United States General Accounting Office

GAO

Report to the Honorable Vic Snyder
House of Representatives

June 2002

STATE DEPARTMENT

Staffing Shortfalls and Ineffective Assignment System Compromise Diplomatic Readiness at Hardship Posts

GAO-02-626

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Abbreviation

HR/CDA	Bureau of Human Resources, Office of Career Development and Assignments

G A O
Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

June 18, 2002

The Honorable Vic Snyder
House of Representatives

Dear Mr. Snyder:

Foreign Service employees from the Department of State experience a variety of adverse environmental and living conditions while assigned to U.S. embassies and consulates that are considered hardship posts. Among these conditions are inadequate medical facilities, few opportunities for spousal employment, poor schools, high levels of crime, and severe climate. State has designated about 60 percent of its 259 diplomatic posts worldwide as hardship posts. Many of these posts are of strategic interest to the United States, including those in China, the Middle East, and the former Soviet states.

In response to your request to review State's performance in filling positions at hardship posts, we examined (1) the number, experience, and skills of staff in hardship positions and how these may affect diplomatic readiness[1] and (2) how well State's assignment system is meeting the staffing requirements of hardship posts.

To conduct our review, we examined staffing in seven countries of significant importance to the United States and visited hardship posts in three of these countries—China, Saudi Arabia, and Ukraine—to obtain human resources data not available in headquarters and to assess the impact that staffing shortfalls may have on diplomatic readiness. These staffing shortfalls include positions that are vacant due to staff shortages as well as positions that are filled by staff who lack the experience, skills, or language requirements of their assignments. We analyzed the process and results of the 2001 assignments cycle, bidding data for the 2002 assignments cycle, and the assignment history of 1,100 Foreign Service officers. (For a detailed discussion of our scope and methodology, see app. I.) We met with State's Office of Career Development and Assignments and other offices within the Bureau of Human Resources, which is responsible for managing the assignment system. In addition, we

[1]State defines diplomatic readiness as its "ability to get the right people in the right place at the right time with the right skills to carry out America's foreign policy."

met with executive directors and human resources officials in five of State's regional bureaus, representatives of the American Foreign Service Association, and nine current and former ambassadors.

Results in Brief

State is understaffed relative to its permanent positions—both in terms of the number and types of employees in its workforce. Therefore, it is difficult for the department to ensure that it has the right people in the right place at the right time. The impact of these staffing shortfalls is felt most at hardship posts, including some of strategic importance to the United States. As a result, diplomatic programs and management controls at hardship posts could be vulnerable and posts' ability to carry out U.S. foreign policy objectives effectively could be weakened. Seven countries we reviewed, including three that we visited—China, Saudi Arabia, and Ukraine—all had staffing shortfalls, in varying degrees. In addition, in these countries, many employees, including new or untenured junior officers, were either working well above their grade levels or did not meet the minimum language proficiency requirements of the positions to which they were assigned. However, the magnitude of this problem on an aggregate level is not fully known because State lacks certain human resources data, which makes it difficult for State to assess staffing limitations and capabilities worldwide.

State's assignment system is not effectively meeting the staffing needs of hardship posts. Although Foreign Service employees are obligated to be available to serve anywhere in the world, State rarely directs employees to serve in locations for which they have not shown interest by bidding on a position. Because few employees bid on positions at some hardship posts, State has difficulty filling these positions. For example, in two countries of strategic importance—China and Russia—a total of 25 positions had no bidders this year. State has financial and nonfinancial incentives designed to attract qualified staff to hardship posts, but our analysis found that these incentives have not enticed a sufficient number of bidders for some positions in a number of hardship posts. As part of its Diplomatic Readiness Initiative, State hopes to address some of these problems by hiring more Foreign Service employees. However, a comprehensive, integrated approach to human capital management is required, which may include a rigorous assessment of staffing priorities, targeted hiring, greater financial and nonfinancial incentives, and more directive approaches to assignments, for State to achieve its goal of having the right people in the right place with the right skills.

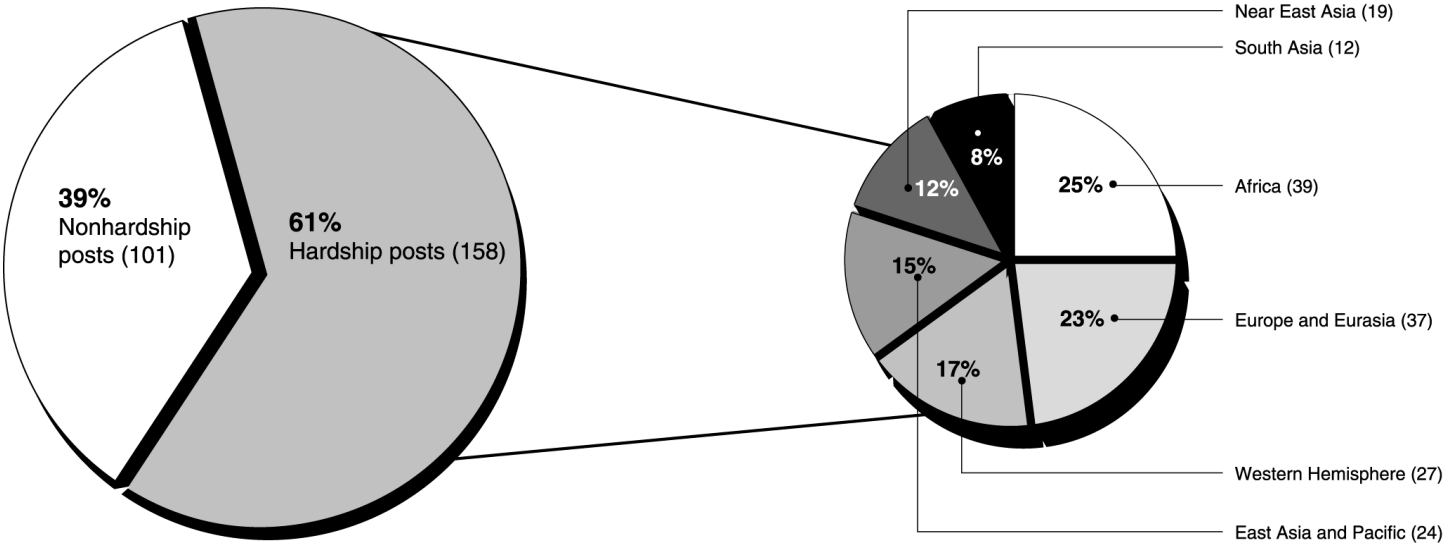
This report makes recommendations to the Secretary of State to improve State's human resources data, determine staffing priorities, consider a targeted hiring strategy, and develop incentives and implement actions to steer Foreign Service employees toward serving in hardship posts.

The State Department, in commenting on a draft of our report, concurred with our recommendations relating to improving State's human resources data systems to enhance the department's planning, management, and reporting capabilities and developing a package of incentives and implementing actions to steer employees toward serving at hardship posts. State did not comment on our recommendations to rigorously and systematically determine priority positions worldwide and to consider a targeted hiring strategy. We continue to believe that our recommendations, if implemented, would help enable State to steer officers to hardship posts, including those of critical importance to the United States.

Background

As of March 2002, State had 16,867 American employees worldwide—more than one-third of whom are overseas. Of those serving overseas, about 60 percent are stationed at hardship posts. Of the 158 hardship posts, nearly half are found in Africa and Eastern Europe and Eurasia, which includes the Newly Independent States (see fig. 1).

Figure 1: Hardship Posts by Region (2002)



Note: The regions correspond with State's six regional bureaus.

Source: GAO analysis based on State Department data.

State defines hardship posts as those locations where the U.S. government provides differential pay incentives—an additional 5 to 25 percent of base salary depending on the severity or difficulty of the conditions—to encourage employees to bid on assignments to these posts and to compensate them for the hardships they encounter.[2] Among the conditions State uses to determine hardship pay are poor medical facilities,[3] substandard schools for children, severe climate, high crime, political instability, and physical isolation. Recently, State has begun recognizing the lack of spousal employment opportunities as another factor in determining hardship. Where conditions are so adverse as to require additional pay as a recruitment and retention incentive, State can provide additional differential pay of up to 15 percent of base salary.[4] Moreover, State pays an additional 15 percent to 25 percent of salary for danger pay

[2]5 U.S.C. 5925(a).

[3]Eighty-nine posts do not have health units; 39 of these posts are in hardship locations. State plans to open 30 health units this year.

[4]5 U.S.C. 5925(b).

to compensate employees for the security risks they face in certain countries.[5]

Under State's open assignment system, employees submit a list (bids) of assignments they want and then the department tries to match bidders' experience and preferences with the needs of posts and bureaus. (For an overview of the bidding and assignment process, see app. II.)

Staffing Shortfalls Put Diplomatic Readiness at Risk

The Department of State has reported a shortage of professional staff in its Foreign Service overseas workforce. Many positions at hardship posts, including some of strategic importance to the United States, remain vacant for extended periods of time or are filled with staff whose experience or skills fall short of the requirements for the position. Our discussions with former and current ambassadors, senior post officials, and the regional bureaus indicate that this is a widespread problem that weakens diplomatic programs and management controls and impedes posts' ability to carry out U.S. foreign policy objectives effectively. In the three countries we visited—China, Saudi Arabia, and Ukraine—we found that (1) mid-level officers were working in positions well above their grade, (2) first-tour officers were in positions that require experienced officers, and (3) staff did not meet the minimum language proficiency required to perform their jobs effectively. However, the magnitude of this problem on an aggregate level is unclear because State lacks certain human resources data that are necessary to fully assess staffing limitations and capabilities worldwide.

State Has Staff Shortages

State has more positions than it has staff to fill them. As shown in table 1, the State Department reported a staff deficit of 1,340 employees worldwide as of March 2002. The biggest shortages are in overseas Foreign Service employees, which had a staff deficit of 543, and in the civil service, which had a staff deficit of 811. According to State, 60 percent of its Foreign Service overseas workforce are in hardship posts, which have a vacancy rate of 12.6 percent, compared with a vacancy rate of 8.4 percent in nonhardship posts.

[5]As of July 2001, danger pay was applicable at 16 posts, including 5 in Africa and 6 in Yugoslavia and Bosnia-Herzegovina (see app. V.).

Table 1: State Department Worldwide American Staffing Allocation (as of March 2002)

	Full-time permanent positions	Full-time staff available	Staff deficit (surplus)
Total State Department	**18,207**	**16,867**	**1,340**
Total Foreign Service	**10,025**	**9,496**	**529**
Foreign Service–overseas	6,646	6,103	543[a]
Foreign Service–domestic	3,049	2,670	379
Foreign Service–training complement	330[b]	723	(393)
Total civil service	**8,182**	**7,371**	**811**

[a]This Foreign Service overseas deficit includes more than 200 new positions created in fiscal 2002. Recruitment for these positions is under way.

[b]These 330 funded training positions include both junior officers and long-term training positions. These positions may be occupied by more than one incumbent, depending on the number of employees in training at any given time. They are not included in the other position totals.

Source: State Department.

Inadequate Staffing Compromises Diplomatic Readiness at Selected Posts

Data from posts in the seven countries we reviewed showed staffing shortfalls, in varying degrees. (Key staffing issues in these selected countries are outlined in app. III.) These shortfalls, according to ambassadors and senior post officials, compromise diplomatic readiness. We found many employees working in positions well above their grade levels as well as staff who did not meet the minimum language proficiency requirements of the positions to which they were assigned. Moreover, post staff complained of the lack of training to upgrade their language proficiency and other skills.

Staffing Shortfalls Impact Efficiency and Effectiveness of Post Operations

Senior post officials, including chiefs of mission and former ambassadors, stated that staffing shortfalls (1) weaken diplomatic programs and management controls and (2) impede posts' ability to effectively carry out U.S. foreign policy objectives. For a number of the hardship posts we examined, the dual problem of a shortage in the number of positions a post has and the lack of fully qualified, experienced, and trained staff to fill them has been a long-standing concern, dating back to the 1990s when hiring below attrition levels resulted in what some State officials characterize as the "hollowing out" of the Foreign Service workforce.

The State Inspector General has issued numerous reports citing serious problems filling hardship posts with adequately skilled staff. In a May 2001

semiannual report to the Congress,[6] the Inspector General stated that inadequate training for first-tour staff in consular offices has led to lapses in nonimmigrant visa management at posts in a region where alien smuggling and visa fraud are prevalent. Furthermore, in Conakry (Guinea)—a 25 percent hardship post where visa fraud and administrative problems were attributed to inexperienced staff—the Inspector General found a high proportion of junior officers, mostly on their first tour, and officers in positions above their grade, making them ill-prepared to deal with work challenges. Similarly, in Bamako (Mali), another 25 percent hardship post that is chronically understaffed, the Inspector General again cited staff inexperience when consular employees failed to detect an alien smuggling ring. In these cases, the Inspector General called on the State Department to examine whether staff assigned to these posts have the level of experience necessary to operate effectively. Meanwhile, chronic staffing problems experienced in many African posts persist, and because consular positions worldwide are often filled by lower level staff, the Bureau of Consular Affairs considers African posts at risk. In Lagos (Nigeria), for example, 12 State positions were unfilled as of February 2002; and many of those filling positions were first-tour junior officers and civil service employees who had never served overseas. In the 10-officer consular section in Lagos, only the consul had more than one tour of consular experience. According to bureau and post officials, with virtually no mid-level Foreign Service officers at post, the few senior officers there were stretched thin in training and mentoring junior officers.

Many Employees Are Working in Positions above Their Grades

While the State Department considers assignment of employees to positions that are at grade and within their functional specialty to be the most effective use of its human resources, many employees are working in positions well above their grade. State policy does allow "stretch" assignments—positions either above an officer's grade (an "upstretch") or below an officer's grade level (a "downstretch")[7]—at certain points of the assignments cycle and under certain conditions. For instance, when there are no eligible bidders at grade, an upstretch assignment may be made for positions that are hard to fill, including those at high differential posts (15 percent or higher) and posts that are among the most difficult to staff.

