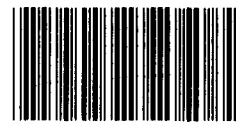


Report to the Chairman, Subcommittee on
Commerce, Justice, State, the Judiciary,
and Related Agencies, House Committee
on Appropriations

July 1992

VOICE OF AMERICA

Management Actions
Needed to Adjust to a
Changing Environment



147133



United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-247677

July 24, 1992

The Honorable Neal Smith
Chairman, Subcommittee on Commerce,
Justice, State, the Judiciary, and
Related Agencies
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

In response to your request, we reviewed the Voice of America's progress in modernizing its facilities, steps to cut programs and operations in response to decreased funding, and actions to adopt broadcasting strategies reflecting changing technology and world events.

We are sending copies of this report to the Director, U.S. Information Agency; the Director, Office of Management and Budget; and other interested parties. Copies will also be made available to others upon request.

This report was prepared under the direction of Joseph E. Kelley, Director, Security and International Relations Issues, who may be reached on (202) 275-4128 if you or your staff have any questions about this report. Other major contributors to this report are listed in appendix III.

Sincerely yours,

Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

With the words, "This is a voice speaking from America," the United States entered international broadcasting in February 1942. Since then the Voice of America (VOA) has had the role of telling America's story to the world. VOA, the largest single element of the U.S. Information Agency's Bureau of Broadcasting, spends almost \$300 million annually and is facing a changing broadcasting environment in a time of budgetary constraints.

The Chairman, Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, House Committee on Appropriations, requested that GAO review VOA's (1) progress in modernizing its facilities, (2) steps to cut programs and operations in response to decreased funding, and (3) actions to adopt broadcasting strategies reflecting changing technology and world events.

Background

VOA broadcasts about 1,060 hours per week in 47 languages to an estimated 127 million listeners. VOA's mission is to provide reliable, accurate, objective, and comprehensive news; present a balanced picture of American thought and institutions; and convey U.S. policies clearly and effectively along with responsible discussion and opinions. In the 1980s, the Congress increased funding for VOA so it could begin a \$1.3-billion program to modernize its broadcasting facilities and increase the number of hours and languages in which it broadcasts. However, in 1987 VOA's budgets began decreasing in real terms.

Results in Brief

VOA's facilities modernization program has been hampered by delays and has not received the funding anticipated when the program began almost 10 years ago. As a result, the program has not achieved its initial goals. Of 16 planned stations, 2 were completed and 2 are under construction.

As budgets decreased, VOA and the U.S. Information Agency reduced funding for audience research. As a result, VOA does not have timely and specific information on audience size, location, listening habits and preferences; and broadcast quality. VOA is making decisions on program content and broadcast facility needs without adequate information on its audience.

VOA has increased the number of languages in which it broadcasts, even though staff and funding levels have not increased. It has proposed discontinuing broadcasts in some languages to help maintain program quality but, because of congressional concerns, has not done so. According

to VOA officials, VOA has received little formal input from the U.S. foreign affairs community on which language broadcasts should be priorities.

New technology and more open societies are changing the outlook for international broadcasting. Television and radio are becoming more reliable sources of information in Eastern Europe and the former Soviet Union and are increasing their audiences at the expense of international broadcasters. VOA relies mostly on shortwave broadcasting but is now studying or using new broadcasting methods and technologies, such as providing programs for rebroadcast on foreign radio networks.

Principal Findings

Changing Funding and Priorities Hindered Modernization

In 1983, VOA developed an ambitious 6-year modernization plan, estimated to cost \$1.3 billion. The modernization program fell short of achieving its initial goals of constructing 16 new stations and refurbishing most of its existing stations. Of 16 planned stations, 1 was finished and is operating, 1 was finished and subsequently closed, and 2 are under construction. Numerous changes, such as the cancellation of several planned stations, were made to VOA's modernization plans.

The delays in contracting for design and construction work and negotiating station operating agreements with foreign governments and the failure to receive anticipated funding extended program time frames and increased the estimated program cost to \$1.8 billion by 1987. The executive branch decided it could not fully fund this cost. Thus, VOA developed a more modest plan in 1989 to complete construction already started, cancel many planned building projects, and refurbish existing facilities. However, as a part of its annual planning process, in 1991, VOA proposed another plan to build eight new stations and refurbish existing sites by the year 2004 at an additional cost of almost \$1.5 billion. VOA believed these actions were needed to respond to changing world conditions. Due to budgetary constraints, funding may not be available for VOA's newest plan. Funding realities combined with rapidly changing world events and technological advances indicate that VOA must cautiously approach expensive, new investments in overseas stations, which take years to build and could be affected by political changes outside U.S. control.

VOA has not performed complete cost-benefit analyses on modernization projects. As a result, the agency, executive branch officials, and the

Congress do not have the information needed to evaluate proposed investments in expensive facilities. The National Research Council has suggested that VOA's modernization proposals be studied closely to ensure that major projects are supported by cost-benefit analyses. GAO agrees with the Council's suggestion, particularly in view of the risks of undertaking costly new construction projects in a rapidly changing broadcasting environment. Alternative means of reaching a target audience and the anticipated benefits, such as an increase in listeners, have not been closely weighed against the risk that changing events will make a proposed facility unnecessary or unusable in the future.

Audience Research Is Limited

VOA spends millions of dollars annually on programming and operating facilities but, for budgetary reasons, spends little on audience research. Consequently, VOA does not have up-to-date information on its audience size, location, needs, preferences, and listening habits, or on the quality of its broadcast programs and signals. Another impact of the lack of audience research is that VOA cannot use information on its audience to make decisions on new broadcast facilities or determine how it compares with other international broadcasters. Officials at VOA and independent advisory groups have recommended increased audience research.

VOA allocates little for analyzing and responding to listeners' mail, much of which is discarded unopened. Although not a substitute for research, audience mail can provide feedback and may be the best source of information currently available on audiences in countries where research cannot be conducted.

Broadcasting in Many Languages Strains Resources

VOA has been mandated by the Congress to add certain languages to its broadcast schedule, even though staff and funding levels have not increased. VOA officials are concerned that the program quality may suffer as a result of the increased work load. Because of the strain on its resources, VOA proposed in 1990 to eliminate broadcasts in six languages. However, due to congressional concerns, it ultimately decided to continue broadcasting in these languages. As of April 1992, VOA was broadcasting in 47 languages, 5 more than in 1986, and it may be required to add broadcasts in other languages to respond to changing world events. VOA receives little formal input from the U.S. foreign affairs community on how it should allocate its resources among language broadcasts.

Changing Events and Technology Will Shape VOA's Future

Changing world events and new technology will affect VOA's broadcast strategy, facility plans, and decisions on which languages to broadcast. In Eastern Europe and the republics of the former Soviet Union, indigenous media, including television, are becoming more reliable sources of information and are increasing their audiences while reducing VOA's audience. Thus, it is increasingly important for VOA to have competitive programming. VOA plans to continue to rely on shortwave for most of its broadcasts, but it has used or explored alternatives such as direct broadcasts by satellite, medium wave broadcasts, and placement of programs with local media in target countries for rebroadcast. These alternatives may increase VOA's audience in areas where shortwave listening has declined. Steps taken by VOA and Radio Free Europe/Radio Liberty to share resources also show that economy and efficiencies can be achieved.

Recommendations

GAO recommends that the Director, U.S. Information Agency, direct the Associate Director, Bureau of Broadcasting, to require fully documented cost-benefit analyses before approving further modernization project proposals, increase audience research, analyze and respond to audience mail, consider reducing the number of language services, and consult with the U.S. foreign affairs community in determining language broadcast priorities. These recommendations are discussed in chapter 6.

Agency Comments

In commenting on a draft of this report, the U.S. Information Agency's Bureau of Broadcasting concurred with most of GAO's findings and recommendations and provided additional perspectives on the issues in this report. (See app. II.)

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Abbreviations

GAO General Accounting Office
USIA U.S. Information Agency
VOA Voice of America

Introduction

On February 24, 1942, the United States entered international broadcasting. In that first wartime broadcast, the Voice of America (VOA) announced, "this is a voice speaking from America...we shall speak to you about America and the war—the news may be good or bad—we shall tell you the truth." Since that time, VOA has grown into one of the largest international radio organizations. It currently broadcasts about 1,060 hours per week in 47 languages to an estimated 127 million listeners. VOA has an authorized staff of about 2,700, about 1,900 of whom work in the United States. The broadcasts originate in Washington, D.C., and are transmitted overseas via relay stations and commercial satellite circuits.

VOA, the largest single element of the U.S. Information Agency (USIA), is part of USIA's Bureau of Broadcasting and is headed by the Associate Director for Broadcasting. VOA's charter, Public Law 94-350, states that the long-range interests of the United States are served by communicating directly with people worldwide by radio. VOA's mission is to

- serve as a consistently reliable and authoritative source of accurate, objective, and comprehensive news;
- present a balanced and comprehensive projection of significant American thought and institutions; and
- present the policies of the United States clearly and effectively with responsible discussion and opinion.

In addition to VOA, the United States operates Radio Free Europe/Radio Liberty. Radio Free Europe is a surrogate service for those who had been denied a free media in Eastern Europe, whereas Radio Liberty is a surrogate service for the former Soviet Union and Afghanistan. These surrogate stations are funded through an appropriation to the Board for International Broadcasting, which oversees their activities.

Shortwave is the primary signal medium employed by VOA and other international broadcasters and is the internationally sanctioned method of transborder broadcasting. According to international broadcasting experts, the technical characteristics of shortwave make it the most effective way to broadcast to a large number of people, over wide distances, and at the lowest cost.

