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**REPORT TO THE SUBCOMMITTEE
ON FOREIGN OPERATIONS
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE**

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**Latin American Scholarship Program
Of American Universities** B-173240

Agency for International Development
Department of State

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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MAY 5, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-173240

Dear Mr. Chairman:

This is our report on a review of selected aspects of the Latin American Scholarship Program of American Universities (LASPAU).

This review was made in response to Senate Report 92-594 dated January 25, 1972, which directed the General Accounting Office to square and compare LASPAU costs for a student with the cost of an American student underwriting the expense of his own education and pursuing a comparable course of instruction.

We have not obtained formal comments on the report, although its contents were discussed with cognizant officials of the Agency for International Development and of The Latin American Scholarship Program of American Universities, Inc. (LASPAU, Inc.).

In our opinion, the contents of this report would be of interest to the Department of State, the Agency for International Development, and LASPAU, Inc. However, release of the report will be made only upon your agreement or upon public announcement by you concerning its contents.

We wish to note the cooperation our staff received from LASPAU, Inc., the universities staffs and AID in making this review.

Sincerely yours,

Comptroller General
of the United States

01 The Honorable William Proxmire, Chairman
Subcommittee on Foreign Operations 5305
Committee on Appropriations
United States Senate

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ABBREVIATIONS

AID	Agency for International Development
GAO	General Accounting Office
IIE	Institute of International Education
LASPAU	Latin American Scholarship Program of American Universities

COMPTROLLER GENERAL'S REPORT
TO THE SUBCOMMITTEE ON
FOREIGN OPERATIONS
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

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OF AMERICAN UNIVERSITIES
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D I G E S T

WHY THE REVIEW WAS MADE

The Senate Committee on Appropriations on January 25, 1972, directed the General Accounting Office (GAO) to review selected aspects of the Latin American Scholarship Program of American Universities--a program financed, in large part, by the Agency for International Development (AID). GAO was asked to:

- Ascertain the estimated maintenance cost for a day and the estimated total cost for an academic year for Latin American scholarship students.
- Square and compare costs for scholarship students with the costs of U.S. students underwriting the expense of their own education and pursuing comparable courses of instruction.
- Identify the language proficiency of the Latin American scholarship screening committee members who traveled to Latin America during the past 2 years.
- Identify the class of transportation authorized and used by Latin American scholarship officials.

In accordance with the Committee's request and its subsequent discussion with GAO representatives, GAO did not follow its usual practice of submitting a draft report to the interested agencies for comment.

FINDINGS AND OBSERVATIONS

GAO found that:

- The estimated daily maintenance cost (room, board, books, supplies, and personal expenses) for Latin American scholarship students ranged from \$7.60 to \$11.50 and averaged \$10. Comparable U.S. students' budgets averaged \$8. (See p. 7.)
- The total cost, including administrative expenses, for Latin American scholarship students averaged \$4,750 for the 1971-72 academic year. (See p. 7.)

MAY 5, 1972

- The cost of U.S. students who were pursuing courses of instruction comparable to those of Latin American scholarship students and who were financing their own education in participating institutions averaged \$3,700. Of the \$1,050 difference in costs, approximately \$575 was attributable to direct administrative costs of the scholarship program. The remaining \$475 was attributable to the relatively high book and maintenance allowance given the Latin American students. (See pp. 7 and 13.)
- Student maintenance allowances for the Latin American students were those established by AID for all of its participant training programs. Allowances allowed by AID exceeded those allowed by the Department of State for students in the same schools. On the average, AID allowances exceeded the Department of State allowances by about \$37 a month (16 percent). A July 1968 GAO recommendation that the Department of State and AID standardize maintenance rates paid to foreign students had not been implemented. (See p. 16.)
- Most Latin American scholarship selection committee members traveling to Latin America in 1970 and 1971 had foreign language proficiency ratings of excellent or better. (See p. 21.)
- Practically all travel by Latin American scholarship officials in fiscal year 1971 was economy-class. (See p. 22.)

RECOMMENDATIONS OR SUGGESTIONS

None.

MATTERS FOR CONSIDERATION BY THE COMMITTEE

GAO believes that sufficient attention has not been given to the need for standardized maintenance allowances for foreign students sponsored and supported by AID and the Department of State. Almost 4 years have elapsed since the problem was brought to the attention of AID. Analysis and actions relating to the problem since that time, in GAO's judgment, have been minimal. Under these circumstances and in view of the significant potential for reducing program costs--since 1968 AID has sponsored and provided maintenance support to about 21,000 students attending U.S. colleges and universities--GAO suggests that the Committee and the Congress give legislative emphasis to the need for:

1. Establishing standardized maintenance allowances for students attending U.S. colleges and universities under the sponsorship and support of U.S. Government agencies.
2. Maintaining such allowances at levels not greater than those recommended by the Institute for International Education as necessary for satisfactory subsistence.

CHAPTER 1

INTRODUCTION

This report responds to the request of the Senate Committee on Appropriations dated January 25, 1972, that the General Accounting Office review selected aspects of the Latin American Scholarship Program of American Universities (LASPAU)--a program financed, in large part, by the Agency for International Development. Specifically, we were asked to:

- Ascertain the estimated maintenance cost for a day for LASPAU students and the estimated total cost for an academic year for LASPAU students. (See ch. 2.)
- Square and compare LASPAU costs for students with the costs of U.S. students underwriting the expense of their own education and pursuing comparable courses of instruction. (See chs. 2 and 3.)
- Identify the language proficiency of the LASPAU screening committee members who traveled to Latin America during the past 2 years. (See ch. 4.)
- Identify the class of transportation authorized and used by LASPAU officials. (See ch. 4.)

We analyzed published student cost data from LASPAU-participating academic institutions and cost data and other records available at AID/Washington and at LASPAU headquarters in Cambridge, Massachusetts. Published information and other records were verified at selected institutions through test checks with institution officials, LASPAU students, and other students. The results of our examination were discussed with LASPAU and AID officials.

