

PEACE CORPS CONGRESSIONAL PRESENTATION

FY 1964

VOLUME I

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THE CONGRESSIONAL MANDATE

The Congressional Mandate to the Peace Corps was precise and clear. It set forth three goals:

1. To provide to "interested countries" Volunteers "qualified" for service abroad and willing to serve, "under conditions of hardship if necessary," to help the peoples of these nations meet their needs for trained manpower.
2. To help "promote a better understanding of the American people on the part of the people served..."
3. To help provide a "better understanding of other peoples on the part of the American people."

In setting forth this mandate, Congress, in effect, called for a new kind of American to be sent overseas.

What follows, then, is the story of how this new American overseas has followed the Congressional Mandate in his two years of service.

THE MANDATE IN ACTION

The record of the Peace Corps can be viewed in terms of the key phrases of the Congressional Mandate. Our story, told in that way, looks like this:

"Interested Countries"

On April 1, 1963, Volunteers were programmed for, or serving in 47 nations. In each and every case they were requested by the host country. In each country where Volunteers are now serving, the host government has asked for additional Volunteers.

"Qualified for Service"

On April 1, 1963, over 5,000 men and women are either in training or serving overseas. They were selected from among the 47,000 applying. Each is trained for a particular job, ranging from the community development worker in Latin America, to the teacher in Africa, to the chicken farmer in India, to the nurse in Malaya, to the 4-H worker in North Borneo. Each learns the language of the host country.

Not one Volunteer has been declared incompetent or objectionable by any nation anywhere.

"Under Conditions of Hardship, If Necessary"

Some Volunteers live in tents while on safari. Others live in thatched huts held off the ground by bamboo poles. Some live in crowded, unhealthy slums. Others live in rural mountain villages without running water or electricity.

Some Volunteers, however, live under entirely different circumstances. Teachers in Ghana and Nigeria live as their co-workers do, in relatively comfortable housing. Some nurses live in quarters provided by the hospital and formerly occupied by expatriates. Some Volunteers share village apartments with running water and electricity. Others have the rare advantage of a modern bathroom.

Yet, nowhere is a Volunteer living out of touch with his co-workers. In all cases, under relatively comfortable or difficult conditions, Volunteers live within the environment of their jobs.

At almost all locations, the Volunteer lives exposed to a variety of diseases and illnesses not common in this country. In almost all places, the Volunteer has problems with water, sanitation, and food. Many live on heavy starch diets. In one country Volunteers have nicknamed their dinner "The Peace Corps All Starch Special: rice, potatoes, spaghetti, and yucca."

Rarely, however, does a Volunteer complain about comfort. In fact, the reverse is true. Most Volunteers are self-conscious when their living accommodations are above the bare minimum.

"Meeting Needs for Trained Manpower"

The 2,683 Volunteers in education, the 1,047 in rural community action, the 388 in health, the 343 in agriculture, the 330 in urban slums, the 147 engaged in public works programs, and the 65 in multipurpose projects are, in April, 1963, meeting a desperate need for trained manpower.

In several countries the Peace Corps has almost doubled the number of teachers with college degrees.

Our community development workers have begun to instill or awaken the ideas of self-help, local responsibility, and personal initiative across the countryside of several nations.

Volunteers working in urban slums are building new houses, organizing the community to work for itself. How these cities cope with their problems may well determine the fate of these nations.

Other Volunteers are in the universities working with tomorrow's leaders.

But the Volunteer's work doesn't stop with his job. In many cases, a Volunteer's work stops only with his physical exhaustion, whether it be due to the demands of his main assignment or the special projects he helps create.

Volunteers don't work alone. They work under host country supervision, and wherever possible, with local co-workers.

"Promote Better Understanding"

The Peace Corps is helping to undermine old, stereotyped images of the United States in every corner of the globe. No longer is the typical American overseas expected to earn a large salary, insist upon a fine house, surrounded by servants, automobiles, air conditioners, and tax-free liquor.

Verification of this comes from the domestic press, the world press, world leaders, and interested observers. But, more importantly, it comes from the people with whom the Volunteers work. Perhaps it is best summed up by a Minister of Development of one of the American republics when he said:

"When the Peace Corps came to my country, they brought a breath of fresh air. They came and they mixed with the people. They worked closely with the people. They were carpenters, skilled tradesmen, craftsmen, etc. They closed the gap and crashed the barrier. And because they did this, they have paved the way for our own people to understand that this is a relationship which is acceptable."

"Our Understanding of Other People"

"Understanding other people" starts when the parents and friends of a Volunteer slated to work in Ghana, for example, begin to study that country with him.

It continues at the university where the Volunteer is trained. Not only does the Volunteer learn about his host country, its language, its mores, its politics, its culture, its traditions, but the university learns from the Volunteer, as Virgil M. Hancher, President of the State University of Iowa, recently noted. President Hancher wrote:

"...the Peace Corps project (training Volunteers for Indonesia) is already having salutary effects upon this University, and these seem likely to be residual. The members of our faculty are having to come together across disciplines. They are having to think through old problems of education freshly and to tackle new ones. Along with the trainees, they are learning--learning how to teach languages in the new method, how to teach new languages, how to teach area studies better, and how to adapt old and test new methods. The project is deepening the international dimension of the State University of Iowa. This international dimension is being shared, in various ways, with the people of the state, the eastern area in particular."

Experience is the best teacher, and the Volunteers' experiences in the developing nations of the world will provide the platform for their education of "how things really are."

Most exciting, to many Americans, is the new awareness the Volunteer will bring home with him. Already the academic community, government, business, and other segments of our society are bidding for the returning Volunteer.

Understanding Ourselves

While Congress did not set "understanding ourselves" as a mandate for the Peace Corps, this may, in the long run, turn out to be one of the unexpected dividends.

Peace Corps Director Sargent Shriver summed it up this way:

"We, as a nation," he said, "were in danger of losing our way among the television sets, the supermarkets and the material abundance of a rich society. Our debt and gratitude to the developing and emerging nations of the world is that they have reminded us of our own traditions, and given us a treasured opportunity to sacrifice and work once more for those principles which created our own nation. By letting us participate in their struggles they have given us a chance to find ourselves..."

WHAT WE HAVE ACHIEVED

The Peace Corps has done what it was told to do by Congress. It has sent skilled Volunteers where they were requested. The Volunteers have arrived on schedule. They have lived and worked alongside host country citizens, using the same food, housing, and language. The Volunteers have proved their competence. They have won affection and respect for themselves and for their country.

Volunteers are not sent abroad for political purposes or for religious proselytizing. Nor is the Peace Corps in the business of enlisting more Volunteers just for the sake of sending large numbers of people overseas. The Volunteers must fill a need for skills.

At no time have the quality standards set for Volunteers been lowered. If anything, they have been raised, particularly in the area of language aptitude.

Whatever the Peace Corps' shortcomings, it has not been passive. It has not been content to make a too-little, too-late response to urgent requests. It has not been dilatory or bound by red tape.

The Peace Corps is learning to measure success by intangibles, as well as by the number of water towers and sluice gates built; by the slow, grinding progress toward long-range goals, as well as the quick, dramatic triumphs.

One of the larger lessons we have learned is that the Peace Corps serves its aims not only by building, by assisting, by instruction, but often by merely showing interest, or setting an example. In this we do more than merely provide the manpower authorized by the Congress.

More important in the long run, perhaps, than the visible achievements are the words of a Tanganyikan editor who asks his readers: "If they (the Volunteers) are willing to offer their services for our benefit, why shouldn't our young men also go into the villages and into the fields and volunteer for service in national projects?"

More important than an individual success story is a speech by the Director of the Pakistan Academy for Village Development, acknowledging that the Pakistanis who worked with the Volunteers "were better men and better workmen as a result of their experience."

Everything the Peace Corps Volunteer does becomes a part of the impression he creates abroad. If he spends most of his free time with expatriates and other Americans rather than the people of the country, this is noticed. If he continually complains of having too little to do but never generates projects of his own, the host country nationals notice this too.

The fact that so many countries have received an initial group of Volunteers and then asked for more is proof itself that the Peace Corps has been well-received. But it is a further tribute when the officials of the Government of East Pakistan at their own initiative contact the Asia Foundation, the Ford Foundation, and the World Health Organization to see if these groups would hire some of the Volunteers whose tours of duty were soon to expire, so that they could continue their current projects in the country.

Less than two years ago, the Peace Corps had only 484 Volunteers in eight countries. The charts and numbers that follow tell the story of where the Peace Corps has gone since that modest beginning, and where it expects to be on August 31, 1963.

The projected total of 9,000 Volunteers in 47 countries actually includes two programs--Uruguay and Guinea--

where Volunteers are not scheduled to begin work until the end of the summer, 1963.

Our purpose here is to give statistical evidence of the numbers of Peace Corps Volunteers who have been trained and sent overseas, the type of work they are engaged in, and the countries in which they are at work.

A detailed country-by-country rundown of the Peace Corps, plus a description of the recruitment, selection, and training of the Volunteers, and many other facts, will be covered in Volumes II and III.

The charts that follow represent the most accurate information available as of April 1, 1963.

PEACE CORPS VOLUNTEER PROFILE

1. WHERE WE HAVE BEEN

	<u>August 31, 1961</u>		<u>August 31, 1962</u>	
	<u>Volun-</u>	<u>Coun-</u>	<u>Volun-</u>	<u>Coun-</u>
	<u>teers</u>	<u>tries</u>	<u>teers</u>	<u>tries</u>
Africa	142	3	1,110	13
Far East	158	1	799	4
Latin America	151	3	1,230	13
Near East and South Asia	<u>33</u>	<u>1</u>	<u>439</u>	<u>8</u>
Total	484	8	3,578	38

2. WHERE WE ARE (OVERSEAS OR IN TRAINING)

	<u>April 1, 1963</u>	
	<u>Volun-</u>	<u>Coun-</u>
	<u>teers</u>	<u>tries</u>
Africa	1,518	16
Far East	1,193	5
Latin America	1,711	16
Near East and South Asia	<u>581</u>	<u>8</u>
Total	5,003	45

3. WHAT WE ARE DOING

Of the 5,003 Volunteers:

- 2,683 are in Education
- 1,047 are in Rural Community Action
- 388 are in Health
- 343 are in Agriculture
- 330 are in Urban Community Action
- 147 are in Public Works
- 65 are in Multipurpose Projects

4. WHERE WE ARE GOING

PROGRAM PROJECTIONS THROUGH AUGUST, 1963

REGION	OPERATION OVERSEAS 4/1/63	TRAINING 4/1/63	TOTAL 4/1/63	ENTERING 4/1/63-8/31/63	RETURNING VOLUNTEERS	TOTAL 8/31/63
Africa	1386	132	1518	1396	164	2750
Far East	943	250	1193	725	168	1750
Latin America	1355	356	1711	1552	113	3150
Near East/ South Asia	442	139	581	800	31	1350
Total	4126	877	5003	4473 ^{a/}	476 ^{b/}	9000 ^{a/}

^{a/} Plus enough additional trainees to allow for a level of 9,000 Volunteers after attrition during training.

^{b/} Adjusted from the President's budget.

VOLUNTEERS BY CATEGORY OF PROJECTS IN TRAINING
AND OVERSEAS BY GEOGRAPHIC AREA
APRIL 1, 1963

CATEGORY OF PROJECTS	TOTAL	AFRICA	FAR EAST	LATIN AMERICA	NEAR EAST SOUTH ASIA
Agricultural Extension	343	39	-	241	63
Community Action:					
Rural	1047	87	132	688	140
Urban	330	-	-	330	-
Education:					
Elementary	644	84	555	5	-
Secondary	1562	1019	253	104	186
University	278	22	104	75	77
Adult	8	8	-	-	-
Vocational	106	18	27	61	-
Physical	85	36	21	28	-
Other	-	-	-	-	-
Health	388	75	101	179	33
Multipurpose	65	-	-	-	65
Public Works	147	130	-	-	17
TOTAL	5003	1518	1193	1711	581

VOLUNTEERS AND TRAINEES BY COUNTRY
APRIL 1, 1963

AREAS AND COUNTRY	IN TRAINING U.S.	IN HOST COUNTRY	MEN	WOMEN	TOTAL
<u>LATIN AMERICA</u>	<u>356</u>	<u>1355</u>	<u>1136</u>	<u>575</u>	<u>1711</u>
Bolivia	2	110	65	47	112
Brazil	53	139	125	67	192
British Honduras	-	32	15	17	32
Chile	-	100	52	48	100
Colombia	94	218	257	55	312
Costa Rica	-	26	12	14	26
Dominican Republic	-	147	136	11	147
Ecuador	-	159	103	56	159
El Salvador	-	23	19	4	23
Guatemala	1	27	18	10	28
Honduras	-	25	3	22	25
Jamaica	-	32	22	10	32
Panama	24	19	37	6	43
Peru	182	197	206	173	379
St. Lucia	-	14	7	7	14
Venezuela	-	87	59	28	87
<u>AFRICA</u>	<u>132</u>	<u>1386</u>	<u>993</u>	<u>525</u>	<u>1518</u>
Cameroon	-	40	19	21	40
Ethiopia	-	278	186	92	278
Gabon	2	39	41	-	41
Ghana	26	113	98	41	139
Ivory Coast	-	52	27	25	52
Liberia	54	89	69	74	143
Morocco	-	56	41	15	56
Niger	-	16	16	-	16
Nigeria	-	297	194	103	297
Nyasaland	-	42	25	17	42
Senegal	-	33	31	2	33
Sierra Leone	-	123	84	39	123

VOLUNTEERS AND TRAINEES BY COUNTRY
APRIL 1, 1963

AREAS AND COUNTRIES	IN TRAINING U.S.	IN HOST COUNTRY	MEN	WOMEN	TOTAL
<u>AFRICA - Cont.</u>					
Somali Republic	-	41	29	12	41
Tanganyika	-	61	34	27	61
Togo	-	45	22	23	45
Tunisia	50	61	77	34	111
<u>FAR EAST</u>	<u>250</u>	<u>943</u>	<u>631</u>	<u>562</u>	<u>1193</u>
Indonesia	21	-	19	2	21
Malaya	76	114	102	88	190
North Borneo/ Sarawak	48	60	70	38	108
Philippines	-	628	297	331	628
Thailand	105	141	143	103	246
<u>NEAR EAST AND SOUTH ASIA</u>	<u>139</u>	<u>442</u>	<u>416</u>	<u>165</u>	<u>581</u>
Afghanistan	34	9	23	20	43
Ceylon	-	38	25	13	38
Cyprus	-	23	23	-	23
India	62	74	111	25	136
Iran	-	41	36	5	41
Nepal	-	69	54	15	69
Pakistan	43	149	117	75	192
Turkey	-	39	27	12	39
<u>GRAND TOTAL</u>	<u>877</u>	<u>4126</u>	<u>3176</u>	<u>1827</u>	<u>5003</u>

DISAPPOINTMENTS

As the Peace Corps enters its third year, Volunteers and staff alike have the feeling that the Peace Corps stories most often repeated are too glamorous, too glowing, too pat.

Few of these stories talk of the day-to-day problems, the frustrations, the harsh disappointments, and the serious occupational hazards, as one Volunteer put it, of "dysentery and boredom."

In a sense the most unsettling challenge the Volunteer faces is his publicity. The world press has drawn an unvarying image of hardship, of sacrifice, of Volunteers effortlessly spouting Pushtu, Swahili, or Tagalog, of Volunteers winning legions of friends while transforming whole economies.

It comes as something of a disappointment to the highly motivated Volunteer that not every Peace Corps assignment involves physical hardship. Attracted in part by sacrifice, some Volunteers have been made uneasy by the luxury of modest comfort. Life overseas is not necessarily a bed of nails, many Volunteers find, and glamor is found mostly in picture books.

