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# AGENCY FOR INTERNATIONAL DEVELOPMENT

**Fiscal Year 1976  
Submission to the Congress**

**Management  Personnel  Operating Expenses**

May 1975

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MANAGEMENT - PERSONNEL - OPERATING EXPENSES

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The implications for personnel and operating expenses of the termination of programs in the Indochina area had not been determined at the time this presentation was prepared. Hence, the data and estimates presented herein have not been adjusted to reflect these recent developments. To the extent possible, updated and current information on these subjects will be provided during Congressional hearings.

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**MANAGEMENT**



## IMPROVED MANAGEMENT

Management of operations and personnel of the foreign assistance program has been significantly improved in a continuing effort to achieve a lean, hardworking, efficient organization.

### Introduction

Management of the diverse and complex programs for which A.I.D. is responsible is a challenging task of impressive scope. Operating as A.I.D. does in developing countries, where resources -- administrative, natural and financial -- are generally inadequate, tends to compound the difficulties of planning, managing, and monitoring the many diverse and complex projects responsive to the new directions of the foreign assistance program.

To put A.I.D.'s staffing and operating expenses levels in perspective, the following selected statistics illustrate the management dimensions of A.I.D.'s current responsibilities for:

#### Planning, managing and monitoring:

- Bilateral economic and technical assistance programs, totalling \$1.62 billion in 47 countries in FY 1974;
- a loan portfolio of 1,241 active A.I.D. loans totalling \$12.1 billion as of December 31, 1974;
- active grant programs and projects totalling \$983 million at the end of FY 1974, including projects in such critical development sectors as food and nutrition, health and population planning, and education;

- commodity procurement totalling \$647 million in FY 1974, of which 92% purchased in the U.S. from over 5,000 American suppliers;
- housing guaranty projects authorized as of May, 1975, totalling \$704 million in 95 projects covering about 105,000 units;
- 1,381 technical service contracts with a value of \$793 million as of June 30, 1974;
- training programs for 10,142 foreign participants during FY 1974;
- P.L. 480 Title II Government-to-Government grants in FY 1974 totalling \$200 million, including freight;
- P.L. 480 Title II grants involving 94 registered private voluntary agencies, including such groups as Catholic Relief Services, Church World Service, CARE, etc., totalling \$196 million, including freight, in FY 1974;
- comprehensive audit programs; 706 audits conducted in FY 1974.

#### Overseeing Participation in A.I.D. Programs of:

- six major Federal agencies: Departments of Agriculture; Interior; Health, Education and Welfare; Transportation; Treasury; and Commerce.
- 134 U.S. universities and educational institutions.

Coordinating:

- U.S. Government overseas disaster relief programs; 26 disasters in 26 countries with \$136 million of U.S. assistance provided in FY 1974.
- U.S. development assistance policies and programs with other U.S. Government agencies and with various international institutions such as IBRD, IDB, ADB, AFRDB, UN agencies, OAS, DAC, etc.

Participating:

- with USDA in development of P.L. 480 Title I programs in 13 countries, totalling \$577 million in FY 1974.

A.I.D. Management Improvements

The Foreign Assistance Act of 1973 legislated several significant new initiatives in the character and thrust of the U.S. foreign assistance program:

- U.S. bilateral aid should increasingly utilize technical expertise, farm commodities and industrial goods in lieu of large scale capital transfers to help meet the basic problems which affect the lives of the poor majority of populations in developing countries;
- the critical problems to be addressed emphasize food production, rural develop-

ment and nutrition, population planning and health, education, public administration and human resources development;

- United States cooperation in development should be carried out to the maximum extent possible through the private sector, including those institutions which already have ties in the developing countries;
- development planning must be the responsibility of each sovereign country -- U.S. assistance should be administered in a collaborative style to support development goals chosen by each country receiving assistance.

A.I.D. has made, and continues to make, progress in implementing these challenging legislative mandates. Moreover,

Agency management has broadened the scope of review beyond the policy and programming implications of these new program directions to reexamine the organizational structures, staffing characteristics and operational systems which have evolved over past years.

To facilitate broad participation in the review of Agency activities, the Administrator established two mechanisms in May 1974 designed to engage the Agency's senior staff in the systematic identification and resolution of major policy and management issues:

- The Administrator's Advisory Council (AAC) directly involves the Agency's top managers -- at the Assistant Administrator level -- in the formulation of Agency policies and approaches to U.S. foreign assistance;

- The Senior Operations Group (SOG) is chaired by the Deputy Administrator and consists of all Deputy Assistant Administrators and certain Office Directors to deal with A.I.D.'s general management policies and methods of operation in the light of both the new program directions established by Congress and evolving conditions in the developing world.

The emphasis of the Administrator's Advisory Council is on policy formulation; the Senior Operations Group focuses on operations and management.

Improving the management and operations of any organization is a continuous process. During the past year, A.I.D. has introduced a number of improvements of its policies, programs and operations, including the following:

- to assure maximum feasible response to the new initiatives legislated by the Congress, an in-depth analysis of both policy and procedural issues has been completed and widely circulated to A.I.D. staff. Building on this work, a special task force concerned with implementation of the new program directions is assessing the extent of A.I.D.'s compliance to date, preparing a master plan and schedule for completion of the specific tasks involved, and assuring continuous follow-up of all necessary actions;
- a newly established Rural Development Coordination Staff is now providing a central focus for Agency-wide efforts to diagnose problems of the rural poor in developing countries, and to identify and design projects to address these problems more effectively;

- A.I.D. has taken major steps to strengthen the Agency's role and effectiveness in coordinating the U.S. response to natural and other disasters abroad;
- both the Washington and field organizations responsible for assistance programs in the Sahel have been reorganized and strengthened to provide rapid response to drought emergency needs and an increased capacity to plan longer-term assistance efforts;
- a new system significantly speeding up the submission, review and approval of country multi-year assistance strategies (Development Assistance Programs -- DAP's) is now operational and effective, thus facilitating subsequent consideration of specific program and project proposals within the framework of these program strategy submissions;
- A.I.D. has issued directives requiring the development and review of all proposed programs and projects on accelerated, staggered schedules in order to:

- \*\* permit orderly and timely review of such proposals;
- \*\* synchronize field project proposals more closely with the annual Congressional Presentation;
- \*\* minimize chronic end-of-year time constraints and pressures;

- the result to date has been marked improvement in the orderly phasing of obligations with 79% of available funds obligated/committed by December 31, 1974 as compared to 66% in the prior year.
- the Agency has significantly accelerated the processing and execution of loans. During the first nine months of FY 1975, A.I.D.:
  - \*\* authorized 24 new loans totalling \$329.2 million, an increase of 127% over the amount of loans authorized during the same period in FY 1974;
  - \*\* executed 47 new loan agreements totalling \$566.8 million, an increase of 171% over the amount of loan agreements signed during the same period in FY 1974.
- the Agency has materially expedited its contracting actions during the first half of FY 1975 by:
  - \*\* completing 1,120 actions compared to only 743 during the same period in FY 1974;
  - \*\* contractually obligating \$91.8 million compared to \$31.7 million during the first half of FY 1974.
- A new Office of Interagency Development Coordination, headed by an Assistant Administrator, has been established. This office is responsible for providing analyses and support to the Development Coordination Committee (DCC), which was authorized by the Foreign Assistance Act of 1973. The Development Coordination Committee, chaired by the Administrator of A.I.D., is responsible for the interagency coordination of U.S. policies and programs affecting the development of the developing countries, including programs of bilateral and multilateral development assistance.
- A special Coordinator for Women in Development has been designated to oversee the Agency's actions and programs designed to integrate women into the economies of the developing countries. The Coordinator participates in the review of Agency programs and projects, particularly those involving education, nutrition, food production, health and family planning objectives, to insure that such programs and projects provide opportunities for the increased participation of women in the development effort.
- A.I.D.'s geographic bureaus have been restructured to bring them more closely into line with those of the Department of State and to facilitate more effective liaison and coordination between the counterpart bureaus of both organizations.
- A.I.D.'s overseas organizations have reexamined and revised their manpower needs to assure that they are adequately staffed to plan, implement and evaluate results-oriented projects in the priority sectors emphasized by the Congress. (For further details, see the section below entitled "Personnel and Manpower".)

