

# ISSUE BRIEF

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## U.S. Should Lead Effort to Arrest Excessive U.N. Pay

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Pay of United Nations professional and higher level staff has risen sharply over the past few years in comparison to equivalent positions in the United States federal civil service. U.N. pay is supposed to be based on those of equivalent U.S. civil servants. The discrepancy has arisen, in part, because U.S. pay has been frozen in response to America's budgetary crisis while the U.N.'s International Civil Service Commission (ICSC) has recommended pay increases. As a result, U.N. compensation—already more generous than that paid by the member states to their own civil servants—has grown comparatively even more lavish.

In addition, personnel costs, including salaries, comprise approximately 70 percent of the U.N. regular budget and the budgets of many other U.N. organizations.<sup>1</sup> Because many major contributors are facing domestic fiscal constraints, they have been reluctant to support increased U.N. budgets. As a result, increases in U.N. compensation are beginning to create budgetary strains, eliciting concern from some of these organizations.

**U.N. Compensation Higher Than American Equivalents and Growing.** In order to attract and retain qualified staff, the U.N. has long operated

under the Noblemaire principle, which states that professional staff compensation should be determined according to the schedule of the civil service of the member state with the highest national civil service compensation levels. Since the U.N. was founded, this “comparator” has been the U.S. federal civil service.

U.N. professional categories, however, do not line up neatly with U.S. civil service grades. To address this, the ICSC calculates equivalencies between the two as a basis for determining compensation. Once base salaries are established, the ICSC determines cost-of-living adjustments (“post adjustments,” in U.N. parlance) to the base salaries to arrive at the final pay. According to the ICSC, U.N. pay significantly exceeds that of the U.S. equivalent.<sup>2</sup>

- The seven U.N. professional or higher categories in New York receive net remuneration between 30.6 percent and 43.2 percent higher than the net remuneration of equivalent U.S. federal employees based in Washington, D.C.
- Weighting for the number of U.N. employees in each category, U.N. net remuneration averages 33.5 percent higher than that of their U.S. equivalent in Washington, which is up from 31.3 percent in 2012 and 29.5 percent in 2011.<sup>3</sup>
- Even after applying its own cost-of-living adjustment of 11.6 percent for New York, which is significantly higher than the 3.6 percent used by the U.S. government,<sup>4</sup> the ICSC reports that the average net remuneration of U.N. employees was 19.6 percent higher than the U.S. equivalent.

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This paper, in its entirety, can be found at  
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- Based on the 2013 ICSC report, the most numerous U.N. professional grade (P-4) in New York earned an average net remuneration of \$138,368. The U.S. equivalent is \$104,904.

In addition, U.N. employees enjoy generous benefits and allowances matching or exceeding equivalent U.S. benefits as detailed in a May 2013 Government Accountability Office (GAO) report.<sup>5</sup> For instance, U.N. employees enjoy significantly more generous annual, maternity, paternity, and sick leave benefits. While the GAO observes that U.S. civil servants working in other countries enjoy similar allowances to those provided by the U.N., including housing and education allowances, the report clarifies that they “apply only to a small percentage of U.S. civil service employees.” A large portion of U.N. employees, by contrast, enjoy these benefits.

**Rising Pay Causing Concern.** The ICSC operates under an instruction from Resolution 40/244 adopted by the U.N. General Assembly (GA) in 1985 to maintain U.N. net remuneration between 110 percent and 120 percent higher than the U.S. equivalent, with a further goal of maintaining a five-year average of 115 percent adopted three years later in Resolution 43/226. Although U.N. pay has risen relative to that of U.S. equivalent civil servants for over a

decade, the pace has increased since the U.S. instituted a pay freeze for federal workers in 2010.

U.N. pay in New York is now at the top of the 110 percent to 120 percent range. As Ambassador Joseph Torsella, U.S. Representative to the United Nations on Management and Reform, observed in October 2013:

[D]espite our appreciation for UN staff, we simply cannot justify historically high and soaring UN compensation levels that are now significantly out of step with the average US civil servant’s salary—the official comparator—even before generous and unique UN benefits are considered.<sup>6</sup>

In addition, other U.N. organizations have expressed concern:

- The Food and Agriculture Organization Conference appealed to the “UN General Assembly to consider the need for greater vigilance with regards to increases on staff costs across the UN Common System.”<sup>7</sup>
- The World Intellectual Property Organization’s Program and Budget Committee requested the Director General to express to the ICSC “concerns regarding the impact of rising staff costs on

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1. Fifteen organizations accepted the statute of the ICSC and participate in the United Nations common system of salaries and allowances: the U.N.; the International Labor Organization; the Food and Agricultural Organization; the United Nations Educational, Scientific and Cultural Organization; the International Civil Aviation Organization; the World Health Organization; the Universal Postal Union; the International Telecommunication Union; the World Meteorological Organization; International Maritime Organization; the World Intellectual Property Organization; the International Atomic Energy Agency; the United Nations Industrial Development Organization; the U.N. World Tourism Organization; and the International Seabed Authority. Although it has not accepted the statute, the International Fund for Agricultural Development also participates in the common system of salaries and allowances. United Nations, “Report of the International Civil Service Commission for the Year 2013,” <http://icsc.un.org/resources/pdfs/ar/AR2013.pdf> (accessed November 25, 2013).

