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From: Diab El Tabari, President

**SUBMISSION BY
THE FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS (FICSA)
AT THE 81ST SESSION OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (ICSC)
ON THE EDUCATION GRANT**

(27 July to 7 August 2015, IAEA Vienna)

Education grant

Introduction

Families prioritize education for their children. The grant is a major attraction in recruitment and is highly valued by staff. International schooling can be very expensive, and the costs cannot be met through the UN salary. The education grant has to be attractive enough so that the prospective staff feels comfortable that their costs can be covered. Parents are often ready to make personal sacrifices, but would not consciously make choices that would affect the welfare or would limit the future opportunities of their children.

The UN education grant originally recognized the comprehensive nature of educational needs of UN dependents. Parents would expect that the benefit contribute towards an educational environment that would substantially match the educational opportunities in the home country. The US civil servant posted abroad is likewise covered for such benefits, including transportation, exam fees, and other amounts that would normally have been provided in the United States. The current education grant proposal on the table for the Comprehensive Review degrades that benefit to a lower standard.

Background

In reviewing the background for the education grant it is shown that it is a significant, but not major a part of the UN staff budget. Figures provided by the ICSC show that the cost of the education grant is about 3 per cent of the staff budget.

Due to the cost of international schools in New York under the eye of UN delegates, and the UN approach to also provide a benefit for university education, there is an exaggerated perception that the education grant has been overly generous and lucrative for staff. But in work carried out by the ICSC it has been shown that the cost of educating a UN dependent child for grade school through university is roughly equivalent to the costs of the comparators education benefit for US civil servants working overseas educating children through grade school because the UN reimbursement rate is based on 75 per cent of costs whilst the US is 100 per cent.

The education grant has become a major political hammer to attack the UN system of benefits, but evidence is, that although constructed in a different way, it is a similar cost to that of the US comparator system. Over-reacting to political misperceptions would damage the value of this benefit and reduce the attractiveness of employment in the UN.

Another major issue has been the administration cost of the grant. It has been reported in these discussions that the cost of processing claims for the system worldwide is US\$ 3.6 million. Simplifications to achieve savings are well appreciated and although the efforts of the ICSC to streamline and simplify the methodology for determining cost reimbursements and processing of education claims could be fully supported, it should not be at the cost of deteriorating the grant itself. The methodology should be adjusted and streamlined without damaging the benefit. The education grant as being proposed, that is by limiting the scope of elements to be reimbursed, eliminating the opportunities for boarding for staff at HQ duty stations and at university, and by eliminating education travel for those same groups of staff, would significantly reduce its value.

Issues with new grant

The proposals before the ICSC on the education grant contain a number of negative consequences that must be addressed. A major problem is that whereas previously staff were reimbursed for 75 per cent of all eligible education expenses, with the new proposals, staff would be reimbursed for only 75 per cent of tuition expenses (and boarding where allowed). This is a significant deterioration in reimbursement amounts, an effective rate of 56 per cent, since tuition represents only about 75 per cent of education costs in claims currently being submitted.

Some members of the Commission have expressed concern that the UN had perhaps been too generous in the elements that it accepted for reimbursement. While this can be partially acknowledged, it is also obvious that there are legitimate expenses, in addition to tuition, that should be covered, such as transportation, a very significant expense, as well as exam or laboratory fees. The comparator covers more than tuition on the principle that what would normally be expected to be covered in the United States, which includes transportation and standard school fees, should be reimbursed when serving abroad. It is not appropriate to expect staff to now begin absorbing these costs.

There is no good justification for the non-coverage of legitimate education expenses. They are obligatory expenses which come about as a result of service abroad and educating a child abroad and which are covered by the comparator. The only reason provided for the non-reimbursement of these expenses is the simplification of claims management. However, this is not a valid

justification and would place a major financial burden on staff. Simplification is a good thing, but the benefit package should not be jeopardized for this reason. Simplifying the reimbursement process could be accepted, but only under a condition of neutrality. There must be an offset to the financial loss suffered by staff.