- Significantly reduced manpower levels have been established for A.I.D. Washington and selected Missions. To adjust A.I.D.'s total work force to current program priorities and requirements, these reductions are being achieved by abolition of positions, reductions-in-force, reassignments, and other appropriate personnel actions. (For further details, see the section below entitled "Personnel and Manpower".)
- A.I.D. has underway a sweeping revision of its basic systems for program planning, budgeting, implementation and evaluation to assure that Agency programs reflect stated priorities and are progressing toward and achieving their stated objectives. This major management project, known as "PBAR", is designed to integrate and modernize the Agency's planning, budgeting, accounting and reporting processes to improve A.I.D.'s responsiveness to current development priorities and requirements.
- An agency-wide major project to recodify and simplify all internal operating directives and instructions is now virtually complete with the issuance of 27 end-user oriented handbooks. Obsolescent procedures have

either been eliminated or updated as appropriate, and essential instructional and guidance documentation has been restructured in more useful functional categories.

- A new system has been introduced to strengthen the review and control of Agency publications to assure their responsiveness to current public information needs and to achieve greater consistency and economy in the production of Agency publications and reports.

The foregoing illustrates some of the actions A.I.D. has taken during the past year to tighten and strengthen general management throughout the Agency. Many of these activities are being continued as we strive to achieve even further efficiency and effectiveness in our operations. Additional management goals have also been established to build on the momentum already developed, and periodic reports of progress toward these goals will be made to the senior management officials of the Agency. Finally, continuing oversight of major management objectives and achievements is being maintained by the Agency's Senior Operations Group, thus assuring the personal participation of AID's executive managers in the Agency's overall efforts to improve its efficiency and effectiveness.

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PERSONNEL

PERSONNEL

## PERSONNEL AND MANPOWER

### Introduction

A.I.D. has made, and continues to make, significant improvements in the management of its personnel. To adjust its work force to current program requirements, the Agency has taken the following actions during the past year:

- imposed a selective freeze on promotions of Foreign Service personnel to prevent further grade imbalances;
- continued a selective freeze on external recruitment;
- significantly reduced manpower ceilings for both FY 1975 and FY 1976, to be achieved through abolition of positions, reductions-in-force, reassignments and other appropriate personnel actions;
- obtained special "early out" retirement authority from the Civil Service Commission to accelerate work force reductions through voluntary retirements;
- created a special Retirement Task Force to advise and assist personnel considering retirement;
- substantially reduced excess personnel in the Foreign Service reassignment complement;
- completed an Agency-wide classification survey of Civil Service positions;
- expanded the Agency's employee counseling and out-placement services;
- developed a special, intensive "Development Officer" training program with particular emphasis on the new program directions initiated by the Congress and focused on improved project design, project management, implementation and evaluation;
- separated thus far approximately 240 Foreign Service personnel through a series of reductions-in-force;
- in April, 1975, initiated a reduction-in-force of General Schedule employees.
- updated position descriptions to reflect current program and management requirements and to assure the assignment of proper grades;
- introduced a new improved system requiring cyclical classification reviews of all positions and tighter manpower staff and organizational structure controls;
- strengthened personnel placement operations to assure the most effective match of employee skills with current position requirements;

Through these and other management actions, A.I.D. has reduced its direct-hire strength from 8,961 to 8,138 during the nine-month period from July 1, 1974 through March 31, 1975. The Agency's total

direct-hire strength, Americans and foreign nationals, is projected to decrease from 17,569 to 7,700 between June 30, 1968, and June, 1976 -- a cumulative reduction of 56 percent. Charts A, B and C and Table 1 provide the detailed comparisons.

Table 1

A.I.D. STAFF REDUCTIONS

A.I.D. Direct-Hire Personnel

	End of Fiscal Year			
	FY 68 Actual	FY 74 Actual	FY 75 Estimate	FY 76 Estimate
<u>U.S. Nationals</u>				
United States	3,468	2,872	2,601	2,430
Overseas	<u>4,838</u>	<u>1,847</u>	<u>1,778</u>	<u>1,769</u>
Total U.S. Nationals	<u>8,306</u>	<u>4,719</u>	<u>4,379</u>	<u>4,199</u>
<u>Foreign Nationals</u>	<u>9,263</u>	<u>4,242</u>	<u>3,821</u>	<u>3,501</u>
Total	<u>17,569</u>	<u>8,961</u>	<u>8,200</u>	<u>7,700</u>
	=====	=====	=====	=====
<u>Cumulative Decrease</u>		%	%	%
U.S. Nationals		43	47	50
Foreign Nationals		<u>54</u>	<u>59</u>	<u>62</u>
Total		49	53	56
		==	==	==

CHART A

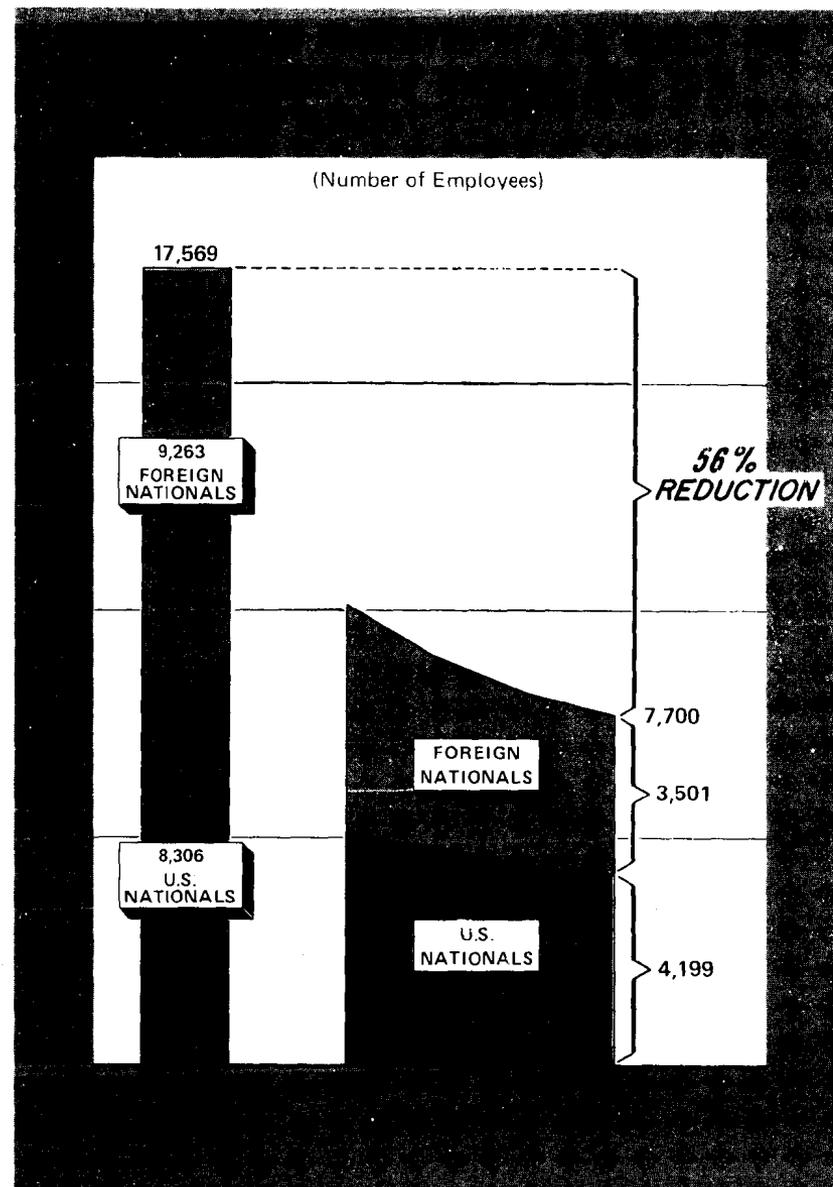
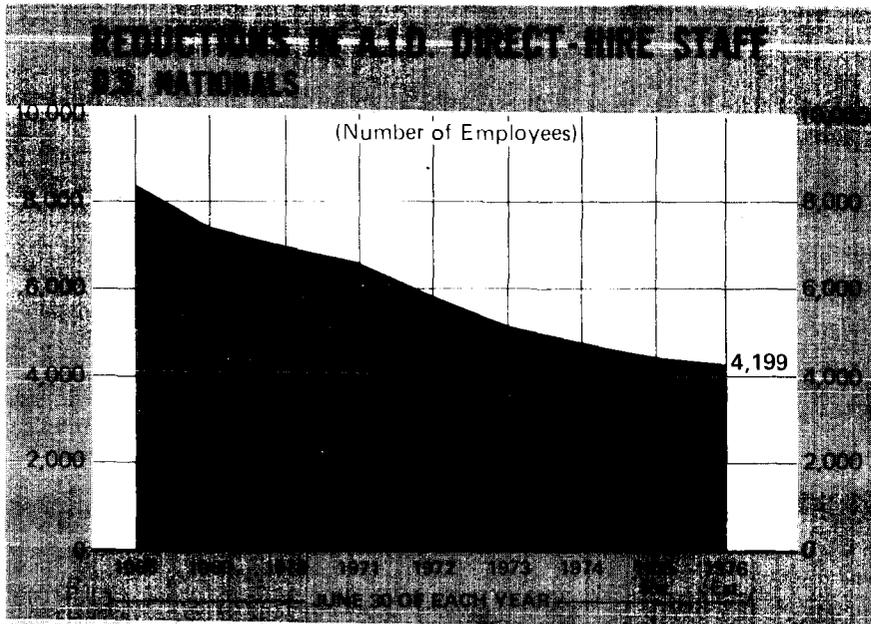