[6]U.S. Department of State, Office of the Inspector General, *Semiannual Report to the Congress*, October 1, 2000, to March 31, 2001 (Washington, D.C.: May 2001).

[7]In some situations, officers may choose a downstretch to a position lower than their grade--for example, tandem couples (where both spouses are Foreign Service officers) whose bidding options may be limited.

State officials pointed out that one-grade stretches are often offered as a reward and as career-enhancing opportunities for those who have demonstrated outstanding performance. Thus, human resources officials at State cautioned us that while global information on employees working in positions above their grade could be generated from the department's personnel database, records would need to be examined on a case-by-case basis to determine the rationale for each individual assignment.

In the countries we examined for our review, we focused on staffing data for those officers working two or three grades above their rank. We found instances where this occurred, often with junior officers serving in mid-level and, occasionally, senior-level positions. For example, in Kiev (Ukraine), about half of the Foreign Service officer positions were staffed by junior officers or others in the positions for the first time; several employees were working in positions at least two levels above their grades. In addition, with the consul general position vacant in Kiev for a year and the deputy consul general position vacant for 15 months, a junior officer was serving as acting consul general. A similar situation occurred at a U.S. consulate in Russia when an untenured junior officer was serving as the consul general in 2001. A junior officer told us that, prior to joining the Foreign Service in 1999, he was hired as a part-time intermittent temporary employee in Almaty (Kazakhstan) to serve for 7 months as consular chief at the embassy.

Many Staff Lack Minimum Language Proficiency

Data from several of our post staffing reviews suggest that language requirements make it more challenging to staff some hardship posts—particularly those with languages that are hard to learn. Many of those assigned to these posts lacked the minimum language proficiency to perform their jobs effectively.[8] State officials emphasized the importance of language proficiency to perform effectively, and as one former ambassador stated, "a Foreign Service officer who does not know the language would be inhibited at every turn." Based on our review of language capabilities of Foreign Service employees at the seven countries we examined, we found that many staff lacked the minimum language proficiency requirements of the positions to which they were assigned. For example, post officials told us that at the U.S. mission in China, 62 percent of Foreign Service employees did not meet the language proficiency

[8]Most of State's positions that require general proficiency in speaking and reading abilities are categorized as "language-designated" positions. In addition, State has some positions categorized as "language-preferred," where State considers language proficiency useful but not essential.

requirements of their positions. In Russia, 41 percent of U.S. mission employees did not meet the language proficiency level designated for their positions. In Pakistan, five public diplomacy positions in Islamabad, Lahore, and Karachi were held by employees without the language proficiency State would consider useful. In Saudi Arabia, the head of the public diplomacy section at a consulate had no Arabic language skills. According to post officials, language requirements are regularly lowered or waived to fill some positions quickly and reduce lengthy staffing gaps. To compensate for this, missions like China and Russia offer staff the opportunity to pursue language training while they are at post. Although staff felt these opportunities were very helpful, they told us that such training was difficult to pursue because the languages were extremely hard to learn and heavy workloads prevented them from devoting time during normal working hours for training.

Improving State's Human Capital Data Could Enhance Workforce Planning

State's human resources data system does not provide complete and accurate information that can be readily used for management purposes. More specifically, State officials could not provide, on a global basis, information necessary to assess the extent of staffing shortfalls, including whether the experience and skills of employees match those needed for the positions they fill. We have reported that valid and reliable data are a key element to effective workforce planning and strategic human capital management.[9] While State officials told us they are making significant efforts to improve the department's mechanisms for workforce planning, we found the existing human resources data that State maintains and analyzes to be limited. For example, State does not maintain historical bidding data, data on directed assignments, and data on the dispersion of employee ratings and promotions at an aggregate level and the extent to which hardship service was considered in these personnel actions. In addition, State does not regularly analyze assignment histories to determine how the burden of hardship service is shared among Foreign Service employees. Finally, State has not fully assessed the impact that financial incentives and disincentives may have on recruiting employees for hardship posts.

In January 2002, we reported that State had difficulties generating a consistent global aggregate measure of its actual language shortfalls

[9]U.S. General Accounting Office, *A Model of Strategic Human Capital Management*, GAO-02-373 SP (Washington, D.C.: Mar. 2002).

because of inadequate departmentwide data on the number of positions filled with qualified language staff.[10] State officials acknowledged errors in data collection and processing and indicated that corrective action was imminent, but as of May 2002, the human resources bureau was still unable to generate accurate language information from its database.

Assignment System Is Not Effective for Staffing Hardship Posts

State's assignment system is not effective in staffing hardship posts. While Foreign Service employees are expected to be available to serve worldwide, few bid on positions at some hardship posts, and very few—excluding junior officers, whose assignments are directed[11]—are forced to take assignments they have not bid on. We found that State's mechanisms for sharing hardship service and determining staffing priorities have not achieved their intended purposes—to place qualified personnel in appropriate positions while meeting the needs of the Foreign Service and the employees' professional aspirations and career development goals. Furthermore, financial and nonfinancial recruiting and retention incentives have not enticed employees to bid on some hardship posts in sufficient numbers. According to State officials, the problem of staffing hardship posts is exacerbated by a shortage of officers in the mid-level ranks, as well as certain restrictions such as medical problems (an employee's or a family member's), difficulty obtaining jobs for spouses, inadequate schooling for children, or the time to become proficient in a difficult language. (App. III discusses many of the key staffing issues at selected posts.) State has launched an aggressive program to hire more staff, but absent a comprehensive approach to human capital management that addresses the needs of hardship posts, these efforts may still fall short of putting the right people where they are most needed and filling the most demanding positions with the most experienced talent.

Approaches to Filling Hardship Positions Fall Short of Fully Addressing Staffing Problems

Foreign Service employees are obligated to serve overseas, and mid-level and senior officers are expected to serve a substantial amount of time overseas. However, there is no requirement for hardship service, and the primary approaches State uses to encourage and steer employees toward hardship service have fallen short of their intended objectives to fill

[10]U.S. General Accounting Office, *Foreign Languages: Human Capital Approach Needed to Correct Staffing and Proficiency Shortfalls*, GAO-02-375 (Washington, D.C.: Jan. 2002).

[11]Junior officers also bid for their positions, but their assignments are directed by the Bureau of Human Resources, Entry Level Division, and not by a panel process.

critical staffing gaps and to share the burden of hardship assignments. One example illustrating this problem is the assignment of senior officers. These officers are needed at overseas posts, particularly at hardship posts, to apply their experience and give guidance to junior officers. However, as we discuss later, senior officers nearing retirement often prefer to complete their careers in Washington for financial reasons. State's assignment system tends to accommodate these preferences even though this means that some service needs at hardship posts will not be met.

Directed Assignments Are Rare

Although procedures are in place to force employees into assignments if there is an urgent service need to fill a position, procedures for directed assignments have rarely been enforced in recent years. Because State does not routinely track the number of directed assignments made, statistics for the 2001 and 2002 assignments cycles were not available. However, previously recorded data showed that only 39 assignments were directed by the Director-General in 1998, 37 in 1999, and 12 from January to June 2000.[12] At the same time, State has no criteria that clearly define what constitutes an urgent service need—leaving this determination for the functional and regional bureaus, rather than the human resources office that coordinates assignments, to make. In a February 2002 joint statement, the Director-General of the Foreign Service and the American Foreign Service Association underscored the need to strengthen worldwide availability of Foreign Service employees and called for more aggressive enforcement of existing procedures so that Foreign Service employees serve where their skills are needed most. While there were those who favored directed assignments to deploy staff where and when they are needed, many State officials we interviewed were concerned that such an approach would only create more problems at the post level because employees who are forced into positions they do not want are more apt to have poor morale and be less productive.

Fair Share Bidding Does Not Require Hardship Assignments

Based on an expectation that Foreign Service employees be available for their share of hardship assignments, State has special bidding requirements for employees who have not served at a hardship post in the last 8 years. Under the program, Foreign Service employees who have not served 18 months[13] at a hardship post in an 8–year period are considered "fair share" bidders. However, State does not require that these bidders

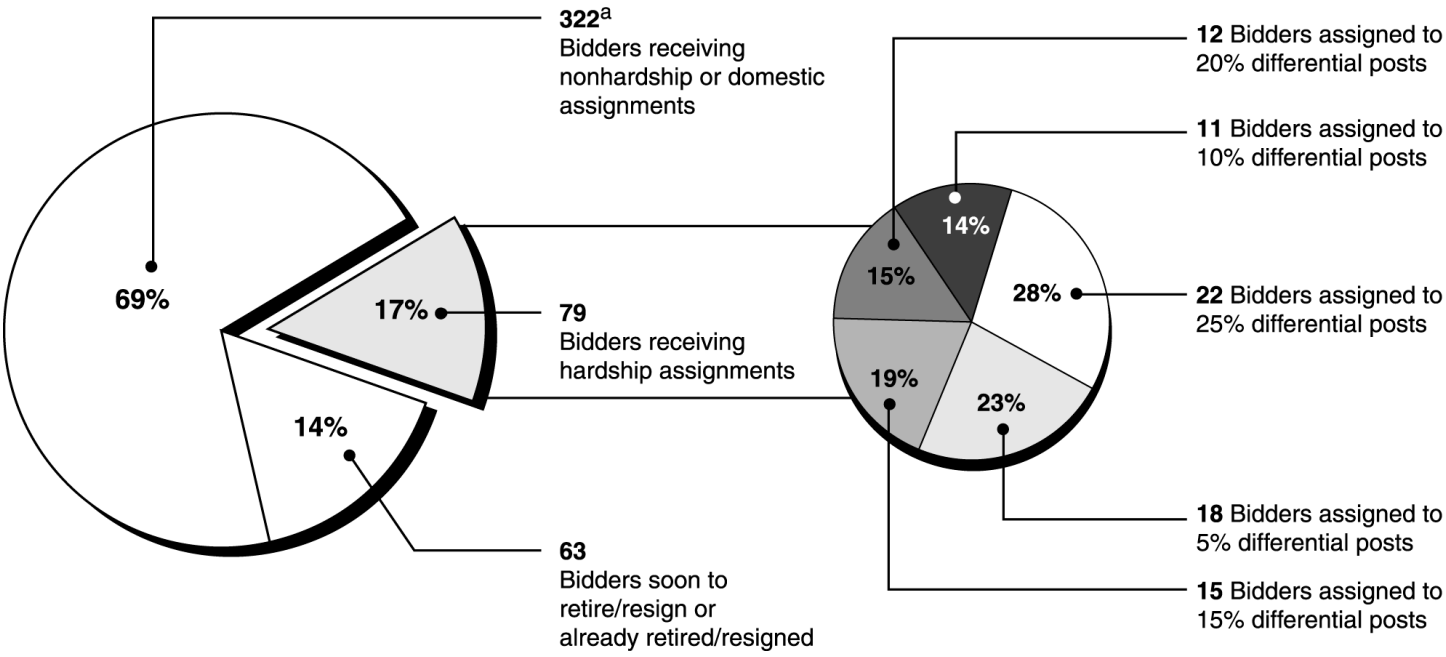
[12]In 2001, State made 2,560 assignments.

[13]Twelve months if the tour of the duty of a post was only 12 months at the time of an officer's assignment.

actually be assigned to hardship posts. In fact, rules under this program permit some fair share bidders to bid only on domestic positions.[14] If fair share bidders bid on any overseas assignment, three of the six bids that they submit at their grades and within their specialty must be on hardship posts. Bidders may include up to three bids on assignments one level above their grade at 15 percent hardship posts or higher. However, employees may still choose to bid on posts with lesser hardship (5 to 10 percent differential). In the 2001 assignments cycle, 464 employees were designated as fair share bidders. As shown in figure 2, the vast majority of the fair share bidders—322—were assigned to domestic positions or nonhardship posts. Only 79 bidders, or 17 percent of the total, received hardship assignments. Of this number, 49 bidders were assigned to the greater hardship posts—those with a pay differential of 15 percent or higher. The remaining 63 bidders have already retired or resigned from the Foreign Service or will retire or resign soon.

[14]As a rule, domestic assignments are for 2 years up to a maximum of 6 years (based on State regulation) or no more than 8 years (as allowed by the Foreign Service Act). Fair share bidders may bid solely on domestic positions if they have sufficient time remaining before they reach the 6-year limit allowed for domestic service.

Figure 2: Outcome of Fair Share Bidding (2001)



[a]Out of 322 nonhardship assignments, 96 were assigned to nondifferential posts overseas and 226 were assigned to Washington, D.C.

Source: GAO analysis based on State Department data.

Efforts to Set Staffing Priorities Are Not Based on Realistic Assumptions

Recognizing that it faced a staffing deficit, State in the past engaged in an exercise just prior to the assignments cycle to identify those positions that are less essential and, therefore, it would not fill. However, this exercise was not based on realistic expectations of the number of employees available for placement, and State continues to advertise positions for which it has no staff to fill. For example, in June 2000, only 53 mid-level generalist positions were on the list of positions State decided not to fill—a fraction of the 222 mid-level generalist positions that the department identified as the shortfall for the 2001 cycle.

For the 2002 cycle, State officials decided not to designate positions it would not fill. Instead, because of increased hiring, in July 2001, regional bureaus identified about 120 mid-level positions to be offered to and filled by junior officers—also well below the staffing shortfall of 607 mid-level positions in this current cycle.

Neither of these actions prioritized the positions that needed to be filled based on the actual number of employees available for new assignment, and neither is based on an assessment of State's staffing priorities worldwide. Several former and current ambassadors with whom we met believe the assignment process should include a rigorous and systematic assessment upfront that identifies critical positions that need to be filled based on State's worldwide strategic priorities and other positions that, although important, should not be filled until State has more staff available.

