

**GAO**

Report to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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September 2009

# DEPARTMENT OF STATE

## Additional Steps Needed to Address Continuing Staffing and Experience Gaps at Hardship Posts



**GAO**

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Highlights of [GAO-09-874](#), a report to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## DEPARTMENT OF STATE

### Additional Steps Needed to Address Continuing Staffing and Experience Gaps at Hardship Posts

#### Why GAO Did This Study

The Department of State (State) has designated about two-thirds of its 268 overseas posts as hardship posts. Staff working at such posts often encounter harsh conditions, including inadequate medical facilities and high crime. Many of these posts are vital to U.S. foreign policy objectives and need a full complement of staff with the right skills to carry out the department's priorities. As such, State offers staff at these posts a hardship differential—an additional adjustment to basic pay—to compensate officers for the conditions they encounter and as a recruitment and retention incentive.

GAO was asked to assess (1) State's progress in addressing staffing gaps at hardship posts since 2006 and the effect of any remaining gaps, and (2) the extent to which State has used incentives to address staffing gaps at hardship posts. GAO analyzed State data; reviewed relevant documents; met with officials in Washington, D.C.; and conducted fieldwork in five hardship posts.

#### What GAO Recommends

GAO recommends the Secretary of State (1) take steps to minimize the experience gap at hardship posts by making the assignment of experienced officers to such posts an explicit priority consideration, and (2) develop and implement a plan to evaluate incentives for hardship post assignments. State generally agreed with our findings and recommendations.

[View GAO-09-874 or key components.](#)  
For more information, contact Jess T. Ford at (202) 512-4268 or [fordj@gao.gov](mailto:fordj@gao.gov).

#### What GAO Found

Despite some progress in addressing staffing shortfalls since 2006, State's diplomatic readiness remains at risk due to persistent staffing and experience gaps at key hardship posts. Several factors contribute to these gaps. First, State continues to have fewer officers than positions, a shortage compounded by the personnel demands of Iraq and Afghanistan. Second, while State has reduced its mid-level experience gap, the department does not anticipate eliminating this gap until 2012 and continues to face difficulties attracting experienced applicants to hardship posts—especially posts of greatest hardship. Third, although State's assignment system has prioritized the staffing of hardship posts, it does not explicitly address the continuing experience gap at such posts, many of which are strategically important, yet are often staffed with less experienced officers. Staffing and experience gaps can diminish diplomatic readiness in several ways, according to State officials. For example, gaps can lead to decreased reporting coverage, loss of institutional knowledge, and increased supervisory requirements for senior staff, detracting from other critical diplomatic responsibilities.

**Examples of Overseas Posts with Various Hardship Differentials, as of September 2008**

Posts	Hardship differential (percentage of base pay)	Hardship	Greatest hardship
Buenos Aires, Osaka, Paris	0		
Amman, Bogotá, Windhoek	5		
Istanbul, Kuala Lumpur, Sao Paulo	10		
Lima, Mexico City, Moscow	15	•	
Jeddah, Manila, Sofia	20	•	
Beirut, Kathmandu, Lagos	25	•	•
Monrovia, Nairobi, Shenyang	30	•	•
Baghdad, Dushanbe, Kabul	35	•	•

Source: State.

State uses a range of incentives to staff hardship posts, but their effectiveness remains unclear due to a lack of evaluation. Incentives to serve in hardship posts range from monetary benefits to changes in service and bidding requirements, such as reduced tour lengths at posts where dangerous conditions prevent some family members from accompanying officers. In a 2006 report on staffing gaps, GAO recommended that State evaluate the effectiveness of its incentive programs for hardship post assignments. In response, State added a question about hardship incentives to a recent employee survey. However, the survey does not fully meet GAO's recommendation for several reasons, including that State did not include several incentives in the survey. State also did not comply with a legal requirement to assess the effectiveness of increasing danger and hardship pay in filling certain posts. Recent legislation increasing Foreign Service Officers' basic pay will increase the cost of existing incentives, thereby heightening the importance that State evaluate its incentives for hardship post assignments to ensure resources are effectively targeted and not wasted.

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## Abbreviations

DRI	Diplomatic Readiness Initiative
FSO	Foreign Service Officer
GEMS	Global Employee Management System
HR/CDA	Office of Career Development and Assignments
MC	minister counselor
OC	counselor
OIG	Office of Inspector General
OPM	Office of Personnel Management
SND	Service Need Differential

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United States Government Accountability Office  
Washington, DC 20548

September 17, 2009

The Honorable Daniel K. Akaka  
Chairman  
The Honorable George V. Voinovich  
Ranking Member  
Subcommittee on Oversight of  
Government Management,  
the Federal Workforce, and the  
District of Columbia  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate

The Department of State (State) has designated roughly two-thirds of its 268 overseas posts as hardship posts.<sup>1</sup> Staff working in such locations often encounter harsh environmental and living conditions that can include inadequate medical facilities, limited opportunities for spousal employment, poor schools, high levels of crime, and severe climate. In addition to the high number of hardship posts State must staff, the number of positions in locations too dangerous for some family members to accompany an officer has grown considerably in recent years, from more than 700 in 2006 to over 900 at the end of fiscal year 2008. Many hardship posts are of critical importance to U.S. foreign policy objectives and necessitate a full complement of staff with the right skills to carry out the department's priorities.

In recent years we have reported on a number of human capital issues facing State, including staffing deficits at hardship posts that negatively

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<sup>1</sup>State defines hardship posts as those locations where the U.S. government provides differential pay incentives—an additional 5 to 35 percent of basic 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. For the purposes of this report, we refer to these differential pay incentives as hardship differentials. We define hardship posts as those posts where the hardship differential is at least 15 percent. We define posts of greatest hardship as those where the hardship differential is at least 25 percent. We define posts with low differentials as those where the hardship differential is 5 or 10 percent. We define posts with no differentials as those where the hardship differential is 0 percent.

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impact diplomatic readiness.<sup>2</sup> We reported in 2002 that State’s staffing shortfalls and ineffective assignment system compromised diplomatic readiness at hardship posts.<sup>3</sup> Subsequently, we reported in 2006 that State had made progress in addressing overall staffing shortfalls since implementing its Diplomatic Readiness Initiative (DRI), which enabled the department to hire and train more than 1,000 employees above attrition from 2002 to 2004; however, the initiative did not fully meet its goals and mid-level vacancies remained a problem at critical posts.<sup>4</sup> Furthermore, the department faces the continuing challenge of staffing embassy compounds in the conflict zones of Iraq and Afghanistan. To help meet these challenges, the Congress authorized additional positions for State in 2008—the first new positions outside the department’s consular and worldwide security upgrade programs since 2004, according to State. Moreover, State has requested over 700 additional Foreign Service Officer (FSO) staff in its fiscal year 2010 budget request.

In response to your request, this report discusses (1) State’s progress in addressing staffing gaps at hardship posts since 2006 and the effect of any remaining gaps, and (2) the extent to which State has used incentives to address staffing gaps at hardship posts.

To address these objectives, we reviewed GAO and State Office of Inspector General (OIG) reports and analyzed staffing, bidding, and position data. We also examined surveys conducted by State, analyzed State documents that outline incentives for hardship service, and collected data on participation in and funds expended on hardship incentive programs. Additionally, we met with officials in State’s Bureau of Human Resources, Bureau of Consular Affairs, Bureau of Administration, six regional bureaus, and the American Foreign Service Association. To assess the impact of staffing gaps and State’s use of hardship incentives firsthand, we conducted fieldwork in Lagos and Abuja, Nigeria; Shenyang, China; and Riyadh and Jeddah, Saudi Arabia. We selected these posts for their level of hardship, their strategic importance to the United States, and the

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<sup>2</sup>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.”

<sup>3</sup>GAO, *State Department: Staffing Shortfalls and Ineffective Assignment System Compromise Diplomatic Readiness at Hardship Posts*, GAO-02-626 (Washington, D.C.: June 18, 2002).

<sup>4</sup>GAO, *Department of State: Staffing and Foreign Language Shortfalls Persist Despite Initiatives to Address Gaps*, GAO-06-894 (Washington, D.C.: Aug. 4, 2006).

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low number of staff applying for each position. Specifically, the locations in Nigeria and Shenyang are posts of greatest hardship and the locations in Saudi Arabia are hardship posts which, at the time of our visit, had 1-year tours. In addition to our fieldwork, we conducted telephone interviews with senior officials in several additional hardship locations, including Bangladesh, Cambodia, Liberia, and Tajikistan. We also convened an expert roundtable of several retired senior State officials, all of whom previously served as ambassadors to hardship posts.

We conducted this performance audit from April 2008 through September 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

State is the lead agency responsible for implementing American foreign policy and representing the United States abroad. It staffs approximately 268 embassies, consulates, and other posts with over 8,000 Foreign Service positions overseas.<sup>5</sup> Roughly two-thirds of these posts are in locations that qualify for a special salary differential<sup>6</sup> to compensate officers for the harsh living conditions experienced there. The differential ranges from 5 to 35 percent of basic pay and is determined by a number of factors including extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthy conditions affecting at least a majority of employees stationed at such a post.<sup>7</sup> Figure 1 shows the distribution of overseas posts and positions by hardship differential. In general, tours of duty are two years in the United States and at 20 percent and 25 percent

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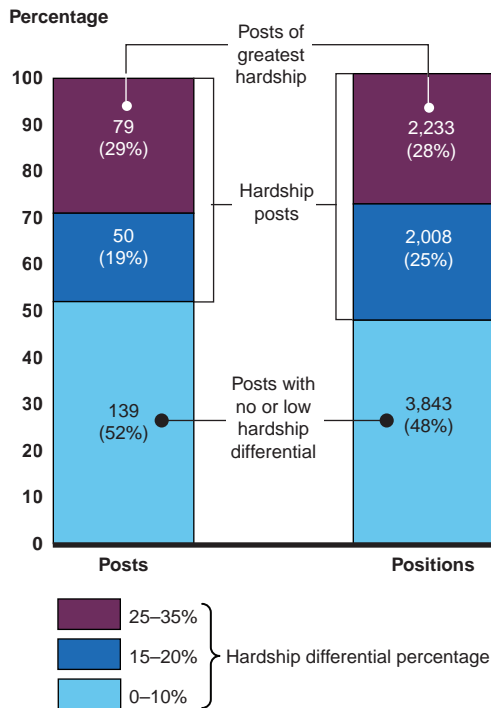
<sup>5</sup>State's overseas workforce also includes locally employed staff. This report focuses on the Foreign Service.