Our review was made from February through April 1972.

In accordance with the Committee's request and its subsequent discussions with our representatives, we have not submitted a draft report to the interested agencies for comment.

ORIGIN AND PURPOSE OF LASPAU

In 1965, 34 U.S. institutions established LASPAU to offer Latin American students (on the basis of scholastic merit, financial need, and dedication to teaching) an opportunity for U.S. academic training as teachers. These institutions offered scholarships to earn U.S. bachelor's degrees to 39 Colombian high school graduates. A \$95,500 Ford Foundation grant covered LASPAU's initial operating expenses.

In May 1966 The Latin American Scholarship Program of American Universities, Inc. (LASPAU, Inc.), was incorporated under Commonwealth of Massachusetts law as a nonprofit, tax-exempt corporation. LASPAU, Inc., is governed by a 21-member board of trustees. In March 1972 there were 203 North American and 145 Latin American institutions participating in LASPAU. Each participating LASPAU institution has named a staff member as its official LASPAU representative. At each annual meeting of LASPAU, Inc., these representatives elect seven new board members¹ to replace those who have completed 3 years of service. A listing of the 21-member board of trustees as of March 1972 is included as appendix I.

Headquarters of LASPAU, Inc., is located in Cambridge. The organization consists of, in addition to its board of trustees, a director and a staff of 20. The director and staff members are employees of Harvard University on loan to LASPAU, Inc. LASPAU, Inc., personnel policies are fixed by Harvard University which establishes guidelines on such matters as salary schedules, merit promotions, and vacation and sick-leave practices.

LASPAU, Inc., is responsible for:

- Communicating with member U.S. universities to identify scholarships available to LASPAU students.
- Interviewing student nominees in their home countries and selecting students for the LASPAU scholarships.

¹Elected from LASPAU institutional representatives and other notable educators.

--Arranging for student orientation; English-language training, if needed; domestic travel; and insurance coverage for each student.

--Making disbursements of maintenance and other allowances to students.

SOURCES OF LASPAU FUNDING

The program has been described as a unique venture because of the tripartite nature of its funding. The U.S. universities provide free tuition; the individual student pays for his own transportation to the United States and certain other costs; and in June 1966 AID contracted with LASPAU, Inc., to provide funds for student maintenance, general expenses, and LASPAU, Inc., administrative costs. AID planned that its LASPAU participation would be as inconspicuous as possible. Accordingly AID did not require LASPAU, Inc., to conform to the guidelines covering other AID participant-training programs but did provide that LASPAU, Inc., officials periodically consult with AID officials both in Washington and in AID's Latin American missions.

From 1966 through January 1, 1972, AID provided about \$8 million to LASPAU. Current AID plans call for continued LASPAU support through fiscal year 1977 at a projected cost of about \$20 million. Of the \$8 million AID provided to LASPAU through January 1, 1972, about \$7 million (87 percent) financed student costs and \$1 million (13 percent) financed LASPAU, Inc.'s administrative costs.

In addition to receiving AID funding and the initial \$95,500 Ford Foundation grant, LASPAU has received

--a \$4,500 grant from the United Fruit Foundation,

--\$58,500 in dues from participating U.S. colleges,¹
and

¹The \$100 annual membership dues from each participating U.S. institution was made optional in October 1971 because it was causing some institutions to withdraw from LASPAU.

--\$6,300 in miscellaneous income.

Expenditures made from non-AID funding are shown in appendix II.

LASPAU, Inc., estimates that U.S. institutions in 38 States committed approximately \$4 million of their own funds to pay LASPAU student tuition costs. In addition, Latin American universities and educational credit organizations help successful LASPAU applicants to borrow money--from sources in their own countries--to finance their international transportation, the tuition costs of their U.S. English-language training, and related costs. LASPAU, Inc., estimated that a student borrowed between \$800 and \$1,500.

SCOPE OF LASPAU

The scope of LASPAU as of April 1972 is shown below.

Academic year	Initially enrolled	Drop- outs	Currently enrolled	Graduated			Total
				B.A.	M.A.	Ph.D.	
1965-66 (pilot project)	39	12	5	13	9	-	22
1966-67	149	50	14	33	51	1	85
1967-68	188	46	29	28	83	2	113
1968-69	157	29	52	15	61	-	76
1969-70	176	29	94	8	45	-	53
1970-71	148	12	114	-	22	-	22
1971-72	<u>179</u>	<u>2</u>	<u>177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,036</u>	<u>180</u>	<u>485</u>	<u>97</u>	<u>271</u>	<u>3</u>	<u>371</u>

CHAPTER 2

COMPARISON OF LASPAU STUDENT COSTS

WITH U.S. STUDENT COSTS

The LASPAU student receives an average \$10 a day for room, board, books, supplies, and personal expenses; a comparable U.S. student's budget averages \$8 daily. The total LASPAU student cost for academic year 1971-72 averaged \$4,750. The following schedule compares average LASPAU student costs for the 1971-72 academic year with the average budget of a self-supporting U.S. student.

	<u>Average LASPAU student</u>	<u>Average self- supporting U.S. student</u>	<u>Difference</u>
Comparable costs:			
Maintenance, books, and supplies	\$2,590	\$2,115	\$ 475
Tuition and fees (note a)	1,510	1,510	-
Other	<u>75</u>	<u>75</u>	<u>-</u>
Total	4,175	3,700	475
Noncomparable costs:			
LASPAU, Inc., ad- ministration	<u>575</u>	<u>-</u>	<u>575</u>
Total	<u>\$4,750</u>	<u>\$3,700</u>	<u>\$1,050</u>

^aTuition and some related fees amounting to \$1,490 were provided by U.S. institutions. Nonwaiverable fees amounting to \$20 were provided by AID.

LASPAU STUDENT COSTS HIGHER THAN U.S. STUDENT COSTS

The 1971-72 LASPAU program includes students attending U.S. universities and colleges for the full academic year (generally from September 1971 through June 1972) or for part of the academic year and new students in English-language

training. The following schedule shows LASPAU, Inc.'s budget estimates of the number of students in each category.

