration	11
Engineering	10
Energy	9
Housing/Community Development	8
Transportation	5
Economics	3
Computer Sciences	2
Geosciences	2
Trade Union Education	2
Environmental Sciences	2
Public Finance, Production Management, Resource Development, Trade, Cancer Research, Communications, Emergency Preparededness, Urban Planning, Anthropology, Biology, Sociology, Botany, Home Economics, Rehabilitation, Information Management, Business Administration, Remote Sensing, Vocational Education, Oceanography, Library Management, Aquaculture, Animal Sciences, Special Projects, Psychology, Law, Journalism, Data Systems.	1 (Each)

Historically, there is no real surprise in the types of training sectors trained with the exception of energy, which in the last several years has been a higher priority in training than previously. Otherwise, agriculture, health, population, nutrition, public administration and engineering continue to dominate the training field. It should be noted, however, that

these figures only reflect the number of contractors which indicated training was provided in these sectors, and gives no indication of the number of participants, although there is probably a high correlation between numbers of contractors providing services and numbers of participants.

Also, a note of explanation may be useful concerning a contractor providing training in many sectors. For example, most of the contractors had multiple training sectors and with the exception of contractors training exclusively in agriculture, only a few trained exclusively in other fields, notably education, energy, trade union education. Thus, the number of sectors for which training was being provided included many areas such as agriculture, education, etc. In fact, some contractors provided a wide array of academic and technical disciplines.

8. Contractor Personnel Benefits/Overhead and Subcontracting

Contractor personnel benefits and overhead costs along with data on whether contractors had subcontracts were analyzed to determine whether these cost categories showed any relationship to high or low program and administrative costs.

Some of the most consistent costs derived from this study were costs for fringe or personnel benefits and overhead costs. For example, benefits charged by contractors were fairly steady with most contractors between 20% and 30% of direct labor costs although the range was from a high of 44% to a low of 3.91%. Costs did not generally fluctuate between home and field offices or it was not applicable for some contractors. The average personnel benefit was 24.6%.

Overhead costs, as might be expected, displayed much more variation, although for certain types of contractors there was some consistency. Overhead ranged from a low of 9% to a high of 160.05% of direct labor costs, with an average cost of 55.3%. However, no relationship was evident between fringe and overhead to high or low program and administrative costs.

55.3% av. direct labor cost

Insofar as subcontracting is concerned, very few contractors had outside arrangements and for those which did establish subcontractor relationships, there was no discernable effect at all on program or administrative costs.

9. Contractor Support Activities

Taken together, the contractors responding to the questionaire provide a wide range of services. The services covered by the various contracts include virtually every step of the participant training process, though not in every contract. Some contractors were involved from the preparation of a needs assessment in the host country to the initiation of followup activities, but the activities of most of them were considerably less comprehensive. The contractor support services which we asked respondents to identify in the questionnaire make up the following categories: (1) training needs assessment; (2) recruitment; (3) selection; (4) programming and placement; (5) administrative activities; (6) monitoring; (7) evaluation; and (8) follow-up. (See Appendix A, Section C, Contractor Support Activities, for a list of activities under support services.)

This section discusses only what contractors reported and no judgment on activities is intended. Despite the diversity represented in the responses some general patterns did emerge, which are discussed below.

Training Needs Assessment

Most of the contractors responding to the survey have participated in some manner or degree in the process of assessing training needs. Overall, 45% had been involved in determing training needs at the sector level and 52% had engaged in analyzing the training needs of a specific project or institution. Apparently, however, many of them had essentially been participants in the process rather than conducting it entirely on their own, because only 29% indicate that they had actually written a training needs assessment report.

An interesting aspect of the responses was the fact that, in general, universities reported a lower level of involvement in needs assessment activities than private profit and non-profit organizations. As a group, universities responding separately (as oposed to consortia) indicated that they carried out only 18% of the activities involved in needs assessments while private profit and non-profit organization participation averaged 37%. However, this conclusion may be somewhat misleading. Some of the university respondents reported that their field teams were involved in needs assessment functions as part of their technical assistance activities, even though they were not reported in the questionnaire itself.