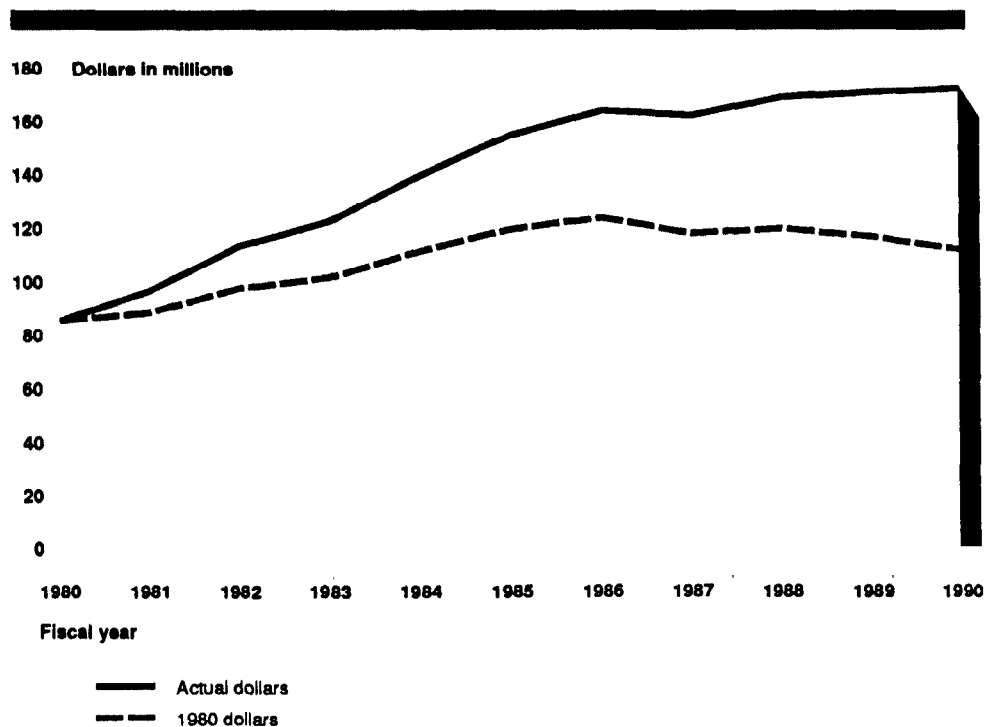
VOA transmits its broadcasts in two ways—by direct broadcast and placement. Direct broadcasts are transmitted from Washington, D.C., to U.S. and overseas relay stations, where they are broadcast in shortwave and medium wave (AM) signals. Through placement, VOA provides its

programs to foreign radio stations for rebroadcast. According to VOA, over two-thirds of its language services¹ place programs on other radio networks.

VOA's Budget

VOA's fiscal year 1991 budget was about \$184 million for operations and \$107 million for radio construction projects. Figure 1.1 shows VOA's operating budget in actual and 1980 dollars from 1980 to 1990. In 1986, VOA's spending power for operations reached a peak of \$123 million in 1980 dollars. By 1990, spending power had declined by 10 percent from the 1986 peak, to \$111 million in 1980 dollars. During this period, expenditures on VOA's radio construction projects varied considerably from one year to the next.

Figure 1.1: VOA's Operating Budget



¹A language service is a section of VOA that produces programs in a certain language. Language services are staffed by broadcasters, production specialists, and other staff.

Objectives, Scope, and Methodology

The Chairman, Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, House Committee on Appropriations, requested that we review VOA's (1) progress in modernizing its facilities, (2) steps to cut programs and operations in response to decreased funding, and (3) actions to adopt broadcasting strategies reflecting changing technology and world events.

We performed our work at VOA headquarters in Washington, D.C., and at domestic and overseas facilities. We interviewed officials at VOA, USIA, and USIA's Office of the Inspector General; reviewed plans, reports, and studies of VOA; and reviewed contracts for VOA facilities, equipment, and services. We visited relay stations in Bethany, Ohio; Greenville, North Carolina; Woofferton, England; and Ismaning and Wertachtal, Germany; and interviewed officials and reviewed documents at these facilities. We also met with officials from the contractor that is producing transmitters for VOA.

We analyzed VOA's language services to assess the impact that staff and resource allocations have had on operations. We also discussed resource constraints with VOA programming officials and the chiefs of VOA language services.

To evaluate audience research and audience mail activities, we reviewed research conducted internally and externally by other sources from 1980 to 1991 for 12 of VOA's language services. The 12 languages reflect the geographic areas where VOA broadcasts and the range of importance that VOA attaches to languages broadcast. The language services are Amharic, Arabic, Cantonese, Czech/Slovak,² Dari, Farsi, Indonesian, Polish, Russian, Slovene, Spanish, and Swahili. We analyzed research expenditures for fiscal years 1983 through 1990 and spoke with officials in research and programming offices and the chiefs of language services to discuss research and audience mail activities.

To gain a perspective on U.S. international broadcasting, we interviewed officials of the Department of State, the Board for International Broadcasting, the Office of Management and Budget, the National Security Council, the U.S. Advisory Commission on Public Diplomacy, the President's Task Force on U.S. Government International Broadcasting, the National Association of Broadcasters, and National Public Radio. We also interviewed officials from Radio Free Europe/Radio Liberty, the

²This is a single language service that broadcasts in two languages.

British Broadcasting Corporation's World Service, and Deutsche Welle and Deutschlandfunk, Germany's international broadcasters. We visited Radio Free Europe/Radio Liberty's relay stations in Germany. We also discussed the World Service's programs with the National Audit Office, GAO's counterpart in Great Britain, which has reviewed the World Service's program.

We did not assess the need for continuation of broadcasts by both VOA and Radio Free Europe/Radio Liberty to Eastern Europe and the Commonwealth of Independent States in view of the end of the cold war. We also did not review if there were opportunities for cost savings through consolidating activities of the U.S. broadcasting entities and the related organizational questions. However, information in chapter 5 on changing events and technology, along with the U.S. budget difficulties, could serve as a basis for future reviews of these issues.

We performed our work between September 1990 and December 1991 in accordance with generally accepted government auditing standards.

Modernization Affected by Changing Plans, Funding, and Events

After nearly 10 years, VOA's facilities modernization program has not achieved its initial goals of constructing 16 new relay stations and refurbishing selected existing facilities. VOA received only about one-fourth of the \$1.3 billion it anticipated for modernization between fiscal years 1984 and 1989. In addition, at the onset of the modernization program the need to staff the engineering organization caused delays in contracting for design and construction. Negotiating facilities agreements with foreign governments further delayed the program.

Of 16 planned stations, 1 was finished and is operating, 1 was finished and subsequently closed, and 2 are under construction. VOA spent \$31 million pursuing projects that were ultimately discontinued and did not replace many of its old transmitters in favor of building new stations. While conducting analyses of its requirements, VOA stored transmitters, even though they were needed elsewhere, and incurred over \$700,000 in storage and repair costs for these transmitters. VOA recently purchased new, more powerful, transmitters, even though it had specific installation plans for only four of the six transmitters. VOA continues to store medium wave transmitters acquired for canceled stations. Other international broadcasters have reportedly improved their broadcast signal at less cost than VOA mainly by modernizing existing stations rather than constructing new ones.

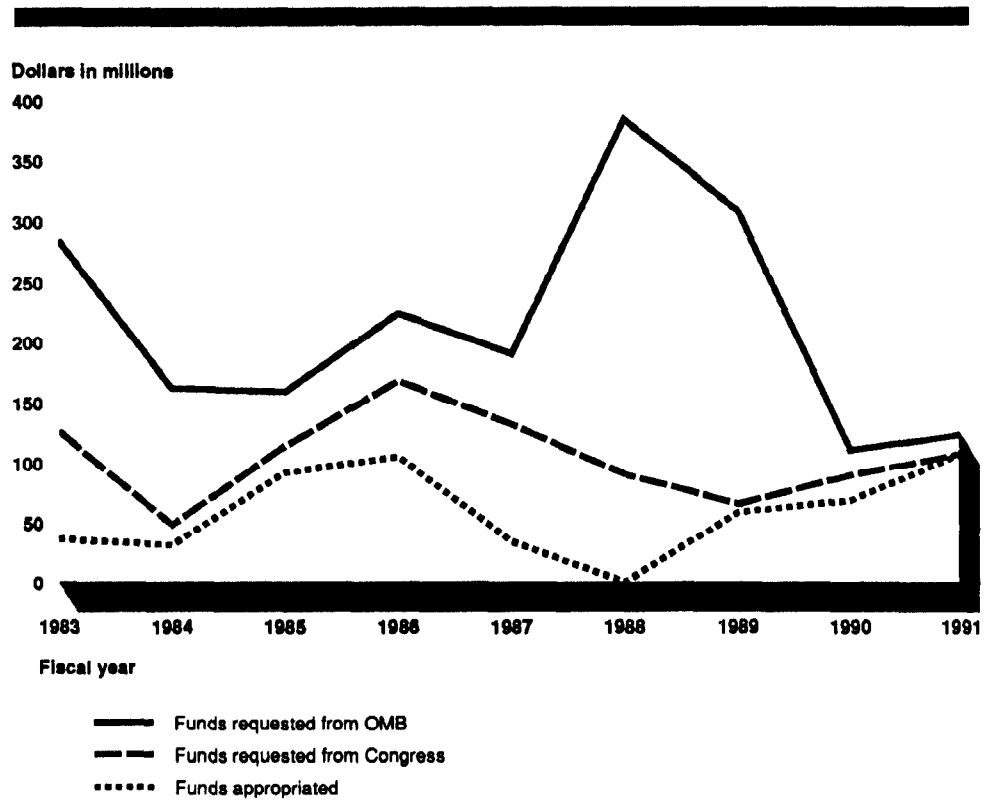
Modernization Plan Changes

In 1982, the National Security Council endorsed a plan to modernize and expand VOA's capability to provide a stronger and more reliable broadcast signal to areas of political importance. In 1983, VOA developed a plan to achieve this goal by refurbishing existing facilities and constructing new ones. That modernization plan and two subsequent revisions, in 1989 and 1991, are discussed below.