Full academic year	476
Part of the academic year	40
English-language training	<u>210</u>
Total	<u>726</u>

Our review focused on full academic year students, since the largest program costs are attributable to them.

We concentrated on the student costs of room, board, other living expenses, and books, inasmuch as these costs accounted for over 80 percent of the AID contract costs from inception of LASPAU in 1966 through January 1, 1972, as shown below.

	<u>Amount</u>	<u>Percent</u>
Student costs:		
Room, board, and other living expenses	\$5,976,000	74.8
Books	461,000	5.8
Merit scholars (note a)	193,000	2.4
Insurance, medical, etc.	147,000	1.8
Other	<u>136,000</u>	<u>1.7</u>
Total	6,913,000	86.5
Administrative costs (discussed in ch. 4)	<u>1,078,000</u>	<u>13.5</u>
Total	<u>\$7,991,000</u>	<u>100.0</u>

^aThese are costs attributable to a program, formerly known as the Lincoln-Juarez program and now called the merit scholar program, for a few select students. This program differs from the regular LASPAU in that costs of these students' English-language training and related costs, plus domestic and international travel costs, are paid by LASPAU/AID while the regular LASPAU student generally pays his English-language training and related costs and international travel costs.

A random sample of the LASPAU students enrolled at U.S. institutions as of November 1971 was selected for review. AID records, LASPAU, Inc., records (including vouchers submitted by 54 U.S. institutions for 78 (15 percent) of the enrolled LASPAU students), and information submitted by U.S. institutions¹ showed that LASPAU students received the following average benefits for the 1971-72 academic year.

	<u>Amount</u>
Funded by AID through LASPAU:	
Maintenance (room, board, and personal expenses)	\$2,375
Books and supplies	215
Health and accident coverage	65
Nonwaiverable fees	20
Other	<u>10</u>
Total AID-financed	2,685
Funded by U.S. academic institutions:	
Tuition and some related fees	<u>1,490</u>
Total	<u><u>\$4,175</u></u>

This schedule did not include one-time costs which LASPAU students financed, such as international travel, English-language-training tuition, and related fees estimated by LASPAU to have ranged between \$800 and \$1,500 for each student, nor did it include one-time maintenance costs paid by AID through LASPAU, Inc., for English-language training which could have amounted to \$1,600.

Basic budget data for U.S. students underwriting the costs of their own education was obtained from a publication of the College Scholarship Service.¹ We satisfied ourselves as to the accuracy and completeness of this published data through discussion with U.S. students at four of the LASPAU-participating institutions. This publication was compiled

¹Included in publication entitled "Student Expense Budgets of Colleges and Universities for the 1971-72 Academic Year," published by the College Entrance Examination Board of College Scholarship Service.

from data submitted by individual institutions. It served as a reference for scholarship sponsors and created a greater awareness of costs and the subsequent demand for student financial aid. Estimates reported in the College Scholarship Service publication for a normal academic year included all tuition charges, fees, room and board, books, personal expenses, and travel allowances and also any out-of-State charges to students.

We visited five institutions (of the 155 institutions having LASPAU students this year) where about 12 percent of the LASPAU students were enrolled. The financial aid offices at the institutions indicated that the College Scholarship Service budgets were for single undergraduate students receiving their families' support. The financial aid offices provided budget data for self-supporting students in degree programs comparable to those of LASPAU students. On the basis of this data, we adjusted the College Scholarship Service data for our comparison, as shown below.

	Colorado College, Colorado <u>Spring</u>	University of Illinois, <u>Urbana</u>	University of Kansas, <u>Lawrence</u>	University of Texas, <u>Austin</u>	University of Wisconsin, <u>Madison</u>
College Scholarship Service net budget estimate (note a)	\$1,500	\$1,772	\$1,540	\$1,744	\$1,800
Estimate of additional budget allowance needed for self- supporting students (note b)	<u>450</u>	<u>370</u>	<u>485</u>	<u>325</u>	<u>250</u>
Estimate net self-supporting student budget	<u>\$1,950</u>	<u>\$2,142</u>	<u>\$2,025</u>	<u>\$2,069</u>	<u>\$2,050</u>

^aTotal budget (minus tuition and fees) for room and board, books, personal expenses, and travel allowance.

^bA self-supporting student assumed the cost of his own room and board (a cost not incurred by the dependent student who returned home) during vacation periods and assumed more of such costs as those for clothing, insurance, and medical and dental care (items generally provided to a dependent student by his parents) during the academic year.

We tested data from four institutions by interviewing a limited number of U.S. students in programs comparable to those of LASPAU students. Data provided by the institutions generally was in line with single U.S. students' budgets but lower than married students' budgets. Since LASPAU maintenance allowances are calculated to maintain only one person, we concluded that an adjustment to the College Scholarship Service estimates based on the data from the five institutions

we visited would reflect adequately the budget estimates for a self-supporting U.S. student for room and board, books, personal expenses, and travel allowance.

The average of the five estimates of additional budget allowance, \$376, was added to the College Scholarship Service estimates for the institutions not visited. For the five institutions visited, their actual data was used.

The following schedule compares the LASPAU student average cost with the cost of U.S. students underwriting the expenses of their own education and pursuing comparable courses of instruction.

	<u>Average cost per student for 1971-72 academic year</u>		
	<u>LASPAU student</u>	<u>Self-supporting U.S. student</u>	<u>Difference</u>
Costs financed by AID:			
Maintenance (room, board, and personal expenses), books, and supplies	\$2,590	\$2,115	\$ 475
Other (health and accident insurance, student travel in the United States for academic courses or related programs, thesis costs, and non-waiverable fees)	95	95	-
LASPAU administrative costs (note a)	575	-	575.
Costs financed by U.S. academic institutions:			
Tuition and fees	<u>1,490</u>	<u>1,490</u>	<u>-</u>
Total	<u>\$4,750</u>	<u>\$3,700</u>	<u>\$1,050</u>

^aWe tried to obtain comparative administrative cost data for AID's participant-training program. The data was not readily available because AID did not use the data for budgeting or programming purposes.