Recruitment of Participants in the Field

A number of contractors responding to the survey indicated that they were relatively active in identifying and recruiting participants in the field. Approximately 57% of them reported that they met with representatives of the agencies from which participants would be drawn (57%), identified potential pools of candidates from which particiants could be recruited (62%). and analyzed the availability of suitable candidates for their training programs. Nearly half (48%) actually developed and/or distributed announcements of training opportunities and made available application forms and information.

As was the case with needs assessments, universities appeared to be substantially less involved in these processes than their associates in private profit and non-profit organizations, but this may be at least partly explained in the same terms as for needs assessments.

Selection

As might be expected, contractors also played a relatively active role in the selection process. Approximately 65% of them were involved in the development of selection criteria and participated in selection committees. Some 79% of the contractors were responsible for assessing participant candidate credentials and a slightly lower proportion (71%) developed the training application and/or assisted candidates in completing it.

Programming and Placement

Not surprisingly, the areas of greatest contract activity overall are the areas of programming and placement, providing support and monitoring. Approximately 77% of the contractors reported that they had engaged in activities related to the evaluation of specific training requests, the review of potential locations for such training, and the design or planning of individual training programs. A somewhat smaller percentage (57%) reported that they provided language and/or preparatory training for participants prior to the initiation of their training programs.

Administrative Support Services

The most complete coverage of functions by all contractors falls in the area of administrative support. A full 98% of them reported providing maintenance allowances to participants; a similar percentage indicated they pay tuition and fees, assist participants with academic and personal problems, and pay health and accident insurance. Only 52% of the contractors provide orientation for participants before they depart their home country (and this may have significant implications on the success of training and participant adjustment), but 79% indicated that they provide or arrange for an orientation in the U.S. before the beginning of the training program.

Monitoring

The responses regarding monitoring suggested that most contractors are concerned with monitoring the progress of the participants for which they are responsible. Some 83% reported that they regularly update the status of the various processes involved in selecting and training participants. However, somewhat smaller percentages reported that they regularly review the Academic Enrollment and Term Reports (AETR) (69%) and conduct training site visits to interview the participants and their advisors (64%).

Evaluation

In general, contractor evaluation activities appear to be assigned a somewhat lower priority than is the case with monitoring. Post-training data regarding the nature and quality of the training received are collected by 71% of the contractors and some 60% collect similar data on the participants' use of the training in their jobs. However, only 55% reported that they actually write evaluation reports and -- a somewhat inconsistent finding -- a smaller 48% stated that they "analyze post-training data." About 33% stated that they used evaluation results to modify their work activities or systems.

Followup

The contractors reported relatively little follow-up activity. The most widely reported practice was the arrangement of professional organization membership for returned participants. Overall, 48% of the contractors indicated that they performed this function, and 26% reported that they had arranged followup courses or seminars for returned participants.

As indicated above, contractor support activities did vary but also revealed some consistent patterns. It may be useful to consider providing contractors with definitions of these activities and requirements, where appropriate, to ensure that adequate support (and reporting) is provided for participant training programs.

IV. RECOMMENDATIONS

The data from this cost study can provide some useful information to relevant AID staff in the development, negotiation and monitoring of participant training contractors. The data can be interpreted as a guide to assessing the component costs of academic and technical programs as well as the administrative costs of providing training programs and support services. However, the critical issue for the Agency is to develop a systematic format and set of procedures for capturing participant training cost data and types of service. Until this is done, participant training costs will continue to pose problems in accurate and objective reporting and create barriers to any action designed to establish cost and quality control of participant training. With these objectives in mind, the following recommendations are provided to improve the management and administration of the training programs.

1. The Agency should continue to support current S&T/IT efforts to design a standardized cost format identifying functional budget categories and line items for participant training to capture meaningful cost data from training contractors as well as provide an assessment of contractor support activities. However, in developing a standardized cost format and reporting system, care should be taken to isolate those key cost categories and services which can be useful for cost comparison, analysis and facilitate management decisions. Considerable care should be taken to exclude unnecessary reporting requirements for contractors while at the same time providing the Agency with meaningful cost data and information to analyze participant training costs and services.

2. Academic training programs which exceed the averages identified by this study of $700-$1,400 (adjusted for inflation) per participant training month should be reviewed and justified under special circumstances. Data from this study showed that academic training clustered between $700-1,400 per month (adjusted) and several contractors exceeded this range by several hundred to thousands of dollars. While some of these costs can or may be reasonable, assurances should be established as to their justification.