Hardship Posts Attract Fewer Bidders

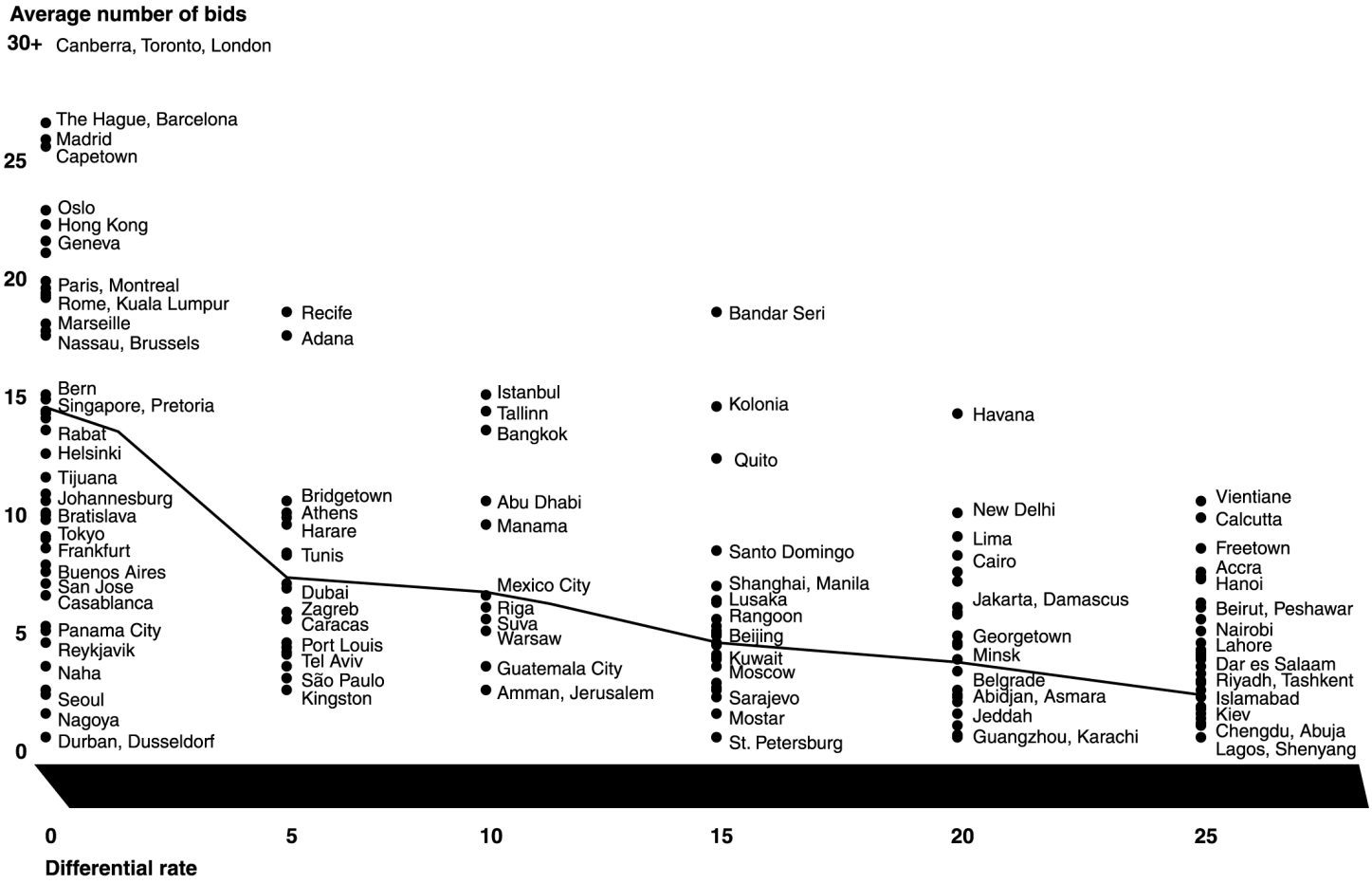
In analyzing bidding data for the 2001 and 2002 summer assignments cycles, we found that positions at hardship posts received significantly fewer bids on average than positions at nonhardship posts. In addition, many mid-level positions at posts with significant U.S. interests had few or no bidders, and the higher the differential incentive paid for a hardship assignment, the fewer the number of bidders. Figure 3 shows the average bids on mid-level positions at overseas posts by differential rate for the 2002 summer assignments cycle. As the graph shows, nondifferential posts such as London, Toronto, Canberra (Australia), Madrid, and The Hague are highly sought, and received, on average, 25 to 40 bids per position. On the other hand, many positions at hardship posts received few, and sometimes no bids. For example, posts such as Karachi (Pakistan), St. Petersburg (Russia), Shenyang (China), Lagos (Nigeria), Kiev (Ukraine), and Jeddah (Saudi Arabia) received, on average, two, one, or no bids per position. We found that, in the 2002 assignments cycle, 74 mid-level positions had no bidders, including 15 positions in China and 10 positions in Russia.

Figure 3 may suggest that the hardship pay has not been sufficient to attract bidders to certain posts, even at posts where employees can earn an additional 25 percent above their base pay. In fact, according to a State Department Inspector General's survey issued in 1999 of Foreign Service employees, 80 percent of the respondents did not believe that the differential pay incentives were sufficient to staff hard-to-fill positions.[15]

[15]See U.S. Department of State, Office of the Inspector General, *Review of Tours of Duty*, Memorandum Report 99-SP-013 (Washington, D.C.: May 1999). The Office of the Inspector General contracted an independent consulting firm to perform the survey.

The line in the graph (fig. 3) shows the median of the average number of bids for each differential rate. As the line indicates, the median of the average at a nonhardship post is about 14 bids while the median of the average at a 25 percent differential rate post is about 3 bids.

Figure 3: Fewer Bids at Higher Differential Posts (2002)



Note: The line is based on the median of the average for each post differential grouping. In addition, only selected posts are named; thus, certain dots, each of which represents a post, may not show the name of the post.

Source: GAO analysis based on State Department data.

For a complete list of the countries that we identified as the most heavily bid and underbid for the 2001 and 2002 cycles combined, see table 10 in app. IV.

Administrative, Consular, and Public Diplomacy Bidders and Specialists in Higher Differential Posts Are in Short Supply

According to State, the biggest shortages are for Foreign Service generalists in the mid-level ranks, particularly in the administrative, consular, and public diplomacy areas, as well as Foreign Service specialists who provide infrastructure support services. It is in these areas that positions tend to have fewer bidders—oftentimes two or fewer bidders who meet the grade and functional specialty requirements, the threshold at which State considers a position hard-to-fill. As shown in table 2, we analyzed the average number of bids submitted for the 2002 assignments cycle and found an average of fewer than three bidders for administrative and consular positions in 20 and 25 percent hardship posts; and an average of fewer than three bidders for public diplomacy positions in 15 and 25 percent hardship posts. Finally, Foreign Service specialist positions in 25 percent hardship posts also had, on average, fewer than three bidders. Based on these data, it appears that, on average, positions in other functional areas and in the lesser hardship posts (e.g., economic, political, and rotational positions in nondifferential posts) have a greater supply of interested bidders.

Table 2: Average Number of Bids by Type of Position and Level of Hardship

	Average number of bids at each level of post hardship pay						
Type of position or functional specialty	**All**	**0%**	**5%**	**10%**	**15%**	**20%**	**25%**
Administrative	6.7	16.7	10.5	7.6	4.0	**2.2**	**2.1**
Consular	5.7	13.6	5.7	3.7	3.3	**2.9**	**2.4**
Economic	11.4	21.5	8.0	12.0	8.3	8.9	3.1
Interfunctional[a]	6.6	11.0	8.5	10.5	4.5	4.8	4.7
Political	9.4	17.7	6.7	8.0	5.4	6.4	3.1
Public diplomacy	4.6	8.0	6.3	6.0	**2.7**	3.3	**2.0**
Rotational[b]	8.4	20.4	7.8	7.0	4.6	5.2	4.0
Specialist[c]	6.2	12.1	3.9	10.6	5.3	4.5	**2.5**

[a]An interfunctional position is not covered by any single functional specialty and requires a mix of skills and abilities from various functional specialties.

[b]A rotational position typically involves an employee spending the first year of a 2-year tour in one functional specialty and the second year of the tour in another functional specialty.

[c]A specialist position may include facets of administration, construction engineering, information technology, medical, office management, and security.

Source: GAO analysis based on State Department data.

Short-Term Options to Fill Hardship Positions Help but Are Less Than Ideal

To fill positions that are difficult to staff, primarily in hardship posts, State's policies allow bidding and assignment rules to be relaxed when there are not enough bidders. In addition, various employment mechanisms are available to allow post management to fill staffing gaps with temporary or limited-term personnel when necessary. While these options help ease the staffing problems at hardship posts and offer short-term relief, they are less than ideal. Senior post officials acknowledged that employing staff with less experience and expertise than the positions require impedes the efficiency of post operations but that the alternative—absorbing the impact of extended staffing gaps—is worse.

Bidding and assignment rules may be relaxed for (1) hard-to-fill positions—where there are two or fewer fully qualified bidders who are at grade and are in the designated specialty and (2) posts that are identified as among the most difficult to staff—where 50 percent of the positions advertised have two or fewer bidders. Ninety-eight, or about 38 percent, of the posts overseas met the criteria to be designated most difficult to staff in the 2002 assignments cycle. To staff positions at these posts, State eases certain rules, which could compromise diplomatic readiness. For example, to attract employees to bid on these positions, the department may allow stretch assignments early in the assignments cycle, waive language requirements, or offer unusually short tours of duty (12 to 18 months). The vast majority of the most-difficult-to-staff posts are in the Bureau of African Affairs, with about 40 percent (39) of the posts, and the Bureau of European and Eurasian Affairs, with 27 percent (26 posts, mostly in the Newly Independent States). (A complete list of U.S. diplomatic posts worldwide is shown in app. V.)

In addition, State offers assignment opportunities for State Department civil service employees to temporarily fill Foreign Service positions that remain underbid. State targeted 50 such positions to fill in 2001. In 2002, State established a limit to fill 50 Foreign Service positions with civil service employees, including those who were already in the program and went on to a subsequent tour. Approximately 200 civil service employees are now assigned to hard-to-fill positions overseas that are ordinarily staffed by Foreign Service officers. In a report to State in March 2001, the Office of the Inspector General supported using civil service employees to fill overseas vacancies but stated that the program had not substantially

reduced the systemwide staffing shortage.[16] Moreover, despite widespread support for the program, use of civil service staff in Foreign Service positions raises workforce planning concerns, particularly for the bureaus that are sending, and thus temporarily losing, their civil service staff.

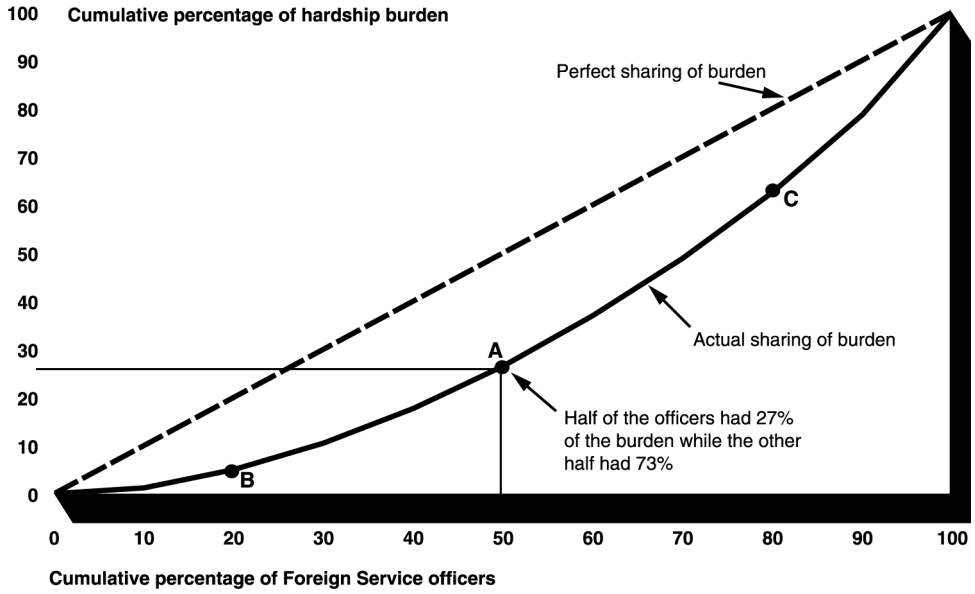
State also employs retired Foreign Service officers for temporary duty, international fellows and presidential management interns, family members, and American residents who are hired locally as part-time intermittent temporary employees or on personal services contracts or agreements. According to post officials, although these staff augment the capabilities of mission operations, the methods by which they are hired, the tasks to which they are assigned, and the employee benefits to which they are entitled are not applied consistently—thereby raising some personnel and morale issues at the post level.

Differences Seen in Individual Officers' Hardship Experience

State does not regularly analyze how the burden of hardship service is being shared among Foreign Service officers, although this has been a long-standing concern. To measure how the burden is shared, we analyzed the careers of 1,100 mid-level Foreign Service officers who were hired between 1986 and 1991, which represents about 10 to 15 years of service. We performed the analysis by using the Lorenz curve, which is a methodology traditionally used to measure income inequality. Figure 4 shows the relationship between the percentage of employees and the percentage of weighted hardship burden. (For a detailed discussion of our methodology, see app. I.)

[16]U.S. Department of State, Office of Inspector General, Office of Audits, *Civil Service to Foreign Service Hard-to-Fill Program*, Report No. 01-HR-L-029 (Washington, D.C.: Mar. 2001).

Figure 4: How Is the Hardship Burden Shared?



Source: GAO analysis based on State Department data.

The graph is an indication of how the hardship burden is being shared. The broken diagonal line represents perfect sharing of burden while the curve reflects how the actual burden is shared. The data indicate that half of the officers experienced 27 percent of the hardship burden while the other half experienced 73 percent (point A). Viewed another way, the bottom 20 percent of employees served 5 percent of the hardship (point B) while the top 20 percent served about 37 percent of the hardship (point C).[17] State officials noted several reasons why some employees cannot serve at certain hardship posts, such as medical conditions,[18] inadequate schools for their children, and a lack of spousal employment opportunities.