<sup>6</sup>A post differential may be granted on the basis of conditions of environment which differ substantially from conditions of environment in the continental United States and warrant additional pay as a recruitment and retention incentive. 5 U.S.C. § 5925. For the purposes of this report, we refer to State's post differential as hardship differential.

<sup>7</sup>State pays an additional 15 percent to 35 percent of salary for danger pay at designated posts. The danger pay allowance is designed to provide additional compensation above basic compensation to all U.S. government civilian employees, including chiefs of mission, for service in foreign areas where there exist conditions—such as civil insurrection, civil war, terrorism, or war—that threaten physical harm or imminent danger to employees.

hardship posts. Tours at other posts are generally three years, although a number of posts in locations too dangerous for some family members to accompany an officer carry 1-year tours.

**Figure 1: Distribution of Overseas Foreign Service Posts and Positions by Hardship Differential, as of September 30, 2008**



Source: GAO analysis of State data.

Note: Percentages may not add to 100 due to rounding.

FSOs serving abroad fall into two broad categories: generalists and specialists. FSO generalists help formulate and implement the foreign policy of the United States and are grouped into five career tracks: management, consular, economic, political, and public diplomacy. FSO specialists provide support services at overseas posts worldwide or in Washington, D.C., and are grouped into seven major categories: administration, construction engineering, information technology, international information and English language programs, medical and health, office management, and security. State requires its FSOs to be available for service anywhere in the world, and reserves the ability to direct officers to any of its posts overseas or to its Washington headquarters. However, directed assignments are rare. The process of



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assigning FSOs to their positions typically begins when the staff receive a list of upcoming vacancies for which they may compete. Staff then submit a list of positions for which they want to be considered, or “bids,” to the Office of Career Development and Assignments (HR/CDA) and consult with their career development officer. The process varies depending on an officer’s grade and functional specialty:

- Entry-level officers’ assignments are directed by the Entry Level Division of HR/CDA with little input from the posts or bureaus.
- Mid-level officers consult with bureaus and overseas posts to market themselves for their desired positions. Subsequently, HR/CDA convenes panels to finalize the assignments.<sup>8</sup>
- Senior-level officers are selected for their positions by the Director General,<sup>9</sup> following approval of policy-level positions by a special committee. As with mid-level officers, HR/CDA convenes a panel to finalize the assignments.

In recent years, State has taken a series of measures to address gaps and reallocate staff to emerging priority nations. In 2002, State implemented the Diplomatic Readiness Initiative (DRI) to address staffing and training gaps that, according to the department, endangered U.S. diplomatic readiness. Through the DRI—a 3-year, \$197 million program—State hired 1,069 new foreign and civil service employees above attrition. However, as we previously reported, most of this increase was absorbed by the demand for personnel in Iraq and Afghanistan. In 2006, State introduced the Global Repositioning Program, which reallocated existing positions to emerging high-priority countries in the Middle East, Asia, and Africa. The primary focus of this program was to move political, economic, and public diplomacy officers from places like Washington and Europe to countries of increasing strategic importance such as China and India.

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<sup>8</sup>In terms of the Foreign Service grade structure, mid-level positions include FS-03, FS-02, and FS-01 and are equivalent to the civil service GS-13, GS-14, and GS-15, respectively.

<sup>9</sup>The Director General is the official who heads State’s Bureau of Human Resources.

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## Persistent Staffing and Experience Gaps at Hardship Posts Can Compromise Diplomatic Readiness

Despite some progress since we last reported in 2006, State has continued to face staffing and experience gaps at hardship posts that may compromise its diplomatic readiness. Several factors contribute to gaps at hardship posts, including State's overall staff shortage, which is compounded by the significant personnel demands of Iraq and Afghanistan, and a mid-level staffing deficit that has been reduced, but not eliminated. Moreover, State continues to experience difficulty in attracting officers to hardship posts and its assignment system does not explicitly address the experience gap at these posts. Staffing and experience gaps at hardship posts can diminish diplomatic readiness in a variety of ways, according to current and former State officials, including by reducing reporting coverage, weakening institutional knowledge, and increasing the supervisory burden on senior staff.

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## Staffing and Experience Gaps Remain at Key Hardship Posts

State continues to face staffing and experience gaps at hardship posts, including many of significant strategic importance to the United States. First, State has faced difficulty in filling critical positions at hardship posts. In its FY 2007 Annual Performance Report, State identified staffing of critical positions—designated positions at the posts of greatest hardship (those with hardship differentials of at least 25 percent)—as a key priority, noting that such positions are often on the forefront of U.S. policy interests. As such, State established a target for fiscal year 2007 of filling 90 percent of such critical positions with qualified bidders by the end of the assignments cycle.<sup>10</sup> However, State reported filling 75 percent of its critical positions, thereby missing its target. State further noted that it would be unable to fill more than 75 percent of critical positions until its resource needs were met. Subsequently, the department lowered its target to 75 percent for fiscal year 2008, which it reported it met.

In addition to staffing gaps specific to critical positions, State faces its highest rate of vacancies at the posts of greatest hardship.<sup>11</sup> As of September 2008, State had a 17 percent average vacancy rate at the posts of greatest hardship—nearly double the average rate of 9 percent at posts with no hardship differentials.<sup>12</sup> Vacancies at posts we visited during our

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<sup>10</sup>According to State, the assignments cycle for a given year includes both the summer and winter assignments cycles.

<sup>11</sup>We used data from State's Global Employee Management System (GEMS) database to calculate vacancy rates. Due to limitations in the GEMS data on positions in Iraq, we do not include Iraq in our vacancy rate calculations or figures.

<sup>12</sup>As of the same date, the average vacancy rate for all hardship posts was 15 percent, as compared to an average rate of 10 percent for all posts with no or low differentials.

review included a mid-level public affairs position in Jeddah, Saudi Arabia,<sup>13</sup> that was vacant as of September 2008 and, at the time of our March 2009 visit, was not expected to be filled until June 2009. Similarly, a section chief in Lagos, Nigeria,<sup>14</sup> stated that prior to his arrival at post in August 2008, his position had been vacant for nearly a year. Although there were few vacancies in Shenyang, China,<sup>15</sup> at the time of our visit, nearly one-quarter of the staffed positions had been vacant for 4 months or more before their current incumbents arrived.

Beyond higher position vacancy rates, posts of greatest hardship face experience gaps due to a higher rate of staff filling positions above their own grades (see table 1).<sup>16</sup> As of September 2008, about 34 percent of mid-level generalist positions at posts of greatest hardship were filled by officers in upstretch assignments<sup>17</sup>—15 percentage points higher than the upstretch rate for comparable positions at posts with no or low differentials. Furthermore, as of the same date, 25 of 34 (over 70 percent) of all overseas generalists working two grades above their rank were located at hardship posts.<sup>18</sup>

**Table 1: Number and Percentage of Mid-Level Generalist Positions Filled by Officers Working above Grade, as of September 30, 2008**

Posts with no or low differentials	Hardship posts	Posts of greatest hardship
210 of 1,093 (19 percent)	328 of 1,053 (31 percent)	189 of 551 (34 percent)

Source: GAO analysis of State data.

<sup>13</sup>At the time of our visit, Jeddah had a 20 percent hardship differential and a 25 percent danger pay allowance.

<sup>14</sup>At the time of our visit, Lagos had a 25 percent hardship differential.

<sup>15</sup>At the time of our visit, Shenyang had a 30 percent hardship differential.

<sup>16</sup>We used data from State’s GEMS database to calculate rates of staff filling positions above their own grades. Due to limitations in the GEMS data on positions in Iraq, we do not include Iraq in these calculations of staff filling positions above their own grades or in table 1.

<sup>17</sup>An upstretch assignment is an assignment to a position above one’s current grade.

<sup>18</sup>By comparison, slightly fewer than half of all overseas generalist positions are located at hardship posts.

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At posts we visited during our review, we observed numerous officers working in positions above their rank. For example, in Abuja, Nigeria,<sup>19</sup> more than 4 in every 10 positions were staffed by officers in upstretch assignments, including several employees working in positions two grades above their own. We also found multiple officers in upstretch assignments in Shenyang, including one mid-level consular position that officials stated has never been filled at grade.

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### Several Factors Contribute to Gaps at Hardship Posts

A number of factors lead to gaps at hardship posts, including:

- State’s overall staff shortage, which is compounded by the significant personnel demands of Iraq and Afghanistan;
- a persistent mid-level staffing deficit exacerbated by continued low bidding on hardship posts; and
- an assignment system that does not explicitly address the continuing experience gap at hardship posts.

### Overall Foreign Service Staffing Shortage Compounded by Personnel Needs of Iraq and Afghanistan

As of April 2009, State had about 1,650 vacant Foreign Service positions in total. Approximately 270 of these vacancies were due to State not having enough employees to fill all of its positions—a shortfall that has grown since our last report.<sup>20</sup> Officers attending training or rotating from post to post without replacements to fill their positions accounted for most of the remaining 1,380 vacancies.<sup>21</sup> As we reported in 2006, State implemented DRI with the intention of hiring enough new employees above attrition to allow staff time for critical job training—also referred to as a “training float”—and to respond to emerging crises. However, as we previously reported, this goal became quickly outdated largely due to staffing demands for Iraq and Afghanistan. In particular, due to the overall shortage of FSOs and the high priority of meeting Iraq and Afghanistan’s

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<sup>19</sup>At the time of our visit, Abuja had a 25 percent hardship differential.

<sup>20</sup>In August 2006, we reported an overall staffing shortage of about 200 employees, based on State data from September 2005. According to a senior State official, the current shortfall of about 270 will decline over the course of 2009 as several cadres of new hires are brought on board.

<sup>21</sup>Of the approximately 1,380 additional vacant positions, about 1,020 were due to officers serving in training or rotating from post to post without replacements to fill their vacated positions. The approximately 360 remaining vacancies were due to officers on medical leave, temporary duty, or short tours.

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staffing needs, bureaus have had to identify nearly 670 positions to leave unfilled, or “frozen,” since 2005. As a result, State has generally been able to find candidates to fill positions in Iraq and Afghanistan<sup>22</sup>—its top priority posts—but doing so has created gaps elsewhere, including at other hardship posts. For instance, positions that bureaus decided not to fill in the 2009 assignments cycle included several positions at hardship posts, such as an economic officer in Lagos, a management officer in Shenyang, and three or more positions each in Riyadh, Saudi Arabia; Mexico City, Mexico; and Moscow, Russia.