"The difficulties," said Volunteer Bob Gelardin of New York City, who is serving in Sierra Leone, "were depressingly ordinary."

Volunteer Jim Shannon of Washington, D. C., a university teacher in Thailand, uses stronger language:

"The idea that people have that joining the Peace Corps is a big sacrifice is a myth. I feel that I'm doing some useful work here, but at the same time I'm enjoying myself thoroughly."

He lives with another Volunteer and two Thai students in a working-class neighborhood near the university.

He complains that he is saving money on his allowance of \$80 a month while others, living in the same town, often find their allowances barely adequate.

A Congressman visiting Africa reported that he found Peace Corps teachers in Ghana "living on a lower standard" than other teachers in that country. Yet some Volunteers in West Africa have been surprised to find themselves in above-standard housing, provided by the host country.

The picture varies but one fact remains constant: Volunteers more often complain of "too little hardship" than of "too much," yet they may be overlooking the point which one reporter made: "We're comparing you against the norm that exists overseas today, not the goals you've set for yourselves. Your Volunteers are different from most Americans we see here. You live at the level of the poor rural people, eat their food, work around the clock with them, and share their lives. That is hardship in my book."

The Volunteers blame many things on Peace Corps headquarters in Washington, especially the difficulties that often arise during their first year overseas. These "first-year" experiences contain many of our problems, including sobering stories of failure. There were failures of programming and planning, of training and administration. Some of these were the inevitable mistakes of an organization that responded with a sense of urgency to far-flung needs. Others, our own hindsight and that of our critics, tell us, were avoidable.

Some of our projects have been distinguished more by good intentions than good works. There have been instances where we trained Volunteers for a particular job that failed to materialize. In Bolivia, we assigned nurses to work with a public health agency that began disbanding shortly after our arrival.

There have been staff members, Volunteers and host country co-workers who were not quite up to the task. We have "fired" staff members, terminated Volunteers, and asked that co-workers be changed.

There have, indeed, been Volunteers who could get along in such esoteric dialects as Mende and Temne, but some of the Mende speakers found themselves assigned to Temne areas, and some of the Temne speakers to Mende areas. It should have been foreseen, perhaps, that host country education officials might consider subject specialties more vital than handiness with a dialect.

These were profitable lessons. But when we began two years ago, no one had written the lesson book. The Peace Corps had to write it lesson by lesson on the job. And books written under the pressures of experience are frequently more useful than those penned in an ivory tower.

Our experience in the 13 Peace Corps country programs that have been in the field more than a year shows that a period of adjustment precedes the period of achievement. Successive groups arriving in a given country have done progressively better. The lesson for us has been that it is not an easy matter to fit a corps of willing workers to a legion of undefined needs; that in an underdeveloped country we must expect underdeveloped jobs.

Yet it is by candidly facing these disappointments and frustrations that the Peace Corps has begun to grow and understand itself, to find its role in social, educational, and economic development, to direct effectively the helping hand and willing heart of America toward the problems of other nations, and thus to move toward the goals set for it by the Congress.

WHERE WE PROPOSE TO GO

3

REQUESTS FOR NEW VOLUNTEERS

The Peace Corps requests authorization of funds to expand the Peace Corps to 13,000 Volunteers. This represents an increase of 3,000 Volunteers over the number possible with the funds authorized by the Congress last session.

The additional Volunteers will serve in Latin America and Africa. Replacements to the Near East-South Asia and Far East regions will keep Peace Corps strength in these areas approximately at levels to be reached in August, 1963.

Last year the Peace Corps explained in its presentation to the Congress that it would cost about \$90,000,000 this year and in succeeding years to maintain a Peace Corps at the 10,000 Volunteer level. Last year's appropriation request (\$63,750,000) was based on the premise that we would reach the 10,000 level by August 31, 1963. The final appropriation totalled \$59,000,000.

If all factors had remained constant this year, the Peace Corps would have requested \$90,000,000 for continuation of the 10,000 Volunteer level. Instead, the request is for \$108,000,000 for 13,000 Volunteers.

Our request for the new authorization is based on these points:

1. Peace Corps performance over the last two years shows that we can carry out the program planned for Latin America--increasing Volunteer strength from 3,000 to 6,000--and also add another 1,000 in Africa. We know the type of Volunteer needed; we know the skills he must possess. And we have the operating experience to obtain maximum results.

2. The President, the Secretary of State, and

numerous members of Congress have recommended that Latin American requests for additional Volunteers be given particular consideration at this time.

3. An increasing number of Americans are anxious to serve their country overseas as unpaid Volunteers-- applications are running 280 per cent ahead of 1961 and 70 per cent ahead of last year. See chart in Appendix.

4. Nations where the Peace Corps is now serving continue to request additional Volunteers, while increasing their own financial contributions to the Peace Corps effort, despite strident left-wing opposition and despite a previous history, in some cases, of anti-Americanism.

5. There has been overwhelming support for the Peace Corps from Congress, host nations, and the American business, labor, and academic communities.

6. The Peace Corps has concentrated rather than diffused its efforts. Concentration means an accumulation of experience in a given country which leads to more effective, efficient, and economical operations. We have postponed requests from approximately two dozen nations.

7. The idea of voluntary service--the Peace Corps idea--is catching on around the world. Many industrialized nations have begun to develop their own Peace Corps-type programs to assist the less developed countries, and six developing nations have started domestic programs of their own through which their citizens can work patriotically to secure their own goals.

8. The Agency's record of economical, cost-conscious operations has given the U. S. taxpayer the maximum return on every dollar of investment in the Peace Corps.

9. The Peace Corps has adhered to and fulfilled the three specific objectives set by the Congress.

WHY LATIN AMERICA?

Because of its urgent needs, its proximity to the United States, and its central importance to the well-being of this hemisphere, Latin America has high priority in Peace Corps program plans.

Large-scale participation by the Peace Corps can, in the short span of a relatively few years, write a significant chapter in the history of Latin American friendship with North America. The Peace Corps can contribute to the solution of some of Latin America's problems in a unique way, an inexpensive way, and in a manner ardently sought by the Latin American people. Latin Americans regard it as a vital part of their Alliance for Progress.

In order to integrate its development effort, to extend the vital services of government to all elements of the population--including slum dwellers and rural "campesinos"--Latin America needs workers in all fields: in agriculture, education, health, construction, and community action. This is the kind of manpower the Peace Corps can provide. Volunteers already working in these fields are providing valuable assistance in effecting a partnership between the government and the people.

In community development work, a dynamic door-to-door approach to the stimulation of self-help, the Volunteer is helping to build not merely a school, a road, an aqueduct, but the very foundation of social organization and democratic action. If the immediate goal is a new road, the basic goal is the organization of community forces to achieve it. Ideally, the organized community learns to prod its government for help, and the government, in turn, learns to respond.

A community development Volunteer working in Colombia explains the process further:

"Our role in the communities during this time has been a varied one.... We have built up their spirit when the people were discouraged by delays in the completion of projects.... Our presence alone has given the people the feeling that their efforts are not going unnoticed, that someone besides themselves is interested in the progress of their community. The list of projects the people have completed is impressive, but more important to us are the changes in their attitudes. There has certainly been a growth in self-confidence; where before, the people could only lament the fact that they never received any aid from their township, now they propose to break away from the offending township and join another...."

The need for the kind of assistance that the Peace Corps can provide in Latin America is great, and the opportunity for service is as great. Requests for Volunteers, coming at an accelerated rate, have dwarfed the Peace Corps' capacity to respond. But the number of Americans studying Spanish or already fluent in Spanish give the Peace Corps selection pool a source of strength in the Latin American area.

In August, 1961, there were only 151 Volunteers in service or in training for three Latin American countries. On the first of April, 1963, there were 1,355 Volunteers in 16 countries and another 356 in training for service in Latin America. By the end of August this year, the Peace Corps program in Latin America is expected to involve some 3,150 Volunteers.

Program emphasis and host country interest on the part of Latin America during the first years of the Peace Corps came largely in the area of rural service activities, agricultural extension, farm youth projects, and rural community development.

However, while it is apparent that rural service projects at a fairly low technical level will continue to predominate in Latin America during the coming year, there are two trends, felt increasingly, which appear likely to

shift future program balance substantially. These trends reflect increasing demands for urban community development assistance, mostly in slum areas, and for university instructors. Few Latin countries have been spared the migratory flood to major cities; none has been able to provide sufficient instructors and professors to cope with expanded school enrollment.

In responding to these two acute and growing needs, the Peace Corps will be sending Volunteers into volatile urban situations where anti-United States sentiment is frequently strong, and where wide dispersal of Volunteers is not possible. But the potential for far-reaching impact more than outweighs the limited risk involved.

Countries Plan Their Own Peace Corps

In a number of ways, the Latin American nations have shown their eager response to the Peace Corps stimulus--by laudatory articles in the press, by provision of such items as housing, vehicles, medical facilities, and office materials for Peace Corps use (see Appendix), and by requests for additional Volunteers.

One response, however, is unprecedented. Already several nations--Bolivia, Chile, Colombia, Honduras, Costa Rica, El Salvador--have begun considering "co-worker" Peace Corps operations. A Honduran "Volunteer Corps" is expected to be in operation by this summer. Working through the International Peace Corps Secretariat, Honduras plans to begin with 25 volunteers who would go to work in rural villages following a three-month training course in community development.

In short, the United States Peace Corps idea has caught on.

"If the example of the Peace Corps was followed in each of our underdeveloped countries in the same way as

some Colombian students have begun to follow it," said Dr. Alberto Lleras Camargo, former President of Colombia, "there would be an incomparable instrument to transform materially the poverty-stricken and underdeveloped regions...."

Many Latin Americans think of the Peace Corps as the human catalyst of the Alliance for Progress. The Peace Corps brings a third force to the money and method of the Alliance--Volunteers who help bring high-level economic programs to the level of the campesino, to the urban slum-dweller, and to the university student. Unless the Peace Corps can broaden this effort dramatically, the achievement of these goals will be seriously retarded.

In a letter to Peace Corps Director Sargent Shriver, Secretary of State Dean Rusk cited the "urgent necessity of accelerating" efforts to aid democratic development in Latin America. "Considering the key role which the Peace Corps can play in this effort," the Secretary wrote, "I would hope that you could double the number of Volunteers scheduled for assignment to Latin America during the next year."

WHY AFRICA?

Africa is going to school.

The austere-looking schoolhouse in a forest clearing or on a semiarid plain is recognized as the cornerstone of economic development in the New Africa.

A 1960 study conducted for the Nigerian Government by the independent Ashby Commission, advised that Nigeria seek teachers as well as capital in its foreign aid requests. The report concluded: "In the modern world economic advance depends on skilled manpower, and manpower must come first. Investment in Nigerian education is therefore an investment in her economic future and political stability, and as such may command international attention."

The Ashby Commission might have reached the same conclusions everywhere in Africa. The newly-independent nations, afflicted with severe shortages of trained manpower, are crying out for education. Appropriations for education run as high as 40 per cent of the national budget. African youth is crowding into primary and secondary classes. New schools and universities are springing up throughout the continent, completed, sometimes, before there are teachers to staff them.

With the advent of independence, African antipathy toward the former colonial masters asserted itself openly.

The Peace Corps nevertheless gained wide acceptance in its efforts to alleviate the critical teacher shortage. In countries where newly arrived visitors are obliged to fill out cards identifying them as "European," "African," or "Other," Peace Corps Volunteers check the line marked "Other." No one quarrels with this identification.

In 12 African nations where Peace Corps teachers are serving, and in four other African nations where

Peace Corps surveyors, engineers, nurses, and construction workers are using their spare time to teach, the Volunteers are looked upon as "other." If the capacity for modest living and hard work shown by Volunteers is considered "admirable" in other parts of the world, in Africa it is regarded as "a revolutionary thing," a Somali official told us.

"Adapting themselves quickly to their new life," the Tanganyika Standard commented, "they (the Volunteers) have made friends in all sections of the community." Two days earlier, the same newspaper quoted Gabriel Bakari, a Tanganyikan surveying assistant who had been on trek with two Peace Corps surveyors, as saying: "They are extraordinary people...They do not consider themselves superior. I find I can mix with them in a way I never could before with white men or Asians."

And this has been precisely the difference. Peace Corps teachers have been welcomed in most African schools "with open arms" as the Ethiopian Herald put it.

Impact of Teachers Substantial

The educational impact of Peace Corps teachers has been substantial. The Volunteers have significantly increased the teaching force of almost every nation in which they are serving. In some schools the Peace Corps provides the only teachers. Many African schools are operating only because the Peace Corps is there. And everywhere in Africa we have greatly increased the number of graduate teachers.

For example, in Liberia we have more than tripled the number of degree-holding teachers, and those now in training will quadruple the original number. And in Ghana, Peace Corps teachers constitute more than a third of the degree-holding instructors in the secondary schools.

In Ethiopia and Nyasaland, more than a third of all of the teachers are Volunteers, while in the Cameroon they constitute approximately one-quarter of the total teaching force. (See chart on the following page.)

Yet, even now, only 16 per cent of Africa's eligible youth are attending primary and secondary schools.

The welcome to Peace Corps teachers has not always been apparent among the students themselves. In English speaking Africa particularly, students accustomed to the "rote" system of learning have frequently balked at demonstrational material offered by Peace Corps teachers. In many instances they have demanded that the Volunteers hew strictly to traditional syllabi. In some classes, discipline suffers because Peace Corps teachers do not administer the "canings" the students have come to expect for breaches of conduct. Acute shortages of teaching materials have limited the effectiveness of some teachers. There have been other adjustment problems as Volunteers with an educational experience uniquely American sought to find their proper place in school systems patterned along French and British lines. At the same time, the results of teaching have been less apparent, less immediate, than the results of road-building or well digging. In general, the Peace Corps has had "first year" difficulties in Africa as it has had elsewhere.

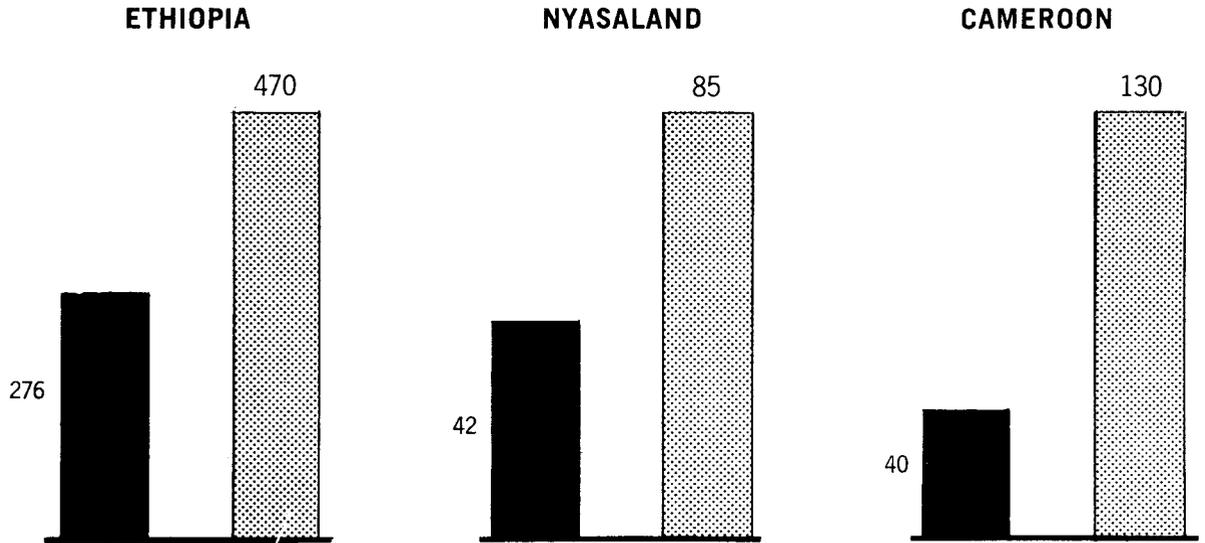
But a constant surprise to African students conditioned by the aloofness of many foreign teachers is the willingness of the Peace Corps Volunteers to take an interest in them not only as students but outside the classroom as well.