1983 Plan

In 1983, VOA initiated an ambitious plan to construct eight new shortwave and eight new medium wave stations overseas and to refurbish headquarters facilities and selected existing relay stations between fiscal years 1984 and 1989 at an estimated cost of \$1.3 billion. However, only about \$359 million was appropriated between fiscal years 1984 and 1989, which was not enough to support the plan. Figure 2.1 provides a funding history of the modernization program. Because of this shortfall, VOA spent little on refurbishing existing stations and concentrated on constructing new facilities.

Figure 2.1: Funding History of VOA's
 Radio Construction Program



Two of the 16 planned stations were finished, one in Belize, costing about \$20 million, and one in Costa Rica, costing \$7 million. (The station in Costa Rica was closed in 1989 for budgetary reasons.¹) Construction was begun on two large shortwave stations in Morocco and Thailand and is now nearing completion. Construction of 12 other stations did not proceed for various reasons. VOA could not reach an agreement with countries to build stations in Honduras and the Far East. Plans for stations in Haiti and St. Vincent were canceled because no suitable sites could be located. Plans for a European station were replaced by a lease for four 500-kilowatt transmitters in Wertachtal, Germany, which provided broadcast service sooner than would have otherwise been possible. Plans for a new Middle East station were replaced by plans for a joint effort with Radio Free Europe/Radio Liberty to construct a station in Israel. A planned station in Puerto Rico was canceled because VOA could not obtain environmental approval and funding was insufficient. Finally, five planned stations—in

¹A 1987 classified report by the USIA Inspector General presented other factors that led to closing the Costa Rica station.

Botswana, Sri Lanka, a permanent station in Antigua, a second site in Costa Rica, and Grenada—were eliminated in the 1989 budgetary process at the direction of the Office of Management and Budget for budgetary reasons. To upgrade existing facilities, VOA installed four 250-kilowatt transmitters in Delano, California, and three in Bethany, Ohio. These transmitters had been acquired in 1978 before the modernization program started. VOA also installed four new 500-kilowatt shortwave transmitters in Greenville, North Carolina, replacing older transmitters. In addition, VOA upgraded its Washington studios and control center and began installing satellite facilities to transmit programs from Washington to its relay stations. VOA also acquired computers for engineering staff at headquarters and some field facilities and a multilingual word processing system for its headquarters in Washington and its New York and London bureaus.

1989 Plan

In 1988, USIA's Inspector General reported that delays in contracting for design and construction and negotiating with foreign governments hindered the 1983 plan and increased its cost by \$500 million to \$1.8 billion primarily because of inflation. The Office of Management and Budget was not willing to support this cost and advised VOA to continue construction on the two new stations in Morocco and Thailand but to postpone indefinitely obligations for other sites and discontinue negotiations for new facilities.

VOA's Deputy Director formed an engineering planning committee in 1989 to recommend changes to the modernization plan in accordance with the funding limits imposed by the Office of Management and Budget. VOA eliminated plans for many projects in preliminary stages of development, including the planned stations in Botswana, Sri Lanka,² Antigua, a second site in Costa Rica, Grenada, and Puerto Rico, even though VOA had already spent about \$24 million on the preliminary development of these stations. The revised plan presented modest and affordable alternatives, including the recommendation that transmitters and antennas at several existing facilities be replaced, added, or removed.

²VOA officials advised us that the Botswana and Sri Lanka stations were not included in the Office of Management and Budget's 3-year funding cycle. They considered the projects to be deferred rather than canceled.

1991 Plan

In 1991, VOA's Director of Engineering formed another engineering planning committee as a part of the annual planning process recommended by the 1989 committee. This committee proposed that VOA build eight new relay stations and refurbish existing sites by the year 2004 at a cost of almost \$1.5 billion. The new plan stated that the proposals must be fully funded or coordinated efforts would be jeopardized. Some of the relay stations proposed for construction were included in the 1983 plan but eliminated in 1989 (see table 2.1), including the stations in Botswana and Sri Lanka. However, the Botswana and Sri Lanka stations were much smaller than originally planned in 1983. VOA officials attributed the changes in its plans from 1989 to 1991 to the loss of the Liberia station, the Persian Gulf War, and the need to reduce reliance on facilities in the Philippines.

Between fiscal years 1984 and 1991, VOA had received about \$550 million for its modernization program. VOA also received about \$36 million in fiscal year 1983, the first year its construction spending began to increase in response to the 1982 National Security Council guidance. Of the total received between 1983 and 1991, VOA estimated that it spent almost \$370 million, or 63 percent, on planning and constructing new facilities and \$169 million, or 29 percent, on upgrading existing facilities. Of the remaining \$45 million, \$28 million, or 5 percent, was spent on developmental radio equipment and computer software that are now in operation, and \$17 million, or 3 percent, was spent on technical and construction studies and analyses.

**Table 2.1: Changes in VOA
Modernization Plans**

Actions recommended in 1989	Actions taken or recommended as of 1991
Complete major stations in Morocco, Thailand, Belize, and Israel; previously recommended stations in Botswana and Sri Lanka not included in plan	Complete major stations in Morocco, Thailand, and Israel; Belize completed Build new stations in Sao Tome, Kuwait, and a Pacific island Opened small station in Bahrain and mobile station in Botswana in 1991 Build major stations in Botswana and Sri Lanka, although smaller in scope than 1983 plan
Cancel plans to build new stations in Puerto Rico, Costa Rica, Grenada, and the Far East	Canceled plans have not been reinstated
Replace transmitter at Ismaning, Germany	Renovate station at Ismaning, Germany
Add two transmitters to leased facilities in Wertachtal, Germany	Cancel lease for facilities in Wertachtal, Germany, if Radio Free Europe/Radio Liberty facilities are available
Remove four transmitters from leased facilities in England	Cancel lease for facilities in England if Radio Free Europe/Radio Liberty facilities are available
Close stations in Antigua and Costa Rica	Closed stations in Antigua and Costa Rica
Eliminate some shortwave transmitters in Greece	Refurbish medium wave facilities in Greece and relocate shortwave antennas

**Program Problems
Continue**

VOA has had problems with its modernization program. For example, VOA continues to store new medium wave transmitters until new medium wave mission requirements are established. Also, VOA frequently changed plans for some of its stations and, according to the Inspector General, submitted improperly categorized budget information to the Congress, which may have been misleading.

Long-Term Storage Costs Incurred for New Transmitters

In 1978 VOA awarded a \$7.5 million contract for eight 250-kilowatt shortwave transmitters—four for its Philippines station and four for its Liberia station. Soon afterward, the contract was expanded to provide for an additional transmitter to be given to the government of Greece in exchange for its permission for VOA to operate stations in the country. Between 1978 and 1990, VOA modified the contract 16 times, increasing the total price to \$17.4 million to pay for transmitter parts, storage, and installation at locations not covered in the original contract. Two of the nine transmitters were installed in the Philippines as planned. The remaining seven were placed in storage from 1981 until VOA installed four in Delano, California, in 1984 and three in Bethany, Ohio, in 1989. Storage costs exceeded \$400,000.

VOA did not provide the transmitter to the government of Greece because it could not obtain an operating agreement for its other facilities in that country. VOA installed two transmitters in the Philippines and did not install any transmitters in Liberia due to political instability there. However, in 1988, after the contractor raised storage fees and a consultant cited the dire condition of its transmitters in the Philippines, VOA spent over \$70,000 for an engineering study of the installation of three transmitters in the Philippines. VOA subsequently determined that its mission needs were better satisfied by installing these remaining transmitters in Bethany, Ohio.

In another example, VOA awarded a contract in 1986 for six medium wave transmitters for planned stations in Belize, Costa Rica, Antigua, and Honduras. Two of these transmitters were scheduled to be installed in Belize in September 1987. However, VOA did not install the transmitters until August 1990 and opened temporary broadcasting facilities in that country in the interim. By that time, the transmitter warranties had expired, and parts failures during installation resulted in an additional cost of over \$76,000. The remaining four transmitters purchased in 1986 were intended for stations in Costa Rica, Antigua, and Honduras. In 1989, VOA canceled plans for these stations and continued to keep the transmitters in storage. The 1989 modernization plan called for using two of the transmitters in Botswana, but VOA subsequently decided to purchase a more powerful transmitter for that location so that a better signal could be provided to the target area. VOA incurred an additional \$208,000 in storage costs through December 1991 for these six transmitters.

**Transmitter Replacement
Was Delayed**

VOA's reluctance to adopt modest modernization efforts commensurate with available funding has delayed broadcast signal improvements. Less costly upgrades to existing facilities could have been accomplished more quickly than new construction and could have produced near-term broadcast signal improvements. However, according to VOA, such improvements would not have fully satisfied the global mission requirements endorsed by the National Security Council. VOA justified its modernization program by citing the aging condition of its facilities. When the modernization program began, the average age of VOA's transmitters was 24 years. Because VOA replaced only 17 of its old transmitters, the average age of transmitters had increased to 27 years as of 1991.

A 1989 report by the National Research Council, an agency of the National Academy of Sciences, stated that VOA, in view of tighter budgets, should examine its priorities for replacing old transmitters and equipment at existing sites compared with those for installing new equipment at new sites. Modern antennas might improve coverage and audibility, which could lead to better use of existing stations. The report stated that a review of existing facilities as a part of a maintenance and modernization cost reduction program was long overdue.