State officials also noted that the pressing need to staff Iraq and Afghanistan has led officers serving elsewhere to interrupt or cancel their current tours and volunteer for service in those two countries, thereby leaving other posts with unexpected gaps. For example, a senior official stated that a key political/military officer position in Russia was vacant due to the incumbent volunteering for a year of service in Afghanistan. The senior official further stated that he anticipated it would be difficult to find a temporary replacement for the unexpected vacancy. Similarly, officials in the Bureau of East Asian and Pacific Affairs told us an officer who received nearly a year of language training in Vietnamese cancelled her tour in Vietnam to serve in Iraq.

Although State recently received a significant increase in resources and has requested more, the extent to which this influx will allow the department to eliminate vacancies is unclear. State received funding for about 140 additional Foreign Service positions in fiscal year 2008. Subsequently, in fiscal year 2009, State received about 720 additional Foreign Service positions that, according to the department, largely allowed it to fill vacancies created by personnel serving in Iraq and Afghanistan and increases in language training.<sup>23</sup> The department has requested nearly 740 additional Foreign Service positions for fiscal year 2010 that, according to State’s 2010 Congressional Budget Justification, will allow it to begin expanding its presence according to strategic priorities. However, given that about 1,650 positions were vacant as of

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<sup>22</sup>To fill positions in Iraq and Afghanistan, State has frequently assigned officers to positions above their grade. As of September 2008, over 40 percent of officers in Iraq and Afghanistan were serving in upstretch assignments.

<sup>23</sup>A forthcoming GAO report discusses challenges State faces in meeting its foreign language proficiency requirements in further detail. See GAO, *Department of State: Comprehensive Plan Needed to Address Persistent Foreign Language Shortfalls*, [GAO-09-955](#) (Washington, D.C.: Sept. 17, 2009).

April 2009, it is unclear if the approximately 1,600 positions received or requested will enable State to both eliminate vacancies and expand its operations as stated.<sup>24</sup>

**Despite Some Progress, Mid-Level Experience Gap Remains**

While new resources may enable State to partially address vacancies and the department has reduced its mid-level deficit since 2006, the remaining shortage of mid-level officers represents a continuing experience gap. As of December 2008, State had 85 fewer mid-level generalist officers than positions (see table 2)—an improvement on the deficit of 316 that we previously reported. However, as of the same date, State faced a 28 percent greater deficit at the FS-02 level than it did in 2006, with mid-level positions in the public diplomacy and consular cones continuing to experience the largest shortages of staff overall.

**Table 2: Foreign Service Mid-Level Generalists’ Surplus/(Deficit) across Career Tracks, as of December 31, 2008**

Grade level		Management	Consular	Economic	Political	Public diplomacy	Surplus/(Deficit) by grade level	Total Surplus/(Deficit)
Mid level	1	(37)	17	44	57	(67)		14
	2	(84)	51	36	16	(223)		(204)
	3	87	(129)	19	8	120		105
<b>Total</b>		<b>(34)</b>	<b>(61)</b>	<b>99</b>	<b>81</b>	<b>(170)</b>	<b>(85)</b>	

Source: GAO analysis of State data.

According to a senior State official, the department will continue to face a deficit at the FS-02 level until 2012. The official told us that the department plans to manage this experience gap by assigning officers in the FS-03 grade to stretch positions. However, as we discuss later in this report, positions filled by officers in upstretch assignments can compromise diplomatic readiness. State has also accelerated promotions of FS-03 officers to address the experience gap. For instance, State’s *Five-Year Workforce Plan for Fiscal Years 2008 through 2012* projects that it will take about 8 years for officers hired in 2008 to be promoted to the FS-02 level. By contrast, officers promoted to the FS-02 level in 2003 had an average time-in-service of 10.7 years. However, according to State,

<sup>24</sup>State has attempted to temporarily address vacancies through its Expanded Professional Associates Program. According to State, 105 positions, equivalent to entry-level officer positions, were established through this program in 2009 and filled by eligible Foreign Service family members.

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Despite Improvements, Low Bidding on Hardship Posts Continues to Exacerbate Mid-Level and Other Staffing Deficits

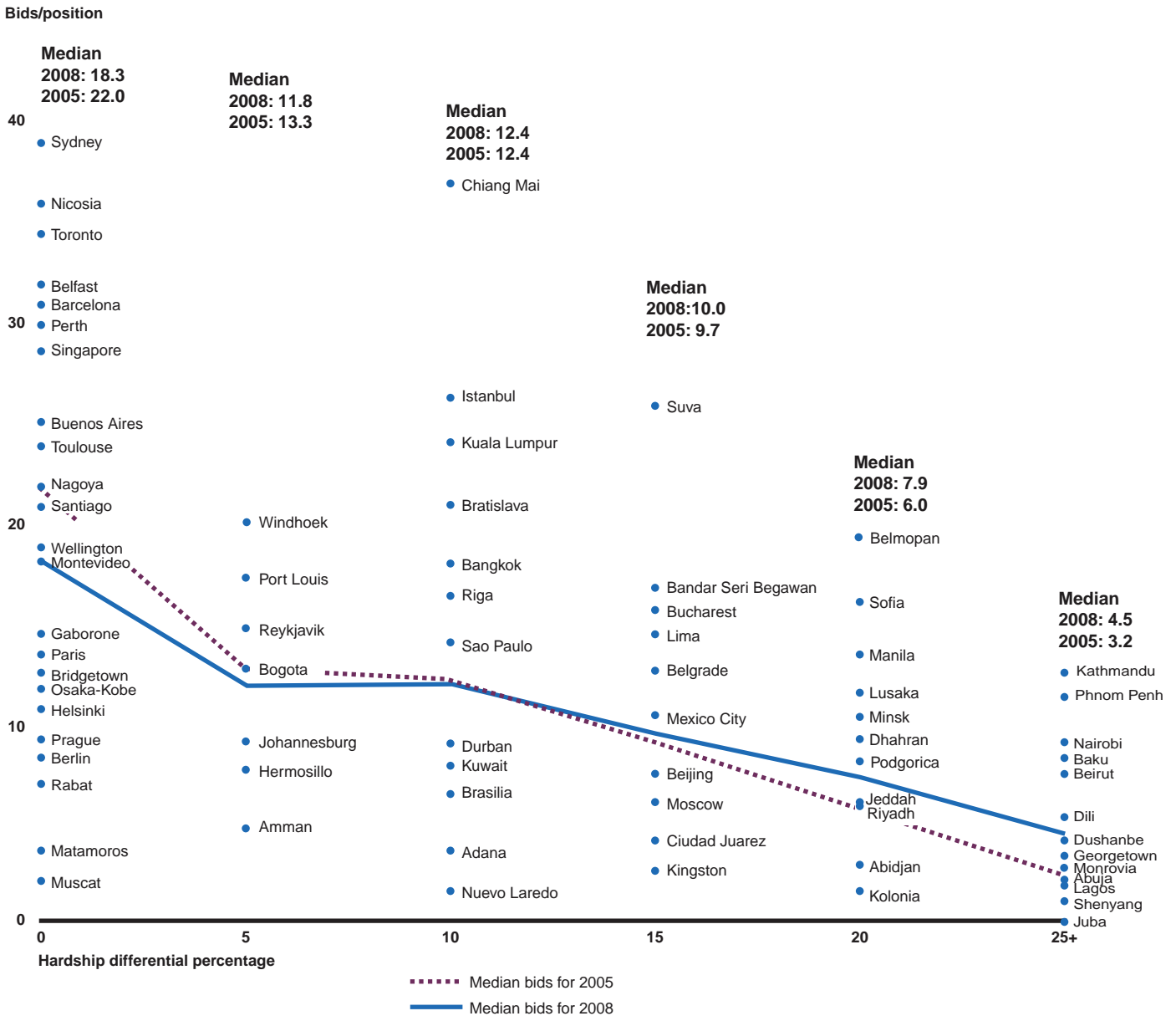
additional acceleration of promotions is unlikely given the potential risks associated with promoting officers with insufficient experience.

Although hardship posts have experienced an increase in bidding since we last reported, they continue to have difficulty attracting bids from experienced officers. Figure 2 shows the average number of bids on FS-02, FS-03, and FS-04 positions at overseas posts by differential rate for the 2008 summer assignments cycle.<sup>25</sup>

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<sup>25</sup>We analyzed bidding for these positions to remain consistent with our 2006 report, which included our analysis of bids on FS-02, FS-03, and FS-04 positions in the 2005 summer assignments cycle. Because State staffed Iraq through a special assignments cycle in 2008 separate from the regular summer assignments cycle, we did not include Iraq in our analysis of bidding.

**Figure 2: Average Number of Bids per Position by Hardship Differential for Grades 2, 3, and 4 for 2008**



Source: GAO analysis of State data.

Note: The lines in the graph show the median of the average number of bids for each differential rate. Selected posts are named as examples of locations at each hardship differential.



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Since our 2006 report, the median average<sup>26</sup> of all bids on hardship posts has increased by about 20 percent (from 5 to 6).<sup>27</sup> The increase has been more pronounced for posts of greatest hardship, which received a median average of 4.5 bids per post in 2008—about 40 percent higher than the median average of 3.2 bids we previously reported. However, hardship posts continue to have difficulty attracting bids from experienced officers. Specifically, positions at hardship posts received a median average of 4 bids from at-grade officers, including a median average of 2.7 at-grade bids for positions at the posts of greatest hardship. By contrast, posts with no or low hardship differentials received a median average of over 9 at-grade bids. Furthermore, as of September 2008, hardship posts comprised over 90 percent (62 of 67) of posts that State classified as historically difficult to staff<sup>28</sup> for 2009.

Low bidding on hardship posts exacerbates State's staffing deficits—particularly its shortage of mid-level consular and public diplomacy officers. Figure 3 shows the average number of bids per generalist career track for each hardship differential in the summer 2008 assignments cycle. While all generalist career tracks received about 3 to 4 times fewer bids at the posts of greatest hardship than at posts with no differentials in 2008, consular and public diplomacy positions received among the fewest bids on average—3.6 and 4.3, respectively. Given that State faces its largest staff shortages in mid-level consular and public diplomacy positions, low bidding for such positions at hardship posts increases the difficulty of filling them.