Each Peace Corps teacher expands the scope of his job in his own fashion. Many organize adult classes in the afternoons or evenings, sports and club activities, scout troops, debating teams. A large number of teachers have organized special projects with African co-workers, extending their help further into the community.

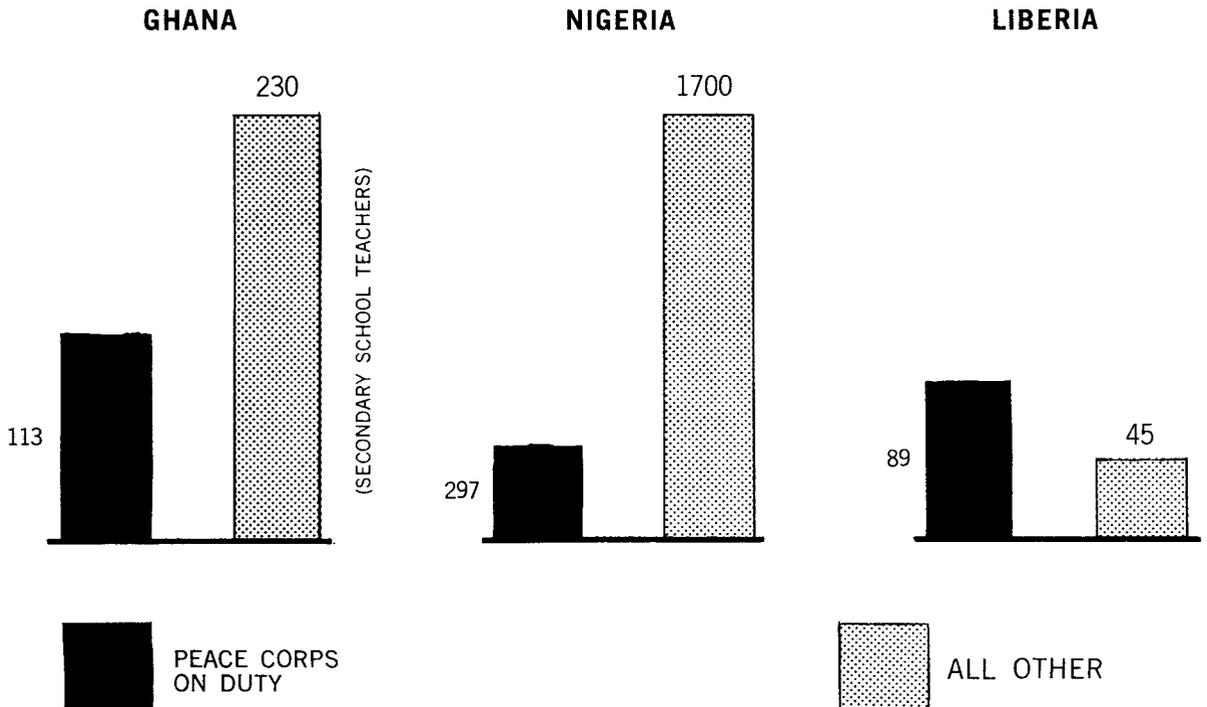
PEACE CORPS

IMPACT OF PEACE CORPS TEACHERS IN SIX AFRICAN COUNTRIES.

RATIO OF PEACE CORPS TEACHERS TO ALL OTHER HOST COUNTRY TEACHERS*



RATIO OF PEACE CORPS TEACHERS TO ALL OTHER DEGREE-HOLDING HOST COUNTRY TEACHERS*



*BASED ON BEST AVAILABLE STATISTICS

Peace Corps in Africa Diversified

The Peace Corps is not only teaching in schools. In Sierra Leone and Gabon it is also building schools. The rural development program in Sierra Leone, moreover, is digging wells, building roads, organizing co-operatives, working with fishermen. Medical teams in Togo and Sierra Leone are battling the spread of tropical disease. Surveyors and engineers in Tanganyika are engaged in mapping and construction work. As of April 1, 1,400 Volunteers in all are now at work in Africa in agricultural extension, rural community action, health, geology, engineering and education. By far the largest number of Volunteers are working in education at the secondary level, with smaller numbers in primary and university education.

Projected new Peace Corps programs, expansion of existing programs, and replacement of Volunteers completing their service this year, call for a total 2,750 Volunteers in Africa by the end of summer, 1963. It is to these existing and planned programs that the Peace Corps intends to add another 1,000 Volunteers.

The Peace Corps detects the same sense of urgency in Africa as now exists in Latin America. In the new nations of Africa, the time is now and the opportunity is large to contribute significantly to the development of the new institutions of government, education, and social welfare, and to train the men who will direct these institutions in the future.

The placement of 1,000 additional Volunteers in Africa is, in the view of the Peace Corps, essential, feasible, and above all, timely.

WHAT IT WILL COST

HIGHLIGHT STATEMENT

The President in his Budget Message to the Congress called for a Fiscal Year 1964 appropriation for the Peace Corps of \$108 million. Of this total, \$87.5 million, or 81 per cent, is for Volunteer and project costs, and \$20.5 million, or 19 per cent, is for administration and program support costs.

For Fiscal Year 1963, the Congress authorized an appropriation of \$63.75 million, designed to permit the Peace Corps to expand to a level of approximately 10,000 Volunteers by August, 1963. In the course of developing this authorization, it was made clear that a program which leveled off at the 10,000 Volunteer level would cost approximately \$90 million in Fiscal Year 1964 and annually thereafter, provided that the rate and composition of Volunteer input remained constant. See table, page I.40.

The Peace Corps is now asking for \$108 million for Fiscal Year 1964, \$18 million more than the amount required to maintain a strength of 10,000 Volunteers. This amount will enable us not only to maintain in service and replace those Volunteers who will be on board by the end of August, 1963; but to fulfill the recommendations of both the President and the Secretary of State that the Peace Corps program in Latin America be doubled and that the program in Africa be expanded by approximately 1,000 Volunteers. Present plans do not call for any expansion in Fiscal Year 1964 of either the Near East/South Asia or Far East programs.

Volunteer Costs

In our first presentation to Congress in April 1961, we estimated that the total cost of each Volunteer would be \$9,000 per year. This \$9,000 cost remains the same, although there have been shifts within the

categories of costs which constitute the \$9,000.

Our FY 1963 projection contemplated that of the \$9,000, Volunteer costs would be \$6,300 and administrative expenses \$2,700. Congress approved the Peace Corps with these precise figures in hand.

Our 1964 estimate is based on about \$7,000 for Volunteer costs, and \$2,000 for administrative expenses.

Volunteer and project costs in this estimate consist of three segments: the cost of (1) Volunteers entering into the program; (2) Volunteers in mid-term service; and (3) those who are completing their service.

Costs vary by month, with the largest costs being incurred prior to the beginning of service. Average cost factors have been developed and applied to the period of service or month in which the respective groups of Volunteers are involved.

Administrative Expenses

The Peace Corps has been making consistent progress in applying sound business management principles to its operations. In 1962 the ratio of administrative expenses to the total appropriation was 33.3 per cent; in 1963, this will be reduced to 26.4 per cent; and in 1964, we project a further reduction to 19 per cent.

While the reduction has been due in part to the larger appropriation base, significant cost reductions have been made. These reductions have been made possible through streamlining of financial and management procedures, organizational improvements and tighter controls, which are discussed later. Much has been done, but much remains to be done, particularly in field administration. We continually explore all alternatives, looking to further refinement of management techniques and procedures to assure the most effective, efficient, and economical administration.

Included in administrative expenses are items which might properly be classified as program expenses--for example, direction of the recruitment, selection, and training of Volunteers; research costs; and direction and conduct of the medical program overseas, involving costs of doctors and nurses. However, since these items were considered as "program support" costs in 1963 and were included in the limitation of "administration and support costs" established by the Congress, they have been again included herein. If these items were excluded, the percentages for administration for Fiscal Years 1963 and 1964 would be 17.1 per cent and 12.4 per cent, respectively.

Personnel Comparisons

There are certain general comparisons which are interesting:

1. At the end of the first program year, August 31, 1962, the ratio of the total number of staff employees overseas, in Puerto Rico, and Washington headquarters, to the number of Volunteers was 1 to 4.4 (784* to 3,465**).
2. On March 31, 1963, this ratio was 1 to 5.6 (898 to 5,003).
3. It is estimated that by the end of the Second Program Year, August 31, 1963, the ratio of staff to Volunteers will be 1 to 8.6 (1,051* to 9,000**).
4. By the end of the Third Program Year, August 31, 1964, this ratio will be about 1 to 10.4 (1,251* to 13,000**).
5. By August 31, 1964, the ratio of the United States overseas staff to Volunteers will be about 1 to 50 (270* to 13,000**).

* Staff personnel figures are at June 30.

**After attrition.

6. Although the number of Volunteers will increase about 44 per cent from August 31, 1963, to August 31, 1964, (9,000 to 13,000), Washington staff will increase 16.6 per cent (661 to 771)* and total overseas staff, including locals, will increase about 25.4 per cent (335 to 420).

Fund Availability

Funds appropriated to the Peace Corps are available for obligation only in the fiscal year for which the appropriation is made.

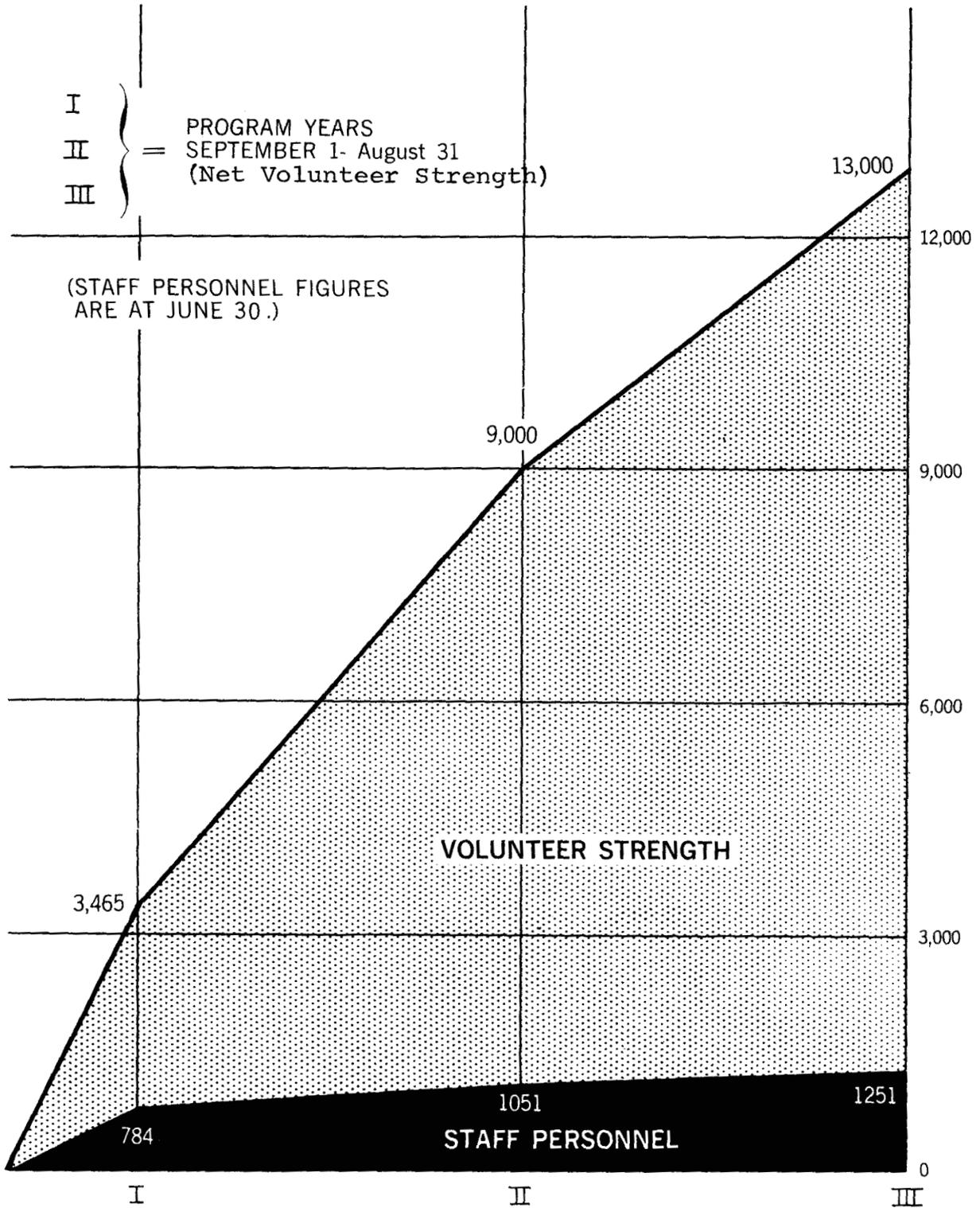
Unobligated balances lapse and are unavailable for use in a subsequent fiscal year. We do not have nor are we requesting de-obligation, re-obligation, or carry-over authority.

*Staff personnel figures are at June 30.