2. *Ibid.*, Annex VI, p. 44, <http://icsc.un.org/resources/pdfs/ar/AR2013.pdf> (accessed November 23, 2013).

3. United Nations, “Report of the International Civil Service Commission for the Year 2012: Corrigendum,” October 18, 2012, [http://icsc.un.org/resources/pdfs/ar/AR2012\\_CORR.pdf](http://icsc.un.org/resources/pdfs/ar/AR2012_CORR.pdf) (accessed November 23, 2013), and United Nations, “Report of the International Civil Service Commission for the Year 2011,” Annex VI, p. 75, <http://icsc.un.org/resources/pdfs/ar/AR2011.pdf> (accessed November 23, 2013).

4. U.S. Office of Personnel Management, “2013 General Schedule (GS) Locality Pay Tables,” <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2013/general-schedule/> (accessed November 23, 2013).

5. U.S. Government Accountability Office, *UN Compensation: United Nations Should Clarify the Process and Assumptions Underlying Secretariat Professional Salaries*, GAO-13-526, May 29, 2013, <http://www.gao.gov/products/GAO-13-526> (accessed November 23, 2013).

6. Joseph M. Torsella, “Remarks at the Opening Session of the Fifth Committee Main Session of the 68th General Assembly,” October 3, 2013, <http://usun.state.gov/briefing/statements/215280.htm> (accessed November 25, 2013).

7. Food and Agricultural Organization, “Resolution 7/2013: Budgetary Appropriations 2014-15,” adopted June 22, 2013, paragraph 4, <http://www.fao.org/docrep/meeting/017/MH093E/MH093E01.htm#Resolution7> (accessed November 23, 2013).

the financial sustainability of the Organization and the need to exercise greater vigilance and consider taking timely and effective measures.”<sup>8</sup>

- The International Maritime Organization (IMO) Council instructed the IMO Secretary-General to convey to the ICSC and the U.N. General Assembly its “views on the impact of rising staff costs on the Organization’s financial sustainability and the need to exercise greater vigilance with regard to increases in staff costs across the United Nations common system” and to ask them to “consider taking immediate action to alleviate these budgetary pressures.”<sup>9</sup>

**Reining in U.N. Compensation.** At the behest of the member states, the ICSC is currently conducting a review of the common system compensation package, including the rationale and basis for payment. The U.S. should advocate for significant changes to U.N. compensation. Specifically, the U.S. should:

- **Seek restrictions on U.N. benefits.** The U.N.’s generous benefits intended to address the challenges “relating to expatriate service” should not be available to those staying for longer than five years in one locale. This would also support the Secretary-General’s effort to increase the mobility of the staff.
- **Seek a reduction in U.N. compensation in 2014 to 115 percent of U.S. civil service remuneration.** The GA should reduce compensation so that U.N. pay falls to the desired midpoint of 115 percent in 2014 as outlined in Resolution 43/226.
- **Replace Resolution 40/244 with an instruction to make U.N. pay equivalent to U.S. federal civil service pay.** U.N. benefits are designed to address the demands of expatriate service, making a pay premium to address these same

issues redundant. The GA instruction to the ICSC to target U.N. net remuneration at 110 percent to 120 percent of the U.S. equivalent should be replaced with an instruction that U.N. net remuneration should not exceed 100 percent of that of the U.S. civil service.

- **Demand that the ICSC use OPM locality pay adjustments for New York.** The U.S. should instruct the ICSC to use the U.S. Office of Personnel Management locality pay adjustment for New York rather than its own cost-of-living calculations, which are significantly higher.
- **Maintain pay freeze for the U.S. civil service through 2014.** U.S. federal salaries are set to increase 1 percent in 2014. Congress should oppose this increase for several reasons.<sup>10</sup> Although the impact on U.N. pay is far less important than these other concerns, because U.N. pay is linked to U.S. federal civil service salaries, this would send mixed signals when juxtaposed with U.S. efforts to rein in U.N. pay.

**Face Budget Reality.** Governments around the world have had to implement cost-saving measures to meet budgetary necessity, including pay freezes. As a composite of the world’s nations, the U.N. should not be insulated from this reality.

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8. World Intellectual Property Organization, “Summary of Decisions and Recommendations made by the Program and Budget Committee at Its Twenty-First Session (September 9 to 13, 2013),” September 23, 2013, to October 2, 2013, p. 4, [http://www.wipo.int/edocs/mdocs/govbody/en/a\\_51/a\\_51\\_14.docx](http://www.wipo.int/edocs/mdocs/govbody/en/a_51/a_51_14.docx) (accessed November 23, 2013).

9. International Maritime Organization, “Summary of Decisions,” C 110/D, July 29, 2013, paragraph 4(a).4, cited in United Nations, “Report of the International Civil Service Commission for the Year 2013,” p. 5.

10. Patrick Tyrrell and James Sherk, “Still Not the Time to Raise Federal Pay,” The Heritage Foundation, The Foundry, November 12, 2013, <http://blog.heritage.org/2013/11/12/still-not-the-time-to-raise-federal-pay/>.