3. Technical training programs which exceed the range of $2,800-4,500 per participant month (adjusted) should, as in the case of academic training, be

APPENDICES

Appendix A Questionnaire Used in Cost Study

Appendix B Study Matrix

APPENDIX A

QUESTIONNAIRE Used in Cost Study

INSTRUCTIONS

For purposes of completing this questionnaire, please use the definitions of the terms which follow. Pay particular attention to the definitions of administrative and program costs described below as it is important to distinguish between these two major categories of costs.

- U.S. Participant Training - Training of host country nationals in the U.S., either academic or technical.

- Academic Training - Course of study that leads to an undergraduate or graduate degree from an accredited institution.

- Technical Training - All training not leading to a degree (e.g., courses, workshops, seminars, conferences, observation tours and internships).

- U.S. Participant Training Administrative Costs - Administrative costs associated with participant training contracts include at least the following categories:

  - Salaries and Wages
    - Home Office
    - Field Office
  - Indirect Costs
    - Home Office
    - Field Office
  - Subcontracts
  - Consultant Fees
  - Allowances (not participant allowance)
  - Travel and Transportation (not for participant)
  - Expendable Equipment and Materials (not used directly in participant programs)
  - Non-expendable Property (not used directly by participants)
  - Other Direct Costs (i.e., telephone, postage, supplies, equipment, word processing, computer processing)
  - Overhead/G&A
  - Fee

- U.S. Participant Training Program Costs - Program costs associated with participant training contracts include at least the following categories:

  - Tuition
  - Training fees
  - Maintenance allowances
  - Instruction fees
  - Lab/research fees
  - Purchase/lease of computers for participant(s)
  - Purchase/lease of other special equipment for participant(s)
  - Master's thesis costs

- Insurance costs
- Monthly book allowances
- Book shipment
- Domestic travel
- Doctoral dissertation fees
- Seminar fees
- Professional society membership fees
- Escorts or interpreters
- Typing costs

- U.S. Participant Training Contractor Support Services - AID contractor activities to support the U.S. training of host country nationals (e.g., project training needs assessment, recruitment, selection, programming, placement, administration, counseling, monitoring, evaluation and follow-up).

COVER SHEET

The Number of the contract/agreement that we are requesting information for is:

Contract/Agreement No.: _____

Contact Person: _____ _____

The administrative and program cost information you provide should be obtained from data on the above contract/agreement, which was identified by S&T/IT from the Participant Training Information System (PTIS) that it maintains for AID. Please be sure that only data are reported for the fiscal year October 1, 1983, to September 30, 1984, the year for which the above information was obtained from the PTIS.

A. GENERAL

1. What is the name of your organization? _____

2. What category best describes your organization? CHECK ONE.

   ___ Separate university

   ___ Member of a university consortium for participant training services

   ___ Private, not-for-profit organization

   ___ Private, for-profit organization

   ___ Other (specify: _____)

3. For how long has your organization been involved in providing participant training support services with AID funding? _____ years

4. What were the beginning and end dates of the contract/agreement identified on the Cover Sheet?

   Beginning date: _____
   Month Day Year

   End date: _____
   Month Day Year

5. Has the contract/agreement been extended? CHECK ONE

_____Yes _____No

If Yes, what was the original contract/agreement completion date?

_____
Month Day Year

6. Did the contract extension include: CHECK ALL THAT APPLY.

___ More participants

___ More program funds for participant training

___ More administrative funds to provide participant training support services

___ N/A (not applicable)

7. What type of contract/agreement was it? CHECK ONE.

___ Cost reimbursable contract

___ Fixed price contract

___ Grant

___ Cooperative agreement

___ Other (specify:_____)

8. With whom did you have the contract/agreement? CHECK ONE.

___ AID/Washington Central Office

___ AID/Washington Regional Bureau

___ AID Mission

___ Host Country

___ Other (specify:_____)

9. Under the contact/agreement, how many participants received academic and technical training in the U.S. in FY 1984?

Number of U.S. academic trainees = _____

Number of U.S. technical trainees = _____

10. What were the number of weeks of U.S. academic and technical training provided to participants under the contract/agreement in FY 1984?