**VOA Budget Submission
Challenged**

In a July 1990 report, the Inspector General criticized VOA for categorizing the projects in Sri Lanka and Botswana as refurbishment of existing facilities when the requested funds were actually for construction of new stations. In its 1991 congressional budget submission, USIA requested \$955,000 for engineering efforts to refurbish the Sri Lanka relay station by adding new transmitters and antennas. The submission stated that VOA had abandoned plans to build a new shortwave station in Sri Lanka. The Inspector General found that the funds were for a new shortwave station located 100 miles north of the existing station, costing about \$63 million.

USIA also requested \$400,000 for the refurbishment of VOA's facility in Botswana. The Inspector General reported that USIA's 1991 budget submission to the Congress contained several contradictions about the agency's Botswana plans. For example, the summary section of the budget stated that VOA had abandoned plans to build a new medium wave station in Botswana. The submission then stated in the detailed section that the funds requested were not intended to refurbish the existing station but to begin construction of a new station located 12 miles away, costing about \$13.7 million. VOA officials said this discrepancy was caused by an oversight when making changes to the budget document. They also advised

us that the Office of Management and Budget and congressional committees were fully informed of the nature of the Botswana and Sri Lanka projects through briefings by agency officials.

Plans for Stations in Botswana and Sri Lanka Changed

VOA continues to plan construction of new facilities in Botswana and Sri Lanka, even though the Office of Management and Budget canceled these projects in the 1989 budget process and the 1991 budget submission that referred to the projects as refurbishments. VOA awarded a transmitter contract in May 1988 for planned stations in Sri Lanka, Botswana, and elsewhere. Since 1988, the plan for the Sri Lanka station changed from a large shortwave station with seven 500-kilowatt transmitters, to a project canceled by the Office of Management and Budget, to a shortwave station with three 500-kilowatt transmitters in VOA's fiscal year 1993 budget request. In addition, the plan for the Botswana station changed from a major station with four 500-kilowatt shortwave and two 500-kilowatt medium wave transmitters, to a station that was canceled by the Office of Management and Budget, to a medium wave station with two 100-kilowatt transmitters, to a station with one 500-kilowatt medium wave transmitter. VOA's 1991 plan forecasts the need for a large station with four 500-kilowatt shortwave transmitters if deficiencies in its service to Africa cannot be remedied in other ways.

In response to questions from the Subcommittees on Human Rights and International Organizations, and on International Operations, House Committee on Foreign Affairs, VOA stated in 1991 that more powerful stations in Botswana and Sri Lanka have been long-standing requirements. An Office of Management and Budget official said the executive branch supports building a new station with three shortwave transmitters in Sri Lanka. In its fiscal year 1993 budget submission, VOA requested \$27 million to upgrade facilities in Sri Lanka. However, the Office of Management and Budget official said VOA's Botswana proposal has not been approved and that VOA takes every opportunity to reinsert the Botswana project into its plans. In 1991, VOA said that it planned a new station in Botswana as a medium wave facility estimated to cost about \$17 million. However, VOA's 1991 modernization plan envisioned a \$95 million station in Botswana with four 500-kilowatt shortwave transmitters.

In January 1991, VOA exercised an option in its 1988 contract, ordering four 500-kilowatt shortwave transmitters and two 500/600-kilowatt medium wave transmitters. According to a VOA official, one of the medium

wave transmitters will be installed in Botswana, and three shortwave transmitters will be installed in Sri Lanka. However, a VOA official could not specify where the two remaining transmitters would be installed. A VOA official told us that this order lowered the unit cost to \$2 million each compared with \$4 million to order a single medium wave transmitter. A VOA official commented that it is useful to have extra transmitters on hand because it may take 2 years to procure new ones. We were advised that the second medium wave transmitter will be used in VOA's proposed Kuwait station and the remaining shortwave transmitter is slated for either Kuwait or a new Pacific island site.

Adequate Cost-benefit Analyses Are Not Conducted

The National Research Council has criticized VOA's lack of documented cost-benefit analyses on the improvements to broadcast audibility to be obtained by its modernization projects. The Council believed that approvals of major projects should be supported by convincing documentary evidence illustrating that the project (1) has a role within VOA's overall broadcasting facilities inventory that cannot be served adequately by existing facilities and (2) affords recognizable benefits to, and improvements in, the effectiveness of some part of program service coverage. Only then should VOA receive the political and financial support for projects, according to the Council.

The modernization plans and proposals we reviewed continue to emphasize construction of new facilities. They do not address the concerns raised by the Council—the costs or benefits of alternatives to new stations and other ongoing modernization projects, such as potential costs and benefits of replacing old antennas and transmitters rather than constructing new stations.

Other International Broadcasters Focused on Existing Facilities

The British Broadcasting Corporation's World Service and Radio Free Europe/Radio Liberty have focused their respective modernization programs primarily on refurbishing existing facilities. Their programs are more modest in scope than VOA's program and are reportedly nearing completion within budget and on schedule.³ VOA officials attribute the success of the Radio Free Europe/Radio Liberty program to the geographically limited area of its audience and said that VOA's audience is worldwide and therefore more difficult to serve.

³We did not independently verify the status of these programs.

The World Service's program, initiated in 1981, was nearly complete in 1991—about the same time frame that VOA's program was intended to be completed. The program, which totaled \$180 million as of July 1991, was initiated to enable the World Service to stay competitive, improve audibility, build audience support, and achieve more efficient and effective operations. World Service officials told us that the program's long-term goals were to reduce transmission and operating costs and increase transmission capacity and staff output.

In contrast to VOA's program, which focused on new construction, over three-fourths of the World Service's expenditures were on existing facilities, including replacing low-powered transmitters, according to World Service officials. However, the World Service also opened three new stations. At the time of our visit the World Service had replaced 16 of its transmitters and had increased the number of transmitters in its inventory from 38, none of which were over 250 kilowatts, to 40, including six 300-kilowatt and nine 500-kilowatt transmitters. The World Service spent about \$45 million—one-fourth of its modernization expenditures—to procure and install these transmitters.

In 1985, Radio Free Europe/Radio Liberty began a \$65 million program to upgrade relay stations with modern transmitters, antenna systems, and other equipment and construct a new relay station with six 500-kilowatt transmitters in Maxoqueira, Portugal. The program is nearing completion and has met most goals, according to Radio Free Europe/Radio Liberty officials. The first transmitter at Maxoqueira began broadcasting in July 1991, and the others are scheduled to be put in use this year. Radio Free Europe/Radio Liberty also installed eight new 250-kilowatt transmitters in Gloria, Portugal. New transmitters and other improvements were made at other Radio Free Europe/Radio Liberty facilities. VOA's first new station with 500-kilowatt transmitters will not open until 1993.

Radio Free Europe/Radio Liberty officials told us that the program was planned and administered in-house and that program goals stressed keeping costs low and optimizing efficiency. Before the program began, Radio Free Europe/Radio Liberty staff visited other international broadcasters' facilities to learn about their modernization experiences and avoid problems they might have experienced. In contrast, VOA made extensive use of contractor studies costing \$17 million rather than use in-house personnel. Radio Free Europe/Radio Liberty also took into consideration factors such as audience needs and characteristics and the changing conditions in the regions at which their broadcasts are aimed as

they pursued their modernization programs. These and other factors, such as flexibility and quick response capability, also affect VOA's modernization efforts (see chs. 3 through 5).

Radio Free Europe/Radio Liberty is also managing the project to construct a new relay station in Israel, which will also serve VOA. To date, over \$250 million has been provided for this station, which is similar in scope to VOA's new Morocco and Thailand stations. The project has encountered difficulties with environmental approvals, similar to those experienced with VOA projects. It is now scheduled for completion in 1996—a 3-year delay.

VOA Conducts Little Audience Research

VOA rarely has timely and specific research data for specific audiences, on the number and location of listeners, the media environment, listening habits, opinions on program and broadcast quality, and attitudes toward the United States. The lack of such data hampers VOA's ability to make effective decisions on program content, resource allocations, and broadcast facility operation and needs. In addition, VOA does not routinely analyze or respond to audience mail, thereby losing an opportunity to use feedback on programming and establish bonds with its audience.

Current Research Provides Little Feedback

USIA and VOA research efforts during the past decade frequently failed to provide specific and timely information about VOA's audience. For the 12 VOA language services we reviewed, 4 are guided by audience information that is at least 2 years old, 2 are guided by information that is at least 5 years old, and 2 have not had research from USIA or VOA available for the past 10 years. As a result, VOA frequently has difficulty projecting audience size, location, characteristics, media preferences, and program preferences. VOA officials acknowledged that the amount of the agency's research is inadequate. Without consistent and timely research, VOA cannot adequately determine how it compares with competing broadcasters and other media or obtain information on program and broadcast quality. Other types of information that VOA could obtain through research include preferred listening times and frequencies and signal quality. This information could help VOA engineers allocate transmitter resources and make decisions on facilities improvements.

USIA and VOA share responsibility for conducting research to be used by VOA. Officials of both agencies said that the lack of emphasis on audience research is primarily due to budget restrictions. According to a VOA official, when budgets are tight, audience research is one of the first areas cut because the primary emphasis is on broadcasting in a large number of languages. Decreased spending power and increased broadcasts during the 1980s caused VOA to de-emphasize audience research beginning in 1987.

In anticipation of tighter budgets, USIA assembled a senior-level group of managers in 1986 to review its programs. The group asked USIA's overseas offices to rate USIA and VOA products in terms of usefulness. Attitudinal research studies received an average score. As a result, funding for attitudinal research of radio listeners was cut from \$372,000 in 1987 (0.23 percent of the 1987 VOA budget) to \$143,000 (0.08 percent of the 1990 VOA budget). However, the language services, which are the primary users of the studies, were not consulted.