The average cost for a LASPAU student during the 1971-72 academic year was \$1,050 greater than the average cost for a U.S. student at the same institutions. Over half of this difference (\$575) was attributable to LASPAU direct administrative costs, an item not comparable for a U.S. student since he did not incur similar costs. The remaining difference, \$475 a student, was attributable to maintenance, books, and supplies. For room, board, books, supplies, and personal expenses, the LASPAU student received from \$7.60 to \$11.50 daily (an average \$10 daily) while the comparable U.S. student budgeted an average \$8 daily.

Certain other costs--health and accident insurance, student travel in the United States for academic courses or related programs, and thesis costs--were not itemized in either the College Scholarship Service or the institution-provided data. Therefore the \$75 LASPAU student average costs for these items was applied to U.S. student budgets. If these items were included in the maintenance estimate for U.S. students, however, the \$2,115 average would be reduced and the difference for maintenance, books, and supplies would be increased. The \$475 difference is discussed in chapter 3.

CHAPTER 3

ANALYSIS OF LASPAU ALLOWANCES

The \$475 difference between the LASPAU student's average costs and the U.S. student's average costs during academic year 1971-72 consisted of \$400 for maintenance and \$75 for books and supplies. The difference was attributed to the relatively high allowances LASPAU students received on the basis of AID guidance as specified in the contract. (These allowances also apply to foreign students sponsored by AID in its other participant-training programs.)

The AID maintenance rate system resulted in LASPAU students' receiving maintenance allowances averaging \$37 a month greater than maintenance allowances used by the Department of State under its program for foreign students at the same institutions. This practice is not consistent with a July 1968 GAO recommendation that the Department of State and AID standardize maintenance rates paid to foreign students under full scholarships at U.S. institutions. We noted that, on the average, maintenance and book allowances used for Department of State-sponsored foreign students were in line with the budget estimates for allowances for U.S. students.

RELATIVELY HIGH BOOK ALLOWANCES

The College Scholarship Service budgets did not itemize an amount for books, although the budget data provided by the five institutions we visited during our review included an amount for books. For students in degree programs comparable to those of LASPAU students at these institutions, the institutions estimated an average cost for books and supplies of \$140. The costs for books and supplies estimated by the U.S. students we interviewed at these institutions ranged from zero to \$150 a year and averaged \$85 a year.

LASPAU students received an average \$215 for books and supplies during academic year 1971-72. Undergraduate students can receive \$200 in each academic year for books and supplies, and graduate students can receive \$225. AID allows each student in its participant-training program \$15 a

month for books and other publications, which, computed on a 12-month basis, is \$180. AID authorized LASPAU, Inc., to pay a higher allowance for books and supplies because LASPAU students in master's degree programs in engineering and natural sciences incurred higher costs.

The difference between the LASPAU student average allowance (\$215) and the institution-estimated average allowance (\$140) for books and supplies was \$75.

RELATIVELY HIGH MAINTENANCE ALLOWANCES

LASPAU maintenance allowances provide funds for room, board, and such other living expenses as laundry, cleaning, local transportation, and personal expenses. LASPAU maintenance allowances are set in accordance with AID guidance, as specified in the contract. The allowance is computed according to a per diem rate established by AID and is paid for the total number of calendar days during the academic year, including holidays and days between academic terms.

AID guidance establishes a maximum per diem rate ranging from \$7 to \$10 a day for various locations in the United States. (See app. III.) These rates are used for approximately 3,660 students in AID's participant-training program, including LASPAU students.

LASPAU students generally received the maximum per diem allowed at a specific location for participants in a regular residential academic status. A test check of maintenance allowances provided by AID to participants in its training programs at 11 (20 percent) of the institutions included in our LASPAU sample showed that AID also provided the maximum allowable per diem.

The greatest differences between LASPAU allowances and budget estimates for self-supporting students occurred at U.S. institutions where supplemental maintenance allowances were paid. AID guidance provides that students living in institution dormitories and eating in institution cafeterias may receive supplemental allowances if the facilities are closed during holidays and between academic terms. Supplemental maintenance allowances to LASPAU students averaged \$112.

On the basis of the \$75 difference for books and supplies, \$400 of the total \$475 difference was attributable to maintenance.

DELAY IN ESTABLISHING STANDARDIZED ALLOWANCES

In a prior report¹ GAO recommended that the Secretary of State and the Administrator, AID, standardize maintenance allowance rates applicable to foreign students receiving full scholarships to U.S. institutions. In that report GAO pointed out the need for a uniform maintenance allowance system because of, among other things, the variances in the monthly maintenance rates paid by AID and the Department of State. The variances at that time generally favored the AID-supported foreign students and ranged as high as \$90 a month at one institution.

Analysis of the monthly maintenance rates for the 1971-72 academic year demonstrates that a significant variance still exists between AID and Department of State rates. Our sample institutions showed one AID allowance exceeded a Department of State allowance by 48 percent (\$92). On the average, AID allowances exceeded the Department of State allowances for students at the same schools by \$37 a month, or 16 percent. We found that, on the average, Department of State maintenance and book allowances were in line with the budgets of the U.S. students. The following schedule compares the monthly Department of State and AID maintenance allowances for the institutions in our sample.

¹Report to Subcommittee on State Department Organization and Foreign Operations, Committee on Foreign Affairs, House of Representatives, entitled "Review of Activities Under Contract with the African-American Institute" (B-161632, July 2, 1968).