CHART B



Manpower Levels

(A.I.D. Washington and Overseas)

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 1974, (actual), through FY 1976, (estimated).

Approach to Work Force Restructuring

In 1974, A.I.D. management concluded that a thorough restructuring of its staff was necessary. Major factors leading to this conclusion were:

- the new program directions established by Congress in the Foreign Assistance Act of 1973 required adjustments in both the skills and numbers of employees in the Agency;

CHART C

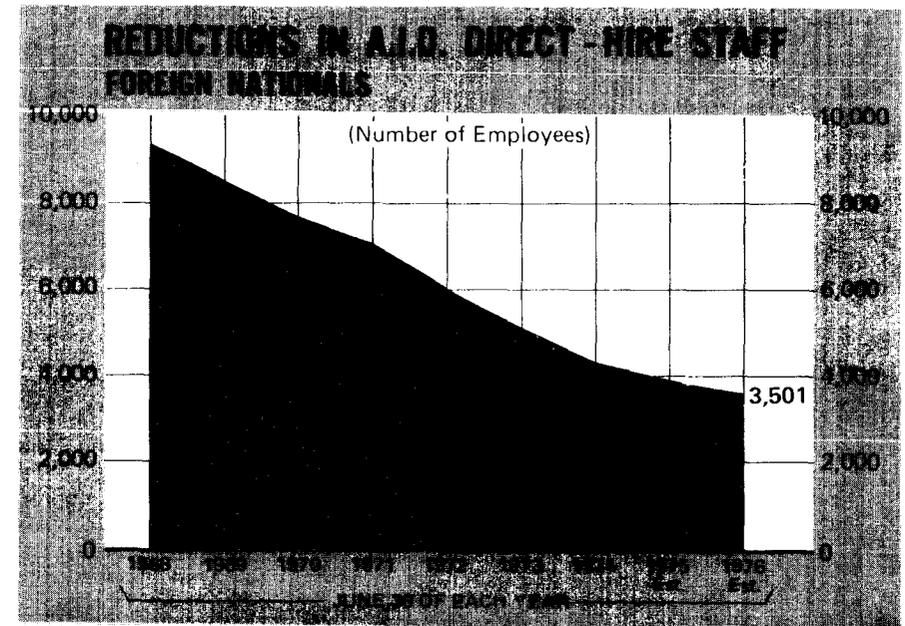


Table 2  
 DISTRIBUTION OF A.I.D. DIRECT-HIRE PERSONNEL  
 FY 1974 - FY 1976

	<u>End of Fiscal Year</u>		
	<u>FY 74</u> Actual	<u>FY 75</u> Estimate	<u>FY 76</u> Estimate
<u>Operations Personnel</u>			
U.S. Nationals	4,375	4,243	4,091
Foreign Nationals	<u>3,734</u>	<u>3,528</u>	<u>3,245</u>
Subtotal	8,109	7,771	7,336
<u>Project Personnel</u>			
U.S. Nationals	344	136	108
Foreign Nationals	<u>508</u>	<u>293</u>	<u>256</u>
Subtotal	852	429	364
<u>All Personnel</u>			
U.S. Nationals	4,719	4,379	4,199
Foreign Nationals	<u>4,242</u>	<u>3,821</u>	<u>3,501</u>
Total	8,961 =====	8,200 =====	7,700 =====
<u>Cumulative Decrease</u>			
		%	%
U.S. Nationals		7	11
Foreign Nationals		<u>10</u>	<u>18</u>
Total		9 ==	14 ==

- program reductions in a number of countries, such as Brazil, Turkey, Indonesia, Ecuador, Nigeria, Korea;
- centralization within A.I.D. Washington of certain operational support functions, such as engineering, contracting, procurement, and personnel;
- diminishing involvement in Vietnam;
- legislation abolishing A.I.D.'s public safety responsibilities;
- continuing Congressional concern about the size and composition of A.I.D.'s U.S. employee work force;
- evidence that reliance on attrition alone would not achieve the proper "mix" of employee skills and numbers required for present programs.

In view of the above conclusion, A.I.D. management decided on a series of actions which were necessary prerequisites to the restructuring of the Agency's staff:

- a task force was established in June, 1974, to identify potentially surplus positions in Washington;
- a "freeze" was imposed in July, 1974, on Foreign Service promotions;
- a major survey of Civil Service positions was initiated in August, 1974, to assure proper position classification.

A.I.D. management concluded after reviewing the above factors and actions that reduction-in-force procedures presented the only effective and legal means of meeting its responsibilities to Congress and the American taxpayer.

As is widely recognized, reductions-in-force are traumatic, expensive in the short-term, and operationally disruptive. A.I.D. management decided to undertake a series of reductions-in-force only when it became apparent that there was no viable alternative. In the conduct of these processes, the Agency's management believes that it has not only complied with the letter and spirit of applicable laws and regulations, but has exerted, and continues to exert, every reasonable effort to lessen the impact on all affected employees. Some loss in program momentum and efficiency can be expected during the difficult period of implementing and adjusting to a reduction-in-force.