USIA has historically placed a low emphasis on research. Before 1980, USIA's research efforts were sporadic and poorly funded. In 1982, USIA developed a 5-year audience research plan. However, in 1986, the plan was abandoned for budgetary reasons.

VOA and USIA officials informed us that since little is spent for research, VOA often relies on data collected by other international broadcasters. For example, VOA has received useful, qualitative research data from Radio Free Europe/Radio Liberty on the former Soviet Union. A 1990 Radio Free Europe/Radio Liberty report on VOA's Russian language broadcasts included listener expectations and suggestions for broadcasts. The report said that listeners expected a modern format and wanted a 60/40 mix of domestic and international topics. Listeners also felt that on-air interviews were an excellent programming format.

Unfortunately, many of VOA's language services do not have access to this type of information. VOA purchases such data or partly funds research by other international broadcasters when resources are available. Although such data help to fill the gap, they may only provide information on VOA's audience share compared with other broadcasters and may not explain why VOA's audience in some countries is lower than that of other international broadcasters.

Opportunities Exist to Improve Audience Relations

Analyzing and answering listeners' mail has been a primary method by which VOA maintains links with its broadcast audience. One of VOA's goals is to strengthen its bonds with its listeners. In the past, VOA has pursued this goal by responding to the thousands of listeners who write to the agency. In the mid-1980s, VOA's audience mail unit also analyzed listener letters for trends and feedback to guide programming.

As a result of funding constraints, VOA's Office of Broadcast Operations cut the funds devoted to its central audience mail program in 1989, and each language service was given primary responsibility for analyzing and responding to mail. Officials at 7 of the 12 language services we reviewed said VOA had not provided sufficient staff to do a thorough job of analyzing or answering mail. Although VOA still has a central mail analysis function, little resources are devoted to it. The fiscal year 1991 budget for mail analysis was \$16,000, less than 8 percent of the \$217,000 spent in fiscal year 1988.

In 1991, VOA expected to receive 350,000 letters from listeners compared with 445,000 received in 1988. The head of the unit responsible for mail analysis believed that this decrease occurred because VOA ceased responding to most of the mail. In mid-1991, VOA had about 100,000 unanswered letters, and a VOA official told us that most letters were discarded without being opened.

Analysis of audience mail is not a substitute for audience research. However, in the absence of research, listeners' mail may be the only available source of direct feedback. Furthermore, the costs to operate a mail analysis unit are low compared with the costs of VOA's operations.

Audience Research Affects Modernization Program

In its 1986 report, the National Research Council expressed concern that VOA's modernization program was not focused on improving service to listeners. The Council said it appeared that there was no audience research program to determine current and future audience needs. The Council believed that with more research VOA could express broadcast requirements in terms such as remoteness of audience locations, electrical noise impediments, likely jamming, and interference. According to the Council, VOA could also determine specific audience characteristics, such as listening habits, the nature and distribution of radios, and competition from other international broadcasters and other media. According to the Council report, VOA could use this information to modify or develop objectives for the audience in terms of reliability, predictability, and quality of signal or service.

The Council also reported that VOA emphasized the number of hours broadcast rather than audience listening. Expanded broadcast hours may not achieve more listeners if the signal or programming is not adequate. The Council noted that the lack of research prevented VOA from knowing whether signal quality or other factors influenced listening. Therefore, VOA did not know whether its modernization projects would result in increased audiences and could not make an adequate cost-benefit analysis on the improvements its proposed projects would achieve. VOA was not able to provide us with documentation of benefits to be gained in terms of increases in audience from the modernization projects planned since the Council's study. Its plans are primarily based on expected improvements in signal coverage, which may not achieve a larger audience.

More Audience Activities Have Been Suggested

Several advisory groups believe that more attention should be given to audience research and audience relations. They are concerned that the lack of specific and timely research and mail analysis and response hinders VOA's operations, programming decisions, and relations with its audience.

The National Research Council recommended in 1986 that VOA establish a research department to implement a 5-year research plan. The department was to obtain information on the characteristics of target listeners, radio equipment available to listeners, and quality of programs and broadcast signals. The Council also reported that VOA could analyze and respond to listeners' letters to gain information on signal performance and build its image with the audience.

In response, VOA estimated that an audience research department would require a small staff and a budget of about \$250,000. However, VOA has had only one research officer, and funding for research has declined significantly since 1986.

The U.S. Advisory Commission on Public Diplomacy¹ has repeatedly stated its concern about the attention USIA and VOA give to audience research. The Commission recommended that USIA prepare an agency-wide strategy for audience research and encourage widespread use of research findings. USIA's Radio Engineering Advisory Committee² also noted in 1990 that VOA's technical modernization and refurbishment efforts might be ineffective if they are not based partly on information on the audience.

VOA officials said there is no accepted optimal funding level for audience research. However, a 1991 VOA report noted that the British Broadcasting Corporation's World Service and Radio Free Europe/Radio Liberty spend about 1 percent of their budgets on audience research. VOA's current research expenditures are about one-tenth that rate. The report also noted that many of VOA's language services use research that is 5 or more years old. To provide each language service with research less than 2 years old, the report recommended spending about \$2 million per year to purchase research from other broadcasters and perform 15 in-house studies compared with the 6 studies currently done. VOA's fiscal year 1992 budget

¹The U.S. Advisory Commission on Public Diplomacy, a bipartisan commission created by the Congress, oversees international broadcasting, public affairs, and educational exchange activities.

²USIA's Radio Engineering Advisory Committee is a voluntary private sector group that provides technical advice and expertise to VOA.

did not include this funding, although the fiscal year 1992 funding level has been increased from \$180,000 to \$500,000, according to VOA officials.

Research at Other Broadcasters

VOA cites the World Service and Radio Free Europe/Radio Liberty as having adequately funded audience research programs. These broadcasters believe audience research is an integral part of broadcasting operations and spend more on research than VOA.

Audience research at the World Service seeks to provide accurate, fast, and up-to-date information on the world broadcasting environment and the size, nature, interests, and tastes of certain audiences. Research information helps the World Service assess trends, adjust programs according to the audience (listening behavior and preferences), plan and schedule programs, and choose broadcast frequencies. The World Service also maintains links with listeners by analyzing and responding to audience mail.

The World Service allocated approximately \$3.1 million in 1991 for audience research, approximately 1 to 1.5 percent of its budget, and employed 14 professionals. Since 1986, 162 research studies had been completed, and an additional 70 were in progress at the time of our review. The World Service estimated that it would receive about 345,000 letters from listeners in 1991 and said that it tries to answer the listeners' mail promptly to promote good audience relations. Also, monthly reports on listener mail are prepared.

The Research Institute of Radio Free Europe/Radio Liberty provides up-to-date media analyses, summaries of developments in Eastern Europe and the former Soviet Union, and studies of political, social, economic, and cultural issues. The Media and Opinion Research Department of the Institute evaluates media use and public opinion and conducts audience surveys in preparation for reviews of its language services. Survey data provide information on changes in audience composition and expectations.

According to the President's Task Force on U.S. Government International Broadcasting,³ these data help improve broadcast operations.

Officials from the Research Institute told us that it is essential that Radio Free Europe/Radio Liberty understand the mentality, expectations, listening behavior, size, and composition of its audience. In fiscal year 1991, the budget for the department was \$3.6 million, almost 2 percent of the total budget. Broadcast officials informed us that the department tries to conduct audience surveys at least twice a year in each Eastern European country and more frequently in the former Soviet Union.

³The President's Task Force on U.S. Government International Broadcasting was created in April 1991 to examine U.S. government international broadcasting operations in light of dramatic world changes. The task force addressed issues such as the best future organization and structure of U.S. government international broadcasting, the effect new technology will have on enabling U.S. government international broadcasting to remain competitive, and the relationship between U.S. government broadcasting and private sector broadcasting. The task force issued its report in December 1991.

Work Load Stretches Resources

VOA has increased the number of languages in which it broadcasts and has tried to maintain its level of broadcast hours, even though staff and funding levels have not kept pace with the growing work load. VOA has proposed discontinuing broadcasts in some languages to help maintain program quality and permit it to concentrate resources on the most important languages. However, according to VOA officials, due to congressional concerns, the agency has been unable to do so. VOA attempts to allocate resources for its broadcasts according to their priorities, which are based in part on U.S. foreign policy interests. However, according to officials, the U.S. foreign affairs community has provided little formal input on which language broadcasts should be considered priorities.

Work Load Increases

In 1982, VOA, in consultation with the National Security Council, began to increase the number of languages broadcast and program hours. At that time, VOA's budget was increasing in real dollars. Since 1986 the budget has decreased in real dollars, but VOA continued to add language broadcasts, which totaled 47 as of April 1992 (see app. I). It has also maintained a steady level of over 1,000 broadcast hours per week.

Staffing levels have not kept pace with the number of language services since the mid-1980s, and adding language broadcasts while maintaining broadcast hours has resulted in less staff available to produce programs at some language services. At the peak of its staffing in 1986, VOA had 42 language services with an average of 21 staff members per service. By 1990, the number of staff members per service decreased to 19. In 1991, the U.S. Advisory Commission on Public Diplomacy reported that budget reductions and rising production costs were making it difficult for VOA to keep all its language broadcasts on the air and that the number of languages was high, considering VOA's budget.

VOA's overall staff level per language is much lower than that of other international broadcasters. For example, according to information provided by VOA, in 1990 it had 60 staff per language compared with 74 for Radio Free Europe/Radio Liberty and 86 for the British Broadcasting Corporation's World Service. In addition, VOA broadcasts more hours than the World Service, although slightly less than Radio Free Europe/Radio Liberty. VOA's broadcast costs also reflect its lower staffing. VOA information shows its 1991 cost per hour was \$3,257 compared with \$4,132 for Radio Free Europe/Radio Liberty and \$5,048 for the World Service.