[17]The 37 percent is derived by subtracting 63, which is at the 80-percent point, from 100 percent.

[18]Based on 2001 data, about 12 percent of Foreign Service officers have limited medical clearances. State medical officers determine, on a case-by-case basis, where an officer can serve.

Financial Incentives for Hardship Service Show Mixed Results

State offers some financial incentives for hardship service, which have yielded mixed results. These financial incentives include a post differential allowance (or hardship pay) ranging from 5 to 25 percent of base pay[19] to compensate employees for service where environmental conditions differ substantially from those in the United States and to entice them to serve.[20] While there are factors other than money that may keep an officer from bidding for a position at a particular hardship post or restrict an officer's options to only selected posts, our analysis of bidding data (fig. 3) suggests that the differential rate does not appear to be effective in enticing a significant number of employees to certain posts. To address this issue, in 2001, State began to provide an additional 15 percent incentive to those who sign up for a third year at selected 2-year posts that have been extremely difficult to staff.

Locality Pay Has Diminished the Relative Value of Differential Pay

According to State officials and Foreign Service employees, the incentive provided by differential (hardship) pay for overseas service has been diminished by rules governing locality pay.[21] Locality pay is a salary comparability benefit to attract workers in the continental United States to the federal government versus the private sector. In 1994, an executive order began the process of allocating annual governmentwide pay increases between base pay and locality pay. However, Foreign Service employees serving overseas do not get locality pay. Thus, the differences in the statutes governing differential pay for overseas service and locality pay have created a gap between the compensation of domestic[22] and overseas employees—a gap that grows each year as locality pay rates continue to rise by 1 percent or more annually. State has not analyzed the effect that this difference has had since 1994 on the number of Foreign Service employees who bid on overseas assignments, including hardship posts. However, State Department officials, the American Foreign Service Association, and many officers with whom we met said that this gap penalizes overseas employees and that if it continues to grow, it will

[19] 5 U.S.C. 5925(a).

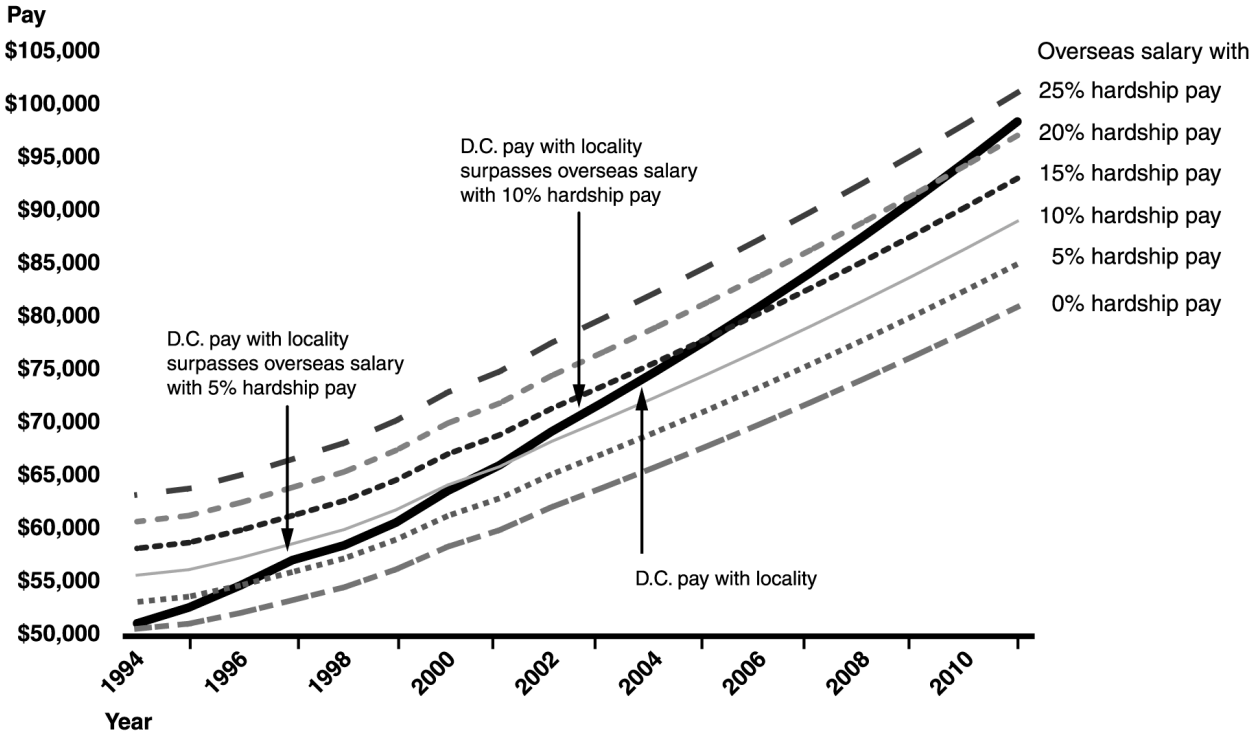
[20] The interagency committee on allowances, led by State working in conjunction with other federal agencies, developed the standards by comparing environmental and living conditions overseas with those in the United States. A study of allowances is under way and expected to be completed in summer 2002.

[21] See 5 U.S.C. 5304.

[22] For all practical purposes, in the case of Foreign Service officers, domestic employees are based in Washington or in other major metropolitan areas in the United States, such as New York.

inevitably keep employees from choosing an overseas career in the Foreign Service. Figure 5 illustrates the effect that increases in locality pay have on the relative value of overseas differential rates. As figure 5 shows, the advantage of overseas pay with differential has eroded over time and locality pay has created a financial disincentive for all overseas employees. As of January 2002, the locality pay rate for Washington, D.C., was 11.48 percent. We estimate that by 2006 and 2010, the differential pay incentives for the 15 percent and 20 percent differential posts, respectively, will be less than the locality pay for Washington, D.C., assuming that the locality pay rate continues to increase at about 1 percent per year.

Figure 5: Comparison of D.C. Pay and Overseas Pay



Source: Office of Personnel Management data and GAO assumptions and analysis.

Post Differential Is Not Considered in Determining Retirement Benefits

In addition, Foreign Service employees we interviewed emphasized that it is also a financial disincentive to retire while serving overseas because post differential is not used to determine an officer's retirement benefits whereas locality pay, which is offered to those employees who serve in Washington, D.C., is factored into the retirement benefit. According to State human resources officials, retiring with a high three average salary calculated on service abroad can result in a substantial reduction in annuity annually, compared with a Washington-based high three average salary.[23] As a result, a significant number of employees who are nearing retirement return to Washington, D.C., for their last tour of duty to have their locality pay factored into their high three salaries for purposes of calculating retirement benefits. In fact, according to State, since 1997, 62 percent of senior Foreign Service and management level employees who retired concluded their careers in Washington rather than from an overseas tour. This exacerbates the problem of staffing hardship posts because the most experienced employees tend not to choose overseas service during their last tour of duty.

To address these overseas pay and retirement benefit issues, State, with the support of the American Foreign Service Association, proposed that Foreign Service employees working overseas should get locality pay equal to the Washington, D.C., rate. The Office of Personnel Management agrees that locality pay should be extended to overseas employees and has asked the Office of Management and Budget to consider this issue. The State Department estimates that it would cost $50 million to $60 million a year to increase overseas employees' pay to the Washington, D.C., level. State officials believe that extending locality pay to overseas employees is the best way to address pay comparability issues with employees serving in Washington, D.C. As a short-term measure in the interim, the administration has approved and forwarded to Congress a supplemental retirement proposal to address, for those who are nearing retirement, the immediate problem of reduced retirement annuities due to service overseas.[24] While these proposals could encourage overseas service, there are no assurances that they will fully address the problem of staffing hardship posts because all overseas Foreign Service employees would gain

[23]State's estimates vary depending on the circumstances of an employee upon retirement. State estimates that the gap in annuities for one who retired from overseas rather than Washington, D.C., could range from about $3,000 to $5,740 annually.

[24]The State Department anticipates that this proposal will be considered as part of the State Department authorization bill for fiscal year 2002 to 2003.

the same benefit and may continue to bid on assignments at nonhardship posts.

Service Need Differential Program Is Beginning to Make a Difference

The State Department has developed a pilot program that offers an additional financial incentive to employees accepting a 3-year tour in 41 designated hardship posts. This effort has begun to make a difference in a number of posts. Nonetheless, some employees choose not to remain at post for an additional year and thus forego the additional differential of 15 percent. Out of 173 positions that were eligible for the program in the 2001 assignments cycle, the first full year the program became operational, 127 employees (73 percent) signed up for a third year at posts that ordinarily require a 2-year tour. Based on State records, the program was estimated to cost about $1.8 million in fiscal year 2002.[25] While many State officials with whom we met—in Washington and at the posts we visited—were enthusiastic about the new program, it appears that some of the more difficult hardship posts have not yet realized the benefits they had hoped the additional incentive might bring. For example, 10 employees in two China posts—Chengdu and Shenyang—extended their tours to take advantage of the new incentive. However, bureau officials noted that, even with the additional 15 percent differential offered as a recruiting incentive, Shenyang has no bidders for any of the six positions advertised in the current 2002 cycle; Chengdu had a few bidders, but none of them opted to take advantage of the incentive and sign up for an additional year. None of the staff assigned to two posts in Russia—Vladivostok and Yekaterinburg—has chosen an extended tour, and none of the employees newly assigned to these posts has opted for an additional year. In Kiev, about half of those eligible signed up for the program and extended their tours for a third year. In Lagos and Abuja, 16 percent of the employees who were eligible extended their tours in 2002, the first year that the program went into effect there.

Rewards for Hardship Service Are Not Explicit

While several State officials in Washington suggest that service at hardship posts is favorably considered in various aspects of a Foreign Service officer's career, such as promotions and onward assignments, many of the post staff with whom we met said they believe otherwise. However, State could not provide data on the extent to which hardship service is actually taken into account in such personnel decisions. The criteria that State's

[25]These estimated costs for fiscal year 2002 are for employees who were at post in 2001 and extended in 2001 for a 3-year tour.

selection boards use to determine promotion of Foreign Service officers do not explicitly require hardship service. However, the guidelines do state that an officer's performance under unusually difficult or dangerous circumstances is relevant in evaluating whether an officer has the qualities needed for successful performance at higher levels. In addition, the guidelines do not require service abroad as a prerequisite for promotion, but they do encourage selection boards to consider an officer's demonstrated competence in that regard. Ironically, some employees believe that hardship service could actually disadvantage them on promotion decisions.

State officials also told us that service at hardship posts is generally considered in determining an employee's next assignment, and a number of post management officials agreed that fair onward assignments are one way to reward employees for serving at hardship posts. However, many employees at several hardship posts we visited were not convinced that their service at a hardship assignment would necessarily be rewarded in determining their next assignment. Nonetheless, we noted that bidding instructions for junior officers do state that in filling heavily bid vacancies at popular nonhardship posts, priority and appropriate credit will be given to those serving at hardship posts. Bidding instructions for mid-level and senior positions do indicate that prior service at hardship posts is one of several factors considered in determining assignments, in addition to an employee's language competence, rank, and functional expertise for the position.

State Has Launched an Aggressive Recruiting Program to Boost Diplomatic Readiness

As part of its Diplomatic Readiness Initiative announced in January 2001, State has launched an aggressive recruiting program to rebuild the department's workforce.

According to State officials, the department is on track to meet its hiring goal of 465 new Foreign Service officers this fiscal year. As of March 2002, State reported hiring or committing to hire 344 new junior officers, 74 percent of State's hiring target for this fiscal year. Under the Diplomatic Readiness Initiative, State requested a total of 1,158 new employees above attrition over the 3-year period from fiscal years 2002 to 2004. State officials, particularly those in Washington, D.C., believe that State's hiring program will largely address the staffing shortage the department now faces as new entry-level junior officers advance to the mid-level ranks. However, it will take years before the new hires advance to the mid-level ranks, where State has reported experiencing its biggest staffing deficit.

Moreover, as the influx of new employees advance to mid-level positions, they may also tend not to bid on hardship assignments.

Although post officials were encouraged by the new hiring, a number of them were not clear as to whether and how the additional officers hired under the Diplomatic Readiness Initiative will address specific staffing shortfalls experienced at some hardship posts. A senior official in China told us that neither the geographic bureau nor the post has advance knowledge about the new recruits—posts in China can hope but have no assurances that there are enough recruits with some language skills to keep an adequate pool of language-trained staff in the pipeline. An officer in Nigeria noted that individuals with backgrounds in development work and humanitarian affairs, such as former Peace Corps volunteers and those who have worked with nongovernmental organizations, would be especially appropriate for many of the hardship posts in Africa; and for that reason, diversifying the pool of applicants to reach out to such groups is important.

Human resources officials in Washington told us that State has embarked on an active outreach program that targets, for example, college campuses, professional associations, and other groups that offer a pool of potential applicants who are proficient in difficult languages and possess other knowledge, skills, and competencies the Foreign Service desires. In addition, they said State is intensifying overseas recruitment efforts. Although State has numerical hiring goals for broad occupational skill categories, State does not have numerical targets for specific skill requirements such as language or regional expertise. In general, the department recruits generalists with a broad range of skills, and they are later trained in specific areas to meet changing requirements. Thus, although State officials are optimistic that enough new hires are being brought in to address the overall staffing shortage, there are no assurances that the recruiting efforts will result in the right people with the right skills needed to meet specific critical shortfalls at some hardship posts.