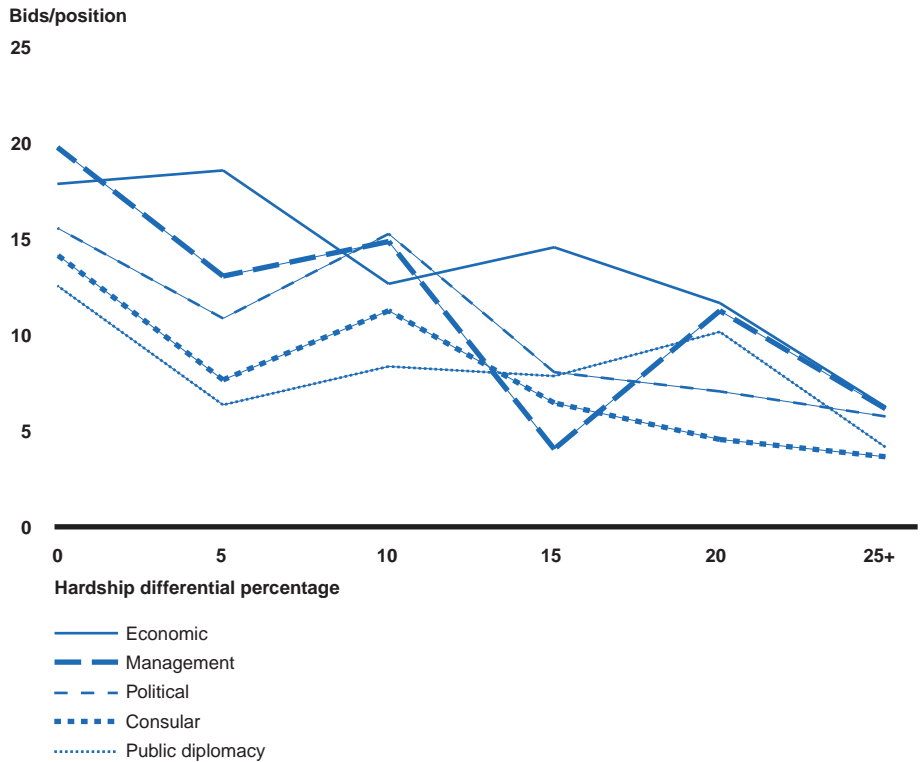
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<sup>26</sup>We use the term median average to refer to the midpoint of the average number of bids per post for each differential rate. For example, if there are three posts with a hardship differential of 25 percent and their average bids are 4, 5, and 7, the median average is 5.

<sup>27</sup>This calculation includes bids on all posts with hardship differentials of at least 15 percent.

<sup>28</sup>The list of historically difficult to staff posts for a given year is created the prior year. A post is considered historically difficult to staff if it is designated most difficult to staff for 3 out of the last 4 years. Most difficult to staff means that over half of the jobs available for that post in a given bidding cycle are designated hard to fill. A position is considered hard to fill if it attracts fewer than 3 at-grade, in-cone bids in a given assignments cycle.

**Figure 3: Average Bids per Generalist Career Track by Hardship Differential for 2008**



Source: GAO analysis of State data.

**State’s Assignment System  
Prioritizes Staffing of Key  
Hardship Posts, but Does Not  
Explicitly Address Continuing  
Experience Gap**

State has taken steps in recent years to prioritize staffing of hardship posts. For example, in the 2007 assignments cycle, State assigned staff to hardship positions it considered critical—including in Iraq and Afghanistan—prior to assigning staff to positions elsewhere. Similarly, in the 2008 assignments cycle, State assigned staff to the posts of greatest hardship before assigning staff elsewhere. However, as we noted earlier in this report, hardship posts face a higher rate of upstretch assignments than posts with no or low differentials—an experience gap that State’s assignment system does not explicitly address. For example, while State’s instructions to bidders for the 2007 and 2008 assignments cycles did emphasize the staffing of hardship positions, the instructions did not differentiate between filling the positions with at-grade officers and filling them with officers below the positions’ grades. Although State’s instructions to bidders clearly state that employees bidding on stretch assignments compete against at-grade bidders, the low number of at-grade bids on hardship positions limits the likelihood that such positions will be

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filled by at-grade officers. Furthermore, in the assignments cycles for 2007 through 2009, State consistently permitted upstretch assignments to hardship posts 1 to 3 months prior to permitting upstretch assignments to posts with low or no hardship differentials, which may have encouraged officers with less experience to bid on hardship posts. According to State, upstretch assignments can be career-enhancing in some cases; however, the experience gap they represent—particularly at the mid-levels—can compromise diplomatic readiness.

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### Staffing and Experience Gaps at Hardship Posts Can Compromise Diplomatic Readiness

Current and former State officials, including recently retired ambassadors and former directors general who participated in a GAO expert roundtable, staff currently posted overseas, and officials in Washington told us that staffing gaps at hardship posts diminish diplomatic readiness in a variety of ways. According to these officials, gaps can lead to decreased reporting coverage, loss of institutional knowledge, and increased supervisory requirements for senior staff, which take time away from other critical diplomatic responsibilities.

Senior management at selected posts had concerns that vacant positions caused an increased workload on officers at posts, which may detract from important functions. For example, the economic officer position in Lagos, whose responsibility is solely focused on energy, oil, and natural gas, was not filled in the 2009 cycle. The incumbent explained that, following his departure, his reporting responsibilities will be split up between officers in Abuja and Lagos. He said this division of responsibilities would diminish the position's focus on the oil industry and potentially lead to the loss of important contacts within both the government ministries and the oil industry. A 2008 Office of Inspector General (OIG) inspection of Freetown, Sierra Leone, noted concern over the effect of a sudden vacancy when the embassy's sole political/economic officer cut his tour short to serve in Iraq.<sup>29</sup> This vacancy deprived the embassy of its only reporting officer and the resulting transition period caused officials in Washington to be dissatisfied with economic reporting on issues such as the diamond industry and its impact on political instability, money laundering, drug smuggling, and, perhaps, terrorism. Similarly, an official told us that a political/military officer position in

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<sup>29</sup>Department of State, OIG, *Report of Inspection: Embassy Freetown, Sierra Leone*, ISP-I-08-18A (Washington, D.C., March 2008). As of March 2008, Freetown had a 30 percent hardship differential.

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Russia was vacant because of the departure of the incumbent for a tour in Afghanistan, and the position's portfolio of responsibilities was divided among other officers in the embassy. According to the official, this vacancy slowed negotiation of an agreement with Russia regarding military transit to Afghanistan.

Another potentially adverse effect of staffing gaps is that important post-level duties, such as reporting and staff development, may suffer from inexperience when entry-level officers are staffed to mid-level positions. While officials at post said that some officers in stretch positions perform well, others told us that the inexperience of entry-level officers serving in mid-level capacities can have a negative impact. For example, the economic section chief at one post we visited stated that reporting produced by an entry-level officer in a mid-level position lacked the necessary analytical rigor. The political section chief at the same post noted that a mid-level position responsible for reporting on terrorism was staffed by an officer serving two grades above his current grade level with no previous reporting experience. A 2008 OIG inspection of N'Djamena, Chad, found that difficulties attracting staff with the requisite skills and experience contributed to deviations from standard operating procedures.<sup>30</sup>

Another consequence of staffing gaps is that senior-level staff at posts with no experienced mid-level officers are diverted from key responsibilities by the need to supervise inexperienced entry-level staff. In 2006, we found that senior staff at several posts spent more time on operational matters and less time on overall planning, policy, and coordination than should be the case. On our recent visits, we found that there are still inexperienced officers taking on mid-level responsibilities and that these officers require more supervision and guidance from senior post leadership than more experienced mid-level officers would require; as a result, the senior officers have less time to perform high-level planning and policy implementation. According to officials we met with, inexperienced officers sometimes perform essential tasks such as adjudicating visas, identifying political trends, and assisting American citizens abroad; therefore, they often require guidance on how to carry out such activities. When senior-level officials must serve as the only source of guidance, post

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<sup>30</sup>Department of State, OIG, *Report of Inspection: Embassy N'Djamena, Chad*, ISP-I-09-02A (Washington, D.C., December 2008). As of December 2008, N'Djamena had a 30 percent hardship differential.

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officials explained, they have less ability to plan and coordinate policy. For example, the ambassador to Nigeria told us spending time helping officers in stretch positions is a burden and interferes with policy planning and implementation. The consular chief in Shenyang told us he spends too much time helping entry-level officers adjudicate visas and, therefore, less time managing the section. A 2008 OIG inspection of N'Djamena, Chad, reported that the entire front office was involved in mentoring entry-level officers and that this was an unfair burden on the ambassador and deputy chief of mission, given the challenging nature of the post.<sup>31</sup>

In addition to gaps in established positions, some State officials at overseas posts told us that there are not enough authorized positions to manage the heavy workload at some posts. These officials stated that even if the department had an adequate number of people to fill all current positions, there would still be a need for additional positions and officers to fill them because the current workload outweighs the workforce. For example, a senior official at one post told us that her embassy did not have enough authorized management positions to support the rapid increase in staff for all government agencies located there. As a result, the ambassador placed a moratorium on the addition of any new staff from any agency until the embassy received more management officer positions. The official explained that the moratorium has prevented some agencies from adding staff to implement important programs related to health, education, and counternarcotics efforts. During the GAO expert roundtable of former ambassadors to hardship posts, a former director general said that one of his former posts had so many visitors that four officers had to deal primarily with visits and not their other responsibilities. In addition, according to the ambassador to Liberia, the embassy in Monrovia lacks adequate staff positions to meet its goals. She said it is not uncommon for one section to work twenty hours of overtime in one week. The ambassador listed four new positions that she believes should be authorized but, according to her, will not likely be added in the next few years. The State OIG also commented on the need for reasonable growth in Monrovia in a 2008 mission inspection.<sup>32</sup> A 2009 OIG inspection of Nouakchott, Mauritania, noted concern that without another political officer in the embassy, the post would not have the depth needed to

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<sup>31</sup>ISP-I-09-02A.

<sup>32</sup>Department of State, OIG, *Report of Inspection: Embassy Monrovia, Liberia*, ISP-I-08-20A (Washington, D.C., March 2008). As of March 2008, Monrovia had a 30 percent hardship differential.

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adequately cover the rapidly evolving political situation and achieve department goals in the country.<sup>33</sup> Similarly, officials in Jeddah, Saudi Arabia, noted that the creation and filling of a political/economic section chief position, as they have requested in their Mission Strategic Plan, would alleviate the current need for entry-level officers to report directly to the consul general.

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## State Has Wide Range of Measures and Incentives to Staff Hardship Posts but Their Effectiveness is Unclear Due to Lack of Evaluation

State uses a range of incentives to staff hardship posts, but their effectiveness remains unclear due to a lack of evaluation. Incentives to serve in hardship posts range from monetary benefits to changes in service and bidding requirements. In 2006, we recommended that State evaluate the effectiveness of its incentive programs for hardship post assignments, but the department has not yet done so systematically. Further, recent legislation will increase the cost of existing incentives, thereby increasing the need for State to fully evaluate its incentives to ensure resources are effectively targeted and not wasted.