Increased efforts to produce programs for placement on local radio and television stations for rebroadcast have also added to VOA's work load. Several services have had to reduce direct broadcast hours in order to fund rebroadcast activities or enhance on-site news coverage of their audience area.

Increases in programming without increases in staff can adversely affect program quality. For example, during the Persian Gulf crisis, VOA doubled its Arabic broadcast hours without a commensurate increase in staff. During the crisis, some questions about the accuracy and objectivity of VOA's Arabic broadcasts were raised in the Congress, and coalition partners reportedly had voiced complaints about the broadcasts. Although independent reviewers found no major problems in program accuracy and balance, VOA officials admitted that lapses in editing and management caused by the heavy work load could have caused program quality to decline.

VOA proposed eliminating broadcasts in six languages (Greek, Turkish, Uzbek, Swahili, Laotian, and Slovene) in its 1991 budget request, stating that its resources were insufficient to support these broadcasts. VOA said that the decision on which languages to terminate was based partly on the size of the listening audience. It also said most of the broadcast audience for these languages had alternative media sources. However, according to VOA officials, because of congressional concerns, VOA was not able to implement its proposal to discontinue broadcasts in these six languages.

Proposals to expand U.S. broadcasting to China and elsewhere in Asia are likely to further stretch VOA's resources. The Foreign Relations Authorization Act of 1992-93 called for establishing a commission to study increased broadcasting to China and other communist countries in Asia. In addition, the President's Task Force on U.S. Government International Broadcasting recommended increasing VOA's broadcasts to China and creating "Radio for Free Asia" as a surrogate broadcast station under the Board for International Broadcasting.

The proposed expansion of broadcasting to China illustrates the impact the number of broadcast languages can have on VOA's budgetary plans. The President's task force recommended providing VOA with additional funds to broadcast to Asia and China, but some task force members believed that increased broadcasts to Asia would have to be offset by reductions in other VOA operations. VOA has asked for an additional \$2.4 million to increase its broadcasts to China.

Priority Helps Determine Resource Allocations

VOA determines the number of staff and the number of broadcast hours for its language services in part by the priority assigned to the service by its Office of Programs. The three priority categories are based on U.S. foreign policy interests, potential audience size, availability of reliable media in the target countries, and worldwide events. For example, VOA's worldwide English broadcasts are included in its highest priority category.

The National Security Council took an active role in determining language priorities in the late 1970s and in a 1982 study placed both existing and planned language broadcasts into priority categories. VOA revised its language priorities three times in the mid-1980s. In doing so, the Office of Programs consulted with VOA's Deputy Director and voluntarily checked with the National Security Council before making the changes. Beyond the Council, the U.S. foreign affairs community has provided little formal input in determining VOA's broadcast languages priorities, according to VOA and Council officials. A Council official told us that the link between VOA, the State Department, and the Council is not strong enough. VOA last reviewed and revised its priorities in July 1990. VOA indicated that these priorities no longer reflected agency priorities, which have been affected by changing world conditions, and that the priorities needed to be revised.

In 1990, President Bush issued a national security directive calling for the formation of a Policy Coordinating Committee, chaired by a State Department official, to advise on regional priorities. In 1990, the Committee initiated a study of broadcasting priorities and objectives throughout the world.¹ Officials at the U.S. Advisory Commission on Public Diplomacy believed that a mechanism such as the Policy Coordinating Committee, which is composed of representatives of many of the foreign affairs agencies, could be used by VOA to review priorities for language broadcasts. This would more closely resemble the World Service, which has formal links with the British foreign affairs community in deciding language priorities and allocating resources. The Foreign and Commonwealth Office (the British counterpart to the Department of State and USIA) determines the languages, times, and target audience for World Service broadcasts as well as which language broadcasts to discontinue when priorities change.

¹We did not obtain access to the Committee's report; however, Committee and National Security Council officials briefed us on matters covered in the report.

Changing Events and Technology Will Shape VOA's Future

Technology and world events are changing the outlook for U.S. international broadcasting. The future should enable the United States to broadcast with greater freedom and more clarity because of better technology and more open societies. Future international broadcasting plans must take changing events, new technology, and increasing competition into account. In Eastern Europe and the former Soviet Union, domestic television and radio are becoming more reliable sources of information and are increasing their audiences at the expense of international broadcasters. Experts believe that shortwave will continue to be the primary international broadcast medium, but new technology, such as satellite broadcasting, is likely to change VOA's reliance on shortwave over time.

Competition Increases

VOA faces increasing competition for listeners from domestic media, particularly in the recently opened media environments in Eastern Europe and the former Soviet Union. Governments in these countries had previously restricted access to reliable news and information but generally now permit uncensored local broadcasts and no longer jam international broadcasts. Also, television has become the primary source of news among those who have access to television. For example, an October 1990 USIA survey showed that 60 percent of urban Turks relied on television as their primary source of information on the Persian Gulf crisis and that less than 1 percent relied on international radio broadcasts, even though 63 percent had access to a shortwave radio.

A Congressional Research Service study noted that many audiences have access to better-quality television and radio channels because of the reduced cost and more extensive use of cable, video cassette recorders, satellites, and high-powered transmission equipment. Thus, consumers can switch from shortwave broadcasts with poor signal quality to television and radio channels with clearer signals. The study also reported that the gradual liberalization of the political systems under the new regimes in Eastern Europe and the former Soviet Union has led to greater openness in journalistic practices of domestic print and broadcast media. Several new, private broadcasting enterprises have been established, and in more restricted environments, state-controlled media broadcast material the government previously censored.

In some regions, VOA's shortwave signal is not competing with the superior transmission capabilities of other international broadcasters. In the Middle East, the World Service has a strong medium wave signal and a much

larger audience than VOA. In some areas, VOA's loss of transmission capabilities has affected its ability to serve its intended audience. For example, VOA's 1990 loss of its Liberia station in that country's civil war was a setback to VOA's relatively weak shortwave coverage in Africa. Construction of a mobile shortwave facility with four 100-kilowatt transmitters has restored VOA's signal in East and Central Africa.

Although shortwave listening has declined, many experts believe it will remain an important part of international broadcasting. For example, shortwave is the only viable broadcast alternative for many third world countries because of the distance signals must travel to reach the target audience. In its 1991 report, the U.S. Advisory Commission on Public Diplomacy said that VOA's engineers and other experts maintained that shortwave broadcasts will still be needed to reach the former Soviet Union, China, Africa, and the Middle East because inexpensive shortwave receivers are widely available to the audiences in these countries. Direct broadcasts will also continue to have a critical role during world crises, as shown by VOA's broadcasts during the Persian Gulf War. Experts believe shortwave can be used as a backup when transmissions using newer technology are interrupted.

Alternatives to Shortwave

Shortwave alternatives include (1) satellite broadcasting, (2) medium wave broadcasting, and (3) added broadcast outlets for VOA programs on indigenous foreign radio and television stations.

Satellite Broadcasts

VOA and the National Aeronautics and Space Administration are working together to examine direct radio broadcasting via satellite, but VOA does not believe this technology will be available for large-scale use before the year 2000. As envisioned, VOA would lease satellite circuits from commercial operators to augment shortwave and medium wave broadcasts. A Radio Free Europe/Radio Liberty official predicted that satellite transmissions would overshadow shortwave within 10 to 15 years. VOA spent \$100,000 for satellite technology research in fiscal year 1991 and plans to spend a total of \$5.7 million for this research through fiscal year 1997.

According to a Radio Free Europe/Radio Liberty official, access to larger audiences and significant cost savings will justify using satellite communications. The official also noted that satellite communications are not ideal in a jamming environment.

A Radio Free Europe/Radio Liberty official told us that European researchers are also examining satellite broadcast technology and have reportedly made greater progress than their U.S. counterparts. However, an official from the British Broadcasting Corporation's World Service did not foresee most of its audience purchasing microwave dishes or radio sets capable of receiving satellite signals for decades and therefore expressed reservations about prospects for satellite broadcasts.

Medium Wave Broadcasts

Medium wave broadcasting, known as AM in the United States, is used in most of the world. The medium wave band tends to be congested, and the frequencies are generally reserved for host country broadcasters rather than international broadcasting. The advantages of medium wave broadcasting include a signal quality better than shortwave and the large number of receivers available. Medium wave radio channels are appropriate for use in densely populated regions, since their range is limited compared with shortwave (about 100 miles during the day and 1,000 miles at night).

VOA proposed to the National Security Council in 1986 that medium wave, in addition to shortwave, would be a desirable option for reaching significant numbers of radio listeners for almost all of its language services. It noted that leasing facilities was the most suitable alternative for medium wave broadcasts. Radio Free Europe/Radio Liberty has recently leased medium wave transmitters in Czechoslovakia and discontinued shortwave broadcasts to that country. A VOA study noted that its small shortwave audience in South Korea could be increased by leasing a Korean medium wave transmitter. VOA did not know how many people in North Korea listened to its shortwave broadcasts; therefore, it was reluctant to eliminate its Korean shortwave broadcasts entirely.

Program Placement

VOA has increased its emphasis on placing programs on foreign radio stations, since the cost is much less than shortwave broadcasts, the potential audience is greater, and the sound quality is better.