Conclusions

The State Department is facing serious staffing shortfalls at many of its posts, especially those designated hardship posts, and State's system for assigning available staff has been ineffective in ensuring that overseas staffing requirements, particularly at strategic posts, are adequately addressed. In making assignment decisions, State attempts to strike a balance between matching the preferences, personal circumstances, and professional development goals of individual employees with the needs of the service. However, in an environment where the number of positions

exceeds the number of staff to fill them, State is not able to ensure that staff are assigned where they are needed most. The new service need differential program holds some promise, but the extent to which it will address the problem of staffing hardship posts remains unclear. State believes that the department's new hiring initiatives will gradually solve its current staffing problem. However, positions at hardship posts will continue to have fewer bids from qualified Foreign Service employees unless (a) adequate incentives are in place to entice these employees to bid on and accept assignments at hardship posts and (b) appropriate levers are used, when necessary, to assign experienced staff where they are most needed. Moreover, an assignment system that puts Foreign Service employees in the driver's seat and does not systematically prioritize the posts and positions that must be filled does not ensure that State's staffing requirements at hardship posts are adequately addressed. Without a comprehensive, strategic approach to marshaling and managing State's human capital, there is little assurance that State will be able to place the right people in the right posts at the right time. As a result, diplomatic readiness could be at risk at hardship posts, many of them of significant importance to the United States.

Recommendations for Executive Action

In light of our findings that State's assignment system has not been effective in addressing staffing requirements at hardship posts, including many of strategic importance, we recommend that the Secretary of State:

- improve personnel and assignment data so that they will (1) allow State to fully assess its human capital capabilities and limitations and enhance the department's workforce planning efforts, and (2) enable State to take a fact-based, performance-oriented approach to human capital management that would involve analyzing bidding and assignment data to determine its success in addressing staffing needs at all posts, including hardship posts and posts of strategic importance to the United States;

- rigorously and systematically determine priority positions that must be filled worldwide as well as positions that will not be filled during each assignments cycle, based on the relative strategic importance of posts and positions and realistic assumptions of available staff resources;

- consider a targeted hiring strategy, with measurable goals, designed to specifically address critical shortfalls, such as employees who are proficient in certain foreign languages; are interested in those particular positions, functional specialties, or career tracks that are in short supply; and are interested in serving in hardship locations; and

- develop a package of incentives and implement appropriate actions to steer employees toward serving at hardship posts. Such measures could include:

  1. proposing a set of financial incentives to Congress that State believes will entice more employees to bid on and accept hardship positions based on analyses that estimate the costs and likelihood of increasing the number of Foreign Service employees who bid on assignments in the selected hardship posts;

  2. making hardship service an explicit criterion for promotions and onward assignments; and

  3. employing more directive approaches to assignments as necessary to steer fully qualified employees toward hardship posts that require their skills and experience and to ensure that hardship assignments are shared equitably.

Agency Comments and Our Evaluation

The State Department provided written comments on a draft of our report. State's comments, along with our responses to specific points, are reprinted in appendix VI.

In general, State found our report to be very helpful. It acknowledged the difficulties the department faces in staffing hardship posts around the world and the negative effect that staffing problems have on these posts. State found our statistical findings, including our analyses of bidding and assignment patterns as well as the relative decline of hardship pay due to the lack of locality pay for employees assigned abroad, to be very useful. State indicated that it would implement two of our recommendations. The department said it will (1) study alternative ways to provide additional incentives for employees to serve at hardship posts, and (2) review the implementation of human resources data systems to enhance State's reporting capabilities along the lines that we suggested. State did not indicate its position with regards to our two other recommendations—that State rigorously and systematically determine staffing priorities worldwide and consider a targeted hiring strategy.

State attributes the problem of staffing hardship posts to the department's staffing shortfall of 1,100 people, which the department is addressing through its Diplomatic Readiness Initiative. In addition to hiring more staff, a major thrust of State's efforts is addressing the locality pay issue. While we acknowledge that these efforts would ease State's overall

staffing problem, both domestically and overseas, we do not believe that they would necessarily fully address the staffing requirements of hardship posts, including those of significant importance to the United States. We hold this opinion because staffing decisions made under State's assignment system tilt the balance toward employee preferences, rather than the needs of the service. Although there will be more staff available to fill positions, it will take years before the new hires advance to the mid-level ranks where State has reported the largest deficit. Furthermore, as the new employees advance to mid-level positions, they may tend to bid on and be assigned to non-hardship posts unless State (1) hires people with the specific skills that are in short supply and who are inclined to serve in hardship posts and (2) puts in place appropriate levers to steer employees with the right skills and experience to serve in hardship posts. We do not believe that hardship posts should suffer disproportionately from staff shortages. Our recommendations, if implemented, would help ensure that the staffing needs of hardship posts, including those critical to U.S. interests, are met.

We are sending copies of this report to appropriate congressional committees. We are also sending copies of this report to the Secretary of State. Copies will be made available to others upon request.

If you or your staff have any questions about this report, please contact me on (202) 512-4128. Other GAO contacts and staff acknowledgments are listed in appendix VII.

Sincerely yours,

Jess T. Ford
Director, International Affairs and Trade

Appendix I: Scope and Methodology

To assess the number, experience, and skills of staff in hardship positions and the potential impact on diplomatic readiness, we selected seven countries identified by State as strategically important to U.S. interests: China, Kazakhstan, Nigeria, Pakistan, Russia, Saudi Arabia, and Ukraine. We also visited seven hardship posts in three of the countries we examined—Beijing, Guangzhou, Shanghai, and Shenyang in China; Riyadh and Jeddah in Saudi Arabia; and Kiev, Ukraine—where we met with numerous post officials to obtain human resources data not available in headquarters and to assess the impact that staffing shortfalls may have on diplomatic readiness.

To examine how well State's assignment system is meeting the staffing requirements of hardship posts, we reviewed State's policies, processes, and programs for filling hardship posts, as well as State's open assignments manuals and other human resources documents. In addition, we analyzed the process, mid-level bidding data, and results of the 2001 assignments cycle, including fair share assignments; mid-level bidding data on the 2002 assignments cycle; and the assignment histories of 1,100 mid-level generalists hired between 1986 and 1991. We did not validate the accuracy of the data obtained from State. We also met with several offices within the Bureau of Human Resources; executive directors, post management, and human resources officials in five of the six regional bureaus; nine current and former ambassadors who have served in hardship posts; and representatives of the American Foreign Service Association.

Bidding Data

We analyzed bidding data to determine the average number of position bids by posts, the median average bid for each differential rate, and the areas of specialization that are difficult to staff. For these analyses, we used the mid-level bidding data for the 2001 and 2002 summer assignments cycles.[26] The bidding data include the number of positions to be filled at each post and the number of bids received for each position. We used the mid-level bidding data because mid-level positions comprised 58 percent

[26]The bidding and assignment data that we reviewed were for mid-level positions. In terms of the Foreign Service grade structure, mid-level positions are FS-04 tenured, FS-03, and FS-02, which are equivalent to the civil service GS-12, FS-13, and GS-14, respectively. Junior officers are FS-06, FS-05, and FS-04 untenured, which are equivalent to GS-9, GS-11, and GS-12. (Junior officers are allowed 5 years to be tenured; most of them are tenured after 3 years.) Management-level and senior officers are FS-01 (GS-15 equivalent) and the Senior Foreign Service (comparable to the Senior Executive Service.)

of the total Foreign Service workforce. We also used the bidding data for the summer assignments cycle because, according to State officials, most employees are transferred during this cycle, compared to the winter cycle. In addition, the analysis was limited to 2 years because State has bidding data for only the 2001 and 2002 cycles. Although we analyzed data for the two cycles, we provided information for only the 2002 cycle (see fig. 3) because the results for 2001 were similar:

- To obtain the average number of bids for each post, we took the total number of bids received on all positions at each post and divided it by the total number of positions to be filled at the post. For example, in the 2002 summer assignments cycle, Beijing had 12 positions to be filled and received a total of 53 bids, resulting in an average of 4.4 bids for this post.

- To obtain the median bid at each differential rate, as represented in the line in figure 3, we arranged in ascending order the average bid for each post at the corresponding differential rate and used the middle average bid. For example, assuming there are only 5 posts at the 25 differential rate and their average bids are 3, 5, 7, 9, and 16, the median of the average bids is 7.

Hardship Burden

To measure how the hardship burden is shared by Foreign Service employees (fig. 4), we analyzed about 10,000 assignments of 1,100 mid-level generalists with 10 to 15 years of service.[27] We performed the analysis by using the Lorenz curve, which is a methodology traditionally used to measure income inequality:

- First, we assigned weights to posts based on State's level of differential (hardship) pay. State differential pay range from 5 percent to 25 percent of base pay. For example, we assigned 1.0 to a nonhardship post, 1.10 to a 10 percent hardship post, and 1.25 to a 25 percent hardship post.

- Next, we multiplied the number of days each mid-level generalist served at each post by the weighted post differential to obtain total hardship weighted days. We subtracted the total number of unweighted days served at all posts to obtain the number of hardship burden days for each

[27]Foreign Service specialists provide technical support or administrative services (such as facilities maintenance, general services, health practitioners, and security officers). We limited the scope of this analysis to the generalists, which include Foreign Service officers in the economic, political, administrative, consular, and public diplomacy areas.

generalist. The number of hardship burden days was divided by the number of career years served to obtain hardship burden per year per employee.

- The graph represents the ordering of employees from the lowest to the highest weighted hardship burden.

Locality Pay

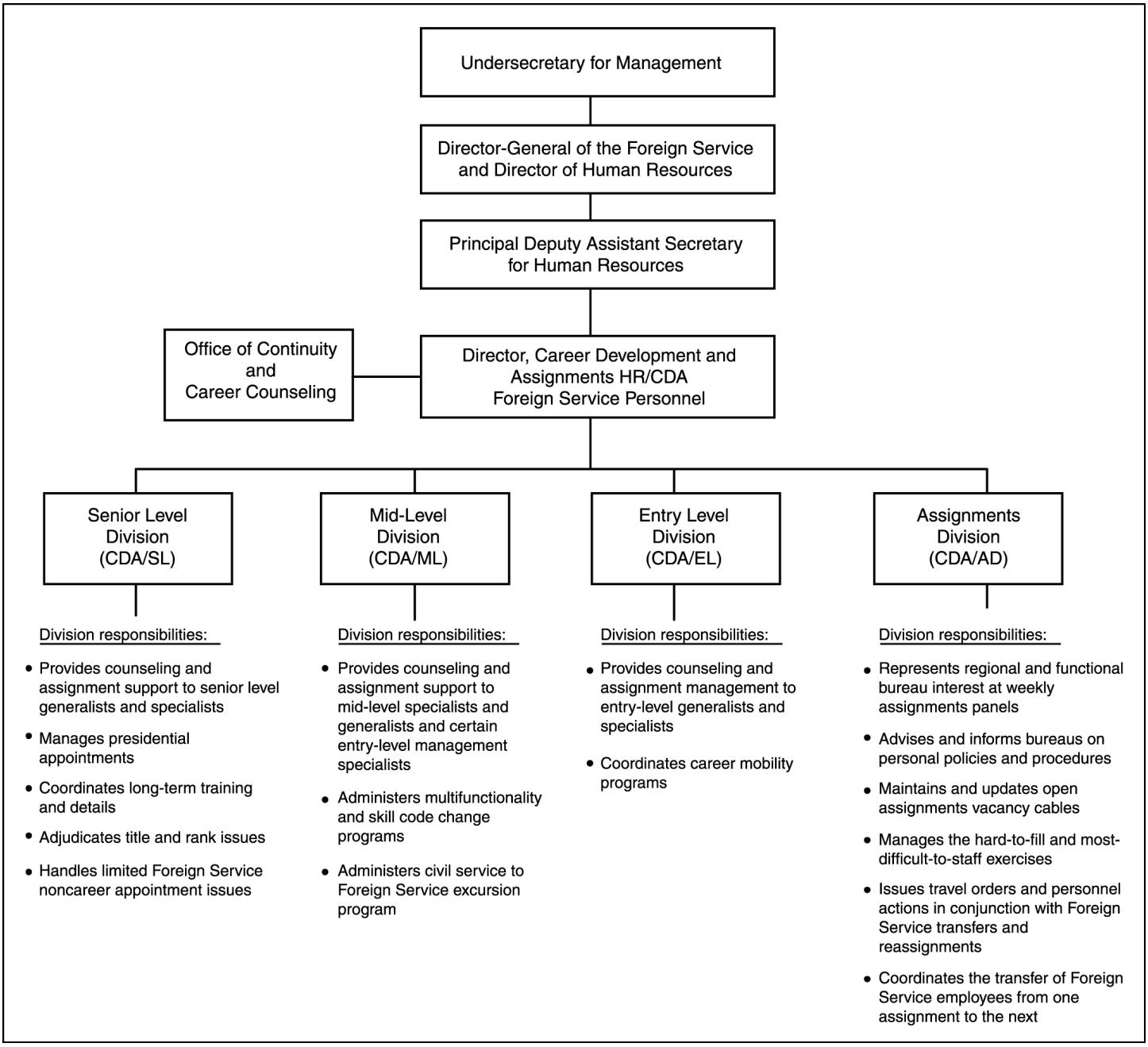
In addition, we analyzed D.C. pay, which incorporates locality pay, versus overseas pay with differential rates to determine the effects of the locality rate on the relative value of overseas differential rates (fig. 5). For our analysis, we focused on a hypothetical Foreign Service officer at the FS-04 step 13 level, who would have had a base salary of $50,526 when locality pay was put in place in 1994. We then compared subsequent increases in pay for D.C. employees with pay increases for personnel at nonhardship posts and at posts with varying levels of differential rate. For the period from 1994 through 2002, we used historical data provided by the Office of Personnel Management. Based on these historical patterns and projections of increases in federal pay levels by the Office of Management and Budget, we assumed that D.C. pay increases will average 4 percent annually from 2003 to 2011 and that overseas pay increases will average 3 percent annually over that period because locality pay is not included in overseas pay. The overseas pay does not include other allowances such as education and housing, of which the value varies depending on the circumstances of the individual employee.

We conducted our review from July 2001 to May 2002 in accordance with generally accepted government auditing standards.