The sliding scale in any permutation does not address the problem of reduced support for education, but only introduces an element of inequity in the grant. For staff with lower education expenses for their child, the scale provides a higher reimbursement rate, which would serve to some extent to compensate for the decrease in overall reimbursement (as a result of limiting reimbursement to only tuition). But moving down the scale for locations with higher education costs, the costs that to be absorbed by staff would become significantly higher. The top step reimbursement rate is 75 per cent of tuition, but with tuition representing only a portion of education costs, the effective rate remains 56 per cent, as noted above.

The logic of the sliding scale is purportedly to incentivize staff to choose lower cost options but this is questionable. In some duty stations there is limited choice, and to choose a lower-cost school could be tantamount to deciding whether your child could get by with a lower quality education. The sliding scale is a significant departure from previous practice but it is still not clear if the method would be adequately responding to staff needs for education support. The approach raises questions of equity, and the sliding scale would not make up for the loss resulting from the limitation on admissible expenses.

It is also highly questionable given that the education grant is already incentive driven through a fixed percentage driven reimbursement where parents are already expected to cover a portion of the cost. The education grant should be based on staff requirements to meet the needs of their family during their service abroad. Doubling up on the incentive structure drives the system completely away from the objective of the grant. The system would no longer be responding to the needs of staff, but would be driving for the cheapest solution, which is hardly a motivation for staff recruitment and retention.

The sliding scale of reimbursement is also more complicated for staff to understand. The previous approach of a flat 75 per cent was clear and transparent. The sliding scale would make it less obvious what the reimbursement would be before moving to a duty station. Looking at the numbers a staff member may assume a higher reimbursement rate, but after confirmation of tuition fees, and other costs that are not covered, may become sorely aware of the limitations of the grant. The sliding scale might not be easily understood by staff.

The sliding scale had been previously considered by an ICSC working group in 2008. At that time the HR Network stated that they could not support the proposals. Quoting from the ICSC annual report: "They believed that neither would ensure equity of treatment of staff, simplicity or cost-neutrality. In addition, the introduction of a declining scale would be difficult to explain to the staff and would require additional implementation costs. There was also concern that either of the two options would negatively impact a significant number of staff upon conversion to the new system. Staff would be forced to choose among lower-cost institutions, as reimbursement rates would be higher at the lower expense levels, and the organizations would be rendered less competitive." The proposal was rejected at the time for good reason, and unless the issues of equity, simplicity and cost-neutrality are addressed, it should not be accepted now just because of political expediency.

Should the proposals to limit the education grant to only tuition be adopted, in the interest of transparency, the benefit should be named “tuition grant”.

FICSA is also concerned about the limitations of boarding particularly for those in HQ duty stations with grade school children. The evidence shows in data provided that the boarding element is not widely used. Clearly boarding is not the preferred option for most parents. Children, at least through high school, are kept in the home. Most parents would make this choice when feasible since sending children away is generally a critical and necessary decision. But there are recognized needs for boarding, and the paper before the Commission mentions seven circumstances, although there could be more. When we consider the natural tendency to keep children at home, and apply the seven criteria to the remaining few, how many would be left without the boarding option that would have taken it?

The elimination of the boarding option for HQ staff is purely cosmetic. Since boarding has so many exceptions, and is used on such a limited basis, what would be the value in having such a rule? System wide it was reported that there were only 850 cases, representing 1.8 per cent of parents choosing schools in third country locations when adequate schools seemed available at the duty station. When we take out field duty stations and the staff in HQ duty stations who meet the criteria for boarding, there would be very few cases left, if any. The savings generated by the few who would not have access to the boarding, would be insignificant. It would be wiser to adopt the simple solution of allowing boarding for those at HQ duty station. This is administratively simpler, and protects the staff member from administrative decisions that might be considered arbitrary.

