Topic 9: REPORT ON APPLICATION OF THE COST-OF-LIVING ADJUSTMENT

The Executive Committee at its 16th Meeting reviewed the background of the salary system of the Bureau and the policies under which it is operating (Document CE16/15). This document also presented the position of the United Nations and the World Health Organization with respect to the application of cost-of-living adjustments to the salaries of their employees. At this same time the Director requested guidance in the event that the increase in the cost of living in Washington, D. C., resulted in the application of a salary increase by the World Health Organization to staff members in the Regional Office of the Americas.

Resolution XIII of the 16th Meeting of the Executive Committee (Document CE16/45) provided as follows:

"1. To instruct the Director to await the action of the World Health Organization on a cost-of-living adjustment for the employees of the Regional Office of the Americas before granting a similar adjustment to the staff members of the Pan American Sanitary Bureau.

"2. To authorize the Director to use the Working Capital Fund to finance the cost of the adjustment.

"3. To instruct the Director to report to the next meeting of the Executive Committee the action taken under the preceding two paragraphs."

In accordance with par. 3 of the above resolution, the Director submits the following report:
Pursuant to the release of data by the Bureau of Labor Statistics of the United States Government reflecting a six-month average cost of living more than 10% in excess of the base period of May 1950, the World Health Organization directed that a cost-of-living adjustment be applied to its international staff members headquartered in Washington, D. C. This increase amounted to 10% of 75% of the base salaries or 7-1/2% of the total base salary, effective from 1 April 1952.

Under date of 5 May 1952, the Director presented to the Director-General of the World Health Organization a proposed new wage scale for Washington personnel subject to local recruitment, representing an increase of 7.5% over the previous scale for each step in each grade. The Director recommended that the wage scale be placed in effect as of the same date as the cost-of-living adjustment for international staff members. This was approved by the World Health Organization for its local employees in Washington, D. C., with effect from 1 April 1952.

Pursuant to the action of WHO and in accordance with Resolution XIII, the Director on 29 May announced the application of the new wage scale for local staff members and the cost-of-living adjustment for international staff members, covering all graded personnel headquartered in Washington, both PASB and WHO, effective 1 April 1952.

The Director considered the appropriateness of applying the cost-of-living increase to the Assistant Director and the Secretary-General since comparable action had been taken with respect to the Assistant Secretaries-General of the United Nations in connection with the cost-of-living increase in New York. However, the cost-of-living increase was considered an adjustment of salary and not an allowance, consequently Staff Rule 710, quoted below, was considered applicable.

"The following schedule of base salaries shall apply to all posts except those excluded by Section 1600 and except those of the Director, Assistant Director and Secretary General. The salaries of the Assistant Director and the Secretary General are fixed by the Director of the Bureau with the approval of the Executive Committee."

The Director therefore requests the guidance of the Executive Committee as to whether or not the 7-1/2% cost-of-living increase should apply to the salaries of the Assistant Director and the Secretary General in the same manner as it applies to other international staff members of the Bureau.