Appendix II: Overview of the Foreign Service Assignment System

The authority to make assignments, which is granted to the Secretary of State, is delegated to the Undersecretary for Management. This authority is exercised through the Director-General of the Foreign Service, who is responsible for formulating and implementing personnel policies and programs. Under the direction of the Director-General and the Principal Deputy Assistant Secretary for Human Resources, the Director of the Office of Career Development and Assignments (HR/CDA) is responsible for assigning Foreign Service personnel resources throughout the State Department and overseas. The functions of HR/CDA are divided into four divisions: Senior Level, Mid-level, Entry Level, and Assignments. (Fig. 6 below illustrates the organization and functions of HR/CDA.)

Figure 6: Organization and Functions of the Bureau of Human Resources, Office of Career Development and Assignments



Legend: HR/CDA = Bureau of Human Resources, Career Development and Assignments

Source: State Department.

State's Guiding Principles

State policy is that Foreign Service employees are to be available to serve worldwide. Foreign Service personnel are assigned through an "open assignment system." The current open assignment process was established in response to a directive issued from the Secretary of State in June 1975, which called for creating a more open, centrally directed assignment process. The system is designed to engage all Foreign Service employees directly in the assignment process by providing information on all position vacancies and giving them the opportunity to compete openly. According to HR/CDA, while a major element of the 1975 directive was to eliminate the right of a bureau or post to veto assignments, the mandate for HR/CDA to take bureau and post interests into account in making assignments was extended and strengthened.

The Process

Prior to the start of the assignments cycle, the open assignments agreement is negotiated each year between management and the American Foreign Service Association to cover applications for positions represented by the association (bargaining unit positions). Based on State's open assignments manual, management, for the purposes of transparency and efficiency, also applies the agreement to nonbargaining unit positions, such as the deputy chiefs of mission. State has two assignments cycles: summer and winter.[28] State's assignment process centers on the high-volume summer transfer season, which is when most Foreign Service employees assume their new assignments.

The assignment process begins when approximately 3,500 Foreign Service employees who are eligible to be transferred from their current assignment each year receive a list of instructions and upcoming vacancies for which they may compete. Staff then must submit a list of those positions for which they want to be considered. In general, employees must bid on at least 6 positions and no more than 15; 6 of the bids should be at their grades and within their designated functional specialty (called "core" bids) and be in more than one bureau or geographic region.[29] To

[28]Foreign Service employees with tours of duty that end between May 1 and October 31 are officially on the summer cycle, and those with tours of duty that end between November 1 and April 30 are officially on the winter cycle.

[29]The Department of State requires that a generalist applicant select a "cone," which is a functional area of specialization, when applying to take the written examination. The Foreign Service generalist specializations are administrative, consular, economic, political, and public diplomacy. All Foreign Service officers are assigned a grade, which ranges from FS-07 to FS-01, corresponding to entry level to senior level, respectively.

encourage service at hardship posts, three bids on one-grade stretch assignments at 15 percent and above differential posts now may count among an employee's core bids.[30] The remaining nine bids may be on any other positions, including those outside of an officer's specialty or for training, detail, and stretch assignments. There are other regulations that pertain to fair share and service at hardship posts, length of service in Washington, D.C., tandem couple procedures, and medical clearances. Employees also submit bids based on their preferences by indicating whether bids are high, medium, or low priority. This designation is shared with the panels but not with the bureaus or posts.

After employees make their choices, most submit bids electronically to their career development officers, who review the bids for compliance with applicable rules and regulations. From this point forward, the process takes various paths depending upon an officer's grade and functional specialty. Junior and certain senior positions are governed by different procedures, as are assignment categories including long-term training,[31] hard-to-fill positions, and details to other agencies and organizations.

Special Bidding Requirements: Priority of Assignments/Posts

Certain assignments/positions are determined early in the assignment process. Starting about 3 months into the summer assignment process (around the end of October), employees may be assigned to certain positions by a panel.[32] These positions include at-grade fair share bidders at 15 percent or higher differential post, deputy chief of mission, principal officer of consulates, office director, positions at Special Embassy Program posts, long-term training, and other key positions. Fair share bidders also may be assigned to at-grade positions at differential posts, and to one-grade stretch positions at 15 percent or higher differential posts. When the regular assignment season begins in December, HR/CDA proceeds with at-grade assignments, where language requirements are met, and stretch assignments at 15 percent differential and most difficult-to-staff posts. Other stretch proposals are held until March. HR/CDA will continue to focus on the hard-to-fill positions, and by the middle of March

[30]Stretch assignments are positions above or below an employee's grade.

[31]HR/CDA develops and administers training policy, including long-term external training.

[32]There are two panels: the interdivisional panel, which considers assignments across divisional lines; and the mid-level panel, which considers assignments for mid-level employees. The panels consist of 14 members and 13 members, respectively, representing employees and the bureaus. The continuity counselor sits on both panels.

of the following year civil service personnel can bid on Foreign Service hard-to-fill positions.

Senior Officers/Key Positions Assignment Process

Certain specified domestic and overseas positions cannot be filled without the agreement of the interested principal officer, assistant secretary, and/or the ambassador. These positions include deputy assistant secretaries, office managers for principal and assistant secretaries, deputy chiefs of mission, special assistant to the ambassador, and chief of mission office managers. The appropriate HR/CDA division, working through the assignment officers, consults with bureaus to define position requirements and to request names of preferred potential candidates. Slates of qualified candidates for policy-level positions (deputy chief of mission, deputy chief of mission/special embassy posts) are reviewed and approved by a special committee and submitted to the Director-General for selection. After a candidate is selected, the assignment officer or career development officer will bring the assignment to panel for approval.

Mid-Level Assignment Process

The mid-level employees comprise the majority of the Foreign Service staff. Generally, the process brings together the employee's interests, represented by the career development officers, and the bureau's interests, represented by the assignment officers. State Department officials stressed that it has become increasingly useful, and in some cases essential, for mid-level employees to make themselves known to their prospective supervisors when pursuing their next assignment.

After all the bids are submitted, HR/CDA prepares a bid book, which lists the bidders for every projected job vacancy. All bureaus and posts receive a copy of the bid book, which represents the official start of what is referred to at State as the "meat market." This is when the bureaus attempt to identify the most qualified bidders for jobs available. It is also when bidders start marketing themselves to secure their choice assignments. However, State employees told us that marketing or lobbying actually starts long before bids are submitted, adding that lobbying for a job is not easy for many people. Assignment decisions ultimately are made by panels within the Career Development and Assignments Office. According to State, panels apply a variety of criteria when considering applicants for a position, including transfer eligibility, language competence, rank, and functional specialty. In addition, panels consider and give varying weights to service need, employee and bureau preferences, employee career development and professional aspirations, special personal circumstances (such as medical limitations and educational requirements of family members), and prior service at hardship posts. Bureaus or individuals may

appeal panel decisions to the Director-General. The mid-level panel makes roughly 60 percent of Foreign Service assignments.

Junior Officers Assignment Process

The assignment process for untenured junior (entry-level) officers is somewhat different than the process for mid-level and senior-level officers. While junior officers also submit bids that indicate their preferences, their assignments are directed by the Entry Level Division with little input from the posts or bureaus on which the employees bid. In fact, junior officers are strongly advised not to lobby the bureaus and posts in which they have an interest. According to State, the directed approach ensures maximum fairness in making assignments. The Entry Level Division proposes assignments to the assignments panel only after taking into account an officer's preferences, language probation status, functional and geographic diversity, equities from prior service in hardship posts, timing, and other important factors. In addition, according to HR/CDA, while the list of bidders goes to the panel, the assignment is done "off panel." Junior officers serve their first two tours overseas and are expected to serve in consular positions in either the first or second of these assignments, normally for a minimum of 1 year but not less than 10 months.

Appendix III: Staffing Issues at Selected Posts

The following tables summarize staffing data and some of the factors that affect staffing of hardship posts in each of the seven countries we examined. Information for the four countries we included in our review but did not visit—Kazakhstan, Nigeria, Pakistan, and Russia—was obtained from the regional bureaus in Washington, D.C., with input from post officials.

Table 3: Staffing Issues in China

Issue	Field observations
Staffing data	• Post officials agree that the number of positions is inadequate to effectively perform the work of this major mission. • Ninety-three percent of total positions require language skills, but only 38 percent of officers meet the language requirements. • Staff at some posts wear multiple hats, many employees are in positions higher than their grade, and some are in positions lower than their grade. • Sections with the most shortages and employees in positions above their grade are in the administrative and consular areas.
Environmental factors and other obstacles to recruitment/retention	• Staff at the five China posts complained of extremely high workload, especially in Guangzhou and Beijing. • Local medical facilities are ill-equipped to handle basic care. Staff are frequently medevaced to Beijing and Hong Kong for common medical problems such as upper respiratory viruses and gastrointestinal diseases and are faced with high medical costs. • Opportunities for spousal employment are very limited. • Staff are under strict surveillance, and travel is restricted to certain parts of the country. • Appropriate places of worship are limited and controlled. • Language is a major problem for almost everyone at posts, including spouses, especially in Guangzhou where Mandarin and Cantonese are essential. Potential bidders also are intimidated by the length of time to learn the language. • Some posts lack adequate schools. • Heavy air pollution and widespread sanitation problems are common.
Impact on post operations/ diplomatic readiness	• There are insufficient staff to cover and report on key issues, including World Trade Organization compliance and human rights. • Posts rely heavily on local staff, especially to assist with visa interviews. • There are insufficient staff and training to investigate visa fraud, especially in a high volume consular post such as Guangzhou, which has a high rate of visa fraud.
Other information	• Service need differential has been effective in retaining staff in Shenyang and Chengdu, where some employees extended their tour. However, it has not been successful in attracting new bidders to Shenyang, which had no bidders in 2002. Chengdu had a few bidders, but none of them opted to sign up for an additional year. • Some junior officers are interested in developing area expertise and would consider extending their tour but are unable to do so because they are encouraged to work in at least two countries before they are tenured. • Heavy workload limits officers' time for post language training. • Housing conditions have vastly improved, but this is not yet widely known. • Physical infrastructure is inadequate to properly perform work.

Source: GAO and State Department.

Table 4: Staffing Issues in Kazakhstan

Issue	Post responses
Staffing data	• A number of employees are serving in positions above their grade—a few are working in positions two levels above their grade. Incumbents who were the only bidders held four of the positions. • The administrative, public diplomacy, and office management specialist jobs are the hardest to fill—though most positions are considered hard-to-fill. • In the 2001 bidding cycle, Almaty had six bidders for four open positions; only one was at the grade level required. There were no bidders for two public diplomacy positions.
Environmental factors and other obstacles to recruitment/retention	• Almaty has poor sanitation and medical facilities, as well as substandard housing and public utilities. • Geographic isolation inhibits out-of-country travel. • Regional transportation is unsafe. • There is uncertainty over when the embassy will move to the new capital. • Potential bidders have preconceived notions of cold, Soviet-style hardship. • The quality of the local school raises concern.
Impact on post operations/ diplomatic readiness	• Diplomatic readiness is characterized as fair. However, the embassy lacks key administrative staff. The lack of information management and security staff has forced existing staff to work excessive overtime. Some employees in key positions lack required training. • Section heads and supervisors must provide extra guidance to junior officers in positions above their grade and experience level. • In some cases, lack of language training hinders direct local contact (although 83 percent of employees in language-designated positions do meet the requirements).
Other information	• The service need differential program has been successful and has boosted a traditionally high extension rate. The program is credited with enticing a tandem couple to extend their tour of duty. A few employees assigned to the post in 2001 exercised their option to extend their service for a third year. Post expects some employees assigned in 2002 to exercise their options for a third year because of the program. • A number of positions at post are occupied by employees who extended their tour. In general, employees choosing to extend their service have often cited the good seasonal weather and good morale at post.

Source: State Department.

Table 5: Staffing Issues in Nigeria

Issue	Post responses
Staffing data	• Consular and administrative positions have been historically difficult to fill. • In Lagos, there are virtually no mid-level officers. Four political, financial management, and public diplomacy positions have been vacant since summer or fall of 2001. The political officer position will have been vacant for over 10 months by the time the new officer arrives in the summer of 2002. • In Abuja, a political officer position will have been vacant for over a year, and an administrative officer position was vacant for 7 months. • There were no mid-level bidders within their grade and functional specialty for Lagos in the 2002 assignments cycle. • In a 10-officer consular section in Lagos, only the consul general has more than one tour of consular experience.
Environmental factors and other obstacles to recruitment/retention	• Crime is high, and there is high potential for political unrest and violence. Lagos is considered one of the most dangerous cities in the world. Employees are virtually confined to small enclaves; many have adopted a “bunker” mentality. • Abuja and Lagos have poor public sanitation, prevalence of tropical diseases and infections, and inadequate or nonexistent local health care. • Housing is poorly constructed; power outages occur daily and other utilities (water, telephone service) are unreliable. • The climate is hot and humid. • Secondary level schooling in Abuja is of poor quality. • In Abuja, there are limited work opportunities for spouses. • The feeling of isolation is a problem in Abuja. • Especially for consular positions in Lagos, work is very demanding due to high fraud environment and applicant volume.
Impact on post operations/ diplomatic readiness	• Diplomatic readiness is inadequate, with inexperienced officers filling vital positions requiring experience, and few experienced mentors are available. • Some employees are stretched thin and overworked. The few experienced employees must also provide guidance to the others. Performance of more than basic reporting and infrastructure support tasks has been problematic.
Other information	• Out of the total eligible employees, only 16 percent assigned to Lagos and Abuja in 2002 opted for the service need differential. It is probably too early to assess the full impact of the added differential, which became available only recently. • Word that the post in Lagos is addressing the housing problem is filtering out, resulting in serious inquiries from prospective bidders.

Source: State Department.