Institution	Monthly maintenance rate		AID excess over	
	AID-supported LASPAU students (note a)	Department of State supported students	Department of State Amount	Percent
University of Nebraska, Lincoln	\$283	\$191	\$92	48.2
University of Hawaii, Honolulu	300	209	91	43.5
University of South Carolina, Columbia	270	191	79	41.4
Colorado College, Colorado Springs	302	225	77	34.2
University of New Hampshire, Durham	295	222	73	32.9
University of Rhode Island, Kingston	303	234	69	29.5
Wake Forest University, Winston-Salem, N.C.	293	225	68	30.2
Illinois State University, Normal	282	215	67	31.2
University of Wyoming, Laramie	278	214	64	29.9
Wittenburg University, Springfield, Ohio	278	215	63	29.3
Central Michigan University, Mt. Pleasant	279	216	63	29.2
University of Utah, Salt Lake City	248	188	60	31.9
Pomona College, Claremont, Calif.	300	247	53	21.5
University of Iowa, Iowa City	281	228	53	23.2
University of Rochester, N.Y.	293	240	53	22.1
Gonzaga University, Spokane, Wash.	240	192	48	25.0
University of Wisconsin, Madison	270	224	46	20.5
Southern Illinois University, Carbondale	270	225	45	20.0
State University of New York, Stony Brook	252	207	45	21.7
Carleton College, Northfield, Minn.	270	225	45	20.0
University of Idaho, Moscow	240	195	44	23.1
Beloit College, Beloit, Wis.	253	209	44	21.1
University of Illinois, Urbana	285	241	44	18.3
University of Massachusetts, Amherst	270	226	44	19.5
University of Kansas, Lawrence	248	208	40	19.2
University of Texas, Austin	270	233	37	15.9
Catholic University, Washington, D.C.	300	263	37	14.1
State University of New York, Buffalo	300	263	37	14.1
Brandeis University, Waltham, Mass.	270	237	33	13.9
Clark University, Worcester, Mass.	270	238	32	13.4
University of Michigan, Ann Arbor	270	240	30	12.5
University of Maine, Orono	240	210	30	14.3
University of California, Los Angeles	319	289	30	10.4
University of California, Davis	270	241	29	12.0
University of California, Santa Barbara	270	244	26	10.7
Washington State University, Pullman	240	215	25	11.6
Brown University, Providence, R.I.	270	245	25	10.2
Vanderbilt University, Nashville, Tenn.	228	210	18	8.6
Case Western Reserve University, Cleveland, Ohio	251	233	18	7.7
Whitman College, Walla Walla, Wash.	217	201	16	8.0
State University of New York, Albany	270	255	15	5.9
Hamilton College, Clinton, N.Y.	255	241	14	5.8
Northwestern University, Evanston, Ill.	300	288	12	4.2
University of Southern California, Los Angeles	300	289	11	3.8
Saint Louis University, West Saint Louis, Mo.	275	265	10	3.8
Louisiana State University, Baton Rouge	236	226	10	4.4
University of Tennessee, Knoxville	240	232	8	3.4
Harvard University, Cambridge, Mass.	300	300	-	-
New York University, New York City	300	300	-	-
Wilkes College, Wilkes Barre, Pa.	212	212	-	-
Stanford University, Stanford, Calif.	270	275	-5	-1.8
Columbia University, New York City	272	300	-28	-9.3

^aComputed assuming a 30-day month.

At the time of our prior review, the Department of State and AID concurred in our recommendation that allowance rates for foreign participants sponsored by U.S. Government agencies be standardized in similar situations. Further, AID, although expressing a desire to continue its

current payment system, proposed establishing an interagency committee to review the allowance rates and explore the possibility of making them more comparable. It appears that no new Department of State/AID committee was established; however, a Department of State representative met with AID's existing Per Diem Committee (now called the Allowance Committee).

AID informed us during our current review that the above-cited committee had met several times to consider per diem rates generally but that no minutes of meetings or records were kept of committee action concerning GAO's recommendation for standardized Department of State/AID rates. Also the committee had not met in over a year.

According to AID the prior GAO audit was a factor to an in-depth study in 1969 entitled "Relation Between Monthly Maintenance Rate Published by I.I.E. [Institute of International Education] and Monthly Subsistence Rates Paid by A.I.D. to Participants In Resident Academic Status." The Institute of International Education (IIE) periodically collects from academic institutions information on tuition, book, living, and other costs for students at a large number of institutions. This data is compiled, processed, and published by IIE for each institution showing room, board, supplementary maintenance, and incidental expenses and a monthly maintenance rate. The monthly maintenance rates are prepared for the use of the Department of State-sponsored foreign students attending U.S. institutions.

The 1969 AID study indicated that in most cases the IIE rates were somewhat lower than the rates AID paid to foreign participants in its programs who were in academic resident status at the same institutions. In its study AID put forward the following arguments to justify its higher payments.

- "(1) AID participants usually arrive on campus late after the more economical housing has been already pre-empted by other students and have to take what is left which is often more costly,
- (2) the participants are generally older and less flexible in adjustment to the life style (usually cheaper) of younger students, and (3)
- on balance, it costs a foreign student more to

live than a native American because he is not aware of various cost-cutting stratagems which are current among his American counterparts."

The study also stated:

"Although some organizations handling foreign students use the I.I.E. rates as published in setting the subsistence costs they pay, this does not seem feasible for A.I.D. with its long history of higher rates."

In our judgment the three arguments presented by AID in the study did not justify continuing a policy of paying allowances at rates different from those paid by the Department of State. With respect to the first point, we see no reason why placement of AID-sponsored students in U.S. institutions cannot be as timely as placement of Department of State-sponsored students. On the second point data was not available to show that AID-sponsored students were older than Department of State-sponsored students. According to the Department of State, approximately 95 percent of its grantees are graduate students. Finally, the third point appears unrelated to a comparison of Department of State-sponsored and AID-sponsored foreign students.

We believe that the recommendation in our prior report has not been given adequate consideration.

MATTERS FOR CONSIDERATION BY THE COMMITTEE

In our judgment sufficient attention has not been given to the need for standardized maintenance rates for foreign students sponsored and supported by AID and by the Department of State. Almost 4 years have elapsed since the problem was brought to the attention of AID. Analysis and actions relating to the problem since that time, in our judgment, have been minimal.