Specific implementing steps taken by A.I.D. included:

- significantly reduced manpower ceilings to be achieved during FY 1975 and FY 1976 were imposed in September, 1974, on the major organizational elements involved;
- the Agency formally announced the impending staff restructuring to all employees in October, 1974, providing as much advance notice as possible to permit its employees to assess their personal plans and future careers;
- the Administrator addressed all employees in October, 1974, explaining the necessity for reductions-in-force and assuring them that the rights of each individual would be fully protected;

- accelerated analyses were undertaken to determine and validate firm position requirements, both in Washington and overseas, by skill and grade level;
- a new manpower planning system was inaugurated in October, 1974, to review and determine annually, in terms of skills and grade levels, the position requirements of each organizational component of the Agency. Together with tightened controls on vacant positions, this system now provides A.I.D.'s management with effective continuing control over its total manpower resources, both in Washington and abroad;
- a general "freeze" was placed on all personnel actions in December, 1974, to assure equitable treatment of all employees who might be affected;
- reduction-in-force of excess personnel in the Foreign Service reassignment sub-complement was initiated in October, 1974, to decrease this sub-complement from approximately 150 to a target of not more than 50 by the end of FY 1975;
- four sequential Foreign Service reductions-in-force have taken place, resulting thus far in an aggregate reduction of approximately 240 employees;
- as a result of the intensive classification survey completed in December, 1974, 202 Civil Service positions have been down-graded and 49 Civil Service positions have been upgraded.
- a reduction-in-force of GS employees was initiated in April, 1975.

Special efforts to lessen the impact of the reductions-in-force on A.I.D. employees have been undertaken:

- "early out" discontinued service retirement annuity authority was obtained from the Civil Service Commission in November, 1974, to reduce the work force through voluntary retirements. These provisions permit early retirement, on immediate annuity, of eligible employees whether or not they are reached by reduction-in-force actions. The resultant vacancies are used to retain employees who otherwise would be separated;
- greatly strengthened employee counseling and out-placement services have been made available;
- where appropriate, employees will be given additional training to update existing skills required by the Agency to carry out the new program directions established by Congress. Much of A.I.D.'s training efforts are now directed toward developing the skills of management and technical personnel in planning, designing, managing, monitoring and evaluating priority projects in the areas of food and nutrition, population planning and health, human resource development, and development administration.

Training programs for A.I.D. employees in FY 1976 will emphasize the following areas:

- Development Studies; inter-disciplinary programs in management, economics and social sciences aimed at improving both the analytic and inter-personal skills of A.I.D.'s Development Officers;

- Project Management; courses designed to improve skills in utilization of analytic techniques required for successful project design, implementation and evaluation to assist A.I.D. managers operating in complex overseas environments;
- Advanced Management; review of contemporary theories of management for integration with relevant behavioral science findings and current systems management techniques.

A.I.D. Grade Structure

A.I.D. believes that comparisons with grades of personnel in other government agencies can be properly made only on a position-by-position basis. Comparison of government positions with those of private, non-profit organizations have little or no validity due to substantive differences in program objectives and operations, levels of responsibility and relationships, and the differing structures and methods of doing business of such organizations.

In considering A.I.D.'s average grade levels in relation to that of other government agencies, significant factors which should be taken into account include the following:

- A.I.D. has continually reduced its numbers of personnel since 1968 and has had a selective freeze on new hiring in the Foreign Service since 1971. This has reduced particularly the number of Foreign Service employees in lower grade levels;
- the Department of State, in contrast, brings in a large group of new junior Foreign Service officers each year which tends to lower its average grade level;

- A.I.D.'s Foreign Service core staff are highly skilled advisors, primarily in the technical fields of food and nutrition, population planning, health, education and human resources development, who consult with and advise the heads of ministries of host governments. Personnel of this caliber are rarely obtainable at the lower grades, and generally are recruited in mid-career at salaries commensurate with their expertise and experience.

For the above reasons, A.I.D. maintains that differences in average Foreign Service grades between A.I.D. and other U.S. foreign affairs agencies are justified, given the nature of the A.I.D. program and its technical staff requirements.

It is important to note also that A.I.D.'s Foreign Service Reserve employees have been in grade an average of 5.7 years and its Foreign Service Staff employees have been in grade an average of 4.1 years; thus demonstrating that A.I.D. has not promoted its Foreign Service employees on an accelerated or indiscriminate basis.

The average age of A.I.D.'s Foreign Service officer is 47.9 years. This fact tends to substantiate the view that A.I.D.'s Foreign Service officers are not overgraded when compared with other agencies on a position-by-position basis.

A.I.D. estimates that its Foreign Service Reserve force will be approximately 18% smaller at the end of FY 1976 than at the end of FY 1974, with the greater part of this reduction taking place in the higher grade levels.

Employees in grade levels FSR 1-3 are expected to be reduced by approximately 26%.

Tables 3 and 4 reflect the distribution of the Agency's full-time employees in permanent positions as projected for the end of FY 1975 and FY 1976. These tables indicate,

for both Foreign Service and Civil Service personnel, by the end of FY 1976:

- a decreasing staff;
- lower average salaries;
- lower average grades.

#### Future Improvements in Personnel Management

The following problems will require close attention in the future:

- selective recruitment will continue to be necessary to achieve a better balance between managers and technicians and to bring young talent into the Agency;
- a special study will be undertaken to develop the optimal distribution among Foreign Service and Civil Service employees;
- further review will be made of the distribution of the A.I.D. staff between Washington and overseas to achieve the most effective and economical balance.

The Agency's management believes that it has taken all reasonable and effective steps during the past year to restructure its staff to levels and in directions consistent with Congressional intent, and with its responsibilities for maximum efficiency and economy in the conduct of its business. Nonetheless, A.I.D.'s management intends to persevere in its continuing efforts to make whatever further adjustments in staff numbers and skills composition that may be necessary with the objective of creating a cadre of professionally competent development officers and supporting staff unrivaled anywhere in the world.

Table 3

ESTIMATED DISTRIBUTION OF FULL-TIME EMPLOYEES  
IN PERMANENT POSITIONS

On Board as of June 30, 1975

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
<u>Presidential Appointees</u>			
EX-II (\$42,500)	1	09.09	00.01
EX-III (\$40,000)	1	09.09	00.01
EX-IV (\$38,000)	7	63.64	00.09
EX-V (\$36,000)	<u>2</u>	<u>18.18</u>	<u>00.03</u>
Total	11	100.00	00.14
Average Salary, \$38,227			
<u>Chiefs of Mission</u>			
FA-02 (\$40,000)	1	14.29	00.01
FA-03 (\$38,000)	5	71.42	00.07
FA-04 (\$36,000)	<u>1</u>	<u>14.29</u>	<u>00.01</u>
Total	7	100.00	00.09
Average Salary, \$38,000			
<u>Foreign Service Reserve</u>			
FSR-01 (\$36,000)	110	05.45	01.39
FSR-02 (\$34,373-\$36,000)	340	16.83	04.28
FSR-03 (\$27,221-\$32,663)	625	30.94	07.87
FSR-04 (\$21,816-\$26,178)	534	26.44	06.73
FSR-05 (\$17,726-\$21,272)	344	17.03	04.33
FSR-06 (\$14,628-\$17,556)	30	01.48	00.38
FSR-07 (\$12,285-\$14,745)	37	01.83	00.47
FSR-08 (\$10,520-\$12,626)	-	-	-
Total	<u>2020</u>	<u>100.00</u>	<u>25.45</u>
Average Taxable Income*, \$30,713			

\*Includes overseas post differentials.