PEACE CORPS

VOLUNTEER STRENGTH vs. STAFF PERSONNEL

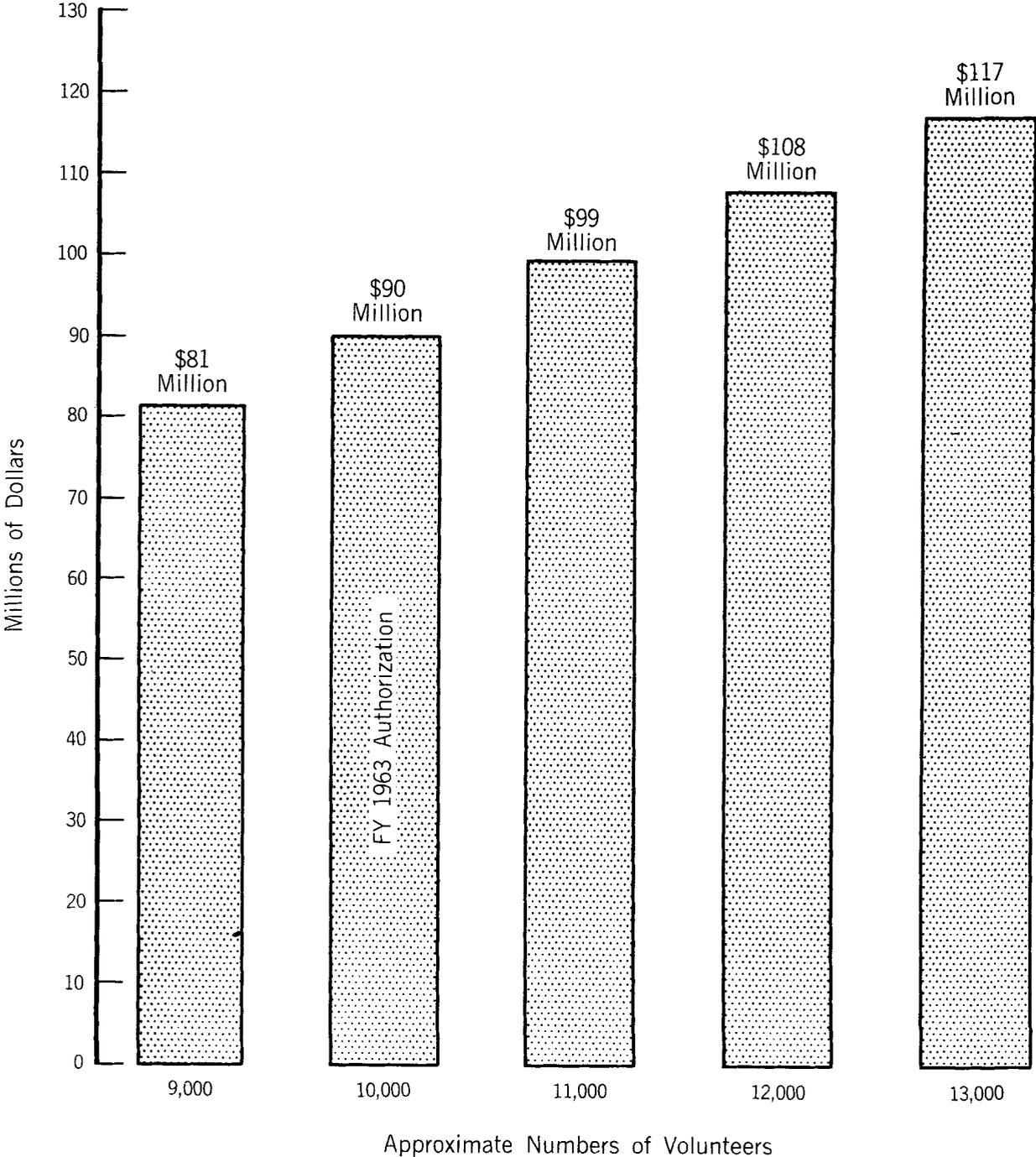
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PEACE CORPS

AVERAGE ANNUAL MAINTENANCE COSTS FOR DIFFERING VOLUNTEER LEVELS ^{1/}

(At \$9,000 Per Volunteer)

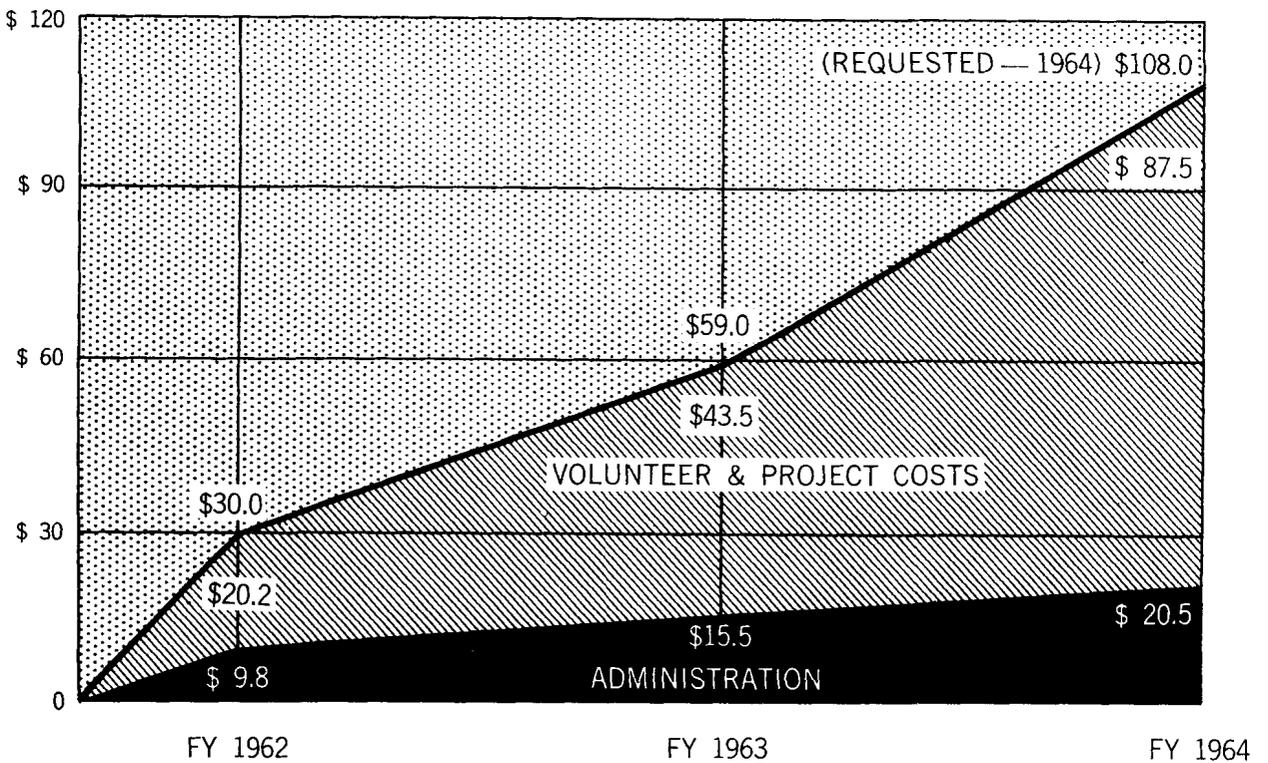


^{1/} Assuming Input Rate and Composition Remain Constant

PEACE CORPS

APPROPRIATIONS (Millions of Dollars)

MILLIONS



SUMMARY RECONCILIATION OF 1964 TO 1963 FUNDS

(Thousands of Dollars)

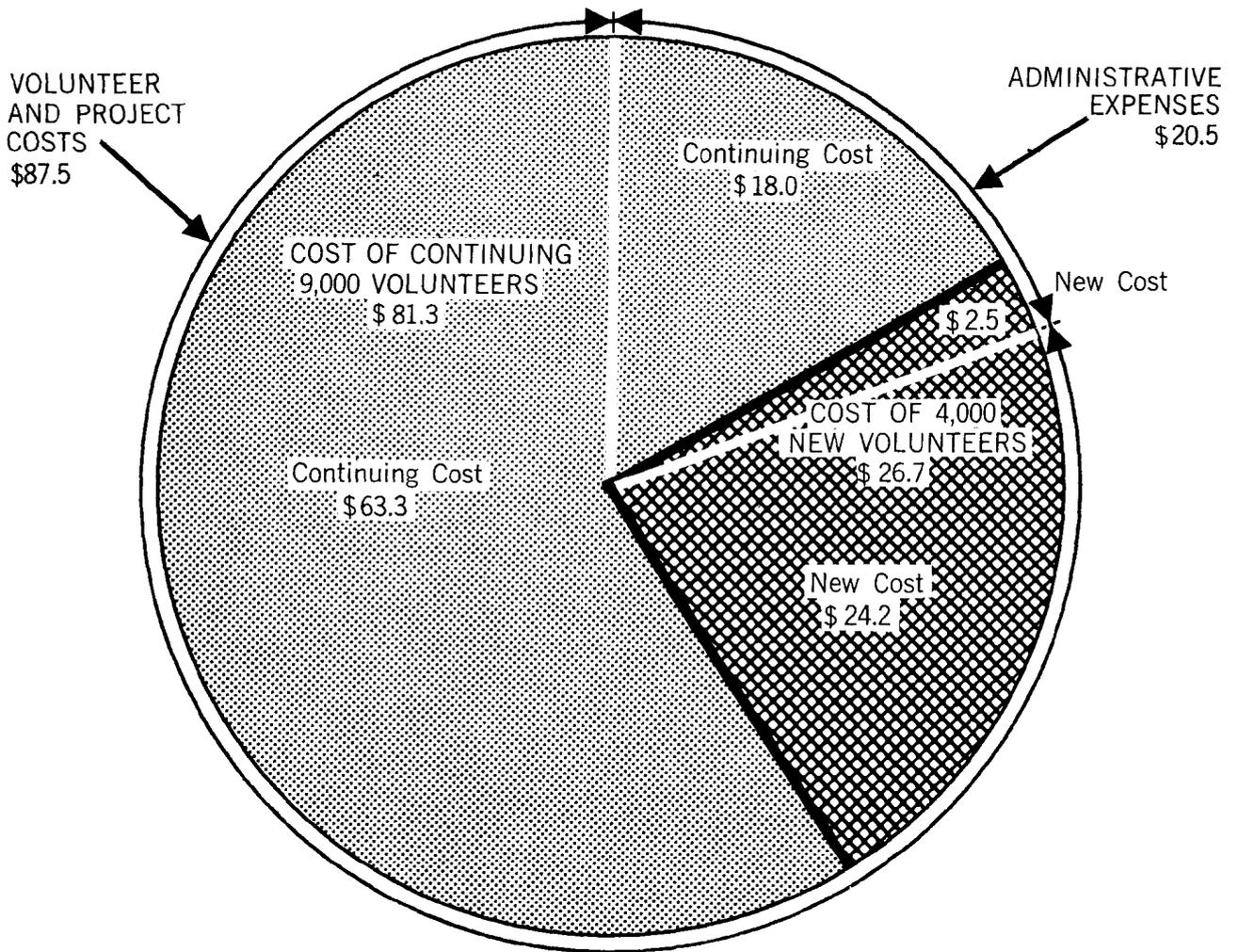
	<u>Administrative Expenses</u>	<u>Volunteer and Project Costs</u>	<u>Total</u>
<u>1963</u>			
Funds in Annual Act	\$ 15,500	\$ 43,500	\$ 59,000
Transferred to "Operating Expenses, Public Buildings Service" General Services Administration, (Appropriation for Rent)	- 450		- 450
Additional salary and related benefits for P.L. 87-793 ^{a/}	+ 420	- 420	-
Comparative totals for 1963	<u>15,470</u>	<u>43,080</u>	<u>58,550</u>
<u>1964</u>			
Increase to support full year cost of 9,000 Volunteers	<u>2,530</u>	<u>20,220</u>	<u>22,750</u>
Sub-total-Continuing costs for 9,000 Volunteers	18,000	63,300	81,300
Increase to support 4,000 additional Volunteers	<u>2,500</u>	<u>24,200</u>	<u>26,700</u>
Total Estimate - Fiscal Year 1964	\$ <u>20,500</u>	\$ <u>87,500</u>	\$ <u>108,000</u>

^{a/} Pay increase as a result of Postal Service and Federal Employees Salary Act of 1962. (See House Document No. 63, 88th Congress, 1st Session, page 14 (1963) .

PEACE CORPS

BREAKDOWN OF F.Y. 1964 APPROPRIATION REQUEST BETWEEN CONTINUING COSTS OF MAINTAINING 9,000 VOLUNTEERS AND ADDITIONAL COSTS FOR 4,000 NEW VOLUNTEERS

(MILLIONS OF DOLLARS)



RECAPITULATION

Volunteer & Project Costs	\$87.5	Cost of Continuing 9,000 Vols.	\$81.3
Administrative Expenses	<u>20.5</u>	Cost of 4,000 New Volunteers	<u>26.7</u>
TOTAL	<u>\$108.0</u>	TOTAL	<u>\$108.0</u>

PEACE CORPS

OBLIGATIONS BY OBJECT

	1962 Actual			1963 Estimate			1964 Estimate		
	Administra- tion and Pro.Support	Volunteer and Proj.Cost	Total	Administra- tion and Pro. Support	Volunteer and Proj.Cost	Total	Administra- tion and Prog.Support	Volunteer and Proj.Cost	Total
11 Personnel compensation:									
Permanent positions	\$2,257,697	\$ 30,312	\$ 2,288,009	\$ 5,702,700	\$ 110,000	\$ 5,812,700	\$ 7,795,200	\$ 122,000	\$ 7,917,200
Positions other than permanent	850,926	59,058	909,984	682,500	138,000	820,500	981,000	86,000	1,067,000
Other personnel compensation:									
Employees	629,294	14,026	643,320	1,241,100	60,000	1,301,100	1,375,000	55,000	1,430,000
Volunteers	-	1,004,536	1,004,536	-	6,432,000	6,432,000	-	15,556,000	15,556,000
Total personnel compensation	3,737,917	1,107,932	4,845,849	7,626,300	6,740,000	14,366,300	10,151,200	15,819,000	25,970,200
12 Personnel benefits	212,922	502,426	715,348	632,000	8,264,000	8,896,000	996,000	17,910,000	18,906,000
21 Travel & transportation of persons	1,291,458	2,229,192	3,520,650	1,860,000	3,855,000	5,715,000	2,500,000	9,625,000	12,125,000
22 Transportation of things	238,804	70,271	309,075	440,000	25,000	465,000	450,000	25,000	475,000
23 Rent, communications, & utilities	786,332	22,356	808,688	1,173,700	1,466,000	2,639,700	1,522,800	3,887,000	5,409,800
24 Printing and reproduction	367,530	26	367,556	300,000	-	300,000	400,000	-	400,000
25 Other services	817,181	13,379,508	14,196,689	715,000	13,569,000	14,284,000	1,329,000	22,060,000	23,389,000
Services of other agencies	1,353,547	1,275,582	2,629,129	1,797,000	3,991,000	5,788,000	2,311,000	6,639,000	8,950,000
26 Supplies and materials	231,079	197,797	428,876	350,000	2,935,000	3,285,000	467,000	6,398,000	6,865,000
31 Equipment	777,807	890,726	1,668,533	576,000	2,235,000	2,811,000	373,000	5,137,000	5,510,000
42 Insurance claims and indemnities	-	5,021	5,021	-	-	-	-	-	-
Unvouchered	899	-	899	-	-	-	-	-	-
Total obligations	\$9,815,476	\$19,680,837	\$29,496,313	\$15,470,000	\$43,080,000	\$58,550,000	\$20,500,000	\$87,500,000	\$108,000,000

I.44

COST CATEGORY DEFINITIONS

Generally, all Peace Corps expenses are chargeable to "administrative expenses," except those expenses which are directly related to Volunteer and project costs.

Administrative Expenses (Administration and Program Support Costs)

This category includes items more properly classified as "program" expenses, such as, direction of the recruitment, selection, and training programs for Volunteers, research costs, and direction and conduct of the medical program overseas. This category covers:

- a. Washington staff personnel and related benefits.
- b. Overseas staff personnel and related benefits-- Peace Corps Representatives and their staffs, local employees, and doctors and nurses.
- c. Washington staff travel costs--domestic, overseas, and invitational travel.
- d. Overseas staff travel costs.
- e. The following items relating directly to the above staff activities:
 - (1) Transportation of things
 - (2) Communications
 - (3) Rents
 - (4) Utilities
 - (5) Printing and reproduction
 - (6) Supplies and materials
 - (7) Administrative vehicles and equipment and repair and maintenance thereof
 - (8) Other contractual services, including those of other government agencies-- except the Agency for International Development and State Department support.

- f. All Agency for International Development and State Department support--domestic and overseas.

Volunteer and Project Costs

The items in this category include the following expenses:

- a. Volunteer travel in the United States and overseas.
- b. Background investigations of Volunteers.
- c. Volunteer training in the United States and Puerto Rico.
- d. Transportation of things for Volunteers.
- e. Medical examinations, medical kits, and supplies for Volunteers.
- f. Personal supplies for Volunteers.
- g. Volunteer subsistence and settling-in allowances.
- h. Housing repair, renovation, and furnishings for Volunteers.
- i. Volunteer readjustment allowance.
- j. Project supplies and equipment.
- k. Vehicles--procurement, maintenance, and repair.
- l. Other contractual services for Volunteers.
- m. Contractor's administrative costs.
- n. Any other Volunteer or project cost.