Under these circumstances and in view of the significant potential for reducing program costs--since 1968 AID has sponsored and provided maintenance support to about 21,000 foreign students attending U.S. colleges and universities--we suggest that the Committee and the Congress

give legislative emphasis to the need for (1) establishing standardized maintenance allowances for foreign students attending U.S. colleges and universities under the sponsorship and support of U.S. Government agencies and (2) maintaining such allowances at levels not greater than those recommended by IIE as necessary for satisfactory subsistence.

CHAPTER 4

OTHER PROGRAM OBSERVATIONS

We reviewed certain other aspects of LASPAU and noted that most of the LASPAU, Inc., selection committee members who traveled to Latin America in 1970 and 1971 had foreign-language proficiency ratings of excellent or better. In addition, our test showed that virtually all travel financed by LASPAU, Inc., in fiscal year 1971 was economy-class.

LASPAU, INC., INTERVIEW TEAMS HAD HIGH RATINGS IN LANGUAGE PROFICIENCY

During each of the last 2 academic years, LASPAU, Inc., has sent four separate interview teams to Latin America. These teams screened the proposed students before final selection was made. We categorized the language proficiency of the LASPAU, Inc., interview team members according to the following definitions.

- "Native language ability" is defined as the command of a language that derives from living and working in a given country for a significant part, if not all, of one's life.
- "Excellent language ability" is defined as an ease of comprehension, expression, and oral communication that seldom leads to misunderstanding either by the speaker or by the listener.
- "Fair language ability" is defined as a command of a language that generally is adequate for basic communication even though the speaker occasionally may misunderstand or misinterpret specific words or phrases.

The following schedule shows the results of our analysis of LASPAU, Inc., records relating to the language proficiency of members of its interview teams traveling to Latin America.

<u>Language proficiency</u>	<u>Academic years</u>	
	<u>1970-71</u>	<u>1971-72</u>
Native	6	8 ^a
Excellent	5	6 ^a
Fair	<u>1</u>	<u>1</u>
Total team members	<u>12</u>	<u>15^b</u>

^aIncludes three members who were also on the 1970-71 teams.

^bIncludes six members who were also on the 1970-71 teams.

Almost all members of the interview teams had at least an excellent host country language ability. Approximately one half of the members had a native-language ability. We were informed that LASPAU, Inc.'s policy required a minimum of one interview team member having a native-language ability. Each of the eight interviewing teams in Latin America over the last 2 years had a representative having such an ability.

ECONOMY CLASS USED FOR LASPAU, INC., TRAVEL

From available records we identified the following LASPAU, Inc., administrative costs financed under the AID contract through June 30, 1971.

<u>Administrative cost</u>	<u>Amount (thousands)</u>	<u>Percent</u>
Salaries and benefits	\$441.6	50.1
Travel	134.0	15.2
Communication and office	123.3	14.0
Building and equipment	83.0	9.4
Others	<u>99.6</u>	<u>11.3</u>
Total	<u>\$881.5^a</u>	<u>100.0</u>

^aTotal administrative costs through January 1, 1972, were about \$1,077,800. At the time of our review, however, a categorical breakdown was not available.

Of the \$134,000 for administrative travel, \$32,500 was for fiscal year 1971. LASPAU, Inc.'s largest travel cost in 1971 was for air transportation which amounted to about 87 percent of the total. We selected and examined supporting documents for about three fourths (\$21,895) of LASPAU, Inc.'s fiscal year 1971 air travel costs. We found that \$21,846 (99.8 percent) of these costs was for economy-class travel.

LASPAU, Inc.'s AID contract does not restrict the class of travel, but AID currently has plans to do so. The director of LASPAU, Inc., informed us, however, that it had been LASPAU, Inc.'s policy to authorize travel only by economy class. This policy applied to LASPAU, Inc., staff members and also to its board of trustees.

IDENTIFICATION OF OTHER ADMINISTRATIVE COSTS

As shown above \$881,500--about 13 percent of the total contract funds--financed LASPAU, Inc.'s administrative costs through June 30, 1971. An identification of the major administrative cost categories follows.

1. Salaries and benefits

The largest direct administrative cost item was salaries and benefits amounting to \$441,600. This represented about one half the administrative costs, or 6.7 percent of the total contract funds.

LASPAU, Inc., had a staff of 21 persons whose salaries ranged from about \$4,000 to \$22,000 annually. LASPAU, Inc., had no employees of its own. The LASPAU, Inc., staff members, including its director, were employees of Harvard University who are on loan to LASPAU. The director of LASPAU, Inc., also served as director of the International Office of Harvard University. Four fifths of his salary was paid from LASPAU, Inc., funds and one fifth of his salary was paid by Harvard University, in accordance with the expected distribution of his time. LASPAU, Inc., personnel policies were fixed by Harvard University which established guidelines with respect to such matters as salary schedules, merit promotions, and vacation and sick-leave practices.

2. Communication and office

About \$123,300 had been spent for communication and office expense through June 30, 1971. This category was composed of expenses for printing and supplies (\$66,200), telephone and telegraph (\$32,800), and postage (\$24,300). Communication and office expense represented 14 percent of the total administrative expense and 1.9 percent of the total contract costs.

3. Building and equipment

The building and equipment cost of \$83,000 accounted for 9.4 percent of the administrative costs and 1.2 percent of the total contract costs. About \$33,300 was attributed to equipment and the balance to working accommodations for LASPAU, Inc., staff.

4. Other administrative costs

Other administrative costs amounted to \$99,600, or about 1.5 percent of the total contract costs. Items included in this category were computer services purchased (\$26,500), other services purchased (\$41,000), trustee expenses (\$22,800), and miscellaneous items (\$9,300). Concerning its board of trustees, LASPAU, Inc.'s policy required trustees to serve without pay unless they performed an interview function. During fiscal year 1971, seven board of trustee members received a total of \$2,050 for serving as interviewers. LASPAU, Inc., paid an honorarium up to \$100 a week for interviewing services performed by any trustee or other member of the educational profession.