Table 3 Continued

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
<u>Foreign Service Staff</u>			
FSS-01 (\$27,221-\$35,384)	-	-	-
FSS-02 (\$21,816-\$28,359)	-	-	-
FSS-03 (\$17,726-\$23,045)	4	01.15	00.05
FSS-04 (\$14,628-\$19,020)	26	07.49	00.33
FSS-05 (\$13,114-\$17,047)	62	17.87	00.78
FSS-06 (\$11,758-\$15,286)	108	31.13	01.36
FSS-07 (\$10,541-\$13,700)	142	40.92	01.79
FSS-08 (\$9,450-\$12,285)	4	01.15	00.05
FSS-09 (\$8,473-\$11,011)	1	00.29	00.01
FSS-10 (\$7,596-\$9,873)	-	-	-
Total	347	100.00	04.37
Average Taxable Income*, \$15,367			
<u>Classification Act</u>			
GS-18 (\$36,000)	1	00.06	00.01
GS-17 (\$36,000)	3	00.18	00.04
GS-16 (\$34,607-\$36,000)	8	00.49	00.10
GS-15 (\$29,818-\$36,000)	107	06.52	01.35
GS-14 (\$25,581-\$33,258)	153	09.32	01.93
GS-13 (\$21,816-\$28,359)	184	11.21	02.32
GS-12 (\$18,463-\$23,998)	133	08.10	01.68
GS-11 (\$15,481-\$20,125)	109	06.64	01.37
GS-10 (\$14,117-\$18,356)	10	00.61	00.13
GS-09 (\$12,841-\$16,693)	106	06.45	01.34
GS-08 (\$11,640-\$15,132)	62	03.78	00.78
GS-07 (\$10,520-\$13,679)	186	11.33	02.34
GS-06 (\$9,473-\$12,317)	212	12.91	02.67
GS-05 (\$8,500-\$11,047)	205	12.48	02.58
GS-04 (\$7,596-\$9,873)	135	08.22	01.70
GS-03 (\$6,764-\$8,789)	24	01.46	00.30
GS-02 (\$5,996-\$7,796)	4	00.24	00.05
GS-01 (\$5,294-\$6,878)	-	-	-
Total	1642	100.00	20.69
Average Salary, \$17,223			

\*Includes overseas post differentials

Table 3 Continued

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
<u>Administratively Determined</u>				
AD-18	(\$36,000)	8	12.90	00.10
AD-17	(\$36,000)	6	09.68	00.08
AD-16	(\$34,607-\$36,000)	17	27.42	00.21
AD-15	(\$29,818-\$36,000)	14	22.58	00.18
AD-14	(\$25,581-\$33,258)	3	04.84	00.04
AD-13	(\$21,816-\$28,359)	3	04.84	00.04
AD-12	(\$18,463-\$23,998)	1	01.61	00.01
AD-11	(\$15,481-\$20,125)	-	-	-
AD-10	(\$14,117-\$18,356)	1	01.61	00.01
AD-09	(\$12,841-\$16,693)	4	06.45	00.05
AD-08	(\$11,640-\$15,132)	-	-	-
AD-07	(\$10,520-\$13,679)	3	04.84	00.04
AD-06	(\$9,473-\$12,317)	1	01.61	00.01
AD-05	(\$8,500-\$11,047)	1	01.61	00.01
AD-04	(\$7,596-\$9,873)	-	-	-
AD-03	(\$6,764-\$8,789)	-	-	-
AD-02	(\$5,996-\$7,796)	-	-	-
AD-01	(\$5,294-\$6,878)	-	-	-
Total		<u>62</u>	<u>100.00</u>	<u>00.78</u>
Average Salary, \$31,112				
<u>Wage Systems</u>				
WI-16	(\$12,626-\$13,957)	1	04.55	00.01
WI-15	(\$12,272-\$13,562)	1	04.55	00.01
WI-12	(\$11,190-\$12,355)	3	13.63	00.04
WI-10	(\$10,483-\$11,586)	6	27.27	00.08
WG-06	(\$9,402-\$10,982)	1	04.55	00.01
WG-05	(\$8,944-\$10,442)	<u>10</u>	<u>45.45</u>	<u>00.13</u>
Total		<u>22</u>	<u>100.00</u>	<u>00.28</u>
Average Salary, \$11,050				

Table 3 Continued

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent of Agency Total
<u>Total U.S. Nationals</u> Average Taxable Income, \$23,962	4111	-	51.80
Average nontaxable benefits; -- excluding allowances for cost of living, quarters, education, representation, and official residence expenses: \$1,910			
<u>Total Foreign Nationals, (not included in table above)</u>	<u>3826</u>	<u>-</u>	<u>48.20</u>
Total A.I.D.	7937	-	100.00

NOTE: The on-board estimates shown in this table are somewhat less than the Agency's projected full-time position requirements shown in Tables 1 and 2. The actual number of employees filling the required positions will depend largely on the Agency's ability to recruit specialized skills not now available within the Agency.

Table 4

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
<u>Presidential Appointees</u>			
EX-II (\$42,500)	1	07.69	00.01
EX-III (\$40,000)	1	07.69	00.01
EX-IV (\$38,000)	9	69.23	00.12
EX-V (\$36,000)	<u>2</u>	<u>15.39</u>	<u>00.03</u>
Total	13	100.00	00.17
Average Salary, \$38,192			
<u>Chiefs of Mission</u>			
FA-02 (\$40,000)	1	14.29	00.01
FA-03 (\$38,000)	5	71.42	00.07
FA-04 (\$36,000)	<u>1</u>	<u>14.29</u>	<u>00.01</u>
Total	7	100.00	00.09
Average Salary, \$38,000			
<u>Foreign Service Reserve</u>			
FSR-01 (\$36,000)	96	04.80	01.28
FSR-02 (\$34,373-\$36,000)	298	14.91	03.98
FSR-03 (\$27,221-\$32,663)	600	30.02	08.01
FSR-04 (\$21,816-\$26,178)	506	25.31	06.75
FSR-05 (\$17,726-\$21,272)	340	17.01	04.54
FSR-06 (\$14,628-\$17,556)	85	04.25	01.13
FSR-07 (\$12,285-\$14,745)	74	03.70	00.99
FSR-08 (\$10,520-\$12,626)	-	-	-
Total	1999	100.00	26.68
Average Taxable Income*, \$ 29,819			

\*Includes overseas post differentials

Table 4 Continued

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
<u>Foreign Service Staff</u>			
FSS-01 (\$27,221-\$35,384)	-	-	-
FSS-02 (\$21,816-\$28,359)	-	-	-
FSS-03 (\$17,726-\$23,045)	4	01.25	00.05
FSS-04 (\$14,628-\$19,020)	16	05.00	00.21
FSS-05 (\$13,114-\$17,047)	59	18.44	00.79
FSS-06 (\$11,758-\$15,286)	104	32.50	01.39
FSS-07 (\$10,541-\$13,700)	122	38.12	01.63
FSS-08 (\$9,450-\$12,285)	15	04.69	00.20
FSS-09 (\$8,473-\$11,011)	-	-	-
FSS-10 (\$7,596-\$9,873)	-	-	-
Total	<u>320</u>	<u>100.00</u>	<u>04.27</u>
Average Taxable Income*, \$15,197			
<u>Classification Act</u>			
GS-18 (\$36,000)	1	00.06	00.01
GS-17 (\$36,000)	3	00.18	00.04
GS-16 (\$34,607-\$36,000)	8	00.49	00.11
GS-15 (\$29,818-\$36,000)	102	06.24	01.36
GS-14 (\$25,581-\$33,258)	146	08.92	01.95
GS-13 (\$21,816-\$28,359)	171	10.45	02.28
GS-12 (\$18,463-\$23,998)	133	08.13	01.78
GS-11 (\$15,481-\$20,125)	109	06.66	01.46
GS-10 (\$14,117-\$18,356)	10	00.61	00.13
GS-09 (\$12,841-\$16,693)	106	06.48	01.41
GS-08 (\$11,640-\$15,132)	62	03.79	00.83
GS-07 (\$10,520-\$13,679)	186	11.37	02.48
GS-06 (\$9,473-\$12,317)	225	13.75	03.00
GS-05 (\$8,500-\$11,047)	211	12.90	02.82
GS-04 (\$7,596-\$9,873)	135	08.25	01.80
GS-03 (\$6,764-\$8,789)	24	01.47	00.32
GS-02 (\$5,996-\$7,796)	4	00.25	00.05
GS-01 (\$5,294-\$6,878)	-	-	-
Total	<u>1636</u>	<u>100.00</u>	<u>21.83</u>
Average Salary \$16,975			

