

ISSUE BRIEF

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U.S. Should Support Effort to Reduce U.N. Staff Costs

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Salaries, benefits, and allowances of United Nations professional and higher level staff have risen sharply over the past decade in comparison with equivalent positions in the United States federal civil service. U.N. salaries are supposed to be based on those of equivalent civil servants, but are actually more generous than the salaries that member states, including the U.S., pay to their own civil servants.

Personnel costs—including salaries—comprise approximately three-quarters of the U.N. regular budget and the budgets of many other U.N. organizations. Because many major contributors are facing domestic fiscal constraints, they have been reluctant to support increased U.N. budgets. As a result, increases in U.N. salaries are beginning to create budgetary strains, eliciting concern from some of these organizations. To address these issues, the U.S. should urge the General Assembly to support the recent recommendations by the International Civil Service Commission (ICSC) to reduce U.N. salaries, allowances, and benefits; propose salary cuts for Assistant Secretary-Generals (ASGs) and Under Secretary-Generals (USGs); and endorse freezing salaries until U.N. net remuneration falls to match that of the U.S. federal civil service.

U.N. Salaries Higher than American Equivalents and Growing

In order to attract and retain qualified staff, the U.N. has long operated under the Noblemaire principle, which states that professional staff salaries should be determined by those of the civil service of the member state with the highest civil service pay levels. Since the U.N. was founded, this has been the U.S.

U.N. professional categories, however, do not align neatly with U.S. civil service grades. To address this, most of the U.N. system relies on the ICSC to calculate equivalencies between the two as a basis for determining salaries.¹ Once base salaries are established, the ICSC determines cost-of-living adjustments to the base salaries to arrive at a final salary. According to the ICSC, U.N. net remuneration (gross salary minus deductions) significantly exceeds that of the U.S. equivalent:²

- The seven U.N. professional or higher categories in New York receive net remuneration between 28.2 percent and 40.7 percent higher than the net remuneration of equivalent U.S. federal employees based in Washington, DC.
- Weighting for the number of U.N. employees in each category, U.N. net remuneration averages 32.1 percent higher than that of their U.S. equivalent in Washington.
- Even after applying its own cost-of-living adjustment of 12.7 percent for New York, which is significantly higher than the 3.6 percent used by the U.S. government,³ the ICSC reports that the

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average net remuneration of U.N. employees was 17.2 percent higher than the U.S. equivalent.

- Based on the 2015 ICSC report, the most numerous U.N. professional grade (P-4) in New York earned an average net remuneration of \$139,857, versus \$107,049 for the U.S. equivalent.

In addition, U.N. employees enjoy generous benefits and allowances matching or exceeding equivalent U.S. benefits as detailed in a June 2014 Government Accountability Office (GAO) report.⁴ Overall, U.S. civil servants serving overseas enjoy many similar benefits and allowances to those provided by the U.N., including housing and education allowances.⁵ In key areas, however, U.N. employees enjoy significantly more generous benefits, including more annual leave and paid maternity and paternity leave. Moreover, as the GAO noted in a 2013 report, only about 2 percent of U.S. civil service employees actually serve overseas and receive special allowances, while a large portion of U.N. employees receive them.⁶

In addition, the U.N. provides unique allowances, such as support for dependents and a repatriation grant, not available to U.S. equivalents. The number of U.N. employees receiving these unique benefits exceeds the number of U.S. civil servants receiving the lone unique U.S. benefit not provided to U.N.

employees (student loan repayment) and the value of the U.N. benefits is far more.⁷

Rising Salaries Cause Concern

The ICSC operates under an instruction from resolution 40/244 adopted by the U.N. General Assembly in 1985 to maintain U.N. net remuneration between 110 percent and 120 percent higher than the U.S. equivalent with the goal of maintaining a five-year average of 115 percent. However, increases in U.N. salaries have exceeded that of U.S.-equivalent civil servants in recent years and U.N. salaries in New York are now near the top of the 110 percent to 120 percent range.

The cost of U.N. salaries, allowances, and benefits has risen as a share of the budgets of many U.N. organizations, generating concern about the effect on their activities. As noted by the Government Accountability Office,

Staff-related expenditures rose steadily from \$1.95 billion in 2002–2003 to \$2.98 billion in 2010–2011, the most recent period for which data were available, at an average rate of about 7 percent per 2-year budget, when adjusted for inflation. Concerns about the level of total compensation costs and long-term sustainability have been raised by the Secretary-General, General Assembly, member states, and other UN organizations.⁸