PEACE CORPS

OBLIGATIONS BY OBJECT

Volunteer and Project Costs

	<u>1962</u> <u>Actual</u>	<u>1963</u> <u>Estimate</u>	<u>1964</u> <u>Estimate</u>
11 Personnel com- pensation:			
Permanent po- sitions	\$ 30,312	\$ 110,000	\$ 122,000
Positions other than permanent	59,058	138,000	86,000
Other personnel compensation:			
Employees	14,026	60,000	55,000
Volunteers	<u>1,004,536</u>	<u>6,432,000</u>	<u>15,556,000</u>
Total personnel compensation	1,107,932	6,740,000	15,819,000
12 Personnel benefits	502,426	8,264,000	17,910,000
21 Travel & transpor- tation of persons	2,229,192	3,855,000	9,625,000
22 Transportation of things	70,271	25,000	25,000
23 Rent, communica- tions & utilities	22,356	1,466,000	3,887,000
24 Printing and re- production	26	-	-
25 Other services	13,379,508	13,569,000	22,060,000
Services of other agencies	1,275,582	3,991,000	6,639,000
26 Supplies and ma- terials	197,797	2,935,000	6,398,000
31 Equipment	890,726	2,235,000	5,137,000
42 Insurance claims & indemnities	<u>5,021</u>	<u>-</u>	<u>-</u>
Total obligations	<u>\$19,680,837</u>	<u>\$43,080,000</u>	<u>\$87,500,000</u>

GENERAL STATEMENT ON VOLUNTEER AND PROJECT COSTS

"Peace Corps planning and budgeting are based upon a 'program year' which runs from the beginning of September through the end of the following August. On August 31, 1961, 484 Volunteers were in training for or serving in eight countries. On August 31, 1962, 3,578 Volunteers were in training for or working in 38 countries. A total of approximately 9,000 Volunteers in 51 countries is projected for August 31, 1963, and 13,000 for August 31, 1964. Regional totals for these dates are:

	<u>Aug. 31, 1961, actual</u>		<u>Aug. 31, 1962, actual</u>	
	<u>Countries</u>	<u>Volunteers</u>	<u>Countries</u>	<u>Volunteers</u>
Africa.....	3	142	13	1,110
Far East.....	1	158	4	799
Latin America...	3	151	13	1,230
Near East & South Asia..	1	33	8	439
	—	—	—	—
Total	<u>8</u>	<u>484</u>	<u>38</u>	<u>3,578</u>

	<u>Aug. 31, 1963, estimate</u>		<u>Aug. 31, 1964, estimate</u>	
	<u>Countries</u>	<u>Volunteers^{1/}</u>	<u>Countries^{4/}</u>	<u>Volunteers^{1/}</u>
		^{2/}		^{3/}
Africa.....	17	2,750	17	3,750
Far East.....	5	1,750	5	1,750
Latin America...	21	3,150	21	6,150
Near East & South Asia..	8	1,350	8	1,350
	—	—	—	—
Total	<u>51</u>	<u>9,000</u>	<u>51</u>	<u>13,000</u>

^{1/} Estimated net figure after training.

^{2/} Includes 484 replacements in continuing programs of Volunteers who will have completed their two-year term of service by August 31.

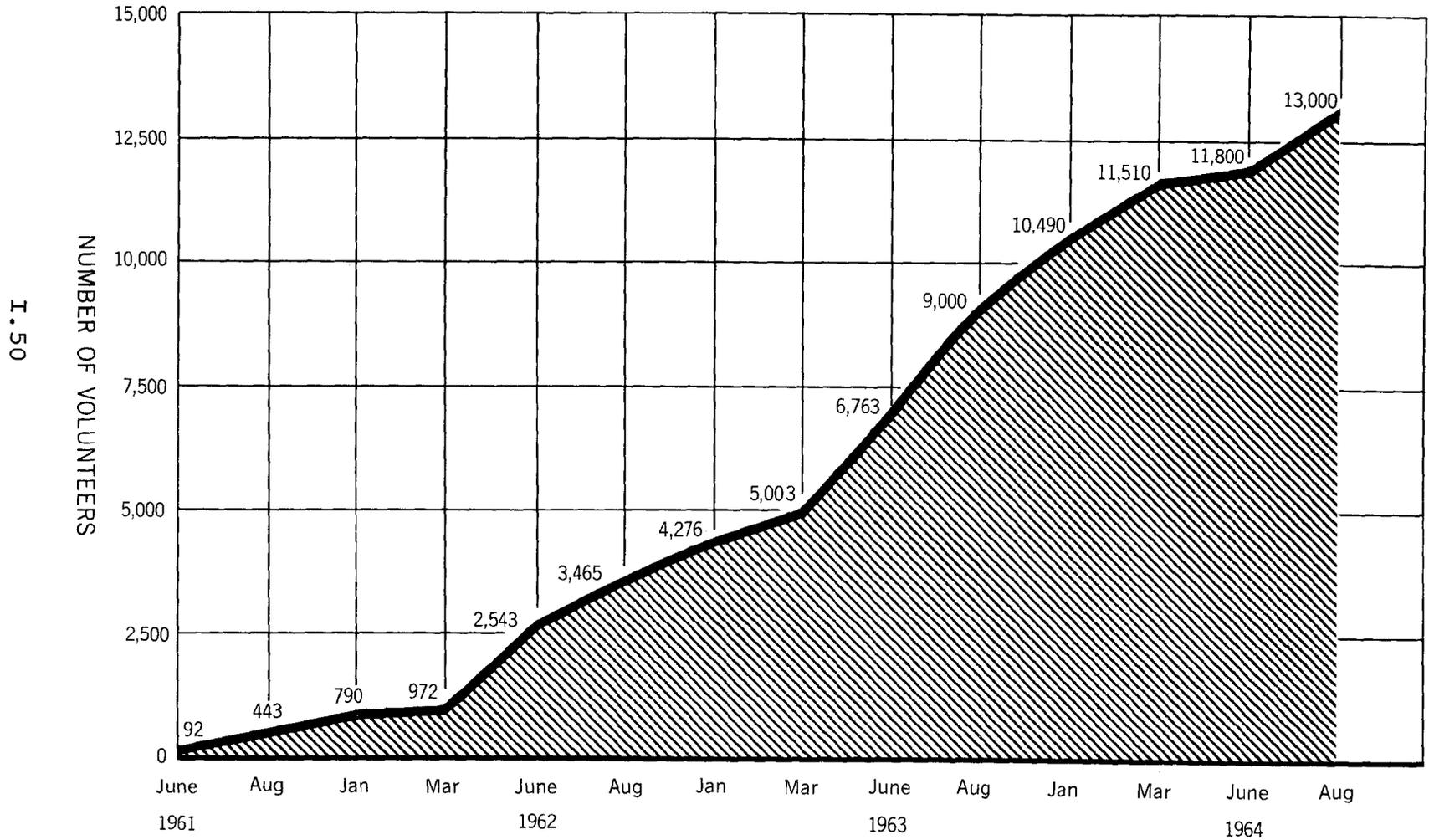
- 3/ Includes 3,094 replacements in continuing programs of Volunteers who will have completed their two-year term of service during the period August 31, 1963, to August 31, 1964.
- 4/ The rate of increase of countries in which the Peace Corps program has been or will be initiated in 1962 and 1963 is not applicable to 1964. It is assumed that during 1963, programs will have been developed for the majority of countries in which the Peace Corps at present has a potential for service.

"Requests for Peace Corps assistance in new countries and for new activities in countries in which Volunteers are already working continue to mount. For 1964, it is anticipated that in all countries in which the Peace Corps is operating, there will be a continuing demand for Volunteers. Most countries are requesting an increasing number to serve in fields of activity to which Volunteers already are contributing their skills as well as in new fields of activity." (From the Budget for 1964)

PEACE CORPS

NET CUMULATIVE STRENGTH OF VOLUNTEERS ^{1/}

June, 1961 Through August, 1964



^{1/} For Any Historical Date, Trainees Who Did Not Become Volunteers Are Excluded

VOLUNTEER AND PROJECT COSTS

As was explained in last year's Congressional Presentation, Peace Corps planning and budgeting are based upon a "program year" which runs from the beginning of September through the end of August. The period from September, 1963, through August, 1964, constitutes the third such Program Year for the Peace Corps.

The majority of Volunteers enter training toward the end of this period. The Peace Corps has found that training for most projects must begin during the summer months--from mid-June through the end of August. High school and college graduates are available in greater number; doctors, nurses, teachers, and other professional people frequently work on contracts running from July to July and they become available, therefore, in the summer months; college campuses are more readily available as training sites; and training may be completed in time for Volunteers to assume their new duties in the host country in the fall.

Barring very exceptional circumstances, programs must be completely developed, trainees recruited, and all commitments made at least two months before actual training begins. Contracts with universities for training and with private organizations and universities for the administration of projects must be signed at least this far in advance.

Thus, financing must be provided for Volunteers entering training in July and August of one fiscal year from appropriations in the prior year. For example, for Volunteers entering training in July and August, 1964 (Fiscal Year 1965), funds must be appropriated in Fiscal Year 1964.

Of the total of \$108 million requested for Fiscal Year 1964, \$81.3 million, or about 75 per cent, is required to maintain in service and to replace those Volunteers whose entry into service during the First and Second Program Years was financed with Fiscal Year 1962 or Fiscal

Year 1963 funds.^{1/} The remainder of \$26.7 million, or about 25 per cent, finances the expansion of the Peace Corps by 4,000 Volunteers during the Third Program Year.

In the Peace Corps' first Presentation to the Congress, in April 1961, it was estimated that the total cost per Volunteer would average \$9,000 a year for his two years of service. In the Presentation for Fiscal Year 1963, this figure remained valid, although its composition had changed slightly. The Peace Corps' best estimate of the average annual cost per Volunteer remains approximately \$9,000, although there have once again been shifts within the categories which constitute the total.

Our Fiscal Year 1963 projection estimated that of the \$9,000, some \$6,300 was attributable to direct Volunteer and project costs, and \$2,700 to administrative expenses. For Fiscal Year 1964, these figures are approximately \$7,000 and \$2,000, respectively. The increase in direct costs is attributable primarily to an extension of the training program from eight to ten or twelve weeks to increase the language proficiency of the Volunteers, and an increase by the Civil Service Commission in the costs of its full field investigations.

^{1/} The \$81.3 million required for Fiscal Year 1964 for the maintenance of 9,000 Volunteers is a calculated summation of individual items that only coincidentally equals the multiplication of 9,000 Volunteers by the "annual average" cost of \$9,000 in a year in which the program would have become static with regard to size. There are a variety of offsetting factors that produce this coincidence. These offsetting factors include the particular timing of Peace Corps Volunteer input, the extent of forward funding in prior fiscal years, and the division between direct and contract administration of Volunteers.

In addition, the Peace Corps has learned that the use of a flat average annual cost tends to distort the budget picture for any year in which input and output are not exactly the same, because Volunteer costs vary widely by month, with the heaviest costs being incurred prior to the beginning of service.

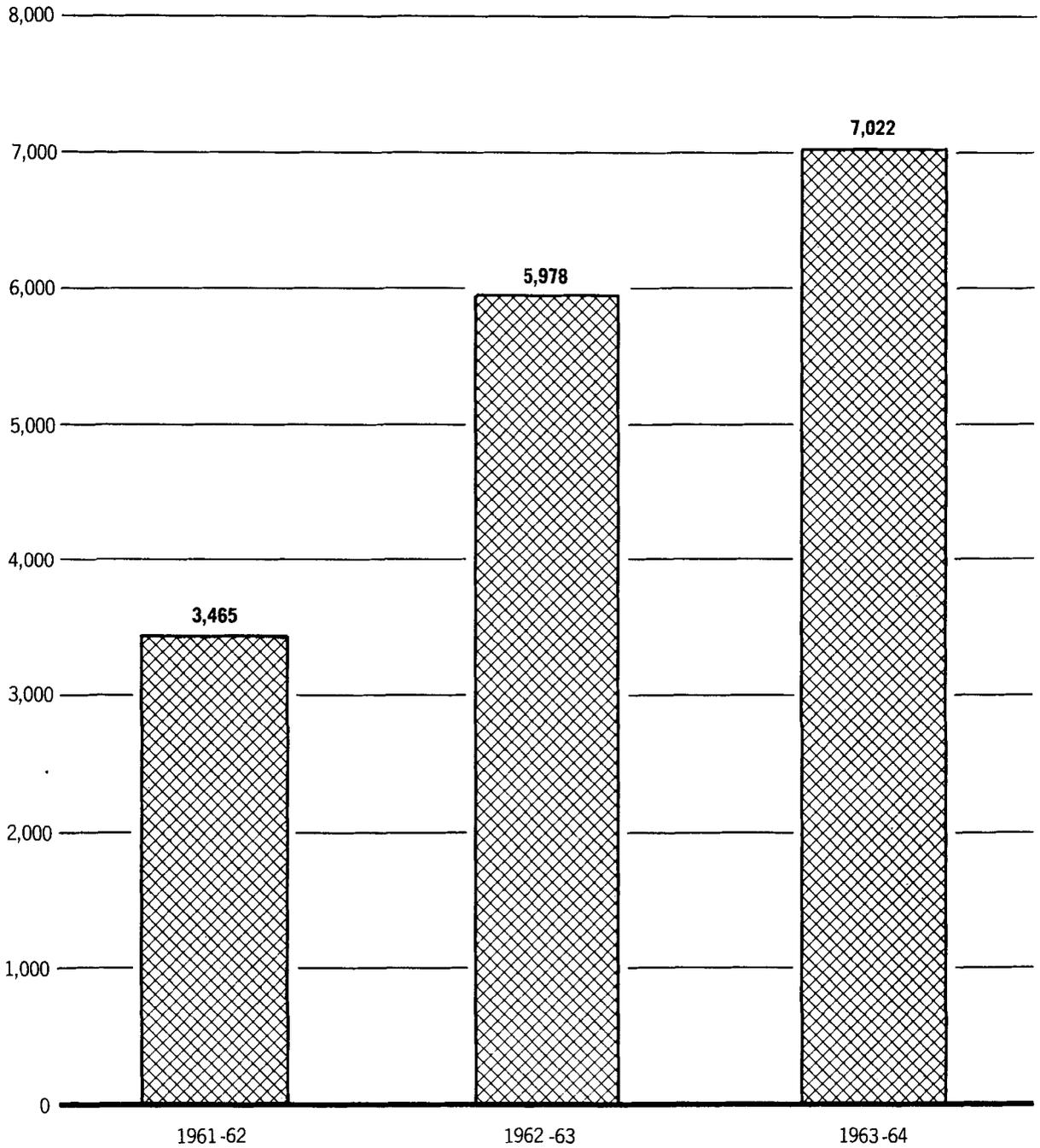
Accordingly, average monthly cost factors have been developed for each of the 24 months of a Volunteer's service, and they are applied on the basis of the number of Volunteers entering training in each month of the year. These factors are a computed average based on an analysis of costs incurred to date. Actual costs may be higher or lower depending upon a number of variables. The Peace Corps believes, however, that these average costs represent a valid measure of project costs, since their application to operations to date indicates only very minor variations from actual obligations incurred. The cost factors are presented in tabular form on pages I.58-I.60.

The rate of Volunteer input which has been assumed for the Third Program Year is summarized in the table on page I.55. Approximately 29 per cent of the Volunteers entering training during that period will serve in projects administered by private organizations. As usual, about half of the total number of Volunteers will enter training during the summer months.