\*Includes overseas post differentials

Table 4 Continued

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
<u>Administratively Determined</u>				
AD-18	(\$36,000)	8	12.90	00.11
AD-17	(\$36,000)	6	09.68	00.08
AD-16	(\$34,607-\$36,000)	17	27.42	00.23
AD-15	(\$29,818-\$36,000)	12	19.36	00.16
AD-14	(\$25,581-\$33,258)	3	04.84	00.04
AD-13	(\$21,816-\$28,359)	3	04.84	00.04
AD-12	(\$18,463-\$23,998)	1	01.61	00.01
AD-11	(\$15,481-\$20,125)	-	-	-
AD-10	(\$14,117-\$18,356)	1	01.61	00.01
AD-09	(\$12,841-\$16,693)	4	06.45	00.06
AD-08	(\$11,640-\$15,132)	-	-	-
AD-07	(\$10,520-\$13,679)	3	04.84	00.04
AD-06	(\$9,473-\$12,317)	1	01.61	00.01
AD-05	(\$8,500-\$11,047)	3	04.84	00.04
AD-04	(\$7,596-\$9,873)	-	-	-
AD-03	(\$6,764-\$8,789)	-	-	-
AD-02	(\$5,996-\$7,796)	-	-	-
AD-01	(\$5,294-\$6,878)	-	-	-
Total		<u>62</u>	<u>100.00</u>	<u>00.83</u>
Average Salary, \$30,283				
<u>Wage Systems</u>				
WI-16	(\$12,626-\$13,957)	1	04.55	00.01
WI-15	(\$12,272-\$13,562)	1	04.55	00.01
WI-12	(\$11,190-\$12,355)	3	13.63	00.04
WI-10	(\$10,483-\$11,586)	6	27.27	00.08
WG-06	(\$9,402-\$10,982)	1	04.55	00.01
WG-05	(\$8,944-\$10,442)	<u>10</u>	<u>45.45</u>	<u>00.14</u>
Total		22	100.00	00.29
Average Salary, \$11,050				

Table 4 Continued

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent of Agency Total
Total U.S. Nationals	4059	-	54.16
Average Taxable Income, \$23,436			
Average nontaxable benefits; -- excluding allowances for cost-of-living, quarters, education, representation and official residence expenses: \$1,869			
Total Foreign Nationals, (not included in table above)	<u>3435</u>	<u>-</u>	<u>45.84</u>
Total A.I.D.	7494	-	100.00

NOTE: The on-board estimates shown in this table are somewhat less than the Agency's projected full-time position requirements shown in Tables 1 and 2. The actual number of employees filling the required positions will depend largely on the Agency's ability to recruit specialized skills not now available within the Agency.

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A.I.D. OPERATING EXPENSES BUDGET

A.I.D. requests the authorization and appropriation of \$205.2 million for its FY 1976 Operating Expenses budget to meet the essential costs of planning, managing, overseeing and carrying out foreign assistance programs authorized by the Congress. A.I.D. introduced the world-wide operating expenses concept in FY 1974 for two reasons:

- to develop more accurate operational cost data for management control and decision making;
- to inform the Congress, in meaningful functional categories, of the total costs of planning, administering and supporting A.I.D. programs and projects.

This new approach to modern cost-accounting principles has been refined during the past two years as A.I.D. managers and staff acquired more experience with the concept and became more familiar with proper categories of budget estimates and expenditures.

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

The operating expenses concept presents in a single budget, not only traditional "administrative" costs, but also significant costs incurred for the management and direct support of approved programs and projects:

-- More than 31% of the A.I.D. Operating Expenses budget relates to technical planning and management of specific projects and programs;

-- An additional 16% goes for project and program support services, such as:

- \*\* 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 10% of these costs are met from nonappropriated funds.

To provide a comparable base for analysis, comparative transfers have been incorporated in the data for FY 1974 and FY 1975. These data are detailed in Table 1.

Table 1

## A.I.D. OPERATING EXPENSES

## Analysis of Funding Sources and Comparability Adjustments

(\$ Million)

	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>5th Q.</u>
<u>Total Operating Expenses</u> <u>Unadjusted for Comparability</u>	213.2	237.5	229.6	60.0
Activities funded by other agencies in FY 1974 but included in the A.I.D. FY 1975 and FY 1976 budget				
Air transport services in Vietnam	5.0	-1.4		
Charges for office space previously funded by GSA	4.5			
Charges for APO services	1.4	1.4		
Comparability adjustment for October 1973 and October 1974 pay raises	7.2	1.4		
Recategorization of personnel and related support costs from project expenses as the concept was refined	<u>10.4</u>	—	—	—
<u>Total Operating Expenses</u> <u>Adjusted for Comparability</u>	<u>241.7</u>	<u>238.9</u>	<u>229.6</u>	<u>60.0</u>
<u>Less:</u> Local currency trust funds	24.8	22.2	19.3	5.0
Nonappropriated dollars	<u>1.6</u>	<u>2.1</u>	<u>2.3</u>	<u>.6</u>
Appropriated funds required	<u>215.3</u>	<u>214.6</u>	<u>208.0</u>	<u>54.4</u>
<u>Less:</u> Reimbursements and Recoveries	<u>2.2</u>	<u>2.1</u>	<u>2.8</u>	<u>-</u>
Comparable Budget Authority Totals	213.1 =====	212.5 =====	205.2 =====	54.4 =====
<u>Budget Authority Requested</u>			205.2 =====	54.4 =====

A.I.D. Operating Expenses continue to decline despite the substantial inflation factor affecting both overseas and U.S. costs. As shown in Table 1, on a comparable basis,

A.I.D.'s total estimated FY 1976 operating expenses are \$9.3 million less than estimated FY 1975 requirements and \$12.1 million less than the comparable FY 1974 costs. These reductions are illustrated in Chart A.

Operating Expenses are grouped by functional categories which represent the major operational and management responsibilities of the Agency. These functional categories are shown in Table 2. Their approximate share of the estimates for FY 1976 Operating Expenses are:

- Executive Direction; top policy formulation and direction of the Agency, (11%);
- Program Planning and Budgeting; identification of development needs, setting priorities for resource use and resource allocation, (13%);
- Technical Direction and Management; technical planning and review of programs and projects, project management, program evaluation and monitoring project implementation, (31%);

-- Central Backstopping of Overseas Operations; program and administrative coordination between overseas missions and A.I.D. Washington country desks in each of the Regional Bureaus, (5%);

-- Administration of Special Programs; management of American Schools and Hospitals Abroad,