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1. Fifteen organizations accepted the statute of the Commission and participate in the United Nations common system of salaries and allowances: the U.N., the International Labor Organization (ILO), the Food and Agricultural Organization (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Civil Aviation Organization (ICAO), the World Health Organization (WHO), the Universal Postal Union (UPU), the International Telecommunication Union (ITU), the World Meteorological Organization (WMO), the International Maritime Organization (IMO), the World Intellectual Property Organization (WIPO), the International Atomic Energy Agency (IAEA), the United Nations Industrial Development Organization (UNIDO), the U.N. World Tourism Organization (UNWTO), and the International Seabed Authority. Although it has not accepted the statute, the International Fund for Agricultural Development (IFAD) also participates in the common system of salaries and allowances. United Nations, "Report of the International Civil Service Commission for the Year 2013," A/68/30, p. 1, <http://icsc.un.org/resources/pdfs/ar/AR2013.pdf> (accessed November 6, 2015).
 2. United Nations, "Report of the International Civil Service Commission for the Year 2015," Annex V, p. 137, http://www.un.org/ga/search/view_doc.asp?symbol=A/70/30 (accessed November 6, 2015).
 3. U.S. Office of Personnel Management, "2015 General Schedule (GS) Locality Pay Tables," <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/general-schedule/> (accessed November 6, 2015).
 4. Government Accountability Office, "Key Compensation Elements Should Be Reviewed to Address Costs and Sustainability," GAO-14-546, June 26, 2014, <http://www.gao.gov/assets/670/664437.pdf> (accessed November 6, 2015).
 5. Government Accountability Office, "Key Compensation Elements Should Be Reviewed to Address Costs and Sustainability," Appendix IV: Leave Benefits.
 6. Government Accountability Office, "UN Compensation: United Nations Should Clarify the Process and Assumptions Underlying Secretariat Professional Salaries," GAO-13-526, May 29, 2013, p. 30, <http://www.gao.gov/products/GAO-13-526> (accessed November 6, 2015).
 7. Government Accountability Office, "Key Compensation Elements Should Be Reviewed to Address Costs and Sustainability," p. 17.
 8. Ibid. p. 19.
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Some specific examples of concerns raised by U.N. organizations include:

- The FAO Conference appealed to the “UN General Assembly to consider the need for greater vigilance with regards to increases on staff costs across the UN Common System.”⁹
- WIPO’s Program and Budget Committee requested the Director General to express to the ICSC “concerns regarding the impact of rising staff costs on the financial sustainability of the Organization and the need to exercise greater vigilance and consider taking timely and effective measures.”¹⁰
- The IMO Council instructed the IMO Secretary-General to convey to the ICSC and the U.N. General Assembly its “views on the impact of rising staff costs on the Organization’s financial sustainability and the need to exercise greater vigilance with regard to increases in staff costs across the United Nations common system” and to ask them to “consider taking immediate action to alleviate these budgetary pressures.”¹¹
- The Universal Postal Union Council of Administration instructed the International Bureau to “convey to the International Civil Service Commission (ICSC) and the UN General Assembly the view of UPU members that rising staff costs are having a considerable impact on the financial sustainability of the organization.”¹²
- The World Health Organization Executive Board requested that the Director-General “convey to the

International Civil Service Commission (ICSC) and the United Nations General Assembly the views of WHO Member States that rising staff costs are having a considerable budgetary impact on the Organization and request that the ICSC study the impact of their recommendations on the budgets of common system organizations particularly within the context of their ongoing comprehensive compensation review.”¹³

Addressing U.N. Compensation

These concerns led the General Assembly to request the ICSC to recommend changes to the U.N. compensation structure. This request came in addition to previous initiatives like temporary pay freezes and increasing the U.N. retirement age from 62 to 65.¹⁴ In response, the 2015 ICSC report recommends significant changes:

- Adopt a single net salary scale regardless of family status to replace the current two-salary system where employees with dependents earn higher salaries than employees without dependents.
- Provide support for dependent family members through a spouse allowance of 6 percent of net remuneration.
- More flexibility in step advancements (promotions) within grades.
- Eliminating accelerated home leave travel expenses.
- Adjusting incentives to encourage mobility of U.N. staff between duty stations.

9. Food and Agricultural Organization, “Resolution 7/2013: Budgetary Appropriations 2014-15,” adopted June 22, 2013, paragraph 4, <http://www.fao.org/docrep/meeting/017/MH093E/MH093E01.htm#Resolution7> (accessed November 6, 2015).

10. World Intellectual Property Organization, “Summary of Decisions and Recommendations made by the Program and Budget Committee at its Twenty-First Session (September 9 to 13, 2013),” September 23 to October 2, 2013, Agenda Item 11, p. 4, http://www.wipo.int/edocs/mdocs/govbody/en/a_51/a_51_14.docx (accessed November 6, 2015).

11. International Maritime Organization, “Summary of Decisions,” C 110/D, July 29, 2013, paragraph 4(a).4 cited in United Nations, “Report of the International Civil Service Commission for the Year 2013,” p. 5, http://www.un.org/ga/search/view_doc.asp?symbol=A/70/30 (accessed November 6, 2015).