PEACE CORPS

YEARLY VOLUNTEER INPUT^{1/}

PROGRAM YEARS 1961-62, 1962-63, 1963-64



^{1/}Net Volunteers — Training Elimination Taken Into Account
Replacements Plus Net Volunteer Growth

VOLUNTEER INPUT - 1964

Third Program Year
(September 1, 1963, to August 31, 1964)

	<u>Estimated Net Number After Training</u>
In service beginning of program year	9,000
Input:	
September	685
October	465
November	470
December	150
January	-
February	620
March	400
April	195
May	415
June	1,461
July	1,681
August	<u>480</u>
Input during program year	<u>7,022</u>
Total in service	16,022
Deduct--Volunteers completing term of service during program year	<u>- 3,022</u>
Volunteers at end of program year	<u><u>13,000</u></u>

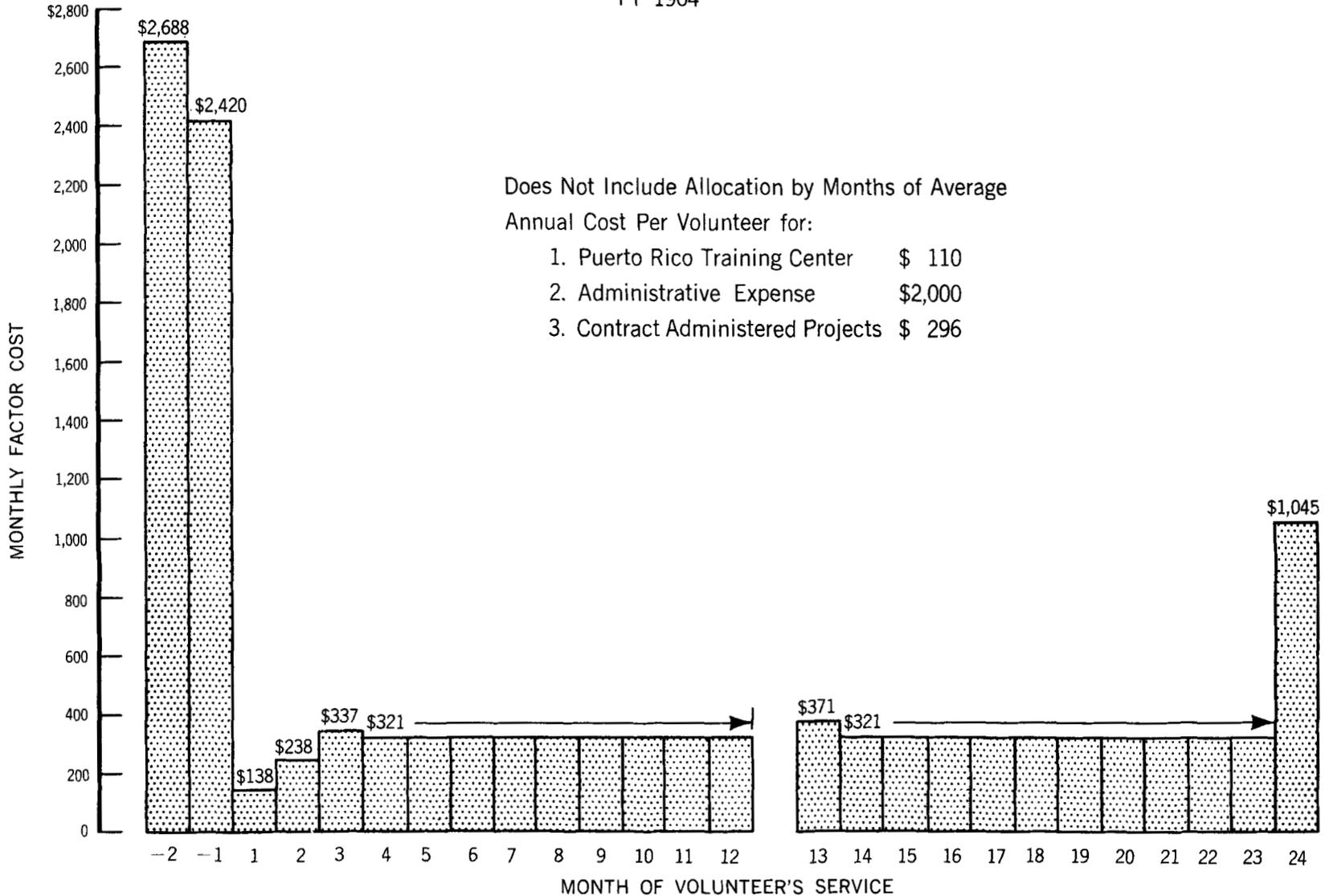
PEACE CORPS

AVERAGE COST PER VOLUNTEER

By Month of Service In Which Obligations Occur

FY 1964

I. 56



SUMMARY TABLE OF VOLUNTEER COST FACTORS - 1964

(Average Cost per Volunteer)

DISTRIBUTION OF COST BY MONTH

Month -2 (two months prior to beginning of service)	\$ 2,688
Month -1 (one month prior to beginning of service)	2,420 ^{a/}
Month 1	138 ^{b/}
Month 2	238
Month 3	337
Month 4 through 24 (21 x \$321)	6,741
Month 13 (additional cost)	50
Month 24 (additional cost)	<u>724</u>
Cost for Two Years	<u>13,336</u>
Annual Cost	6,668
Annual Cost per Volunteer for:	
Puerto Rico Training Center	110
Administrative Expense	2,000
Contract Administered Projects	<u>296</u>
Total	<u>9,074</u>
Rounded--Annual Average Cost for Each Volunteer	<u>\$ 9,000</u>

^{a/} Unless month -1 is June.

^{b/} Unless month 1 is July, in which case include part of \$2,420 for preceding month of June.

Note: Rationale for footnotes ^{a/} and ^{b/}: In general, obligations are incurred for travel and similar items in the fiscal year in which the travel begins.

DETAILED DESCRIPTION OF VOLUNTEER COST FACTORS - 1964

(Factors include 12 per cent for attrition, where applicable)

Month -2 (two months prior to beginning of service)	
Training	\$2,240
Background investigation	448
	<u>2,688</u>
Month -1 (one month prior to beginning of service)	
Transportation of Volunteer:	
Home to training site to home	213
Home to port terminal	100
Port to overseas destination	600
Travel allowance	27
Home leave allowance	60
Project equipment and supplies, including transportation	360
Vehicles, including transportation	540
Housing repair or construction, and furnishings	400
Medical examination	23
Training at Puerto Rico, (Average cost for all Volunteers, based on 50 per cent of Volunteers training at this center):	
Transportation port to overseas destination via Puerto Rico (\$134)	67
Field clothing (\$28)	14
Living allowance (2 weeks - \$32)	16
	<u>2,420^a</u>

VOLUNTEER COST FACTORS (CONTINUED)

Month 1

Readjustment allowance (includes FICA)	88
Medical kit	25
Personal supplies (duffle bag, footlocker, etc.)	<u>25</u>
	<u>138^{b/}</u>

Month 2

Readjustment allowance	88
Clothing allowance	<u>150</u>
	<u>238</u>

Month 3

Readjustment allowance	83
Field trip in Puerto Rico	14
Orientation overseas	100
In-country travel overseas	15
Settling-in allowance	<u>125</u>
	<u>337</u>

Month 4 through 24 (see months 13 and 24 for added costs)

Readjustment allowance	78
Leave allowance	13
In-country travel	10
Living allowance	125
Vehicle maintenance and repair	10
Housing allowance	40
Medical care	15
Medical evacuation and emergency leave	10
Project equipment and supplies	<u>20</u>
One month	<u>(321)</u>
21 months (21 x \$321)	<u>6,741</u>

VOLUNTEER COST FACTORS (CONTINUED)

Additional Costs:

Month 13	
Clothing Allowance	<u>50</u>
Month 24	
Transportation:	
From Overseas to United States Port	600
Port to Home	100
Travel Allowance	<u>24</u>
	<u>724</u>
Cost for two years	<u>13,336</u>
Annual Cost	6,668
Annual Cost per Volunteer for:	
Puerto Rico Training Center	110
Administrative Expense	2,000
Contract Administered Projects	<u>296</u>
Total	<u>9,074</u>
Rounded--Average Annual Cost for each Volunteer	<u>9,000</u>

a/ Unless Month -1 is June.

b/ Unless Month 1 is July, in which case include part of \$2,420 for preceding month of June.

Note: Rationale for footnotes a/ and b/:
In general, obligations are incurred for travel and similar items in the fiscal year in which the travel begins.

PUERTO RICO TRAINING CENTER

The Puerto Rico Training Center provides, as nearly as possible, a rugged simulation of conditions the Volunteers will meet in the field, not only culturally and economically, but physically, with strenuous outdoor activity comprising a major portion of the center's program.

It is estimated that 35 field positions and \$800,000 will be required in 1964 to conduct the programs in Puerto Rico, which are the same level as 1963.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
11 Personnel compensation	\$308,000	\$263,000
12 Personnel benefits	8,000	8,000
21 Travel and transportation of persons	27,000	27,000
22 Transportation of things	24,000	24,000
23 Rents, communications, & utilities	6,000	6,000
25 Other services	105,000	150,000
Services of other government agencies	300,000	300,000
26 Supplies and materials	20,000	20,000
31 Equipment	<u>2,000</u>	<u>2,000</u>
Total	<u>\$800,000</u>	<u>\$800,000</u>

GENERAL STATEMENT ON ADMINISTRATIVE EXPENSES

The general category of administrative expenses covers all of the costs involved in the direction, management and operation of the Peace Corps program in Washington and overseas. As discussed previously, included in administrative expenses are items which are more properly classified as program expenses--for example, direction of the recruitment, selection and training of Volunteers, research costs, and direction and conduct of the medical program overseas, involving costs of doctors and nurses.

A limitation of \$15.5 million was established in the Fiscal Year 1963 Appropriation for "administration and program support costs," (administrative expenses). We share Congress' concern in keeping such costs to an irreducible minimum and are exerting every effort not only to live within this amount, but to live below it, if possible.

As noted elsewhere in this estimate, reductions in administrative expenses have made it possible to maintain the all-inclusive cost of \$9,000 per Volunteer per year for a two year period.

The ratio of administrative expenses has shown a decline from about 33 per cent in 1962 to about 27 per cent in 1963, and 19 per cent in 1964. It is recognized that these percentages are based on larger appropriations in each succeeding year, but significant savings in costs, efficiency and effectiveness have been accomplished and further savings are envisaged as other areas of operation are studied and improved. Without such improvements, it would have been impossible to carry out the program within the limitation imposed by the Congress in 1963, and our 1964 request would have been proportionately higher.

Some examples of the steps taken are shown below:

1. Consolidation of procurement responsibilities into one unit. Reduction of the number of offices handling requisitions in the Peace Corps from as many as four to one. Establishment of a direct ordering process by overseas Peace Corps offices directly with the General Services Administration region.
2. Establishment of a new office supply system, which eliminated a large number of inventory points, and consolidated the inventory in one unit which is replenished on a daily basis from the General Services Administration Retail Store.
3. Consolidation of a number of distribution points for publications into one central unit.
4. Elimination of duplication in the handling of travel vouchers, contract vouchers and miscellaneous bills, and speeding up processing from several months to several days.
5. Improvement in the accounting system by:
 - a. Reducing the number of allotment accounts in Washington from 87 to three.
 - b. Reducing the amount of unnecessary detailed accounts, and documentation.
 - c. Changing processing of records from electronic computer to punched card electric accounting machines.
 - d. Establishment of a simpler system of accounting and reporting.
6. Establishment of manpower and overtime controls.
7. Realignment of space to speed flow of work.
8. Use of other agencies' services and eliminating Peace Corps requirements for such personnel. Examples are the use of General Services Administration's printing plant

and related facilities; use of General Services Administration's experts on paperwork management, resulting in retirement of inactive files to General Services Administration's Record Centers and freeing valuable space and filing cabinets for other use.

9. Establishment of an internal audit function to assure appropriate use of agency resources.

10. Emphasis on management analysis to examine and study various processes and recommend improvements where necessary.

11. Takeover in Washington from the Agency for International Development of all financial and administrative operations performed for the Peace Corps. This made possible many of the consolidations and improvements indicated above. While the Agency for International Development was performing these functions, the accounting system, for example, had to be compatible with that of the Agency for International Development. However, the Peace Corps program is not as complex and complicated as that of the Agency for International Development, and we were in a position to streamline and simplify the system.

Even though we added 35 positions to our rolls as opposed to the 51 positions to be reimbursed to the Agency for International Development, this was done without increasing our over-all employment level. We will be able to save a minimum of \$150,000 in 1964 from this action alone.

We are not resting on our laurels (if any are deserved). Much has been done but much remains to be done. When we have digested the fairly large job we have undertaken in Washington, we propose to focus on field administration generally, and the furnishing of administrative support overseas by the Agency for International Development and the State Department in particular. We are not critical of their

efforts on our behalf or their support. With very few exceptions, they have given us valuable assistance and we couldn't have gotten off the ground without them. However, in our search for further efficiency and economy, this area appears to be a logical ground for review and examination.

Our estimate for 1964 is realistic and is based on the minimum required to do the job. It has been computed wherever possible on experience cost factors developed from analyses of all available data. We believe that our continuing efforts for better management, more efficiency and greater economy have borne fruit. We hope we may be given the resources to continue doing so.

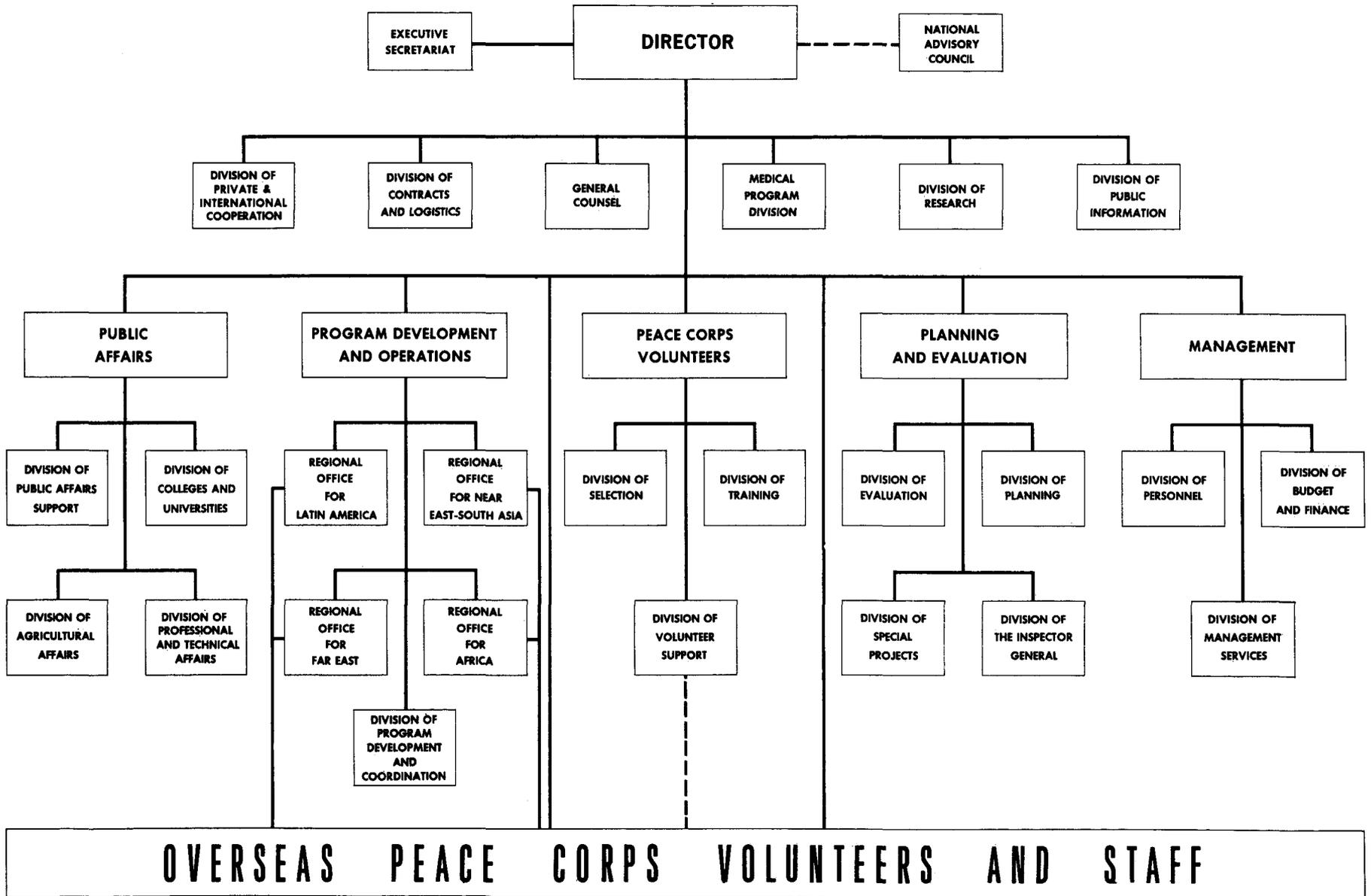
ORGANIZATION

The Peace Corps is headed by a Director and a Deputy Director, assisted by an Executive Secretariat. In Washington, it is organized into five major offices, each headed by an Associate Director, and six staff divisions.