Table 6: Staffing Issues in Pakistan

Issue	Post responses
Staffing data	• Sections with the greatest number of employees serving in positions above their grade include consular, administrative, and public diplomacy. • Five language-preferred public diplomacy positions in Islamabad, Lahore, and Karachi are held by incumbents without language skills. • In Islamabad, many employees are in positions above their grade because no qualified employees at-grade were interested in bidding on the positions. In Karachi, a number of employees are in positions above their grade. • One office management specialist position in Islamabad has been vacant since September 2001. Three other positions, including one consular and one facility supervisor position, have been vacant since February 2002. No replacements are expected until the summer of 2002 at the earliest.
Environmental factors and other obstacles to recruitment/retention	• Some staff have been evacuated recently due to political events. Employees tend to think of Pakistan posts as being "frequently evacuated"—the most significant factor discouraging bidders. As a result, some employees hesitate to bid on jobs in Pakistan, fearing disruption to their families.
Impact on post operations/ diplomatic readiness	• Employees with high levels of experience spend extra time performing more than one job and more of their time mentoring less experienced employees. This increases the potential for stress and burnout.
Other information	• Peshawar is the only post that is part of the service need differential program. None of the employees eligible to participate has opted for a third year. • Based on anecdotal information, a number of employees in Islamabad have extended their tour of duty because they find the overall quality of life to be high. Very few employees with families chose not to have their dependents accompany them, although recent events may change this. • Because of the positive information on extensions, posts decided to keep the tour of duty at 3 years when the post differential went to 20 percent, rather than reduce the tour to 2 years.

Source: State Department.

Table 7: Staffing Issues in Russia

Issue	Post responses
Staffing data	• About one-third of the Foreign Service employees in Moscow are working in positions above their grade; 60 percent of the section head and principal deputy positions are staffed by officers in assignments above their grade. • Sections with the greatest number of employees above their grade include consular, administrative, public affairs, and regional security. • The mission's inability to fill all its positions is most pronounced in the consulates of Yekaterinburg and Vladivostok; a junior officer was serving as consul general in Vladivostok in 2001. • Four positions in Vladivostok had no bids; the public affairs position (vacant for at least a year) had one bid but not at the required grade. Neither the information management nor the public affairs positions in Yekaterinburg received bids.
Environmental factors and other obstacles to recruitment/retention	• Health care, housing, and public utilities are deficient throughout the country, but to a greater degree in Yekaterinburg and Vladivostok, where access to amenities and recreational activities is particularly difficult due to geographic isolation. • All types of crime are prevalent; public safety is a concern. • Goods and services are difficult to obtain. • Workload is demanding, accentuated by the number of high-level visitors. • The weather is harsh. • Acquiring proficiency in Russian takes a long time. • The size of many housing units is inadequate or (in Moscow) distance from post requires long commutes.
Impact on post operations/ diplomatic readiness	• Diplomatic readiness is lowest in remote Yekaterinburg and Vladivostok; the effect of junior officers filling positions of great responsibility is felt acutely there because there is no one to give them advice. • In Yekaterinburg and Vladivostok, existing staff members are required to cover responsibilities of vacant positions. • Internal controls suffer when responsible employees are inexperienced and overworked.
Other information	• The service need differential program has been unsuccessful in Yekaterinburg and Vladivostok. None of the eligible staff opted for a 3-year tour under the program. • State's language incentive program does appear to be a major incentive for extensions in Moscow.

Source: State Department.

Table 8: Staffing Issues in Saudi Arabia

Issue	Field observations
Staffing data	• Post management believes the limited number of bidders for positions makes it difficult to assign qualified employees. As a result, the overall qualifications of employees do not match the ideal level that is sought. • The public diplomacy section is particularly affected by shortages in Riyadh. Two public affairs officers will leave in summer of 2002. One possible replacement is civil service but with no Arabic skills; the other transferred to another assignment. • The head of the public diplomacy section in one consulate is also on civil service excursion but with no Arabic language skills. He was selected because there were no bidders. • A position in the economic section in Riyadh had one at-grade bidder with no language or area experience. • Out of the total language-designated positions in Jeddah, 75 percent of the incumbents do not meet the language requirement. • The financial management officer position in Riyadh had been vacant for 1 year before it was filled.
Environmental factors and other obstacles to recruitment/retention	• There is an overall sense of cultural and geographic isolation. • Social culture, especially in Riyadh, is repressive, particularly for women. Both women and men are subject to harassment by the local religious police who enforce certain standards of dress and conduct. • Women are not permitted to drive motor vehicles and rely entirely on post motor pools or spouses for any kind of travel. • Women face severe restrictions on traveling alone in public. • There are enormous restrictions on social activities for single men and women. There are no public places where men and women can socialize. • Family activities are disrupted because public places close five times a day for prayer time. • Severe heat forces residents to stay indoors, compounding the sense of isolation. • Regional travel for vacations is very expensive.
Impact on post operations/ diplomatic readiness	• Diplomatic readiness is not as strong as desirable, particularly in terms of public diplomacy. • The prevalence of inexperienced employees increases the burden on senior staff to provide more supervision.
Other information	• The service need differential appears to have had an impact. A substantial number of employees opted to take the incentive and serve for a third year.

Source: GAO and State Department.

Table 9: Staffing Issues in Ukraine

Issue	Field observations
Staffing data	• Roughly 50 percent of the Foreign Service officer positions in Kiev are staffed by junior or first-tour officers. • Several employees are working in positions at least two levels above their grade. • Sections with the most shortages and employees working above their grade include consular, economic, and public diplomacy. • The consul general position was vacant for a year. The deputy consul general position was vacant for 15 months. A junior officer had previously been in charge of new immigrant visas for 8 months. • The supervisory general services officer position has been vacant since summer 2001. • The economic section had two junior officers in positions two levels above their grade; two public diplomacy employees were on civil service excursion tours.
Environmental factors and other obstacles to recruitment/retention	• Kiev has an extremely high workload with consequent stress. • Local medical facilities are poor or nonexistent. • Interior housing is generally adequate, but entryways are poorly lit and insecure; water shutoffs are a recurring problem. • Street crime against westerners has increased. Minorities are particularly subject to harassment. • Adequate and accessible recreation facilities do not exist. • Telephone and fax connections are poor; there are not enough upgraded computers for the number of staff. • Concerns continue about risks from Chernobyl. • Post has a word-of-mouth reputation for an extremely high workload. • Winters are severe.
Impact on post operations/ diplomatic readiness	• Some first-tour employees are in positions requiring prior experience (such as providing advice to government ministers on economic policies). • There are few mentors to provide guidance to junior or first-tour employees. • First-tour employees suffer burnout, increasing chances they will decide to leave the Foreign Service. • There is insufficient time to more fully investigate visa fraud. • There is insufficient time for further language study at post due to heavy workload.
Other information	• The service need differential program has had some success. Out of the total employees eligible for the program in 2001 and 2002, 47 percent accepted the additional incentive to remain for a third year. Three heads of sections opted not to accept the incentive.

Source: GAO and State Department.

Appendix IV: Most Heavily Bid and Underbid Countries

Table 10 lists the countries in each region that had the most number of bids per position, on average, and the fewest bids.

Table 10: Countries with the Most and Fewest Bids

Region/country[a]	Most heavily bid countries (20 bids or more per position)	Most underbid countries (fewer than 3 bids per position)[b]
Africa	Mauritius	Algeria Angola Benin Burkina Faso Cameroon Cape Verde Central African Republic Chad Congo, Democratic Republic of the (formerly Zaire) Congo, Republic of Côte d'Ivoire Eritrea Gabon Guinea Liberia Malawi Mali Niger Nigeria Rwanda Togo
East Asia and Pacific	Australia Hong Kong New Zealand	China Mongolia Papua New Guinea South Korea
Europe and Eurasia	Austria Czech Republic Cyprus Denmark France Ireland Italy Luxembourg The Netherlands Spain Switzerland United Kingdom	Albania Armenia Belarus Bosnia-Herzegovina Georgia Kazakhstan Krygyzstan Macedonia Moldova Russia Serbia-Montenegro Turkmenistan Ukraine
Near East		Yemen
South Asia		Bangladesh

Region/country[a]	Most heavily bid countries (20 bids or more per position)	Most underbid countries (fewer than 3 bids per position)[b]
Western Hemisphere	Bahamas Canada Grenada	Haiti Jamaica

[a]The geographic regions correspond to State's six regional bureaus.

[b]State considers posts most difficult to staff when half of the positions open have zero to two bidders.

Source: GAO analysis based on State bidding data for the 2001 and 2002 assignments cycles.

Appendix V: Characteristics of Posts

Table 11 lists the 259 diplomatic posts that State operates worldwide, by region and by country. For every post, the tour of duty, hardship differential pay, and any danger pay that may be applicable are shown. The list also shows the 41 posts that have been designated for a service need differential—an additional recruitment and retention incentive of 15 percent above base pay for those who agree to serve for a third year—and the 98 posts that State has designated most-difficult-to-staff.

Table 11: U.S. Diplomatic Posts and Their Hardship Differential and Danger Pay Rates (2001/2002)

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
Bureau of African Affairs						
Angola	Luanda	2	25		√	√
Benin	Cotonou	2	20		√	√
Botswana	Gaborone	3	0			√
Burkina Faso	Ouagadougou	2	25			√
Burundi	Bujumbura	2	25	25		√
Cameroon	Yaounde	2	20			√
Cape Verde	Praia	2	20			√
Central African Republic	Bangui	2	25	20	√	√
Chad	N'Djamena	2	25		√	√
Congo, Democratic Republic of the (formerly Zaire)	Kinshasa	2	25		√	√
Congo, Republic of	Brazzaville	2	25		√	√
Côte d'Ivoire	Abidjan	3	20			√
Djibouti, Republic of	Djibouti	2	25		√	√
Eritrea	Asmara	2	20		√	√
Ethiopia	Addis Ababa	2	20			√
Gabon	Libreville	3	15			√
Gambia	Banjul	2	20			√
Ghana	Accra	3	25			
Guinea	Conakry	2	25		√	√
Kenya	Nairobi	2	25			√
Lesotho	Maseru	3	15			√
Liberia	Monrovia	2	25	15		√
Malagasy Republic	Antananarivo	2	20			√
Malawi	Lilongwe	3	15			√
Mali	Bamako	2	25			√
Mauritania	Nouakchott	2	25		√	√
Mauritius	Port Louis	3	5			√
Mozambique	Maputo	2	20			√

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
Namibia	Windhoek	3	0			
Niger	Niamey	2	25			√
Nigeria	Abuja	2	25		√	√
	Lagos	2	25		√	√
Rwanda	Kigali	2	25		√	√
Senegal	Dakar	3	15			√
Sierra Leone	Freetown	2	25	25		√
South Africa	Capetown	3	0			
	Durban	3	0			
	Johannesburg	3	0			
	Pretoria	3	0			
Sudan	Khartoum	2	25	15		√
Swaziland	Mbabane	3	0			√
Tanzania	Dar es Salaam	3	25			√
Togo	Lome	2	25			√
Uganda	Kampala	2	25			√
Zambia	Lusaka	3	15			√
Zimbabwe	Harare	3	5			
African Affairs subtotals	**46**				**13**	**39**
Bureau of East Asian and Pacific Affairs						
Australia	Canberra	4	0			
	Melbourne	4	0			
	Perth	4	0			
	Sydney	4	0			
Brunei	Bandar Seri Begawan	2	15			
Cambodia	Phnom Penh	2	25		√	√
China	Beijing	3	15			√
	Chengdu	2	25		√	√
	Guangzhou	2	20			√
	Shanghai	3	15			
	Shenyang	2	25		√	√
East Timor	Dili	2	25			
Fiji Islands	Suva	3	10			
Hong Kong	Hong Kong	3	0			
Indonesia	Jakarta	3	20			√
	Surabaya	3	25			
Japan	Fukuoka	3	0			
	Nagoya	3	0			
	Naha	3	0			
	Osaka-Kobe	3	0			
	Sapporo	3	0			
	Tokyo	3	0			

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
Laos	Vientiane	2	25		√	√
Malaysia	Kuala Lumpur	3	0			
Marshall Islands	Majuro	2	15			√
Micronesia	Kolonia	2	15			
Mongolia	Ulaanbaatar	2	25		√	√
Burma (Myanmar)	Rangoon	2	15			√
New Zealand	Auckland	4	0			
	Wellington	4	0			
Palau	Koror	2	10			
Papua New Guinea	Port Moresby	2	25		√	√
Philippines	Manila	3	15			√
Samoa	Apia	3	10			
Singapore	Singapore	4	0			
South Korea	Seoul	3	0			
Thailand	Bangkok	3	10			
	Chiang Mai	3	10			
Vietnam	Hanoi	2	25			√
	Ho Chi Minh City	2	20			
East Asian and Pacific Affairs subtotals	**40**				**6**	**13**
Bureau of European and Eurasian Affairs						
Albania	Tirana	1	25			√
Armenia	Yerevan	2	25		√	√
Austria	Vienna	4	0			
	Vienna-OSCE	4	0			
	Vienna-UNVIE	4	0			
Azerbaijan	Baku	2	25		√	√
Belarus	Minsk	2	20		√	√
Belgium	Brussels	4	0			
	Brussels-NATO	4	0			
	Brussels-USEU	4	0			
Bermuda	Hamilton	3	0			
Bosnia-Herzegovina	Sarajevo	2	15	15		√
	Sarajevo-OHR	1	15	25		√
	Banja Luka	1	15	25		√
	Mostar	1	15	25		√
Bulgaria	Sofia	3	15			√
Croatia	Zagreb	3	5			
Cyprus	Nicosia	3	0			
Czech Republic	Prague	4	0			