CHART A

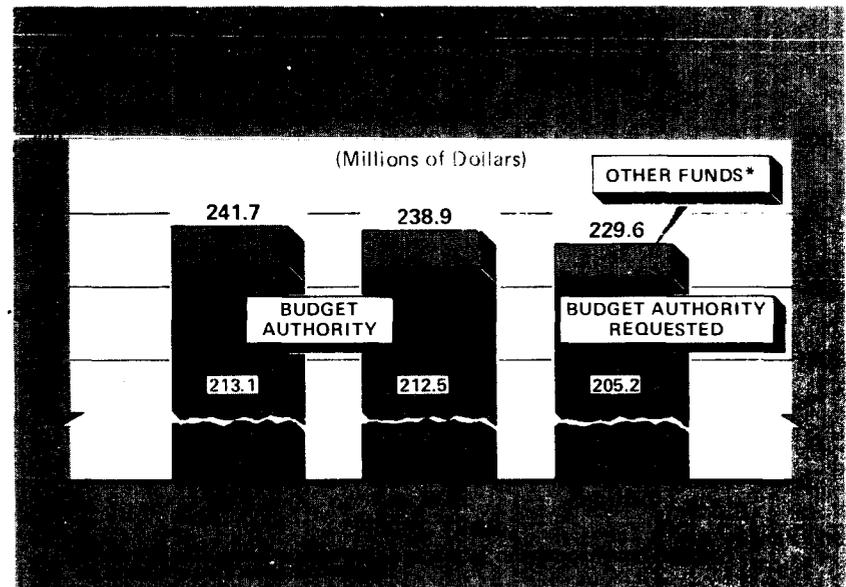


Table 2  
COMPARATIVE ANALYSIS OF A.I.D. OPERATING EXPENSES

By Management Function

(\$ Million)

<u>Function</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>
Executive Direction			
A.I.D. Washington	4.6	5.2	5.2
Overseas	<u>17.2</u>	<u>19.5</u>	<u>19.0</u>
Total	21.8	24.7	24.2
Program Planning and Budgeting			
A.I.D. Washington	9.4	10.4	10.7
Overseas	<u>18.6</u>	<u>19.4</u>	<u>19.7</u>
Total	28.0	29.8	30.4
Technical Direction and Management			
A.I.D. Washington	23.9	25.3	24.9
Overseas	<u>45.6</u>	<u>48.7</u>	<u>46.9</u>
Total	69.5	74.0	71.8
Central Backstopping of Overseas Operations			
A.I.D. Washington	9.5	11.5	11.5
Overseas	-	-	-
Total	<u>9.5</u>	<u>11.5</u>	<u>11.5</u>
Administration of Special Program			
A.I.D. Washington	6.9	5.3	3.3
Overseas	<u>3.4</u>	<u>4.3</u>	<u>4.2</u>
Total	10.3	9.6	7.5
Legal Services			
A.I.D. Washington	2.4	2.5	2.5
Overseas	<u>1.6</u>	<u>1.8</u>	<u>1.6</u>
Total	4.0	4.3	4.1
External Relations			
A.I.D. Washington	2.1	2.1	2.0
Overseas	-	-	-
Total	<u>2.1</u>	<u>2.1</u>	<u>2.0</u>
Audit and Inspection			
A.I.D. Washington	4.4	4.4	4.2
Overseas	<u>13.9</u>	<u>12.7</u>	<u>11.7</u>
Total	18.3	17.1	15.9

Table 2 - Continued

<u>Function</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>
Program Support Services			
A.I.D. Washington	22.1	15.8	13.1
Overseas	<u>30.4</u>	<u>24.4</u>	<u>24.3</u>
Total	52.5	40.2	37.4
Financial Management			
A.I.D. Washington	10.3	9.6	9.0
Overseas	<u>15.4</u>	<u>16.0</u>	<u>15.8</u>
Total	25.7	25.6	24.8
Summary			
A.I.D. Washington	95.6	92.1	86.4
Overseas	<u>146.1</u>	<u>146.8</u>	<u>143.2</u>
Total	241.7	238.9	229.6
Less: Nonappropriated Dollars, Local Currency Trust Funds, Reimbursements and Recoveries	<u>28.6</u>	<u>26.4</u>	<u>24.4</u>
Comparable Totals	<u>213.1</u> =====	<u>212.5</u> =====	<u>205.2</u> =====
<u>Budget Authority Requested</u>			<u>205.2</u> =====

International Disaster Assistance, Food for Peace and Private and Voluntary Cooperation programs, (3%);

- Legal Services; provision of legal advice and services to all elements of A.I.D. in Washington and overseas, (2%);
- External Relations and Information; legislative liaison and public affairs activities, (1%);
- Audit and Inspection Services; comprehensive internal audit programs and investigation of alleged irregularities and deficiencies relating to compliance and integrity of operations, (7%);
- Program Support Services; functions directly supporting individual A.I.D. programs and projects; i.e., commodity management, contract services, engineering services and participant training services, (16%);
- Financial Management Services; functions of accounting, statistics, internal financial control, advice and assistance on financial practices and procedures and financial reporting, (11%).

Chart B illustrates the distribution of operating expenses between the major functional categories.

CHART B

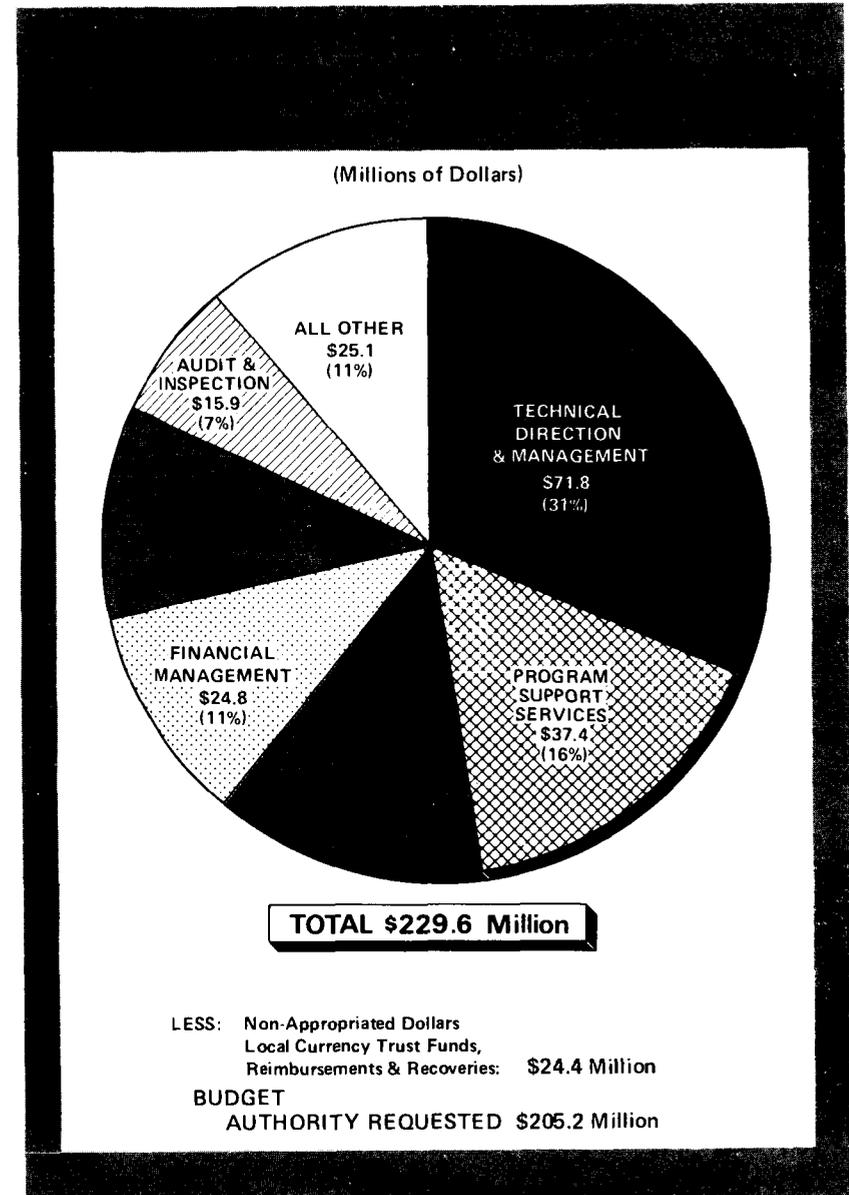
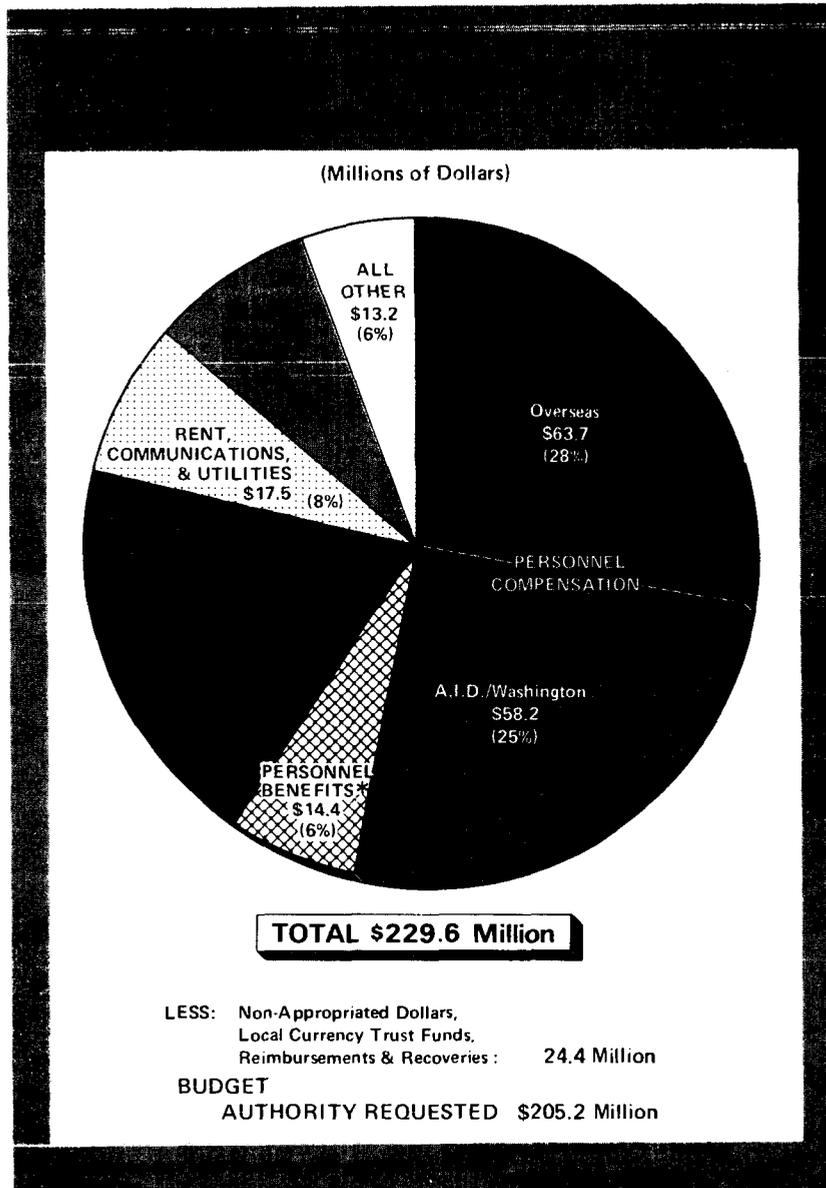


