

Why GAO Did This Study

The UN General Assembly has expressed concerns about the relatively large and growing portion of the UN budget spent on total compensation. The United States contributes 22 percent of the UN's regular budget.

UN total compensation consists of salary, benefits, and allowances. Since its inception in 1945, the UN has based salaries for its professional employees on salaries for the U.S. civil service. In 2013, GAO reported that the UN sets its salaries between 110 to 120 percent of U.S. civil service salaries, and that UN salaries were 116.9 percent of U.S. civil service salaries in 2012. UN salaries increased to 119.6 percent in 2013. GAO also recommended that the UN clarify its process for comparing salaries for UN professional staff with U.S. civil service salaries.

GAO was asked to review the structure of UN total compensation and how it compares with that of U.S. federal employees. This report (1) examines similarities between UN and U.S. government benefits and allowances and compares their monetary values, and (2) examines UN efforts to address concerns about the sustainability of total compensation costs. GAO reviewed UN and U.S. government documents and data, and interviewed UN and U.S. officials.

What GAO Recommends

The State Department (State) should work with other UN member states to ensure that the costs of key elements of UN total compensation are reviewed to address rising staff costs and sustainability. State concurred with this recommendation.

View [GAO-14-546](#). For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

UNITED NATIONS

Key Compensation Elements Should Be Reviewed to Address Costs and Sustainability

What GAO Found

Benefits and allowances offered by the United Nations (UN) and the U.S. government are generally similar, and GAO found that each provided certain benefits or allowances with greater monetary value than the other. Similar UN and U.S. benefits include retirement plans and health insurance, while similar allowances include hardship and danger pay. Where comparable data were available, GAO found that each organization provided some benefits or allowances of greater monetary value than the other. For example, under a scenario where UN and U.S. staff retire at 62 with 20 years of service, the U.S. Federal Employees Retirement System replaces a higher percentage of pre-retirement salary than the UN Joint Staff Pension Fund. However, when these staff retire with 30 years of service, similar percentages of pre-retirement salary are replaced. In contrast, the UN allowance for staff serving in dangerous duty stations with families at separate locations had a higher average monetary value per recipient in 2012 than the comparable U.S. allowance.

United Nations and U.S. Benefits and Allowances That GAO Reviewed

Compensation element	Result
Retirement benefits	Benefits varied depending on years of service and other factors.
Health insurance	The average cost per employee was higher for eligible U.S. government employees than for UN staff.
Allowances	The UN and the U.S. government each provided certain allowances with higher monetary value than those provided by the other.

Source: GAO analysis of United Nations (UN) and U.S. data. | GAO-14-546

The UN has begun to address concerns about the sustainability of its rising total compensation costs, including initiating a review of total compensation, but that review does not include key elements. GAO analysis of UN data shows that staff-related expenditures rose steadily from \$1.95 billion in 2002-2003 to \$2.98 billion in 2010-2011, at an average rate of about 7 percent per 2-year budget, when adjusted for inflation. To help address costs, the UN raised its retirement age from 62 to 65 for new hires and froze rates paid for allowances for at least 1 year. In addition, the UN's International Civil Service Commission (ICSC) began a review of UN compensation, to be completed in 2015. The UN General Assembly requested that the ICSC review consider all elements of UN total compensation holistically, including both monetary and non-monetary elements. However, according to ICSC officials and documents, the review focuses only on elements within the ICSC's area of administrative responsibility, such as salary and allowances. Other key elements with significant costs, such as pensions and retiree health insurance, fall outside the ICSC's authority and therefore the study's focus. For example, the unfunded liability of the UN's retiree health insurance plan was estimated in 2012 at almost \$4 billion. Without including all elements of total compensation in its review, member states will not have a complete set of information with which to make fully informed decisions about changes to the compensation system.