12. Council of Administration, “Report by the Chair of Committee 2 (Finance and Administration),” Universal Postal Union CA 2013.2-Doc 8, November 14, 2013, http://documents.upu.int/Bodies/2013/CA/CA%20PLEN/MEETING/CA%20PLEN%202013.2/Doc%208/EN/ca_plen-2_d008.pdf (accessed November 6, 2015).

13. Executive Board, “Confirmation of Amendments to the Staff Rules,” World Health Organization document EB134.R11, January 24, 2014, http://apps.who.int/iris/bitstream/10665/173016/1/B134_R11-en.pdf?ua=1 (accessed November 6, 2015).

14. U.N. General Assembly Resolution A/RES/68/253, January 24, 2014, http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/68/253 (accessed November 6, 2015).

- Adjustments to current rules on education grants, hardship allowances, relocation compensation, repatriation grants, post adjustments, and rental subsidy thresholds.

The ICSC projects that these changes would result in \$113.2 million in savings.¹⁵ The U.N. staff unions have objected strongly to these changes. In particular, they have criticized cuts to professional staff compensation.¹⁶ Although their opposition to these recommendations is understandable, the bottom line is that U.N. budget expenses for salary, benefits, and allowances need to be constrained.

The General Assembly will consider the ICSC recommendations this fall. During this consideration, the U.S. should:

- **Support the cost-saving recommendations of the ICSC.** In addition, the U.S. should press for future adjustments to benefits and allowances, such as moving from pensions to a more modern retirement plan like a defined contribution and reining in the extremely generous education allowance.¹⁷
- **Urge the General Assembly to reduce ASG and USG salaries.** The ICSC reports that USGs and ASGs, respectively, earned a gross salary of \$191,856 and \$174,371 in 2015.¹⁸ By comparison, in 2015 the U.S. Permanent Representative to the United Nations earned \$183,300, the U.S. Under Secretary for Political Affairs earned \$168,700, and the Assistant Secretary for International Organization Affairs earned \$158,700.¹⁹ Although there is no official comparator to these positions in the U.S. government, it is clear that USGs and ASGs are more generously compensated than the most logical U.S. equivalents.

- **Seek to replace resolution 40/244 and a freeze in U.N. salaries until U.N. net remuneration falls to match that of the U.S. civil service.** U.N. benefits are designed to address the demands of expatriate service, making a salary premium to address these same issues redundant. The General Assembly instruction to the ICSC to target U.N. net remuneration at 110 percent to 120 percent of the U.S. equivalent should be replaced with an instruction that U.N. net remuneration should not exceed 100 percent of that of the U.S. civil service.

- **Lead an effort to have the ICSC use OPM locality pay adjustments for New York.** The ICSC should use the U.S. Office of Personnel Management locality pay adjustment for New York rather than its own cost-of-living calculations, which are significantly higher.

The U.N. Should Address Stresses Created by Staff Compensation

Governments around the world need to adopt measures that meet budgetary necessity. As a composite of the world's nations, the U.N. should not be insulated from this reality. Increasing staff costs have strained budgets across the U.N. system and the General Assembly should not shy away from adopting steps necessary to address this situation.

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15. United Nations, "Report of the International Civil Service Commission for the Year 2015," Table 14, pp. 119-120.

16. Thalif Deen, "U.N. Staffers Protest Proposed Pay Cuts For Some, Increases for Others," Inter Press Service, October 13, 2015, <http://www.ipsnews.net/2015/10/u-n-staffers-protest-proposed-pay-cuts-for-some-increases-for-others/> (accessed November 6, 2015).

17. According to the GAO, "The amount of the grant is equivalent to 75 percent of allowable costs, subject to a maximum that varies from country to country. Staff are eligible for the grant up to the fourth year of their child's postsecondary education, or age 25. For U.N. staff in the U.S., the maximum education grant in May 2013 was \$43,589." Government Accountability Office, "Key Compensation Elements Should Be Reviewed to Address Costs and Sustainability," p. 52.

18. United Nations, "Report of the International Civil Service Commission for the Year 2014," Annex III, p. 66, <http://icsc.un.org/resources/pdfs/ar/AR2014.pdf> (accessed November 6, 2015).

19. Government Publishing Office, "United States Government Policy and Supporting Positions (Plum Book), 2012," December 1, 2012, <http://www.gpo.gov/fdsys/pkg/GPO-PLUMBOOK-2012/pdf/GPO-PLUMBOOK-2012-8-22.pdf> (accessed November 6, 2015), and Office of Personnel Management, "Salary Table No. 2015-EX: Rates of Basic Pay for the Executive Schedule (EX)," effective January 2015, <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2015/EX.pdf> (accessed November 6, 2015).