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## State Has a Wide Range of Measures and Other Incentives to Staff Hardship Posts

State has created a wide range of measures and financial and nonfinancial incentives to encourage mid-level officers to seek assignments to—and remain at—hardship posts around the world. These have included some measures designed for all hardship posts, as well as others tailored specifically to fill positions in Iraq and Afghanistan, posts State has declared to be the highest priority.

In addition to hardship and danger pay, incentives to bid on—and remain in—hardship posts, particularly those considered historically difficult to staff, include:

- *The opportunity to include upstretch jobs on core bid list.* Mid-level officers may include bids for upstretch positions in their “core bid” list, provided that the position is at a hardship post or the officer is serving at a hardship post when the bid list is due.<sup>34</sup> State generally requires employees

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<sup>33</sup>Department of State, OIG, *Report of Inspection: Embassy Nouakchott, Mauritania*, ISP-I-09-23A (Washington, D.C., March 2009). As of March 2009, Nouakchott had a 25 percent hardship differential.

<sup>34</sup>A core bid is one on a position in an employee’s cone/skill code and grade for which the employee has either the required language proficiency, or time to acquire it, between his or her transfer eligibility date and that of the incumbent.

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to maintain a list of six “core bids” on positions at their grade level. State often offers upstretch assignments as a reward for strong performance and as a career-enhancing opportunity.

- *Eligibility to receive student loan repayments.* Officers who accept assignments to posts with at least a 20 percent hardship differential or any danger pay allowance may be offered student loan repayments as a recruitment or retention incentive.
- *Extra pay to extend tour in certain posts.* Employees who accept a 3-year assignment at certain historically difficult to staff posts qualifying for the Service Need Differential (SND) program are eligible to receive an additional hardship differential over and above existing hardship differentials, equal to 15 percent of the employee’s basic compensation.<sup>35</sup>
- *One year of service at unaccompanied or certain difficult to staff posts.* State has established a 1-year tour of duty at posts considered too dangerous for some family members to accompany an officer, in recognition of the difficulty of serving at such posts. Additionally, employees may negotiate shorter tours to historically difficult to staff posts, provided it is in the interest of the service.
- *Consideration for promotion.* State instructs the selection boards who recommend employees for promotion to “...weigh positively creditable and exemplary performance at hardship and danger posts...” However, the instructions only identify Iraq and Afghanistan by name.

State has taken special measures to fill positions in Iraq and Afghanistan, including assigning officers to these two posts before assigning them to other posts. Incentives for officers to serve in Iraq and Afghanistan include:

- *Priority consideration for onward assignments.* State has instituted a program whereby a Foreign Service employee may be selected for his/her assignment for 2010 at the same time as he/she is selected for a 2009 Iraq assignment.

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<sup>35</sup>State regulations say that in order to qualify for SND, an employee must be assigned to a post that has at least a 15 percent differential and the combined SND and danger pay allowance do not exceed 35 percent.

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- *The option to serve in Iraq or Afghanistan on detail and extend current assignment.* State allows officers to serve in Iraq or Afghanistan on detail from Washington or their current post of assignment, which provides financial and other benefits. For example, officers serving on detail from Washington, D.C., retain locality pay.<sup>36</sup> Moreover, according to State officials, officers who leave their families at their current post of assignment to serve on detail avoid the disruption of moving their families and may extend their tour at their current post of assignment from 3 years to 4 years, which may be particularly attractive for officers with school age children as it enables more educational continuity.<sup>37</sup>
  - *Favorable consideration for promotion.* State’s selection boards that recommend employees for promotion are expected to look favorably on service in Iraq and Afghanistan. In particular, State instructs the boards to “particularly credit performance in Provincial Reconstruction Teams and other regional operations in Iraq, which the President and Secretary of State have determined to be of the highest priority.”

In addition to incentives, State has rules requiring certain employees to bid on positions at hardship posts. These Fair Share rules require designated FSOs to bid on a minimum of three posts with a 15 percent or higher differential pay incentive in two geographic areas.<sup>38</sup>

Table 3 lists the various incentives and requirements across posts, based on hardship differential.

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<sup>36</sup>Locality pay is a salary comparability benefit, typically available to domestic federal employees only to attract workers in the continental United States to the federal government versus the private sector. Historically, FSOs posted overseas have not received locality pay. Current locality pay for Washington, D.C., is 23.1 percent.

<sup>37</sup>The standard tour of duty at posts with no differentials is three years.

<sup>38</sup>An employee is considered Fair Share if he or she has not served at least (1) 20 months at a post with a combined hardship and danger pay differential of 15 percent or greater, or (2) 10 months at a post with a 1-year standard tour of duty during the 8 years prior to the employee’s upcoming transfer eligibility date.



**Table 3: Financial and Nonfinancial Incentives and Requirements for Service at Hardship Posts**

Category	5% & 10%	15%	20%	25% to 35%	Combat Zones
Financial	Hardship differential	Hardship differential	Hardship differential	Hardship differential	Hardship differential
		Danger pay	Danger pay	Danger pay	Danger pay
		SND	SND	SND	
		Student loan repayment program <sup>a</sup>	Student loan repayment program	Student loan repayment program	Student loan repayment program
					Retain DC locality pay
					Family stays at post if sent on 1-year TDY OR can elect separate maintenance allowance
					Special differential (20% for FS-01, FS-02, FS-03, and FS-04 levels if serve more than 180 days)
Nonfinancial		Meets Fair Share requirements	Meets Fair Share requirements	Meets Fair Share requirements	Meets Fair Share requirements (after 6 months in Iraq, 10 months in Afghanistan)
		Staff eligible to bid for a position one grade higher than their current grade level	Staff eligible to bid for a position one grade higher than their current grade level	Staff eligible to bid for a position one grade higher than their current grade level	Staff eligible to bid for a position one grade higher than their current grade level
					Onward assignments
	Negotiated tours <sup>b</sup>	Negotiated tours	Negotiated tours	Negotiated tours	
	Favorable consideration in promotion boards	Favorable consideration in promotion boards	Favorable consideration in promotion boards	Favorable consideration in promotion boards	Favorable consideration in promotion boards
					Extension of previous assignment

Source: GAO analysis of State data.

<sup>a</sup>Officers who accept assignments to posts with at least a 20 percent hardship differential or any danger pay allowance are eligible for student loan repayments.

<sup>b</sup>Nonstandard tours of duty may be negotiated if a post is historically difficult to staff and the tour length is in the interest of the service.

Although State offers a range of incentives, it does not routinely track or report on their total cost. In response to our request for cost information, State queried its payroll system and estimated that it spent about \$83 million on hardship pay, \$30 million on danger pay, and about \$3 million on SND in fiscal year 2008. The cost information indicates that the amount spent on financial incentives has increased in recent years. According to the State OIG, in fiscal year 2005, the department spent about \$65 million

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on hardship pay, \$16 million on danger pay, and \$3 million on SND.<sup>39</sup> Separately, State reports the amount spent on student loan repayments to the Office of Personnel Management (OPM) as part of that office's statutory requirement to report annually to the Congress on agencies' use of student loan repayments.<sup>40</sup> According to our analysis of data from OPM's report for 2007, State repaid about \$2.5 million of student loans to FSOs in that year.

Although not all incentives cost money, they may present other tradeoffs. First, State officials report that the 1-year tour of duty to Iraq has been a useful recruitment tool.<sup>41</sup> However, these and other officials told us that the 1-year tour length makes it difficult for FSOs to form the relationships with their counterparts in other governments necessary for the conduct of U.S. diplomacy. For example, a State official told us of a recent instance where the U.S. government needed information on a Middle Eastern country's relationship with another nation in the region. However, none of the four political officers at the U.S. embassy in the country had sufficient contacts with the host government to obtain the information required. Consequently, the U.S. embassy needed to ask State headquarters to obtain the information from the host government by way of that country's embassy in the United States, resulting in delayed reporting of the information. A former Director General told us that 1-year tours result in a loss of institutional knowledge and program continuity. Second, the opportunity to bid on stretch assignments is an incentive because such assignments may be career-enhancing. However, as noted earlier in this report, senior officials may need to supervise and guide officers in stretch positions more than officers in positions at their current grade levels.

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### State Has Not Systematically Evaluated Effectiveness of Incentive Programs for Hardship Post Assignments

State has not systematically evaluated the effectiveness of its incentive programs, despite recommendations to do so. Agency officials cited the difficulty of evaluating the impact of any single incentive because of the numerous factors involved, but State has not taken advantage of available tools to evaluate incentive programs. State has not generated sufficient data to evaluate the impact of the favorable consideration for promotion

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<sup>39</sup>Department of State, OIG, *Report of Inspection: Bureau of Administration, Office of Allowances*, ISP-I-06-51 (Washington, D.C., September 2006).

<sup>40</sup>5 U.S.C. § 5379.

<sup>41</sup>One year is also the standard tour of duty in Afghanistan, Pakistan, and Jeddah, Saudi Arabia.

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State's Effort to Evaluate Effectiveness of Incentive Programs for Hardship Posts is Insufficient

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and the SND program in attracting employees to bid on, or remain in, hardship post assignments. State also did not comply with a congressional mandate to evaluate recent increases in hardship and danger pay.

State's efforts to evaluate hardship incentives remain insufficient. We previously reported that State created a number of incentives to address the growing number of vacancies at hardship posts to achieve its goal of having the right people in the right place with the right skills.<sup>42</sup> However, in 2006, we reported State had not measured the effectiveness of hardship incentives, and recommended State systematically evaluate the effectiveness of such measures, establishing specific indicators of progress and adjusting the use of the incentives based on this analysis. State responded to this recommendation by including a question on the impact of incentives to its biennial employee quality of life survey, but this step does not fully respond to our recommendation for three reasons.

First, the survey's incentive question is not specific enough. State included the question "How important was each of the following in your decision to bid on overseas positions during the last assignment cycle in which you submitted bids?" in its most recent Quality of Life at Work survey. The question then listed 11 items, some of which are incentives (e.g., hardship pay) and others are generic aspects of overseas assignments (e.g., security). While the survey provides some limited information, the survey question does not ask about the influence of the incentives on officers' willingness to bid on—and remain in—hardship post assignments. Further, by mixing incentives and other aspects of hardship post assignments, the question dilutes the focus on the incentives. Moreover, the list of incentives included is incomplete. For example, it does not ask employees about the extent to which the opportunity to include upstretch jobs on their core bid list or the favorable promotion consideration by selection boards impact their decisions to bid on hardship post assignments. Excluding some incentives from the survey hampers State's ability to evaluate the effectiveness of programs for hardship post assignments individually and collectively.