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
Denmark	Copenhagen	4	0			
Estonia	Tallinn	3	10			
Finland	Helsinki	3	0			
France	Paris	4	0			
	Paris-OECD	4	0			
	Bordeaux	3	0			
	Lille	3	0			
	Lyon	3	0			
	Marseille	3	0			
	Rennes	3	0			
	Toulouse	3	0			
	Strasbourg	3	0			
Georgia	Tbilisi	2	25		√	√
Germany	Berlin	4	0			
	Dusseldorf	3	0			
	Frankfurt	4	0			
	Hamburg	3	0			
	Leipzig	3	0			
	Munich	4	0			
Greece	Athens	3	5			
	Thessaloniki	3	0			
Holy See	Vatican City	4	0			
Hungary	Budapest	4	0			
Iceland	Reykjavik	3	0			
Ireland	Dublin	4	0			
Italy	Florence	4	0			
	Milan	4	0			
	Naples	4	0			
	Rome	4	0			
Kazakhstan	Almaty	2	25		√	√
Kyrgyzstan	Bishkek	2	25		√	√
Latvia	Riga	3	10			
Lithuania	Vilnius	3	5			
Luxembourg	Luxembourg	4	0			
Macedonia	Skopje	3	15			√
Malta	Valletta	3	5			
Moldova	Chisinau	2	20		√	√
Netherlands	Amsterdam	4	0			
	The Hague	4	0			
Norway	Oslo	3	0			
Poland	Krakow	3	10			

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
	Warsaw	3	10			
Portugal	Lisbon	4	0			
	Ponta Delgada	3	0			
Romania	Bucharest	3	20			√
	Cluj	3	15			√
Russia	Moscow	2	15			√
	St. Petersburg	2	15			√
	Vladivostok	2	25		√	√
	Yekaterinburg	2	25		√	√
Slovak Republic	Bratislava	4	0			
Slovenia	Ljubljana	4	0			
Spain	Barcelona	4	0			
	Madrid	4	0			
Sweden	Stockholm	3	0			
Switzerland	Bern	4	0			
	Geneva-IO	4	0			
Tajikistan	Dushanbe	2	25	15		√
Turkey	Adana	3	5			
	Ankara	3	5			
	Istanbul	3	10			
Turkmenistan	Ashgabat	2	20		√	√
Ukraine	Kiev	2	25		√	√
United Kingdom	Belfast	3	0			
	Edinburgh	3	0			
	London	4	0			
Uzbekistan	Tashkent	2	25		√	√
Yugoslavia	Belgrade	2	20	25	√	√
	Pristina	1	20	20		√
European and Eurasian Affairs subtotals	**88**				**13**	**26**
Bureau of Near Eastern Affairs						
Algeria	Algiers	1	25	25		√
Bahrain	Manama	3	10			
Egypt	Cairo	3	20			
	Alexandria	3	15			
Israel	Tel Aviv	3	5			√
Jerusalem	Jerusalem	3	10			√
Jordan	Amman	3	10			
Kuwait	Kuwait	2	15			√
Lebanon	Beirut	1	25			
Morocco	Casablanca	3	0			
	Rabat	3	0			

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
Oman	Muscat	3	10			
Qatar	Doha	3	20			√
Saudi Arabia	Dhahran	2	25			
	Jeddah	2	20		√	√
	Riyadh	2	25		√	√
Syria	Damascus	3	20			√
Tunisia	Tunis	3	5			
United Arab Emirates	Abu Dhabi	3	10			
	Dubai	3	5			
Yemen	Sanaa	2	25		√	√
Near Eastern Affairs subtotals	**21**				**3**	**9**
Bureau of South Asian Affairs						
Afghanistan	Kabul	1	25	25		
Bangladesh	Dhaka	2	25		√	√
India	Calcutta	2	25			√
	Chennai (Madras)	3	15			√
	Mumbai (Bombay)	3	20			
	New Delhi	3	20			
Nepal	Kathmandu	2	20			
Pakistan	Islamabad	3	25			√
	Karachi	2	20	15		√
	Lahore	2	25		√	√
	Peshawar	2	25		√	√
Sri Lanka	Colombo	3	15			√
South Asian Affairs subtotals	**12**				**3**	**8**
Bureau of Western Hemisphere Affairs						
Argentina	Buenos Aires	4	0			
Bahamas	Nassau	4	0			
Barbados	Bridgetown	3	5			
Belize	Belize City	3	15			
Bolivia	La Paz	2	15			
Brazil	Brasilia	3	0			
	Recife	3	5			
	Rio De Janeiro	3	0			
	São Paulo	3	5			
Canada	Calgary	3	0			
	Halifax	3	0			
	Montreal	4	0			
	Montreal-ICAO	4	0			
	Ottawa	4	0			

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
	Quebec	3	0			
	Toronto	4	0			
	Vancouver	4	0			
Chile	Santiago	4	0			
Colombia	Bogota	2	5	15		
Costa Rica	San Jose	4	0			
Cuba	Havana	2	20			
Dominican Republic	Santo Domingo	3	15			
Ecuador	Guayaquil	3	15			
Ecuador	Quito	3	15			
El Salvador	San Salvador	3	15			
Grenada	St. George's	3	10			
Guatemala	Guatemala City	3	10			
Guyana	Georgetown	2	20		√	√
Haiti	Port-au-Prince	2	25		√	√
Honduras	Tegucigalpa	3	15			
Jamaica	Kingston	3	5			
Mexico	Ciudad Juarez	3	5			
	Guadalajara	4	0			
	Hermosillo	3	0			
	Matamoros	3	0			
	Merida	3	5			
	Mexico City	2	10			
	Monterrey	3	5			
	Nogales	3	0			
	Nuevo Laredo	3	0			
	Tijuana	3	0			
Netherlands Antilles	Curaçao	3	0			
Nicaragua	Managua	2	15			
Panama	Panama City	4	0			
Paraguay	Asuncion	3	5			
Peru	Lima	2	20			
Suriname	Paramaribo	2	15		√	√
Trinidad	Port of Spain	3	5			
United States	New York-USUN	2	0			
	Washington-USOAS	1	0			

Regional bureau/ country	Post	Length of tour (in years)	Hardship differential (%)	Danger pay (%)	Service need differential (√)	Most difficult to staff (√)
Uruguay	Montevideo	4	0			
Venezuela	Caracas	3	5			
Western Hemisphere Affairs subtotals	**52**				**3**	**3**
Total – worldwide	**259**				**41**	**98**

Legend:

ICAO International Civil Aviation Organization
IO Bureau of International Organization Affairs
NATO North Atlantic Treaty Organization
OECD Organization for Economic Cooperation and Development
OHR Office of High Commissioner
OSCE Organization for Security and Cooperation in Europe
UNVIE U.S. Mission to the International Organizations in Vienna
USEU U.S. Mission to the European Union
USOAS U.S. Mission to the Organization of American States
USUN U.S. Permanent Representative to the United Nations

Note: Length of tours, hardship differential rates, and danger pay rates are those that were applicable in July 2001 when employees were submitting bids for the 2002 assignments cycle. Service need differential and most difficult to staff post designations are for 2002.

Source: State Department.

Appendix VI: Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of State

Washington, D.C. 20520

JUN 5 2002

Dear Ms. Westin:

We appreciate the opportunity to review your draft report, "STATE DEPARTMENT: Staff Shortages and Ineffective Assignment System Compromise Diplomatic Readiness at Hardship Post," GAO-02-626, GAO Job Code 320061.

The Department's comments are enclosed for incorporation, along with this letter, as an appendix to the GAO final report. Please find technical comments also attached.

If you have any questions regarding this response, please contact Laura Hall, Policy Coordination Staff, Bureau of Human Resources on (202) 647-2675.

Sincerely,

Christopher B. Burnham
Assistant Secretary and
Chief Financial Officer

Enclosure:

As stated.

cc: GAO/IAT - Mr. Ford
State/OIG - Mr. Berman
State/DGHR - Mr. Delawie

Ms. Susan S. Westin,
Managing Director,
International Affairs and Trade,
U.S. General Accounting Office.

Department of State Comments on GAO Draft Report Staffing Shortfalls and Ineffective Assignment System Compromise Diplomatic Readiness at Hardship Posts (GAO-02-626, GAO Job Code 320061)

The Department of State appreciates the opportunity to comment on the draft report, which we believe is generally very helpful. The GAO is correct in identifying a number of difficulties the Department faces in meeting its challenges of staffing hardship posts around the world. We agree that operations at hardship posts are negatively affected by staffing gaps and we are making every effort to address this problem. The statistical and data analyses performed by the GAO on the distribution patterns of hardship posts among Foreign Service employees were very helpful in providing concrete facts to back up impressions that are widely held within the Department. The GAO's warning on the continued relative decline in the value of the hardship differential due to the lack of locality pay for employees assigned abroad is particularly timely as the Department has legislation pending action in Congress that would partially address this issue.

We believe that our challenge in staffing hardship posts is only one of several symptoms of the larger problem that the GAO also noted: the Department's staffing shortfall of over 1100 people. Without adequate capacity to fill all of our positions, those that are hardest to staff, whether because of employee preferences, lack of adequate health or educational facilities, or for other reasons, will continue to suffer disproportionately from gaps compared with positions in non-hardship locations.

Secretary Powell has committed to, and won Administration and Congressional support for, the Diplomatic Readiness Initiative (DRI), which is aimed at eliminating our staffing gap over a three-year period. Mid-way through FY 2002, we are on target to meet our hiring goals for the first year of the DRI. In fact, regarding Foreign Service Generalist Junior Officers, we have already met our hiring target for the whole year, hiring or committing to hire 465 individuals, 249 above attrition, by September 30.

See comment 1.

We believe that the GAO significantly understates the contribution that continuing to implement the Diplomatic

Readiness Initiative will make toward minimizing the hardship staffing gap. The mathematics of this exercise are relatively straightforward: while we will be hiring hundreds of Foreign Service employees above attrition, we will be creating a much smaller number of new positions as part of this exercise; under the Foreign Service assignment maxim that "everybody has to be somewhere," this extra hiring will translate, over the next year, into fewer vacancies at hardship posts, since those are the only options that will be available to many transferring employees as the hiring program progresses.

See comment 2.

Additionally, for a variety of reasons, entry-level employees such as the hundreds being hired under the DRI typically seek and accept assignment to even the most difficult-to-fill hardship posts - a historical fact not mentioned in the GAO report. The Department therefore is confident that the increased entry-level hiring under DRI will translate directly and immediately into much improved staffing levels, via all relevant training, at all foreign service posts.

See comment 3.

We must also take issue with the GAO's assertion that we are not able to ensure that employees are "assigned where they are needed most." Hardship posts are not necessarily the same as critical posts; whereas some positions at hardship posts such as Beijing and Moscow are clearly of strategic importance, there are positions at other hardship locations that are far less significant strategically than positions at non-hardship locations such as Paris or Tokyo. We believe that in general, we are very successful in assigning employees where they are needed most; for example, we have had no trouble staffing Kabul and Islamabad, despite the difficulties presented by the war in Afghanistan and the terrorist threat in Pakistan.

The Department has made, as the GAO acknowledges, some important strides in providing incentives for hardship post staffing in the recent past. Our effort to increase the number of medical units at posts abroad, for example, will be an important factor in making hardship posts more desirable, especially among employees with families. Likewise, the Service Need Differential Pilot Program appears to have been very successful in persuading employees to sign up for a third year at many of the 41 particularly difficult posts it covers.

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See comment 4.

As recommended by the GAO, we will study alternative ways to provide additional incentives for employees to serve at hardship posts. We believe that providing Washington-based locality pay to Foreign Service employees assigned abroad will be an important factor in this equation; since hardship differentials, compared with Washington, are effectively reduced by 11.48% (the Washington locality pay rate), an employee must serve at a 15% differential post in order to make as much money as in a domestic assignment. Correcting the locality pay inequity would provide significant incentives for service abroad, including in hardship posts, especially for those employees nearing retirement. We will also look at other incentives, and in fact have already commissioned the Corporate Leadership Council to study corporate best practices in this area.

Regarding the assignment data difficulties noted by the GAO, we acknowledge that our data systems were not designed to provide reports of the type the GAO sought. We will review the implementation of our HR data systems with a view toward modifying them to provide more reporting capabilities along the lines suggested by the GAO.

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The following are GAO's comments on the Department of State's letter dated June 5, 2002.

GAO Comments

1. We agree that hiring staff under the Diplomatic Readiness Initiative will enable State to fill more of its positions. However, unless other actions are taken, such as those we have recommended, certain hardship posts may continue to be disproportionately staffed with entry-level employees who may not have the right experience, training, and skills to perform their jobs effectively. Furthermore, it will take years for new employees to acquire the skills and experience required to fill the mid-level positions. In the meantime, State needs to ensure that hardship posts do not suffer disproportionately from State's shortages of mid-level employees.

2. We acknowledge that entry-level employees are frequently assigned to hardship posts. Our concern is that entry-level employees are assigned to positions that require more experience and that they may not get the supervision and guidance they need from more experienced staff due to the shortage of mid-level officers at hardship posts.

3. Our work shows that State is having difficulty filling positions at hardship posts that are critical to U.S. interests with qualified, experienced staff. Based on our case studies, State's assignment system does not necessarily ensure that staff are assigned to positions in locations where they are needed most. For example, as noted in our report, State had difficulties staffing public diplomacy positions in Saudi Arabia with experienced, Arabic-speaking officers. In China and Russia, many Foreign Service officers did not meet the language proficiency requirements for their positions. Moreover, State does not rigorously and systematically determine its worldwide staffing priorities.

4. In studying additional incentives for employees to serve at hardship posts, State needs to examine not only financial incentives but also nonfinancial incentives and other actions specifically designed to steer qualified employees toward hardship posts that require their skills and experience and to ensure that the burden of hardship service is shared equitably. These actions could include, for example, making hardship service an explicit criterion in promotion and onward assignment decisions and employing more directive approaches to assignments. Any financial incentives that State may propose should fully analyze the estimated costs associated with each option and assess how they

will affect the likelihood of increasing the number of Foreign Service employees who bid on assignments at selected hardship posts.

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

John Brummet (202) 512-5260

Acknowledgments

In addition to the person named above, Joy Labez, Barbara Shields, Phil McMahon, Melissa Pickworth, and Janey Cohen made key contributions to this report. Rick Barrett, Tim Carr, Martin De Alteriis, Mark Dowling, Jeffrey Goebel, Kathryn Hartsburg, Bruce Kutnick, Mike Rohrback, and Ray Wessmiller also provided technical assistance.

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