LATIN AMERICAN SCHOLARSHIP PROGRAM
OF AMERICAN UNIVERSITIES, INC.

25 MT. AUBURN STREET
CAMBRIDGE, MASSACHUSETTS 02139

BOARD OF TRUSTEES

1971-1972

	<u>Term Expires</u>
*Jose Ricardo Martinez, Professor of Physiology, University of El Salvador, San Salvador, <u>Chairman</u>	1972
W. Lincoln Boyden, Lawyer, Ropes & Gray Boston, Mass.	1973
Jairo Caicedo, Director, Scholarships Office, University of Antioquia, Medellin, Colombia	1974
Augusto Franco, Director, ICETEX, Bogota, Colombia	1974
*Arnold W. Gallegos, Associate Director, Social Research Center, Washington State University	1972
Paul E. Hadley, Dean, University College/Summer Session, University of Southern California, Los Angeles	1974
David D. Henry, Director, International Office, Harvard University	1973
Duncan Livingston, Academic Vice Rector, Universidad Catolica de Valparaiso, Chile	1974
Emilio Fermin Mignone, Professor, Buenos Aires	1973
Luis Manuel Penalver, Rector, Universidad Metropolitana, Caracas, Venezuela	1973
Hugh Popenoe, Director, International Programs, University of Florida, Gainesville	1974
Cassandra A. Pyle, Ass't to the Dean of Students for Foreign Admissions, University of Chicago	1974
E. Walter Robichek, Deputy Director, Western Hemisphere Department, International Monetary Fund, Washington	1973
*Kenneth Rogers, Director, International Office, Washington University, St. Louis	1972
Joaquin Sanchez MacGregor, Professor, National Autonomous University of Mexico	1974
Daniel A. Sharp, Director of Training, IIT Latin America, Buenos Aires	1973
*John D. Strasma, Associate Professor of Economics and Agricultural Economics, University of Wisconsin	1972
Maria Eugenia Dengo de Vargas, Dean, Faculty of Education, University of Costa Rica	1973
*Jaime Villarreal, Professor, Universidad de los Andes, Bogota, Colombia	1972
Pablo Willstätter, Vice President, Instituto Peruano de Fomento Educativo, Lima, Peru	1972
*A. Lee Zeigler, Director, Bechtel International Center, Stanford University, California	1972

*Term due to expire following 1972 Annual Meeting

APPENDIX II

IDENTIFICATION OF EXPENDITURES

FROM LASPAU, INC.'S SPECIAL ACCOUNT

APRIL 1, 1966, THROUGH JUNE 30, 1971 (note a)

	Amount (<u>thousands</u>)	<u>Percent</u>
Student costs:		
Travel	\$ 10.2	9.1
Tuition and other	<u>7.0</u>	<u>6.2</u>
	<u>17.2</u>	<u>15.3</u>
Administrative costs:		
Salary and benefits	46.4	41.4
Building and equipment	13.3	11.8
Travel	10.9	9.7
Services purchased	9.3	8.3
Communication and office	6.6	5.9
Other administrative	<u>8.5</u>	<u>7.6</u>
	<u>95.0</u>	<u>84.7</u>
Total special fund costs through June 30, 1971	<u>\$112.2</u>	<u>100.0</u>

^aMost of the expenditures from this account occurred early in the program. LASPAU, Inc., used funds available in the account (\$52,600 at June 30, 1971) to finance expenditures not covered by the AID contract.

COPY

AID MAXIMUM REGULAR ACADEMIC
PER DIEM RATES FOR PARTICIPANTS
TRAINING IN THE UNITED STATES^{1/}
APRIL 1, 1972

ALABAMA

Auburn	\$8.00
Tuskegee	7.00
Tuscaloosa	8.00

ALASKA

All locations	8.00
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ARIZONA

Phoenix/Tempe	9.00
All other locations	8.00

ARKANSAS

All locations	8.00
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CALIFORNIA

Irvine	8.00
Berkeley	10.00
San Francisco	10.00
Oakland	10.00
Los Angeles	10.00
All other locations	9.00

COLORADO

Greeley	8.00
Pueblo	8.00
All other locations	9.00

CONNECTICUT

Bridgeport	\$9.00
Hartford	9.00
Middletown	9.00
New Britain	8.00
New Haven	9.00
Storrs	9.00

DELAWARE

Dover	7.00
Newark	9.00

<u>WASHINGTON, D.C.</u>	10.00
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FLORIDA

Coral Gables	9.00
Gainesville	9.00
Lakeland	9.00
Miami	9.00
Tallahassee	9.00
Tampa	8.00

GEORGIA

Decatur	8.00
Atlanta	9.00
Athens	8.00
Statesboro	7.00

^{1/} The rate for an institution in any location not listed will be the lowest rate shown in the State.

APPENDIX III

HAWAII

Honolulu	\$10.00
All other locations	9.00

IDAHO

All locations	8.00
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ILLINOIS

Bloomington	9.00
Carbondale	9.00
Charleston	8.00
Chicago	10.00
Dekalb	9.00
Edwardsville	8.00
Evanston	10.00
Macomb	8.00
Normal	9.00
River Forest	9.00
Rock Island	9.00
Urbana/Champaign	9.00

INDIANA

Muncie	8.00
Valparaiso	8.00
All other locations	9.00

IOWA

Ames	9.00
Cedar Falls	8.00
Des Moines	8.00
Iowa City	9.00

KANSAS

Atchison	7.00
Emporia	8.00
Kansas City	9.00
Lawrence	9.00

KANSAS (continued)