Second, the overall survey design has limitations preventing State officials from segregating responses by post and also does not collect key demographic information. For example, the survey data do not allow State officials to determine which responses came from posts with no hardship

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<sup>42</sup>GAO-06-894 and GAO-02-626.

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While State Cites External Constraints for Evaluating Incentives, Proper Evaluation Design and Execution May Help Meet This Challenge

differential, such as London, United Kingdom, and which came from posts of greatest hardship, such as Lagos, Nigeria. The survey also does not ask respondents for key demographic information, such as age and family status. The absence of this information makes it difficult to assess the effectiveness of the incentives as they apply to posts differently. Further, the appeal of one incentive relative to another incentive may differ based upon an officer's personal circumstances.

Third, State did not establish specific indicators of progress against which to measure the survey responses over time. As previously noted, State tracks the percentage of critical positions filled with qualified bidders by the end of the assignments cycle. However, State has not attempted to link this information to the survey results, as suggested by government management standards.<sup>43</sup> Since the survey incentive question is so vague, tracking it over time would not provide a useful indicator of progress to assess the outcomes of its programs for hardship post assignments.

State has not taken advantage of available tools to evaluate incentive programs for hardship post assignments. State officials maintain that external constraints make it challenging to evaluate the department's incentive programs. They reported that, in their view, it is not possible to isolate the effectiveness of a single incentive because of the large number of factors staff consider when bidding on assignments. Specifically, the department cited the difficulties of capturing the personal and family preferences and values that influence bid decisions in a database.<sup>44</sup> While acknowledging the challenges of this type of analysis, there are statistical methods and procedures to help determine the extent of association between the key variables of interest, while controlling for the effect of other measurable factors that could influence outcomes. Further, cost-effectiveness analysis—which attempts to systematically quantify the

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<sup>43</sup>In conjunction with the Office of Management and Budget (OMB) and GAO, OPM issued a strategic human capital framework—called the *Human Capital Assessment and Accountability Framework*—to provide a consistent, comprehensive representation of human capital management to guide federal agencies. OPM's framework provides six standards, along with associated indicators, or practices, for achieving success. One of the effectiveness indicators under the Talent Management standard is the reporting of appropriate metrics to senior managers and human resource executives to assess the outcomes from retention strategies.

<sup>44</sup>At posts we visited in 2008 and 2009, we heard concerns similar to those we reported on in 2006, when we found that family considerations—child-related and spousal employment concerns, in particular—were a significant obstacle to attracting mid-level officers to hardship posts.

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State Has Not Generated Data  
to Measure Key Incentives

costs of alternatives and assumes that each alternative results in achieving the same benefits—can be an appropriate evaluation tool when dollar values cannot be ascribed to the benefits of a particular program.

While State has taken steps to improve its data collection effort, it does not collect sufficient information to determine whether the SND program or the instructions to selection boards to weigh service at hardship posts positively are having an impact on bidding on hardship posts. State has increased the amount of data it collects on the SND program since we last reported in 2006, but more information is needed to evaluate the program's effectiveness. In 2006, we reported State was able to provide information on the number of officers who actually enrolled in the program, but was not able to provide information on the number of eligible officers who did not. Since we last reported on this issue, State has begun collecting data on which officers decline SND. However, State has not gathered the additional information necessary to measure the effectiveness of the program. According to a department official, State has considered the calculation of the worldwide rate at which officers extend their tours of duty to be a lower priority than other human resources initiatives. The State official said that it is not possible to evaluate the program's effectiveness without this information.

The manner in which State tracks employees serving in Iraq and Afghanistan makes it difficult to analyze the impact of the promotion consideration outlined in the instructions to selection boards. As previously noted, officers may serve in Iraq and Afghanistan on detail from Washington or another post of assignment; however, while they are on detail, State's personnel database continues to reflect the officer's current post of assignment. Furthermore, we reported in June 2009<sup>45</sup> that State does not have a mechanism for identifying and tracking its employees deployed to Iraq or Afghanistan and recommended the department

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<sup>45</sup> GAO, *Human Capital: Actions Needed to Better Track and Provide Timely and Accurate Compensation and Medical Benefits to Deployed Federal Civilians*, [GAO-09-562](#) (Washington, D.C.: June 26, 2009). State officials compiled their list of civilian employees who had been deployed to and returned from Iraq or Afghanistan between January 1, 2006, and April 30, 2008 by querying GEMS. According to a responsible State official, GEMS is a human resources system designed to document a personnel action from its initial request until it is completely processed.

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State Did Not Undertake  
Congressionally Mandated  
Report to Assess Impact of  
Increased Hardship and Danger  
Pay on Staffing Shortfalls

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establish policies and procedures to do so.<sup>46</sup> The lack of readily available data on FSOs deployed to Iraq and Afghanistan may make it difficult to comply with a June 2009 congressional direction to State that it report on the promotion process at the department as it relates to any preferential consideration given for service in Iraq, Afghanistan, and Pakistan, as compared to other hardship posts.<sup>47</sup> According to officials, State has not yet attempted to analyze the impact of the instructions to the selection boards on promotions.

State has not complied with a congressional mandate to assess the effectiveness of increasing hardship and danger pay ceilings to recruit experienced officers to certain posts, hampering oversight of State's use of the authority to increase such differentials. In December 2005, Congress passed legislation authorizing State to raise the hardship differentials and danger pay allowances from 25 percent to 35 percent as a recruitment and retention incentive.<sup>48</sup> The law required the department to (1) notify several congressional committees of the criteria to be used in adjusting the hardship and danger differentials and (2) study and report by 2007 on the effect of the increases in hardship differential and danger pay allowance ceilings in filling "hard to fill" positions.<sup>49</sup> In response, State notified Congress in March 2006 that it would increase the threshold for posts to qualify for the 30 and 35 percent differentials and allowances under the present criteria it uses to calculate its hardship and danger pay differential calculations, rather than add new criteria.<sup>50</sup> However, State officials confirmed that the department did not study the effect of these increased differentials and allowances on filling "hard to fill" positions and did not provide the required report to Congress. A State official said that, as of July 2009, the department had begun an effort to comply with the

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<sup>46</sup>In response to our recommendation, State committed to consulting and coordinating with the Department of Defense and other executive agencies to determine the best way to establish policies and procedures to accurately identify and track standardized information on deployed civilians.

<sup>47</sup>H.R. Rept. No. 111-151, at 123 (2009) (Conf. Rept.).

<sup>48</sup>To provide certain authorities for the Department of State, and for other purposes, Pub. L. No. 109-140, § 4, 119 Stat. 2650, 2651 (2005).

<sup>49</sup>*Id.*

<sup>50</sup>State uses a point system to determine the appropriate differential and danger pay rates for posts. State informed Congress that posts would need to reach higher thresholds to qualify for the 30 and 35 percent levels.

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congressional mandate. According to State's comments on this report, the department expects to fulfill the mandate by October 2009.

Despite the hardship and danger pay increases, these high-priority posts continue to have difficulties attracting bidders. Specifically, 17 of the 26 posts with either danger or hardship pay differentials above 25 percent were designated historically difficult to staff as of May 2008. The lack of an assessment of the effectiveness of the danger and hardship pay increases in filling positions at these posts, coupled with the continuing staffing challenges in these locations, makes it difficult to determine whether these resources are properly targeted.

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### Legislative Changes May Result in Increased Expenditures on Incentives for Hardship Post Assignments

Several measures passed by Congress this year may raise the cost of hardship post incentives already in place and provide additional incentives. Legislation enacted in 2009 authorized locality pay adjustments for fiscal year 2009 for members of the Foreign Service stationed overseas comparable to that if such member's official duty station were in the District of Columbia, and appropriated \$41 million for this purpose.<sup>51</sup> According to a State official, the legislative change will result in an approximately 8 percent increase in basic pay for FSOs, beginning in August 2009. Locality pay is not itself an incentive for hardship post assignments. However, the resulting increase in basic pay will lead to an increase in hardship pay, danger pay, and SND, all of which are calculated as percentages of basic pay. Officials we interviewed, both at hardship posts and in Washington, D.C., cited the lack of locality pay as a deterrent to bid on overseas positions. We have reported in the past that differences in the statutes governing domestic locality pay and differential pay for overseas service created a gap in compensation, which State officials, the American Foreign Service Association, and many officers have reported effectively penalizes overseas employees compared to employees based in Washington, D.C.<sup>52</sup>

Congress also recently enacted legislation authorizing State to pay recruitment, relocation, and retention bonuses to all FSOs other than

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<sup>51</sup>See Pub. L. No. 111-32, § 1113; Omnibus Appropriations Act, 2009, Pub. L. No. 111-8, § 4, 123 Stat. 524, 525 and Explanatory Statement, submitted by Mr. Obey, Chairman of the House Committee on Appropriations, Regarding H.R. 1105, Omnibus Appropriations Act, 2009, 155 Cong. Rec. H 1653, 2404 (daily ed. Feb. 23, 2009).

<sup>52</sup>[GAO-06-894](#) and [GAO-02-626](#).

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ambassadors and chiefs of mission who are on official duty in Iraq, Afghanistan, and Pakistan.<sup>53</sup> Previously, Foreign Service generalists were not entitled to receive recruitment, relocation, and retention bonuses.<sup>54</sup> As of the end of fiscal year 2008, there were about 340 Foreign Service generalist positions in Iraq, Afghanistan, and Pakistan. Further, State also plans to increase the number of FSOs in Afghanistan and Pakistan. The large—and growing—number of FSOs serving at these posts represents a potentially significant increase in recruitment, relocation, and retention bonus payments.<sup>55</sup>

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## Conclusions

The conduct of U.S. diplomacy compels State to assign staff to hardship posts where conditions are difficult and sometimes dangerous, but that nonetheless are at the forefront of U.S. foreign policy priorities. State has made progress since 2006 in reducing its deficit of mid-level officers and increasing the average number of bids at hardship posts. Despite these advances, State continues to face persistent staffing and experience gaps at such posts—especially at the mid-level—which can compromise its diplomatic readiness. The department has generally been able to fill its top priority posts in Iraq and Afghanistan, but key positions at other hardship posts remain vacant or are filled by officers who may lack the necessary experience to effectively perform their duties, potentially compromising State’s ability to advance U.S. international interests. Although State plans to address staffing gaps by hiring more officers, the department acknowledges it will take years for these new employees to gain the experience they need to be effective mid-level officers. The department plans to manage this experience gap in the near term by continuing to assign officers to positions above their current grade level. However, the frequent assignment of officers to stretch positions in hardship posts brings some risks, which will likely persist since State’s assignment system does not explicitly address the continuing experience gap at hardship posts as a priority consideration in making assignments. Furthermore, despite State’s continued difficulty attracting qualified staff to hardship posts, the department has not systematically evaluated the effectiveness of

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<sup>53</sup>See Pub. L. No. 111-32, § 1115(d).