Overseas, each country's operation is managed by a Peace Corps Representative with supporting staff.

The organization chart which follows illustrates our Washington office organization and its relation to Volunteers and overseas staff.

PEACE CORPS ORGANIZATION PLAN



PEACE CORPS

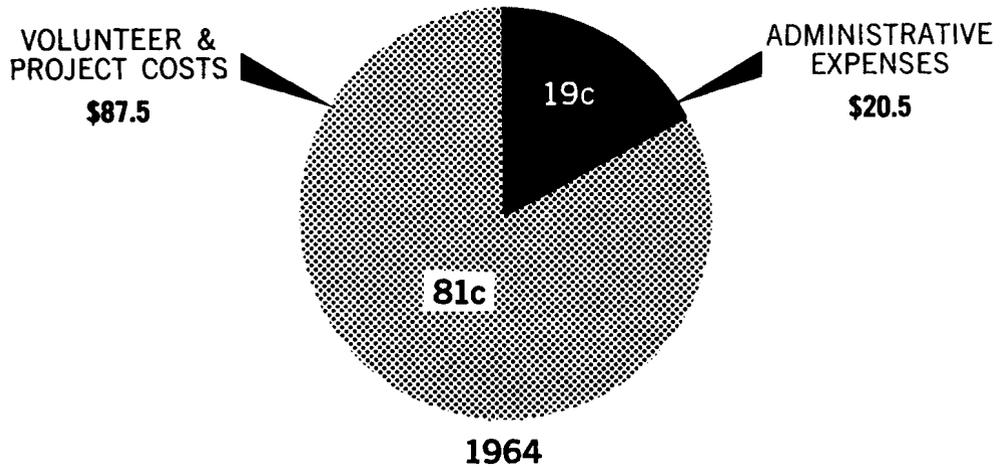
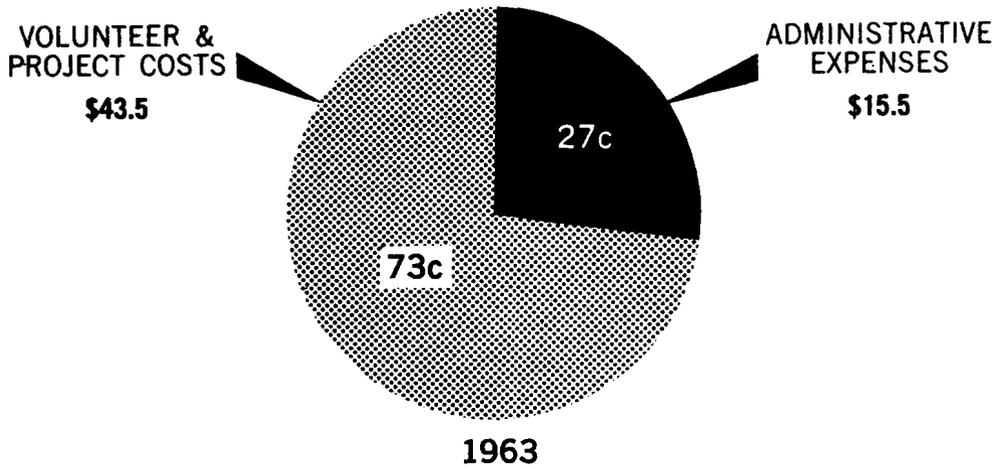
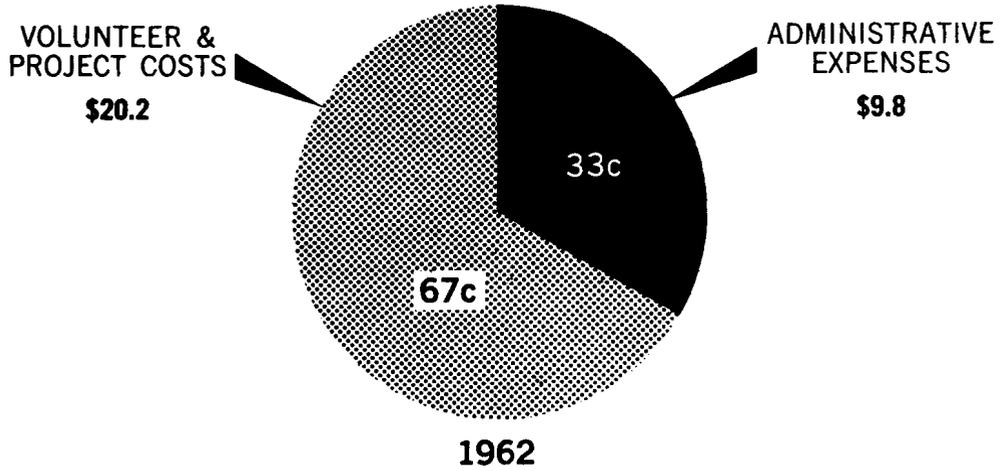
OBLIGATIONS BY OBJECT

Administration and Program Support
(Administrative Expenses)

	<u>1962</u> <u>Actual</u>	<u>1963</u> <u>Estimate</u>	<u>1964</u> <u>Estimate</u>
11 Personnel compensation			
Permanent positions	\$2,257,697	\$ 5,702,700	\$ 7,795,200
Positions other than permanent	850,926	682,500	981,000
Other personnel compensation	<u>629,294</u>	<u>1,241,100</u>	<u>1,375,000</u>
Total personnel compensation.	3,737,917	7,626,300	10,151,200
12 Personnel benefits	212,922	632,000	996,000
21 Travel & transportation of persons	1,291,458	1,860,000	2,500,000
22 Transportation of things	238,804	440,000	450,000
23 Rent, communications, & utilities	786,332	1,173,700	1,522,800
24 Printing & reproduction	367,530	300,000	400,000
25 Other services	817,181	715,000	1,329,000
Services of other agencies	1,353,547	1,797,000	2,311,000
26 Supplies & materials	231,079	350,000	467,000
31 Equipment	777,807	576,000	373,000
Unvouchered	<u>899</u>	<u>-</u>	<u>-</u>
Total obligations	<u>\$9,815,476</u>	<u>\$15,470,000</u>	<u>\$20,500,000</u>

PEACE CORPS

COST PER DOLLAR OF VOLUNTEER vs. ADMINISTRATIVE EXPENSE COSTS
(MILLIONS OF DOLLARS)



PEACE CORPS

ADMINISTRATIVE PERSONAL SERVICES DATA

	Actual 1962*	Actual March 31, 1963	Estimate 1963* 1964*		Increase 1963 to 1964
			Positions		
Permanent Positions:					
Departmental	278	498	561 ^{b/}	621	60
Field (Overseas):					
Americans	80	150	210	270	60
Locals	<u>41</u>	<u>100</u>	<u>125</u>	<u>150</u>	<u>25</u>
Subtotal	399	748	896	1,041	145
Temporary:					
Departmental	<u>336^{a/}</u>	<u>92</u>	<u>100</u>	<u>150</u>	<u>50</u>
Total	<u>735</u>	<u>840</u>	<u>996</u>	<u>1,191</u>	<u>195</u>
Distribution:					
Departmental	614	590	661	771	110
Field	<u>121</u>	<u>250</u>	<u>335</u>	<u>420</u>	<u>85</u>
Total	<u>735</u>	<u>840</u>	<u>996</u>	<u>1,191</u>	<u>195</u>
Average Employment	<u>399</u>	<u>602</u>	<u>Man-Years</u> <u>867</u>		<u>296</u>
			<u>Ratios</u>		
Volunteers as of end of period	3,465	5,003	9,000	13,000	4,000
Employment as of end of period	735	867	1,016	1,216	200
Ratio of Employment to Volunteers	1:4.7	1:5.8	1:8.9	1:10.7	
Average Employment	399	602	867	1,163	296
Ratio of average employment to Volunteers	1:8.7	1:8.3	1:10.4	1:11.2	

^{a/} Includes summer employment.

^{b/} Includes 35 positions not in original budget, representing take-over of functions performed by the Agency for International Development which have been absorbed within the original budgeted positions.

* See also footnotes on Page I.37.

PERSONAL SERVICES AND OTHER OBJECTS

PERSONNEL SUMMARY

Positions and average employment are related to program projections which contemplate an increase in the number of Volunteers in training or overseas from 9,000 as of August 31, 1963, to 13,000 by August 31, 1964, or an increase of about 44 per cent. It is estimated that by June 30, 1964, the number of permanent positions will increase by 60 in Washington and 85 overseas, for a total increase of 145, or 16 per cent. The total number of permanent and temporary positions will increase from 996 to 1,191, or about 20 per cent.

The total average employment (man-years) for permanent, temporary, and intermittent Peace Corps employees will increase from 867 in 1963, to 1,163 man-years in 1964, or a 34 per cent increase.

11. Personnel Compensation - \$10,151,200

The estimated fund requirements for personnel compensation cover pay in Washington and overseas, for all employees; regular pay in excess of 52-week base for those days in excess of the normal 260 compensable work days in a fiscal year, and the cost of reimbursable details of personnel from other government agencies. Funds are not included for the Director, who has been serving without compensation since the inception of the program.

	<u>Estimate 1963</u>		<u>Estimate 1964</u>	
	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Regular pay:				
Americans	771	\$5,561,300	891	\$7,530,400
Locals	125	141,400	150	203,000
Temporary employment	-	377,500	-	614,000
Intermittent employment	-	305,000	-	367,000
Regular pay above 52-week base	-	-	-	61,800
Overtime and holiday pay	-	465,100	-	385,000
Reimbursable details	-	<u>776,000</u>	-	<u>990,000</u>
Total	896	\$7,626,300	1041	\$10,151,200

(a) Regular pay - \$7,733,400. Included under this item are the estimated requirements for the regular pay of 891 Americans and 150 local positions for staff members located in Washington and in approximately 51 countries throughout the world. The increased fund requirements in Fiscal Year 1964 result from (1) full year costs for positions in 1963, (2) the funding of additional positions, the major portion of which is required to support the program expansion envisioned for Latin America and Africa, and (3) increased pay act costs. Funds for new positions have been predicated on a lapse of 12.5 per cent for delay in filling new positions.

(b) Temporary employment - \$614,000. In keeping with the Director's policy of a small permanent staff in the Peace Corps, we must rely on temporary employment to meet the demands of peak workload periods during the year. The estimate has been developed to provide an average of 10 to 12 man-years of temporary employment per month to cope with the anticipated workload that will be generated by the increase in projects, and Volunteer strength.

(c) Intermittent employment - \$367,000. During the course of the year's business, experience has shown that the Director and his top staff on occasion have need to consult with outstanding individuals in various fields of endeavor. For example, problems arise with respect to selection of Volunteers, training, and other facets of the Peace Corps' program. When these occasions arise, individuals are consulted on an "as required basis." The estimate provides for about two man-years of intermittent assistance per month.

(d) Regular pay above 52-week base - \$61,800. There are two extra days in Fiscal Year 1964.

(e) Overtime and holiday pay - \$385,000. Agency policy has been established which permits payment of overtime to employees in Grade GS-9 and below. In essence the estimate provides for the overtime required to be worked by clerical and stenographic personnel throughout the agency. As indicated above, we are estimating a decrease of some \$80,000 below our requirements in Fiscal Year 1963, or a monthly estimate of about \$32,000. In general, overtime is required to meet the volume of inquiries received from the public with regard to the Peace Corps; to cope with heavy peak workload demands in our recruiting, selection, and training program;

in our Volunteer support program; and supporting management services.

(f) Reimbursable details - \$990,000. The Peace Corps, to the extent practicable, utilizes employees of other government agencies on a reimbursable basis for certain special skills not obtainable elsewhere. For example, the professional staff of the Medical Division, both in Washington and in some 51 countries throughout the world, are on detail to the Peace Corps from the Public Health Service. In addition, when required, specialists are detailed from the Department of State to assist our regional officers on specific country programs.

12. Personnel Benefits - \$996,000

Personnel benefits are directly related to the level of personnel compensation, and represent the government's share of contributions as required by law or regulation. The Peace Corps does not pay a post allowance or a post differential to its overseas employees.

<u>Personnel Benefits</u>	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Retirement fund contributions	\$357,000	\$485,400
FICA contributions	15,900	25,300
Group life insurance	18,600	21,500
Health insurance	33,000	35,900
Educational allowance	70,500	85,900
Quarters allowance	<u>137,000</u>	<u>342,000</u>
Total	<u>\$632,000</u>	<u>\$996,000</u>

(a) Retirement fund contributions - \$485,400. Retirement fund contributions are computed on the basis of 6½ per cent of the regular pay estimated for those employees subject to retirement fund deductions.

(b) FICA contributions - \$25,300. FICA contributions represent the government's share of social security contributions for those employees subject to social security withholding, based on 3-5/8 of first \$4,800 annual salary rate.

(c) Group life insurance - \$21,500. Estimates are based upon \$3.25 per thousand of life insurance, per annum for employees participating.

(d) Health insurance - \$35,900. Estimated at \$56 per annum for permanent American employees participating.

(e) Educational allowance - \$85,900. The average annual educational allowance overseas is estimated on the basis of past experience at \$327 per man-year. Using this factor, the estimates have been developed as follows:

	<u>No. of Employees</u>	<u>Average Annual Cost Per Man-Year</u>	<u>Annual Amount</u>	<u>Lapse</u>	<u>Net Cost</u>
Peace Corps staff and doctors	330	\$327	\$107,900	\$22,000	\$85,900

(f) Quarters allowance - \$342,000. The cost in 1964 for quarters allowances is estimated on an average annual cost per man-year of \$2,078, adjusted for lapse.

	<u>No. of Employees</u>	<u>Average Annual Cost Per Man-Year</u>	<u>Annual Amount</u>	<u>Lapse</u>	<u>Net Cost</u>
Peace Corps staff and doctors	206	\$2,078	\$428,000	\$86,000	\$342,000

21. Travel and Transportation of Persons - \$2,500,000

Travel and transportation expenses of all Peace Corps staff, including dependents are covered herein. Of the total cost, 70 per cent is estimated for operational travel, 17 per cent for travel in connection with assignments to and return from overseas posts, and 13 per cent for home leave privileges. An additional 60 Peace Corps staff employees and 15 doctors will be assigned to posts overseas in 1964. In addition, 100 employees will have completed their tour of 24 months of continuous overseas duty. Of this number it is estimated that 60 will continue overseas service, and 40 will be transported home for separation.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Operational travel	\$1,435,000	\$1,745,000
Post assignment travel	425,000	425,000
Home leave travel	<u> -</u>	<u> 330,000</u>
Total	<u>\$1,860,000</u>	<u>\$2,500,000</u>

Details for each of these items follows:

(a) Operational travel - \$1,745,000. Includes all staff travel in the United States and overseas. The average cost factors per travel day have been developed on an experience basis.