VOA transmits most of its placement programs to overseas USIA posts, which relay the programs to foreign broadcasters either through telephone lines or audiotapes. VOA also sends its programs to foreign media via satellites or direct telephone links or, if programs are not time-sensitive, by mailing taped material. Local placement offers the possibility to customize programs for specific audiences, but customized production requires

additional time, effort, and resources. One drawback to placement is that VOA relinquishes some editorial control over its programs. For example, VOA's program formats may need to be adapted to meet foreign stations' needs, or a foreign government may alter a program to meet its views.

VOA estimates that about 1,000 broadcasters normally use its material worldwide. VOA has emphasized placement of its programs in South America, where shortwave listening is minimal, and in Thailand, where its programs are distributed solely by placement. During the Persian Gulf War, VOA news reports were sent to about 1,800 foreign broadcast outlets worldwide.

Other international broadcasters are actively pursuing program placement. The World Service loans satellite dish antennas to stations to receive its transmissions. The World Service's goal is to make satellite transmissions of English and other selected languages available to all continents so that foreign broadcasters can pick up the programs. VOA recognizes that other possibilities for the loan of satellite dishes exist. For example, a 1991 VOA report recommended loaning dishes to African broadcasters to boost placement and thus compensate for the loss of VOA's Liberia station.

VOA noted that the liberalization of media in Eastern Europe, the former Soviet Union, and other areas of the world has created opportunities for new placement markets. As a result, the agency recently created an office to plan, coordinate, and market programs for placement. VOA officials do not believe placement will replace shortwave broadcasts but that it can be a useful supplement in certain regions where media competition is intense.

A Quick Response Capability Is Needed

The need for VOA to be able to respond to rapidly changing conditions was illustrated in 1990 when rebel forces closed VOA's large station in Liberia which had been used to broadcast to Africa, and when earthquake damage in the Philippines closed a receiver station and volcanic eruptions threatened radio broadcasts. The Radio Engineering Advisory Committee has called for greater VOA flexibility and a quick response capability. In November 1990, the Committee concluded that VOA needed to develop ways of responding promptly to crises that do not involve construction of large new stations or the installation of additional fixed station transmitters and antenna systems. The Chairman commented that new broadcast needs emerge within a shorter time frame than it takes to build stations. In response, the head of VOA Engineering said the agency lacked funds for a contingency broadcasting capability.

Even though VOA does not have quick response facilities, it has shown how an emergency response might work. After losing its Liberia station, VOA contracted for a small mobile shortwave station in Botswana with four 100-kilowatt shortwave transmitters, each with an antenna and a generator. The \$9.9 million contract for transmitters, antennas, and generators, awarded in March 1991, provided a \$600,000 incentive payment for early completion. Broadcasting from two of the transmitters began in December 1991, and the other two went on the air in April 1992. The total project will cost about \$14 million. VOA also showed that it could begin broadcasting quickly with its reaction to events in the Persian Gulf crisis. VOA opened a small station in Bahrain at a cost of \$2.7 million. Broadcasting began in January 1991, 4 months after negotiations began with the government of Bahrain.

The costs and time involved in opening small facilities remain far less than those for constructing major stations. Construction of the Morocco station, costing over \$200 million, started in 1985 and will not be completed until 1993. Construction of the Thailand station, costing \$119 million, started in 1985 and will not be completed until 1994.

Technical Cooperation Between U.S. International Broadcasters

VOA and Radio Free Europe/Radio Liberty have pursued greater sharing of resources. For example, VOA is using Radio Free Europe/Radio Liberty transmitter time in Gloria, Portugal, and the broadcasters are jointly pursuing the construction of a relay station in Israel.

Radio Free Europe/Radio Liberty was left with unused transmitter time at its Gloria station when it leased time on medium wave transmitters in Czechoslovakia. VOA is using the time for broadcasts in Armenian, Azerbaijani, Estonian, Lithuanian, Polish, Russian, Ukrainian, and Uzbek. Since VOA has access to the Gloria station and possible access to other Radio Free Europe/Radio Liberty facilities, VOA is considering reducing its use of leased facilities at Wertachtal, Germany, and Woofferton, England. Broadcasts from four transmitters at Wertachtal are the most costly of all VOA facilities—almost \$1 million per month. The lease contains early termination penalties through 1996, which could affect VOA's decision on continuing transmissions from that site. Broadcasts from the Woofferton facility cost much less than those from Wertachtal, but the lease for some of its transmitters expires in 1992.

The Radio Engineering Advisory Committee endorsed the need for a study on consolidating the technical and operational staffs of U.S. government

broadcasters. The advantages of consolidating resources could include efficiencies and economies in engineering, management, and operations. The President's Task Force on U.S. Government International Broadcasting considered establishing a technical service to operate VOA and Radio Free Europe/Radio Liberty facilities, but only a few task force members recommended such a service. The task force commended VOA and the Board for International Broadcasting on their letter of agreement, which provided for the shared use of broadcasting assets, including transmitters, satellite facilities, and other technical resources, particularly during the Persian Gulf War.

A 1991 VOA study suggested adding antennas to Radio Free Europe/Radio Liberty facilities to broadcast VOA's programs. For example, facilities in Maxoqueira, Portugal, and Biblis and Holzkirchen, Germany, could be used for such broadcasts, and VOA is considering satellite transmissions of its programs to these sites. In a May 1991 report, the Radio Engineering Advisory Committee commended VOA for beginning to examine the potential use of Radio Free Europe/Radio Liberty broadcasting facilities in anticipation of closer cooperation among U.S. international broadcasters. In addition, the Office of Management and Budget has encouraged VOA and Radio Free Europe/Radio Liberty to increase their coordination and facilities sharing.

Some executive branch officials believe that because of greater media openness in Eastern Europe and the former Soviet Union, the efforts of Radio Free Europe/Radio Liberty and VOA to spread news and information are now or will soon become redundant. The President's Task Force on U.S. Government International Broadcasting examined reorganization options, including moving Radio Free Europe/Radio Liberty into USIA or removing VOA from USIA and joining it to Radio Free Europe/Radio Liberty, either under the Board for International Broadcasting or in a new and separate broadcasting entity. In 1990 we testified on the need for such a study in light of changes in Eastern Europe, the potential duplication in U.S. broadcasting organizations, and the possibility of achieving operating economies.¹ The task force did not recommend major changes to the organization of Radio Free Europe/Radio Liberty and VOA.²

¹Need for Study of U.S. International Broadcasting Policy (GAO/T-NSIAD-90-24, Mar. 22, 1990).

²The task force recommended transferring responsibility for U.S. radio and television broadcasting to Cuba from VOA to the Board for International Broadcasting.

Some executive branch officials have called for gradually phasing out and eventually eliminating Radio Free Europe/Radio Liberty, since they believe that they have completed their mission. However, the President's task force believes that Radio Free Europe/Radio Liberty still have a mission, including compensating for the lack of fully functioning media and explaining democratic principles and market economies, and that they should continue to broadcast, at least until the end of the century. Consistent with the task force's view, it appears that Radio Free Europe/Radio Liberty may be redefining their roles as surrogate broadcasters and consider themselves alternatives to radio stations within the target countries. However, officials at Radio Free Europe/Radio Liberty and the Chairman of the Board for International Broadcasting maintain that Radio Free Europe/Radio Liberty's purpose is to eventually put themselves out of business. Initially Radio Free Europe and Radio Liberty operated autonomously. In 1976 we reported on the potential administrative and programmatic improvements that could be achieved through consolidated activities at Radio Free Europe/Radio Liberty.³ In 1981 we reported that Radio Free Europe/Radio Liberty had combined a number of operations and implemented other actions to improve economy and efficiency.⁴

³Suggestions to Improve Management of Radio Free Europe/Radio Liberty (GAO/ID-76-55, June 25, 1976).

⁴Improvements Made, Some Still Needed in Management of Radio Free Europe/Radio Liberty (GAO/ID-81-16, Mar. 2, 1981).

Conclusions and Recommendations

The outlook for international broadcasting is changing, and more open societies provide the United States with more freedom to achieve its objective of providing reliable, accurate, and comprehensive information. New technology also enables the United States to broadcast with greater clarity. These changes are occurring at a time when VOA is facing budgetary constraints and increased competition. VOA is also having great difficulty in delivering its shortwave signal due to delayed facilities improvements and turmoil in countries where its stations are located.

Program delivery options, such as satellite broadcasting, rebroadcasting, and leased medium wave facilities, may become important alternatives to shortwave. When ongoing VOA studies determine that these new options are feasible and cost-effective, it can expand their use, thereby decreasing its reliance on shortwave broadcasting and keep up with the changing international broadcasting environment. As changes have taken place in Eastern Europe and the former Soviet Union, the demands placed on Radio Free Europe/Radio Liberty facilities have decreased, opening avenues for cooperating and sharing with VOA. These ventures may ultimately reduce the costs of U.S. direct broadcasting.

We believe that these changing circumstances and budgetary constraints will not afford VOA the luxury of many large and costly construction projects that require long lead times, cannot easily respond to changing world events and broadcast priorities, and may be vulnerable to political instability. Past problems with VOA's modernization program such as construction delays and cost overruns, the changing media environment in Eastern Europe and the former Soviet Union, and the emerging alternatives to shortwave broadcasting argue for prudent consideration of major construction proposals. For example, analyses of alternatives to proposed projects, their costs and benefits, political realities, and threats to a successful outcome will help VOA, USIA, the Office of Management and Budget, and the Congress consider the project proposals.

We are also concerned that VOA's modernization proposals have not been based on expanding its audience or better serving its existing listeners. VOA lacks information on factors, such as signal quality and program preferences, which could increase listeners in a specific target audience. We question whether projects promising an improved, stronger signal can be justified without specific targets for increased listeners. Deficiencies identified through audience research can help VOA estimate audience improvements resulting from its modernization projects and establish corresponding project priorities. Estimated audience improvements would

allow decisionmakers to evaluate the benefits of project alternatives and make more informed decisions.