<sup>54</sup>State has had the authority to offer recruitment, retention, and relocation bonuses to Foreign Service specialists and civil service employees.

<sup>55</sup>According to OPM, in calendar year 2007, State paid approximately \$6 million in retention bonuses to 594 informational technology specialists, unrelated to FSO staffing in Iraq, Afghanistan, and Pakistan.



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its incentives for hardship service. These incentives cost the department millions of dollars annually—an investment that will grow given recent legislative initiatives that raise FSO basic pay and expand the use of bonuses for recruitment, relocation, and retention. Without a full evaluation of State’s hardship incentives, the department cannot obtain valuable insights that could help guide resource decisions to ensure it is most efficiently and effectively addressing gaps at these important posts.

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## Recommendations for Executive Action

To ensure that hardship posts are staffed commensurate with their stated level of strategic importance and resources are properly targeted, we recommend the Secretary of State take the following two actions:

- Take steps to minimize the experience gap at hardship posts by making the assignment of at-grade, mid-level officers to such posts an explicit priority consideration.
- Develop and implement a plan to evaluate incentives for hardship post assignments. Such a plan could include an analysis of how the hardship assignment incentive programs work individually and collectively to address the department’s difficulty in recruiting staff to accept—and remain in—positions at hardship posts.

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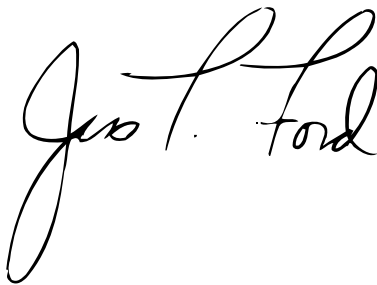
## Agency Comments and Our Evaluation

State provided written comments on a draft of this report. The comments are reprinted in Appendix IV. State generally agreed with the report’s findings, conclusions, and recommendations. For example, the department acknowledged that many hardship posts may face experience gaps. State also provided us with a draft analysis of the impact of increased hardship and danger pay on staffing shortfalls and indicated that it plans to continue tracking employee attitudes toward hardship incentives through future surveys. While these are positive steps, they do not fully respond to our recommendation to implement a plan to evaluate hardship incentives. In addition, State provided technical comments, which we incorporated as appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Secretary of State and interested congressional committees. In addition, the report will be available at no charge on our Web site at <http://www.gao.gov>.

If you or your staffs have any questions concerning this report, please contact me at (202) 512-4268 or [fordj@gao.gov](mailto:fordj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix V.

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J" and a distinct "T" and "F".

Jess T. Ford  
Director, International Affairs and Trade

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# Appendix I: Objectives, Scope, and Methodology

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To assess the Department of State's (State) progress in addressing staffing gaps at hardship posts since 2006 and the effect of any remaining gaps, we

- reviewed GAO and State Office of Inspector General reports (OIG), as well as applicable legislation and budget documents;
- analyzed staffing, bidding, and position data; and
- interviewed officials in State's Bureau of Human Resources, Bureau of Consular Affairs, and six regional bureaus regarding staffing issues.

To determine State staff surplus/deficit figures, we analyzed State staffing data and compared the number of positions in each career track with the number of Foreign Service Officers (FSO) in each track. For example, if the total number of employees in the consular career track is 1,055 and the total number of consular positions is 1,866, the deficit in officers would be 811.

We analyzed bid data from the 2008 summer assignments cycle to determine the average number of bids per post, the median number of bids for each differential rate, and the average number of bids per generalist career track for each differential rate. In order to compare 2008 data with the 2005 data from our previous report and remain consistent, we used FS-04, FS-03, and FS-02 bid data. The bid data include the number of positions to be filled at each post and the number of bids received for each position. We used the bid data for the summer assignments cycle because, according to State officials, most employees are transferred during this cycle, compared to the winter cycle. Because State staffed Iraq through a separate assignments cycle in 2008 that involved a different bidding process than the regular summer assignments cycle, we did not include Iraq positions in our analysis.

We used the following methodology to obtain our results:

- To obtain the average number of bids per 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 2008 summer assignments cycle, Lagos had 9 positions to be filled and received a total of 23 bids, resulting in an average of 2.6 bids for this post.
- To obtain the median number of bids at each differential rate, we arranged in ascending order the average number of bids for each post at the corresponding differential rate and used the middle average. For example,

assuming there are 5 posts at the 25 percent differential rate and their average bids are 3, 5, 7, 9, and 16, the median of the average bids is 7.

- To obtain the average number of bids per generalist career track at each differential rate, we took the total number of bids received on all positions in each career track per differential and divided it by the total number of positions to be filled in the career track per differential. For example, assuming there are 3 management positions at the 15 percent differential rate receiving a total of 12 bids, the average number of bids for management positions at 15 percent differential posts is 4.

We also analyzed data on all State Foreign Service positions as of the end of fiscal year 2008 to determine the vacancy rate for each post, the average vacancy rate for each differential rate, and the proportion of mid-level generalist positions filled by officers working above their grades for each differential rate. The position data include the number of positions at each post, the career track and grade of each position and, for positions that are staffed, the career track and grade of the incumbent. We used position data as of the end of the fiscal year because, according to State officials, most employees moving on to their next assignments have arrived at their new posts by that time. Due to limitations in the position data for Iraq, we did not include Iraq positions in our analysis.

We used the following methodology to obtain our results:

- To obtain the vacancy rate for each post, we took the total number of vacant positions at each post and divided it by the total number of positions to be filled at the post. For example, assuming there are 10 total positions at a given post and 2 vacancies, the vacancy rate is 20 percent.
- To obtain the average vacancy rate for each differential rate, we took the sum of all vacancy rates for posts with a given differential and divided it by the total number of posts with that differential. For example, assuming there are 5 posts at the 25 percent differential rate and their vacancy rates are 10 percent, 12 percent, 15 percent, 17 percent, and 20 percent, the average vacancy rate is 14.8 percent.
- To obtain the proportion of mid-level generalist positions filled by officers working above their grades for each differential rate, we took the total number of generalist positions at the FS-03, FS-02, and FS-01 levels filled with officers in upstretch assignments for each differential and divided it by the total number of generalist positions at those levels with that differential. For example, assuming there are only 7 mid-level generalist

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positions at posts with a 20 percent differential and 2 are filled by officers in upstretches, the upstretch rate is 29 percent.

To assess the extent to which State has used incentives to address staffing gaps at hardship posts, we

- reviewed GAO and State OIG reports, as well as applicable legislative documents and guidance from the Office of Personnel Management (OPM) and the Office of Management and Budget;
- examined surveys conducted by State;
- analyzed State documents that outline incentives for hardship service, including those available to officers serving in Iraq and Afghanistan;
- collected data on participation in and funds expended on hardship incentive programs; and
- interviewed officials in State's Bureau of Human Resources, Bureau of Administration, and six regional bureaus regarding State's use of incentives.

We obtained bidding data from State's FSBID database and staffing and position data from State's Global Employee Management System (GEMS) database. Since we have previously checked the reliability of both these databases, we inquired if State had made any major changes to the databases since our 2006 report. State indicated that it had not made major changes to either. We also tested the data for completeness and interviewed knowledgeable officials from the Office of Resource Management and Organizational Analysis and the Office of Career Development and Assignments (HR/CDA) concerning the reliability of the data. Based on our analysis of the data and discussions with the officials, we determined the bidding and staffing data to be sufficiently reliable for our purposes. We also determined that the position data for all posts but Iraq were sufficiently reliable for the purposes of this engagement. Given the limitations associated with Iraq positions in the position data, we obtained a separate set of Iraq-specific position data from the Bureau of Near Eastern Affairs (NEA) to use to analyze staffing in Iraq. To assess the reliability of the Iraq position data provided by NEA, we asked State how the data are collected, entered, and checked. State indicated that the data are collected and maintained manually by authorized assignment personnel and constantly updated through coordination between NEA and human resources officials in Iraq, among others. Based on this assessment

and our analysis of the data, we determined NEA's Iraq position data to be sufficiently reliable for the purposes of this engagement.

We conducted fieldwork in Lagos and Abuja, Nigeria; Shenyang, China; and Riyadh and Jeddah, Saudi Arabia, to study the impact of staffing gaps at selected hardship posts and State's use of incentives for hardship service. In deciding where to conduct our fieldwork, we considered factors such as the historic difficulty of staffing a given post; the mix of incentives available; strategic importance; and recommendations from cognizant State officials. We selected the posts in Nigeria because of their historically low bidding, their 25 percent hardship differentials, and because each offers Service Need Differential (SND). We selected Shenyang because of the post's 30 percent hardship differential, historically low bidding, and SND. We selected the posts in Saudi Arabia because, in addition to their historically low bidding and 20 percent hardship differentials, both were unaccompanied 1-year posts at the time of our review. In addition to our fieldwork, we conducted telephone interviews with senior officials in several additional hardship posts, including Bangladesh, Cambodia, Liberia, and Tajikistan. We also convened an expert roundtable of several retired senior State officials. The participants in the roundtable had all served as ambassadors to hardship posts in the last 10 years. Two participants were also former directors general.

We conducted this performance audit from April 2008 through September 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Department of State Generalist Staffing Surplus/Deficit by Career Track

Table 4 shows staffing surpluses and deficits by career track for foreign service generalists as of December 31, 2008.

**Table 4: Foreign Service Generalists' Surplus/(Deficit) across Career Tracks, as of December 31, 2008**

Grade level		Management	Consular	Economic	Political	Public diplomacy	Surplus/ (Deficit) by grade level	Total Surplus/ (Deficit)
Senior level	MC	(8)	13	-	7	(4)		<b>8</b>
	OC	(34)	(14)	31	40	(29)		<b>(6)</b>
<b>Subtotal</b>		<b>(42)</b>	<b>(1)</b>	<b>31</b>	<b>47</b>	<b>(33)</b>	<b>2</b>	
Mid level	1	(37)	17	44	57	(67)		<b>14</b>
	2	(84)	51	36	16	(223)		<b>(204)</b>
	3	87	(129)	19	8	120		<b>105</b>
<b>Subtotal</b>		<b>(34)</b>	<b>(61)</b>	<b>99</b>	<b>81</b>	<b>(170)</b>	<b>(85)</b>	
Jr. level	4	165	(595) <sup>a</sup>	108	152	199	29	<b>29</b>
<b>Total</b>		<b>89</b>	<b>(657)</b>	<b>238</b>	<b>280</b>	<b>(4)</b>	<b>(54)</b>	<b>(54)<sup>b</sup></b>

Source: GAO analysis of State data.