Number of academic training weeks = _____

Number of technical training weeks = _____

11. In what sectors were participants trained under the contract/agreement in FY 1984? CHECK ALL THAT APPLY.

Academic Training	Technical Training	
_____	_____	Agriculture
_____	_____	Education
_____	_____	Health/Population/Nutrition
_____	_____	Private Sector
_____	_____	Housing/Community Development
_____	_____	Energy
_____	_____	Public Administration
_____	_____	Transportation
_____	_____	Other (specify: _____)

OB. COSTS

1. What was the total dollar expenditure under the contract/agreement in FY 1984?

   $_____

2. What were the U.S. participant training administrative costs in FY 1984? (Please refer to instructions to determine what constitutes participant training contractor administrative costs.)

   $_____

3. What were the U.S. participant program costs for academic and technical training under the contract/agreement in FY 1984? (Please refer to instructions to determine what constitutes participant training program costs.)

   $_____ Participant Academic Training

   $_____ Participant Technical Training

   _____ Contract/agreement did not include participant program costs.

   Note: Cost figures for Questions 2 and 3 should total dollar expenditures under contract/agreement for FY 84 in Question 1.

4. How many direct labor persondays by job category for home office and field staff were spent in FY 1984 to provide U.S. participant training administrative support services under the contract/agreement? (Do NOT count consultants or subcontractors providing U.S. training services.)

Home Office	Field	
_____ days	_____ days	Professional staff (e.g., project director, senior programmer, junior counselor)
_____ days	_____ days	Clerical/support staff

5. What were the costs of professional and clerical direct labor in the home office and field attributable to U.S. participant training support services in FY 1984 under the contract/agreement? (Count salaries only. Do NOT count value of personnel benefits. Do NOT count consultants or subcontractors providing U.S. training services.)

Home Office	Field	
$_____	$_____	Professional staff
$_____	$_____	Clerical/support staff

6. What percent of direct labor salaries did personnel benefits equal for home office and field staff under the contract/agreement in FY 1984?

Home office personnel benefits = _____% of salaries

Field personnel benefits = _____% of salaries

7. What were the direct labor overhead rates for home office and field staff under the contract/agreement in FY 1984?

Home office direct labor overhead rate = _____% of salaries plus personnel benefits

Field direct labor overhead rate = _____% of salaries plus personnel benefits

If no consultants or subcontractors were used under the contract/agreement in FY 1984, CHECK HERE _____ and SKIP to Question 11.

8. How many consultant and subcontractor persondays by job category were spent in FY 1984 under the contract/agreement to provide U.S. participant training services?

Consultant	Subcontractor	
_____ days	_____ days	Professional staff
_____ days	_____ days	Clerical/support staff

9. What were the costs of professional and clerical consultant and subcontractor labor to provide U.S. participant training services under the contract/agreement in FY 1984? (Count salaries only.)

Consultant	Subcontractor	
$_____	$_____	Professional staff
$_____	$_____	Clerical/support staff

10. For the subcontractor, what were the personnel benefit and labor overhead rates for home office and field staff under the contract/agreement in FY 1984?

_____ CHECK IF N/A

Home Office	Field	
____% of salaries	____% of salaries	Personnel benefits
____% of salaries plus personnel benefits	____% of salaries plus personnel benefits	Labor overhead

11. What other administrative costs were incurred under the contract/agreement in FY 1984? (Include subcontractor costs if relevant for training in the appropriate categories.)

$_____ Prime organization, general and administrative.

$_____ Subcontractor, general and administrative.

$_____ Overseas travel (Include transportation to and from U.S. airports as part of overseas trips, airfares, per diem and other-airport tax, shots, visas, DBA insurance).

$_____ U.S. travel (Include transportation, per diem, other).

$_____ Telephone/postage.

$_____ Expendable materials and supplies.

$_____ Non-expendable materials and supplies.

$_____ Word processing.

$_____ Computer processing.

$_____ Fee (_____% of total costs).

$_____ Other (specify:_____).