Manhattan	\$8.00
Topeka	7.00
Wichita	8.00

KENTUCKY

Bowling Green	8.00
Lexington	8.00
Louisville	8.00
Richmond	7.00

LOUISIANA

Baton Rouge	8.00
New Orleans	9.00

MAINE

Brunswick	9.00
All other locations	8.00

MARYLAND

Annapolis	8.00
Baltimore	10.00
College Park	9.00
Frederick	8.00

MASSACHUSETTS

Amherst	9.00
Boston	10.00
Cambridge	10.00
Chestnut Hill	10.00
Lowell	9.00
Medford	10.00
Springfield	9.00
Waltham	9.00
Williamstown	9.00
Worcester	9.00

<u>MICHIGAN</u>		<u>NEVADA</u>	
Ann Arbor	\$9.00	All locations	\$8.00
Detroit	10.00		
East Lansing	9.00	<u>NEW HAMPSHIRE</u>	
Houghton	8.00		
Kalamazoo	9.00	Durham	8.00
Marquette	8.00	Hanover	9.00
Mt. Pleasant	8.00		
Ypsilanti	8.00	<u>NEW JERSEY</u>	
		All locations	9.00
<u>MINNESOTA</u>		<u>NEW MEXICO</u>	
Duluth	9.00		
Mankato	8.00	Albuquerque	9.00
Minneapolis	9.00	Socorro	8.00
St. Paul	9.00	University Park	8.00
Winona	8.00		
<u>MISSISSIPPI</u>		<u>NEW YORK</u>	
State College	8.00	Albany	9.00
All other locations	7.00	Alfred	8.00
		Brockport	9.00
<u>MISSOURI</u>		Brooklyn	10.00
		Binghamton	7.00
Columbia	9.00	Buffalo	10.00
Kansas City	9.00	Canton	9.00
Rolla	8.00	Farmingdale	9.00
St. Louis	9.00	Fredonia	8.00
		Genesee	9.00
<u>MONTANA</u>		Ithaca	10.00
		New Paltz	9.00
Billings	8.00	New York City	10.00
Bozeman	8.00	Oneonta	9.00
Butte	7.00	Oswego	9.00
Missoula	8.00	Plattsburgh	9.00
		Potsdam	8.00
<u>NEBRASKA</u>		Rochester	9.00
		Syracuse	9.00
Hastings	8.00	Schenectady	9.00
Lincoln	8.00	Stony Brook	8.00
Omaha	8.00	Troy	9.00
		Utica	8.00

APPENDIX III

NORTH CAROLINA

Boone	\$8.00
Chapel Hill	9.00
Charlotte	9.00
Cullowhee	7.00
Durham	9.00
Greensboro	7.00
Raleigh	9.00
Winston-Salem	9.00

NORTH DAKOTA

Fargo	8.00
All other locations	7.00

OHIO

Cleveland	9.00
Columbus	9.00
New Concord	9.00
Oberlin	9.00
Athens	9.00
Toledo	9.00
Cincinnati	9.00
All other locations	8.00

OKLAHOMA

Stillwater	9.00
Tulsa	9.00
All other locations	8.00

OREGON

Eugene	9.00
All other locations	8.00

PENNSYLVANIA

Allentown	8.00
Bethlehem	9.00
Carlisle	9.00
Chester	9.00

PENNSYLVANIA (continued)

Easton	\$8.00
Indiana	8.00
Lewisburg	8.00
Lincoln University	8.00
Philadelphia	9.00
Pittsburgh	10.00
Reading	8.00
Scranton	8.00
University Park	8.00
Wilkes-Barre	8.00

RHODE ISLAND

All locations	9.00
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SOUTH CAROLINA

Clemson	8.00
Columbia	8.00

SOUTH DAKOTA

All locations	8.00
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TENNESSEE

Nashville	9.00
All other locations	8.00

TEXAS

Austin	9.00
College Station	8.00
Dallas	9.00
Denton	8.00
Fort Worth	8.00
Houston	9.00
Huntsville	7.00
Lubbock	8.00
San Antonio	9.00

UTAH

All locations \$8.00

VERMONT

Burlington 9.00

All other locations 8.00

VIRGINIA

Blacksburg 8.00

Charlottesville 9.00

Hampton 8.00

Norfolk 8.00

Richmond 8.00

WEST VIRGINIA

Morgantown 9.00

WASHINGTON

Cheney 7.00

Pullman 8.00

Seattle 9.00

Spokane 8.00

Tacoma 8.00

WISCONSIN

Eau Clair \$8.00

Madison 9.00

Menomonie 7.00

Milwaukee 9.00

Oshkosh 8.00

River Falls 8.00

WYOMING

All locations 8.00

PUERTO RICO

San Juan 10.00

Rio Piedras 10.00

San German 8.00

Mayaguez 9.00

CANADA

All locations 8.00

APPENDIX IV

PRINCIPAL OFFICIALS

HAVING MANAGEMENT RESPONSIBILITIES

ASSOCIATED WITH MATTERS DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>DEPARTMENT OF STATE</u>		
SECRETARY OF STATE:		
Dean Rusk	Jan. 1961	Jan. 1969
William P. Rogers	Jan. 1969	Present
UNDER SECRETARY OF STATE:		
George W. Ball	Nov. 1961	Oct. 1966
Nicholas deB. Katzenbach	Oct. 1966	Jan. 1969
Elliot L. Richardson	Jan. 1969	July 1970
U. Alexis Johnson	July 1970	Sept. 1970
John N. Irwin II	Sept. 1970	Present
ASSISTANT SECRETARY FOR INTER- AMERICAN AFFAIRS AND U.S. COOR- DINATOR, ALLIANCE FOR PROGRESS		
Lincoln Gordon	Mar. 1966	June 1967
Robert M. Sayre (acting)	June 1967	July 1967
Covey T. Oliver	July 1967	Dec. 1968
Viron P. Vaky (acting)	Jan. 1969	Apr. 1969
Charles A. Meyer	Apr. 1969	Present
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>		
ADMINISTRATOR:		
David E. Bell	Dec. 1962	July 1966
William S. Gaud	Aug. 1966	Jan. 1969
John A. Hannah	Mar. 1969	Present