Note: Senior Foreign Service grades include minister counselor (MC) and counselor (OC).

<sup>a</sup>Although there is a deficit of 595 entry-level officers in the consular cone, State does not consider this a true deficit because nearly all entry-level generalists serve in consular positions during their first or second assignment, regardless of cone.

<sup>b</sup>The total deficit decreases from 54 to 42 when junior grades 05 and 06 are included. We omitted these positions from the table to remain consistent with our 2006 report, in which we noted that we did not include these grades because we were told that they were training positions that are not counted against the deficit.

# Appendix III: 2009 Historically Difficult to Staff and Service Need Differential Posts

Table 5 lists posts that State designated as historically difficult to staff or eligible for Service Need Differential (SND) for the 2009 summer assignments cycle.

**Table 5: Historically Difficult to Staff and SND Posts for 2009 Summer Assignments Cycle**

Regional bureau/ country	Post	Historically difficult to staff (✓)	SND (✓)
<b>Bureau of African Affairs</b>			
Angola	Luanda	✓	✓
Benin	Cotonou	✓	✓
Burkina Faso	Ouagadougou	✓	✓
Burundi	Bujumbura	✓	✓
Cameroon	Douala	✓	✓
	Yaounde	✓	✓
Cape Verde	Praia	✓	✓
Central African Republic	Bangui	✓	✓
Chad	N'Djamena	✓	✓
Congo, Democratic Republic of the	Kinshasa	✓	✓
Congo, Republic of	Brazzaville	✓	✓
Cote d'Ivoire	Abidjan	✓	✓
Djibouti	Djibouti	✓	✓
Equatorial Guinea	Malabo	✓	✓
Eritrea	Asmara	✓	✓
Gabon	Libreville	✓	
Gambia, The	Banjul	✓	✓
Guinea	Conakry	✓	✓
Liberia	Monrovia	✓	✓
Malawi	Lilongwe	✓	✓
Mali	Bamako	✓	✓
Mauritania	Nouakchott	✓	✓
Niger	Niamey	✓	✓
Nigeria	Abuja	✓	✓
	Lagos	✓	✓
Rwanda	Kigali	✓	✓
Sierra Leone	Freetown	✓	✓
Sudan	Khartoum	✓	✓



**Appendix III: 2009 Historically Difficult to Staff and Service Need Differential Posts**

<b>Regional bureau/ country</b>	<b>Post</b>	<b>Historically difficult to staff (✓)</b>	<b>SND (✓)</b>
Togo	Lome	✓	✓
<b>Bureau of East Asian and Pacific Affairs</b>			
Brunei	Bandar Seri Begawan	✓	
China	Guangzhou	✓	✓
	Shenyang	✓	✓
Indonesia	Medan	✓	✓
Japan	Naha	✓	
Marshall Islands	Majuro	✓	
Micronesia	Kolonia	✓	✓
Papua New Guinea	Port Moresby	✓	✓
Timor-Leste	Dili	✓	✓
<b>Bureau of European and Eurasian Affairs</b>			
Armenia	Yerevan	✓	
Belarus	Minsk	✓	✓
Bosnia and Herzegovina	Banja Luka	✓	
Kosovo	Pristina	✓	✓
Moldova	Chisinau	✓	✓
Montenegro	Podgorica	✓	
Russia	Vladivostok	✓	✓
	Yekaterinburg	✓	✓
<b>Bureau of Near Eastern Affairs</b>			
Iraq	Baghdad	✓	
Israel	Jerusalem	✓	
Jordan	Amman	✓	
Saudi Arabia	Jeddah	✓	
	Riyadh	✓	
Yemen	Sanaa	✓	✓
<b>Bureau of South and Central Asian Affairs</b>			
Afghanistan	Kabul	✓	
Bangladesh	Dhaka	✓	✓
India	Calcutta	✓	
Kazakhstan	Astana	✓	✓
Pakistan	Islamabad	✓	
	Lahore	✓	
Tajikistan	Dushanbe	✓	✓
Turkmenistan	Ashgabat	✓	✓

**Appendix III: 2009 Historically Difficult to Staff and Service Need Differential Posts**

<b>Regional bureau/ country</b>	<b>Post</b>	<b>Historically difficult to staff (✓)</b>	<b>SND (✓)</b>
<b>Bureau of Western Hemisphere Affairs</b>			
Guyana	Georgetown	✓	✓
Haiti	Port-au-Prince	✓	✓
Jamaica	Kingston	✓	
Mexico	Ciudad Juarez	✓	
	Hermosillo	✓	
	Nogales	✓	
Suriname	Paramaribo	✓	✓

Source: State.

# Appendix IV: Comments from the Department of State

Note: GAO's comment supplementing those in the report text appears at the end of this appendix.



**United States Department of State**

*Assistant Secretary for Resource Management  
and Chief Financial Officer*

*Washington, D.C. 20520*

Ms. Jacquelyn Williams-Bridgers  
Managing Director  
International Affairs and Trade  
Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548-0001

SEP -2 2009

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "DEPARTMENT OF STATE: Additional Steps Needed to Address Continued Staffing and Experience Gaps at Hardship Posts," GAO Job Code 320585.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Bert Curtis, HR Specialist, Bureau of Human Resources at (202) 647-2655.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Kaplan".

Sid Kaplan (Acting)

cc: GAO – Goodwin Agbara  
DGHR – Nancy Powell  
State/OIG – Mark Duda

Department of State Comments on GAO Draft Report

Additional Steps Needed to Address Continued Staffing and Experience  
Gaps at Hardship Posts  
(GAO-09-874, GAO Code 320585)

The Department thanks GAO for its evaluation of the Department's challenges regarding staffing and experience gaps at hardship posts. As GAO has reported, we have continuously strived throughout much of this decade to ensure that hardship posts are filled as effectively as possible. Our tools have included aggressive recruitment, assignment rule adjustments, and a varied menu of programs including monetary, professional and even (for the most difficult to fill positions) family-oriented incentives.

As GAO acknowledges, we have been successful in staffing our highest priority posts at or near 100%. As GAO also recognizes, and we would like to emphasize, the underlying causes of staffing shortages, i.e., the growth of our mission without a commensurate growth in resources, must be addressed to ensure diplomatic readiness.

The Department appreciates the opportunity to respond to the GAO recommendations and looks forward to continued engagement.

**GAO Recommendations for Executive Action & DOS Response**

To ensure that hardship posts are staffed commensurate with their stated level of strategic importance and resources are properly targeted, we recommend the Secretary of State take the following two actions:

1. Take steps to minimize the experience gap at hardship posts by making the assignment of at-grade, mid-level officers to such posts an explicit priority consideration.

We concur with this recommendation and would like to assure GAO that the staffing of hardship posts is a priority for the Department. However, as GAO continues to note (as in a related 2006 study), we have more positions than available officers. The overall shortage of Foreign Service officers and specialists contributes to the difficulty in staffing our missions and presents the Department

with difficult choices. When there are overall service deficits at the mid-levels, many positions will go unfilled and/or training may be sacrificed.

While we acknowledge that this may result in an experience gap at many hardship posts, we would point out that not all hardship posts are top policy priorities. Conversely, not all non-hardship posts are low policy priorities. Until staffing levels meet our needs, we will have to prioritize both positions and posts.

In recent years, the Department has frozen positions around the world to ensure that our highest priority jobs were indeed filled globally. As those hired under Diplomacy 3.0 begin to enter the workforce, many of these positions will be filled, albeit with entry-level officers. Diplomacy 3.0 is our first infusion of additional positions in several years and the beginning of the Secretary's efforts to build the size of the Foreign Service by 25%.

2. Develop and implement a plan to evaluate incentives for hardship post assignments. Such a plan could include an analysis of how the hardship assignment incentive programs work individually and collectively to address the department's difficulty in recruiting staff to accept – and remain in - positions at hardship posts.

We concur with this recommendation and agree with GAO and the Congress that the question of effectiveness of incentives to staff hardship posts is important. In response to Public Law 109-140 Section 4(e), the Department has been collecting and analyzing data on differential and danger pay increases. This study will be completed by early October 2009, and we have provided GAO with a preliminary draft.

We had expected to continue to track employee attitudes toward these incentives through future surveys. While we traditionally have not been able to add questions to OPM's biennial Human Capital Survey, we have done so to the similar survey we conducted in the odd-numbered years. OPM has advised, however, that it expects to conduct its survey annually, thus complicating our ability to collect needed data. We have expressed this concern to OPM and understand it is considering our request to include customized questions, at least every other year, within the OPM-administered Federal Human Capital survey.

On a related matter, we found GAO statements regarding overseas pay comparability misleading and would like to clarify some of the basic facts. Comparability pay is not a function of, nor is it offered as, compensation for

See comment.

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hardship posts. Rather, it applies regardless of overseas location to certain categories of members of the Foreign Service. Its purpose is to eliminate the loss in basic pay that certain Foreign Service members incur while serving abroad. That gap was created by the introduction of locality pay in 1994 and has undermined the value of our hardship incentives, even eliminating that value at certain hardship posts. We would also note that comparability pay has not been permanently authorized by Congress.

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The following is GAO's comment to the Department of State's letter dated September 2, 2009.

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## GAO Comment

While State's analysis of hardship differential and danger pay increases and its request to OPM to include customized questions about hardship incentives in future surveys are positive steps, they do not fully respond to our recommendation to implement a plan to evaluate hardship incentives. State expects to fulfill the mandate to study and report on the effect of the increases in hardship differential and danger pay ceilings in filling "hard to fill" positions in October 2009. However, as noted earlier, State offers other incentives which it has not evaluated. Furthermore, we also note that State's last survey had several limitations. For example, the survey lacked the requisite specificity, included an incomplete list of incentives, and did not collect key demographic information. Unless State addresses these issues, the survey's utility as an evaluation tool will remain limited.

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# Appendix V: GAO Contact and Staff Acknowledgments

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## GAO Contact

Jess T. Ford, (202) 512-4268 or [fordj@gao.gov](mailto:fordj@gao.gov)

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## Staff Acknowledgments

Key contributors to this report include Anthony Moran, Assistant Director; Richard Gifford Howland; Aniruddha Dasgupta; Brian Hackney; Joseph Carney; Martin de Alteriis; Grace Lui; Michael Courts; Zina Merritt; Gloria Hernandez-Saunders; and John Brummet. Technical assistance was provided by Robert Alarapon, Gena Evans, and Thomas Zingale.



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