	<u>No. of Days</u>	<u>Average Cost</u>	<u>Total</u>
Domestic program travel	20,277	\$47	\$ 953,000
Overseas program travel	17,400	40	696,000
Consultation overseas staff	<u> 2,000</u>	48	<u> 96,000</u>
Total	<u> 39,677</u>		<u>\$1,745,000</u>

(b) Post assignment - \$425,000. Includes cost of the initial assignment to the post, and for return upon termination of the tour of duty; and for transfer between posts. Average cost factors per trip represent experience to date.

	<u>No.</u>	<u>Average Cost</u>	<u>Total</u>
Assignment to posts:			
Peace Corps staff and doctors	115	\$2,741	\$315,000
Return from posts:			
Peace Corps staff and doctors	40	2,741	110,000
	<u>155</u>		<u>\$425,000</u>

(c) Home leave - \$330,000. This item covers travel of employees and dependents of 60 employees whose tour will be completed and who will come to the United States on home leave and return to a post of duty.

	<u>No.</u>	<u>Round Trips</u>	<u>Average Cost</u>	<u>Total</u>
Peace Corps staff and doctors	60	120	\$2,741	\$330,000

22. Transportation of things - \$450,000

As previously stated an additional 60 Peace Corps staff employees and 15 doctors will be assigned to posts overseas in 1964. In addition, 100 employees will have completed their tour of 24 months of continuous overseas duty. Of this number it is estimated that 60 will continue overseas service, and 40 will be transported home.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Shipment of household goods	\$282,400	\$282,400
Shipment of automobiles	79,600	67,600
Other	<u>78,000</u>	<u>100,000</u>
Total	<u>\$440,000</u>	<u>\$450,000</u>

(a) Shipment of household goods - \$282,400.

	<u>No. of Shipments</u>	<u>Average Cost Per Shipment</u>	<u>Total</u>
Post assignments:			
Peace Corps staff and doctors	115	\$1,822	\$209,500
Return from posts:			
Peace Corps staff and doctors	<u>40</u>	1,822	<u>72,900</u>
Total	<u>155</u>		<u>\$282,400</u>

(b) Shipment of Automobiles - \$67,600. It is estimated that about 80 per cent of the personnel assigned overseas will require the transportation of an automobile, as will about 30 per cent of the personnel returning home. The experience cost factor is \$648 per shipment.

	<u>No. of Shipments</u>	<u>Cost Per Shipment</u>	<u>Total</u>
Post assignments:			
Peace Corps staff and doctors	92	\$648	\$59,700
Return from posts:			
Peace Corps staff and doctors	<u>12</u>	648	<u>7,900</u>
Total	<u>104</u>		<u>\$67,600</u>

(c) Other - \$100,000. Shipment of office supplies, transportation of office machines, exhibits, and shipment of forms and brochures based on program increases.

23. Rents, Communications, and Utilities - \$1,522,800

The estimated fund requirements for this object will finance requirements for all telephone service, cable, telegraph and teletype, and postage fees; also rents and utilities for office space, residential space for overseas personnel and the rental of equipment. Estimates are based upon contracts in effect or experienced cost factors developed in connection with the execution of our program for the fiscal year 1963.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Telephone service	\$ 309,700	\$ 350,800
Cable, telegraph and teletype	100,000	133,700
Postage fees	400,000	536,000
Rents and utilities:		
Office space	109,000	152,300
Residential space	250,000	325,000
Equipment rental	5,000	25,000
Total	<u>\$1,173,700</u>	<u>\$1,522,800</u>

(a) Telephone service - \$350,800. The estimate provides for local and long distance telephone service, switchboard service, etc., required in connection with the day to day operation of the agency. To the extent possible long distance calls are placed through the facilities of the Federal Telecommunications System to effect economy. The use of this service is required in connection with the direction of recruitment, training of Volunteers, and administration of the other programs. The estimate was based upon an obligation rate of about \$29,000 per month, resulting in a total estimate of \$350,800.

(b) Cable, telegraph and teletype - \$133,700. Cable, telegraph and teletype service is required to provide communication between the headquarters and our program activities in about 51 countries throughout the world. The estimate was developed upon the basis of a man-year cost factor approximating \$115 for each man-year of staff employment, which results in a total estimate of \$133,700.

(c) Postage fees - \$536,000. The nature of the Peace Corps program requires that training, educational and program materials must be mailed to Volunteers in training in the United States as well as to those already on the job in countries throughout the world. In addition, the agency receives numerous requests for informational material on the Peace Corps--what it is, and what it does--from many private and public organizations throughout the country. This estimate will provide about \$45,000 per month.

(d) Office space and utilities - \$152,300. The estimate provides for 113,000 square feet of office space at 70 locations, in some 51 countries. Fund requirements cover full year cost of approximately 56 leases in 1963, plus additional office space to provide for program expansion in 1964.

(e) Residences - \$325,000. The estimate provides for 124 residences for staff personnel including doctors, in 1964. It is estimated that 109 residences will be under lease in 1963. The additional residences in 1964 are contemplated in view of the planned expansion in the program.

(f) Equipment rental - \$25,000. We are currently in the process of assuming responsibility for our own centralized accounting and payroll operation in Washington. This activity, previously performed by the Agency for International Development on a reimbursable basis, was taken over by the Peace Corps Budget and Finance Division, Office of Management, effective April 1, 1963. The system being installed is predicated on the use of Electric Accounting Machines (EAM) to perform the task of accounting for the agency's appropriations as well as payroll for staff employees and the readjustment allowance payments to about 13,000 Volunteers. Other equipment rentals include Xerox machines and rotype machines. It is estimated that \$25,000 will be required for equipment rental costs in fiscal year 1964.

24. Printing and Reproduction Services - \$400,000

This item provides for printing and reproduction requirements, and is directly related to the number of Volunteers and staff.

Printing and reproduction services are performed by the Government Printing Office and reproduction facilities of other Government agencies, to the maximum extent possible.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Services Directly for:		
Volunteers	\$250,000	\$350,000
Others	<u>50,000</u>	<u>50,000</u>
Total	<u>\$300,000</u>	<u>\$400,000</u>

(a) Services directly for Volunteers - \$350,000.

Includes application forms and recruitment brochures to supply Post Offices, schools, public and private organizations, clubs, etc., newsletters and newspapers for dissemination of inter-country information; instructions and handbooks; brochures of projects for the approval of host country and the Secretary of State, etc. The increase is related to the increase in number of Volunteers.

(b) Other - \$50,000. Normal printing and reproduction services, such as annual reports to the Congress, handbooks for Peace Corps staff overseas, internal orders, manuals, reports, and cards and forms essential to operations.

25. Other Services

\$3,640,000

Included under this head are fund requirements for contractual services with private organizations as well as for reimbursement to other government agencies for services performed for the Peace Corps.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Research Contracts	\$ 400,000	\$1,000,000
Miscellaneous contractual services	<u>315,000</u>	<u>329,000</u>
Subtotal	<u>\$ 715,000</u>	<u>\$1,329,000</u>
Services of other agencies:		
Other	\$ 372,000	\$ 411,000
Administrative support	<u>1,425,000</u>	<u>1,900,000</u>
Subtotal	<u>\$1,797,000</u>	<u>\$2,311,000</u>
Total	<u>\$2,512,000</u>	<u>\$3,640,000</u>

(a) Research - \$1,000,000. This is one of the most important areas of assistance in maintaining our high standards of selection and training. The small research staff uses outstanding individuals and institutions on a contract basis to provide information on our selection and training system and matters of related interest. The estimate for 1964 is less than one per cent of the total appropriation and will provide for about 10 contracts. Most progressive private organizations spend substantially in excess of this percentage for this purpose.

(b) Miscellaneous contractual services - \$329,000. Contractual arrangements are made to obtain services of various kinds. For example, printing, editing, and distributing films and recordings; consultation services; physical examinations by private physicians; repair of office machines and equipment; renovation of offices; and mailing services.

(c) Reimbursement to government agencies - \$411,000.

The following identifies services necessary (excluding Agency for International Development and State Department administrative support) in the day to day operations of the Peace Corps for which funds are required to reimburse other government agencies.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Civil Service Commission (security investigations, staff only)	\$250,000	\$235,000
Department of State (language instruction, training materials, and Inspector General functions, etc.)	40,000	55,000
General Services Administration (office moves, space altera- tions)	30,000	40,000
Department of Defense (audit of contracts)	7,000	25,000
Department of Health, Education and Welfare (health services)	5,000	7,000
Department of Commerce (Bureau of Standards - computer serv- ices on Volunteer statistics)	10,000	10,000
Miscellaneous services	<u>30,000</u>	<u>39,000</u>
Total	<u>\$372,000</u>	<u>\$411,000</u>

(d) Administrative support - \$1,900,000. This includes services of the Department of State and Agency for International Development, both in Washington and overseas.

When the Peace Corps first started in operation, it was apparent that to establish its own accounting and

administrative organization in Washington and overseas was imprudent from a sound business standpoint. The help of the State Department and the Agency for International Development was solicited and this assistance was supplied to Peace Corps on a reimbursable basis.

The Agency for International Development, under a reimbursable agreement, handled all Washington accounting and administrative matters, such as procurement, printing, travel, supplies, space management, automatic data processing, and security. The State Department rendered certain other services, such as pouch, telegraph, dispatch, language training, etc.

Overseas such services were rendered either by the State Department or the Agency for International Development, depending on which organization could more effectively furnish the services.

As the Peace Corps grew in size, the problems of such an arrangement made a re-examination of the whole matter essential. In the field of accounting, for instance, because of the necessity for compatibility, the Peace Corps system was adapted to that of the Agency for International Development. The Peace Corps program is not as complex as that of the Agency for International Development, and requirements are substantially less detailed. In addition, the use of an electronic computer for accounting, with the attendant problems of programming, priority of machine time and scheduling, compounded the problem. Further, since the Agency for International Development was located in another building, it became necessary to establish unofficial memorandum records in the Peace Corps to assure availability of funds before commitments were entered into. Many documents were handled several times and reconciliation of two sets of records became very time consuming and non-productive. The decision, therefore, was made to take over the accounting responsibilities in Washington. This was accomplished on March 31, 1963.

As a result, we are installing a simpler, more streamlined system of accounting to meet Peace Corps needs, using less complicated IBM electrical accounting punched

card equipment. This system which will be fully implemented on July 1, 1963, will be less expensive to operate and more responsive to our needs.

With respect to all other services rendered by the Agency for International Development, except security and the use of electronic computers for selection of Volunteers, a somewhat similar situation existed in Washington. Procurement, printing, travel, supplies, and space management also presented problems of duplication and overlapping of functions and effort. These functions were also assumed by the Peace Corps on March 31, 1963.

With the takeover, all such functions were consolidated into one organizational unit and arrangements were made with General Services Administration which has government-wide responsibilities in these areas, to handle procurement and printing requirements. Duplication of effort has been eliminated and a more efficient and economical operation has been effected. We have absorbed 35 positions required for these functions within our 1963 ceiling.

We estimate that as a result of these moves, we will be able to save \$150,000 in 1964 from the amount of \$1,900,000 originally estimated for this purpose.

We propose to examine next the field situation of the Agency for International Development and State Department support. We believe that greater centralization may be effected in a number of administrative areas, with resultant increased efficiency at lower cost.

A brief description of the services rendered and a summary of these costs follows:

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
<u>Agency for International Development</u>		
Washington:		
Financial Services	\$157,000	-
Administrative Services	95,000	-
Automatic Data Processing	70,000	\$ 60,000
Security	33,000	60,000
Related Other Objects	166,000	40,000
Overhead	<u>36,000</u>	<u>10,000</u>
Subtotal	\$557,000	\$ 170,000
Overseas	<u>\$302,000</u>	\$ <u>640,000</u>
Total AID	\$859 000	\$ 810,000
 <u>State Department</u>		
Washington:		
Office of Personnel (Administration of health rooms, allowances, local salaries for shared administrative personnel)	\$ 14,000	\$ 18,000
Office of Operations	35,000	45,000
Regional Bureaus	16,000	20,000
Domestic Services (pouch, telegraph, dispatch services, language services, training materials)	190,000	257,000
Foreign service post costs	<u>40,000</u>	<u>50,000</u>
Subtotal	\$295,000	\$ 390,000
Overseas	<u>\$271,000</u>	\$ <u>550,000</u>
Total State Department	<u>\$566,000</u>	\$ <u>940,000</u>
Total	\$1,425,000	\$1,750,000
Estimated Savings	<u>-</u>	<u>150,000</u>
Total Administrative Support	<u>\$1,425,000</u>	<u>\$1,900,000</u>

26. Supplies and Materials - \$467,000

Provision is made under this head for the funds required for office supplies and materials, automotive supplies, and other operating supplies. The estimate has been based upon cost factors and obligation rates experienced in the operation of the Peace Corps.

Distribution of the estimate is as follows:

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
Office supplies	\$ 65,000	\$ 87,000
Automotive supplies and materials	150,000	200,000
Other operating supplies	<u>135,000</u>	<u>180,000</u>
Total	\$ <u>350,000</u>	\$ <u>467,000</u>

(a) Office supplies - \$87,000. The estimate has been computed on the basis of a man-year cost factor of \$75. This will provide the normal office supplies, such as stationery, envelopes, pens, pencils, etc., required in the day-to-day office operations in Washington and our locations throughout the world.

(b) Automotive supplies and materials - \$200,000. Provides gasoline, oil, tires, tubes, and replacement

parts needed in the operation of motor vehicles overseas. These vehicles are used by doctors and other staff personnel in the supervision of Volunteers and the direction of programs in some 51 countries. The wide dispersal of Volunteers in rural areas necessitates extensive use of "Jeep" type vehicles.

(c) Other operating supplies - \$180,000. The estimate provides for miscellaneous overseas operating supplies, such as, screening required to keep space in a livable condition, fuel for heating, office cleaning or janitorial supplies. In addition, funds are provided for publications, reference materials and electric accounting machine cards and forms. It is estimated that an obligation rate of about \$15,000 per month will be required for this category of expense.

31. Equipment - \$373,000

The equipment costs in 1964 are related to the new employees, except for electric accounting equipment costs.

	<u>Estimate 1963</u>	<u>Estimate 1964</u>
<u>Equipment:</u>		
Office furniture and equipment	\$ 212,000	\$ 147,000
Residential furniture and furnishings	100,000	155,000
Motor vehicles (non-passenger carrying)	264,000	60,000
Other	<u> -</u>	<u>11,000</u>
Total	\$ <u>576,000</u>	\$ <u>373,000</u>

Costs for 1964 are based on the average experience costs estimated for 1963 as follows:

	<u>Number</u>	<u>Average Cost</u>	<u>Total</u>
Office furniture and equipment	210 new positions	\$ 700	\$147,000

	<u>Number</u>	<u>Average</u> <u>Cost</u>	<u>Total</u>
Residential furniture and furnishings	62 additional residences	\$2,500	\$155,000
Motor vehicles (non- passenger carrying)	20 vehicles	3,000 (includes transporta- tion costs)	60,000
Other			11,000

(a) Office furniture and equipment - \$147,000.
Office furniture and equipment is directly related to the additional positions for 1964, including doctors.

(b) Residential furniture and furnishings - \$155,000.
Peace Corps provides furniture and furnishings for residences overseas. It is generally considered more advantageous to the Peace Corps to provide furniture and furnishings rather than bear handling, crating and round-trip transportation costs for shipment of personal household effects.

(c) Motor vehicles - \$60,000. Based on the additional Peace Corps staff employees to supervise the increased number of Volunteers and to direct program operations overseas, it is estimated that 20 "Jeep" type vehicles will be required.

Volunteers are widely dispersed, and motor vehicles are essential to proper supervision of operations.

(d) Other - \$11,000. Includes cabinets, panels, card trays, and related equipment for electric accounting machine operations.