CHART C



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 1976 budget is illustrated in Chart C.

There is a need for flexibility in funding 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., Egypt, Syria, Portugal). Operating expenses for such programs are very difficult to determine and sometimes requirements cannot even be foreseen at the time the budget is prepared;

-- Major Disasters; the need to strengthen mission capability to respond quickly to major disasters which cannot be predicted in advance. Recent examples include:

\*\* the earthquake in Nicaragua;

\*\* floods in Pakistan and Bangladesh;

\*\* Hurricane Fifi in Honduras;

\*\* the drought in the Sahelian region of Africa.

(continued on page 32)

Table 3

## COMPARATIVE ANALYSIS OF A.I.D. OPERATING EXPENSES

By Object Class

(\$ Millions)

<u>Object Class</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>
11 Personnel Compensation			
A.I.D. Washington	69.4	62.3	58.2
Overseas	<u>67.1</u>	<u>63.7</u>	<u>63.7</u>
Total	136.5	126.0	121.9
12 Personnel Benefits			
A.I.D. Washington	4.9	4.1	3.7
Overseas	<u>9.5</u>	<u>9.3</u>	<u>9.3</u>
Total	14.4	13.4	13.0
13 Benefits - Former Personnel			
A.I.D. Washington	-	.7	.7
Overseas	<u>1.6</u>	<u>1.3</u>	<u>.7</u>
Total	1.6	2.0	1.4
21 Travel and Transportation - Persons			
A.I.D. Washington	3.7	5.0	4.1
Overseas	<u>9.0</u>	<u>10.2</u>	<u>8.7</u>
Total	12.7	15.2	12.8
22 Transportation of Things			
A.I.D. Washington	.2	1.0	.9
Overseas	<u>5.6</u>	<u>6.6</u>	<u>4.4</u>
Total	5.8	7.6	5.3
23 Rent, Communications, Utilities			
A.I.D. Washington	7.9	7.2	7.4
Overseas	<u>12.0</u>	<u>10.5</u>	<u>10.1</u>
Total	19.9	17.7	17.5
24 Printing and Reproduction			
A.I.D. Washington	.7	.8	.8
Overseas	<u>-</u>	<u>.1</u>	<u>.1</u>
Total	.7	.9	.9
25 Other Services			
A.I.D. Washington	7.6	10.1	9.7
Overseas	<u>30.9</u>	<u>32.6</u>	<u>34.8</u>
Total	38.5	42.7	44.5

Table 3 - Continued

<u>Object Class</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>
26 Supplies and Materials			
A.I.D. Washington	.5	.7	.6
Overseas	<u>5.6</u>	<u>5.9</u>	<u>6.2</u>
Total	6.1	6.6	6.8
31 Equipment			
A.I.D. Washington	.6	.2	.2
Overseas	<u>2.4</u>	<u>4.5</u>	<u>3.3</u>
Total	3.0	4.7	3.5
32 Lands and Structures			
A.I.D. Washington	-	-	-
Overseas	<u>-</u>	<u>.2</u>	<u>-</u>
Total	-	.2	-
41 Grants, Subsidies, and Contributions			
A.I.D. Washington	-	-	-
Overseas	<u>2.4</u>	<u>1.9</u>	<u>1.9</u>
Total	2.4	1.9	1.9
42 Insurance Claims and Indemnities			
A.I.D. Washington	.1	-	.1
Overseas	<u>-</u>	<u>-</u>	<u>-</u>
Total	.1	-	.1
Summary			
A.I.D. Washington	95.6	92.1	86.4
Overseas	<u>146.1</u>	<u>146.8</u>	<u>143.2</u>
Total	241.7	238.9	229.6
Less: Nonappropriated Dollars, Local Currency Trust Funds, Reimbursements and Recoveries	<u>28.6</u>	<u>26.4</u>	<u>24.4</u>
Comparable Totals	213.1 =====	212.5 =====	205.2 =====
<u>Budget Authority Requested</u>			205.2 =====

- 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 in developing countries are 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.

- Pay Raises; pay raises for direct-hire employees cannot be predicted in advance, and, in any event, cannot be included in the budget.
- Reduction-in-Force; extra costs associated with present efforts to reduce the size of direct-hire staff are difficult to forecast.

Every effort has been made to incorporate all known factors in the FY 1976 request and to present requirements as accurately as possible. 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.



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FOREIGN SERVICE RETIREMENT FUND

\$16.1 million is requested to cover the FY 1976 annual installment required to cover the unfunded liability of A.I.D. Foreign Service employees under 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 VIII) 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 (\$16.1 million) has been included in the FY 1976 Foreign Assistance Appropriations request.