Total $_____

C. CONTRACTOR SUPPORT ACTIVITIES

1. What U.S. participant training support services were provided in FY 1984 under the contract/agreement? (Count services provided by your organization, consultants and subcontractors.) CHECK ALL THAT APPLY.

A. Training Needs Assessment

____ Review AID documents (e.g., Country Development Strategy Statement, Action Plan, Country Training Plan) to identify training priorities.

____ Determine sector-level (e.g., agriculture, health) training needs.

____ Determine training needs of a specific project or institution.

____ Select sample of individuals to survey to determine training needs.

____ Develop training needs assessment data collection instruments.

____ Mail questionnaires.

____ Interview key informants.

____ Analyze data.

____ Write training needs assessment report.

____ Update training needs assessment.

____ Other (specify:_____).

B. Recruitment in the Field

____ Develop and place advertisement(s) regarding training opportunities.

____ Develop and/or distribute training announcements and application forms.

____ Meet with agencies that would be sources of candidates.

____ Identify eligible pool(s) of candidates.

____ Determine availability of a sufficient number of approprite candidates.

C. Selection

____ Develop selection criteria.

____ Participate on selection committee.

____ Develop training application and/or assist candidates in completing the application.

____ Review candidate application written credentials.

____ Interview candidates to informally assess English language skills.

____ Interview candidates to informally assess other credentials.

____ Obtain information from supervisor regarding skills candidate needs.

____ Administer and score English language tests (e.g., TOEFL, ALIGU).

____ Negotiate host country cost share with participant or employer.

____ Other (specify:_____).

D. Programming and Placement

____ Evaluate nature, level and source of training requested in light of project, sector or institution needs and candidate qualifications.

____ Review information regarding potential training opportunities by looking into available files or contacting requested training sources directly.

____ Develop training opportunities based on specified areas of emphasis, including arrangement of observation tours.

____ Design methodology and content of training programs.

____ Provide English language training and/or prepare students to study at U.S. institutions.

____ Complete and forward applications and supporting documents to training sources. (i.e., medical certification, TOEFL scores, transcripts)

____ Inform participants of acceptance into training programs.

____ Prepare PIO/Ps and forward copy to S&T/IT.

____ Prepare training implementation program (TIP) forms and forward to AID.

E. Administrative Activities

____ Provide in-country orientation.

____ Provide or arrange for U.S. orientation.

____ Prepare Participant Data Forms and forward to S&T/IT for the Participant Training Information System (PTIS) and enrollment in Health Accident Coverage (HAC) insurance.

____ Help candidates obtain J-1 visas.

____ Arrange housing.

____ Pay tuition and fees according to training institution schedule.

____ Provide maintenance allowance to participants.

____ Arrange for escorts/interpretors for non-English speakers.

____ Address academic and personal problems participants experience.

____ Refer serious personal problems for AID counseling.

____ Pay HAC or other insurance fees regularly.

____ Other (specify:_____).

H. Follow-Up

____ Establish returned participants organization.

____ Manage returned participants organization.

____ Manage awards ceremonies for returned participants.

____ Arrange professional organizations membership for returned academic participants.

____ Arrange follow-on courses or seminars for returned participants.

____ Other (specify:_____).

2. What are the names, job titles and telephone numbers of the individual(s) who completed this questionnaire? This information is needed to enable us to contact you again if verification of any replies is needed.

Name	Job Title	Telephone
First Last		(area code)

Thank you for your cooperation.

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F. Monitoring

____ Regularly update status of participant nominations, placement efforts, on-going training activities, and completed training.

____ Conduct training site visits to evaluate new institutions and/or new programs.

____ Conduct training site visits to interview participants, their academic advisors, foreign student advisors, and others.

____ During training, review AETRs and other information to assess student progress relative to plan.

____ Prepare and submit project progress and financial reports regularly for AID.

____ Prepare trip reports.

____ Other (specify:_____).

G. Evaluation

____ Develop data collection instruments.

____ Collect post-training data from participants regarding the nature and quality of training received.

____ Collect post-training data from participants regarding their use of training in their jobs.

____ Collect post-training data from supervisors regarding participants' use of training in their jobs.

____ Analyze post-training data.

____ Write evaluation reports.

____ Use evaluation results to modify contractor work activities and/or systems.

____ Other (specify:_____).

APPENDIX B

Study Matrix