A related benefit cut is the elimination of travel for child dependents not entitled to boarding. This would hit staff serving at HQ duty stations and all staff with children studying outside the duty station at tertiary levels. This policy is family unfriendly. Staff members serving abroad would expect their children to see them at least once a year. It would seem reasonable that the UN would provide such a benefit in support of the family unit, and for the peace of mind and productivity of the parent staff member. Serving abroad means distancing a staff member from his/her home country. The need for education travel is a direct consequence of that service, and the UN should be prepared to support it. It is noted that the United States, although it does not provide a benefit for university education of dependents, provides education travel for dependents attending university. This would be a reasonable policy to maintain, built on support for the welfare of the staff member and his/her family.

It is also essential to ensure that in any changes to the education grant that the special education support would not diminished. Many countries have improved their standards for special education support and it is critical that the UN follow suit, even better, become the model for the appropriate support. The special education needs might require more detailed review to ensure an adequate level of benefit. It is noted in the paper on the special education grant before the Commission that the previous list of admissible expenses would not be modified. The boarding option should be maintained for all special needs children and the lump sum established at a higher reasonable level than for regular education.

Major savings are coming from restrictions and reductions in the education grant. FICSA objects to a number of these changes, as stated above, but nonetheless, there are elements that with modification could be acceptable and lead to savings, as well as administrative savings. With these resources, consideration should be given to providing some preschool support to parents,

recognizing the increased frequency of pre-school attendance. A fixed annual amount should be provided for children from an earlier school age for this benefit. This benefit would particularly support single parents, many of who are women, and help organizational efforts at promoting gender equality.

Conclusion

In making some interesting changes in the management of the education grant, the proposals unfortunately go too far, cutting in a very damaging and family unfriendly way the value and objectives of this benefit. The benefit would be drastically reduced by focusing only on reimbursement for tuition (and boarding for those who are eligible), cutting the boarding benefit for HQ staff at the university level, and eliminating travel for those staff not eligible for boarding. The changes are highly prescriptive and, with the cutbacks in the benefits, are forcing staff to make economical choices out of necessity, rather than choosing the most appropriate education for their children.

The proposals for the education grant would lead to much higher out-of-pocket expenses for staff. The severe reduction in this benefit would diminish the value of the compensation package and would make us no longer comparable to benchmarked organizations. The UN would become a less attractive employer. Improvements would be required to maintain the attractiveness of the education grant as a recruitment and retention tool.

The current proposals also introduce a high level of inequity in the distribution of the benefit among staff, which requires correction. The sliding scale of reimbursement is poorly designed, providing a higher benefit for those who did not need it, and reducing the benefit for those staff members that did need higher levels of educational support.

FICSA would propose the following:

- The sliding scale should be scrapped because it introduces an inequitable reimbursement scheme. There are duty stations where educational costs are high and unavoidable, and service at these duty stations should not be penalized. The UN should support legitimate cost reimbursement of education expenses across all duty stations. If necessary, it might be more appropriate to recognize that there are certain duty stations which require a higher level of support and to establish a separate zone for these countries.
- The reimbursement rate should recognize that there are legitimate education expenses that would not be reimbursed by focusing only on tuition. The effective reimbursement rate should be raised to 80 or 85 per cent. This would maintain the simplified calculations of reimbursement but would recognize that there are other expensed related to school fees that needed to be covered without expanding the list of reimbursable items.
- The boarding entitlement should be maintained for staff posted at HQ duty stations at least at the grade school level. Recognizing that parents generally have legitimate reasons for requiring boarding support, and that the use of this benefit was limited, it would be administratively burdensome to have a review and approval process for this benefit.
- Education travel should be restored for all child dependents attending school outside the country of the duty station. This would be in the interest of a family friendly policy and in recognition that it was the standard used by the comparator.

- Special education support should be maintained and potentially strengthened.
- A pre-school fixed amount should be provided using some of the savings generated by other reductions in the education grant.

These changes are required to ensure that the educational benefit continues to be fit for purpose. As stated previously, staff members place a very high value on the educational benefit. Despite these changes savings could still be found within the reforms to the education grant. Savings could be achieved through reduced administrative costs and more focused benefit without significantly damaging the benefit overall.