The National Research Council criticized VOA's lack of documentation on the improvements to broadcast audibility to be obtained by its modernization projects. It also stated that VOA's modernization efforts were not focusing on improving service to listeners. Without such information, VOA may not be able to improve the quality of its broadcast signal and may experience some of the same setbacks that it experienced throughout the 1980s.

For some regions of the world, VOA does not have adequate and timely information on its existing audience and, as a result, cannot adequately monitor program effectiveness. All the language services need current data on their audiences to better target their programs to meet listeners' needs and help determine program content and broadcast timing. USIA and VOA could increase audience research at relatively little cost.

VOA has not been taking advantage of an even less expensive source of audience information, listeners' mail. VOA no longer analyzes or even responds to listeners' mail. Thus, VOA is not utilizing a readily available and inexpensive source of direct feedback about its audience. Disregarding listeners' mail may also be harming its reputation as a broadcaster.

The large number of languages in which VOA broadcasts has added to its budgetary pressures. We do not believe that VOA can continue increasing the number of broadcast languages or maintain the current number of languages and broadcast hours within its budget without sacrificing program quality. By seeking input from the U.S. foreign affairs community on which languages should be afforded priority, VOA can make the appropriate resource decisions which may include considering discontinuing broadcasts in some languages.

We believe the U.S. government can achieve savings through cooperative development and sharing and consolidation of technical and other resources. When the gradual phaseout and elimination of Radio Free Europe/Radio Liberty happens, their assets will likely revert to whatever U.S. broadcasting entity remains. Greater cooperation and sharing occurring now between VOA and Radio Free Europe/Radio Liberty will help to limit the costs of U.S. broadcasting and facilitate consolidation at some future date.

Recommendations

We recommend that the Director, USIA, increase the priority the agency assigns to audience research, increase the agency's media research, and direct the Associate Director, Bureau of Broadcasting, to

- require fully documented cost-benefit analyses, before approving further modernization proposals, that have considered (1) project alternatives, including no action, refurbishment, replacement, expansion, and new construction; (2) the potential audience improvement that could be achieved by each project alternative based on audience research data; and (3) the risks to project completion, such as political unrest and future funding shortfalls;
- increase audience research to help identify the most beneficial modernization projects and tailor program content, resource allocations, and broadcast facility operations to the audience's needs and preferences;
- analyze and respond to audience mail and provide information from these activities to VOA's programming and engineering departments;
- consider reducing the number of languages it broadcasts to correspond more closely with available resources; and
- consult with the State Department, the National Security Council, and other members of the U.S. foreign affairs community, through the Policy Coordinating Committee or a similar mechanism, in determining its language broadcast priorities.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the U.S. Information Agency's Bureau of Broadcasting concurred with most of our findings and recommendations. The Bureau agreed that more audience research was needed and that audience mail should be analyzed and answered. The Bureau said that actions to implement our recommendations in these areas were under way. The Bureau also agreed that it should conduct cost-benefit analyses before beginning large modernization projects. However, it believes that it already conducts some of the analyses we recommended. We do not believe that VOA's current practices ensure that projects are based on adequate analyses of all alternative means to reach a specific target audience. Furthermore, the National Research Council shares our concern about VOA's justifications for new projects. As noted in this report, the Council also criticized VOA for not adequately studying all project alternatives in terms of costs and their potential for increased listeners. Our recommendations are similar to those made by the Council.

The Bureau agreed that VOA was broadcasting in more languages than its budget was designed to support. However, it disagreed with our

recommendation to consider reducing the number of languages broadcast. Instead, the Bureau suggested that international broadcasting resources be expanded. This is not likely, given budget realities and VOA's inability to obtain anticipated resources over the last decade. We continue to believe that in view of the difficulties experienced in meeting its growing work load with existing resources, VOA should consider reducing the number of languages broadcast rather than spreading its resources so thin that it risks lessened program quality and capacity to compete with other broadcasters.

The Bureau agreed that VOA has received little formal input from the U.S. foreign affairs community and that consultation on language priorities through the National Security Council's Policy Coordinating Committee or similar mechanisms, as we recommended, is workable. The Bureau stressed that as the foreign affairs community or the Congress commits VOA to additional broadcast requirements, Policy Coordinating Committee and the National Security Council must ensure funding support from the Office of Management and Budget and the Congress. We agree that additional broadcast requirements may require additional funding.

The Bureau's comments, included in appendix II, also provided additional perspectives on maintenance and refurbishment of facilities, research and analysis in construction planning, and language priorities and resource allocation. Our evaluation of the Bureau's comments is also included in appendix II.

VOA's Broadcast Languages

As of April 1992, VOA was broadcasting in the following languages:¹

Albanian
Amharic
Arabic
Armenian
Azerbaijani
Bangla
Bulgarian
Burmese
Cantonese
Creole
Croatian
Czech
Dari
English
Estonian
Farsi
French
Georgian
German
Greek
Hausa
Hindi
Hungarian
Indonesian
Khmer
Korean
Kurdish
Lao
Latvian
Lithuanian
Mandarin
Pashto
Polish
Portuguese
Romanian
Russian
Serbian

¹VOA also has a Thai language service. However, the programs produced are relayed to the audience through placement rather than direct broadcasts.

Appendix I
VOA's Broadcast Languages

Slovak
Slovene
Spanish
Swahili
Tibetan
Turkish
Ukrainian
Urdu
Uzbek
Vietnamese

Comments From the United States Information Agency

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

**United States
Information
Agency**

Washington, D.C. 20547

Office of the Director



May 15, 1992

Mr. Frank C. Conahan
Assistant Comptroller General
United States General Accounting Office

Dear Mr. Conahan:

I have read with interest the draft GAO report Voice of America: Management Actions Needed to Adjust to a Changing Environment (GAO/NSIAD-92-150), and I have asked our Bureau of Broadcasting to respond in detail. Accordingly, enclosed as Enclosure A is the Agency/Bureau of Broadcasting response to the report findings and recommendations. Enclosure B contains comments that the Bureau of Broadcasting recommends for line-by-line insertion into the text, or, failing this, for appendage to the report. This enclosure will be sent to you next week.

We would like to thank your staff for the thorough and professional manner in which they conducted this review. The Evaluator-in-Charge, John Butcher, and his colleagues, Maria Santos and Beth Hoffman, were unfailingly courteous and understanding in the conduct of their work. They, along with John Brummet and Joseph Kelley, ensured that we were fully apprised of the progress of the review. We appreciate their efforts.

Please let me know if I can be of further assistance. I look forward to working with you in the future.

Sincerely,

Henry E. Catto
Director

See comment 1.

ENCLOSURE A

**RESPONSE TO FINDINGS AND RECOMMENDATIONS
IN THE REPORT - VOICE OF AMERICA: MANAGEMENT ACTIONS NEEDED TO
ADJUST TO A CHANGING ENVIRONMENT**

FINDINGS

The report raised issues in three broad areas -- maintenance and refurbishment of VOA relay stations, research and analysis in construction planning, and language priorities and resource allocation, on which we would like to comment in addition to our response to the recommendations.

MAINTENANCE AND REFURBISHMENT OF VOA RELAY STATIONS

The replacement cost of VOA's worldwide physical plant is more than \$2 billion. Industry standards and prudent engineering practice recommend spending 5% of the total value annually on maintenance and repair. In VOA's case, that would be about \$100 million -- approximately equivalent to the average amount appropriated each year for all radio construction, maintenance, and refurbishment over the past four years. VOA's maintenance and repair budget does not come close to meeting the needs of a widely dispersed and technically diverse network. As a result, it has been difficult to keep aged, often obsolete, equipment operating at adequate levels to support VOA's broadcast mission.

We support the practice of refurbishing existing stations when possible and practical. The lengthy amount of time required to negotiate country-to-country agreements, issue U.S. Government procurements and contracts, and construct new facilities makes it difficult for the Agency to respond quickly to crises, especially in parts of the world that are already poorly served by VOA signals. Unfortunately, refurbishment is not always an option. Political, technical, and financial circumstances often preclude VOA from expanding or improving existing facilities. This dilemma is faced by other international broadcasters as well. As you note in the draft report, BBC, for instance, refurbished existing facilities when they were available to meet critical needs. In parts of the world where they had no or poorly situated existing stations, however, BBC also constructed new facilities. Thus, to address its longstanding weaknesses in East Africa, Southern Africa, and China, BBC constructed new facilities in Seychelles, Lesotho, and Hong Kong. Likewise, RFE/RL, a regional broadcaster responsible for covering only one-tenth of the world's population, has made a significant investment in the proposed Israel relay station. This new construction in Israel represents 73% of the budget for RFE/RL's

See comment 2.

See comment 3.

See comment 4.

technical upgrade program, which also includes refurbishment of existing -- and well-situated -- stations.

See comment 5.

Our modernization program has been on the same course since 1989. We continue to address gaps in our regional broadcast coverage in areas of foreign policy significance. Since that time, events have intervened -- the closure of our Liberian Relay Station due to civil war; our Philippine facilities struck by natural disasters; new opportunities for cooperation in Kuwait following the Gulf war; and issues of environmental concern regarding the Israeli site -- that have required accommodation. These have not, however, altered our principal objectives.

RESEARCH AND ANALYSIS IN CONSTRUCTION PLANNING

See comment 6.

We heartily endorse the draft report's call for incorporating audience research and analysis in technical planning. It is, however, misleading to imply that VOA's modernization program has proceeded without sufficient regard for audience and coverage requirements. VOA facilities are planned and constructed based on regional rather than language or country requirements. It is essential to create and maintain a worldwide network that is flexible enough to deliver a signal -- albeit often less than ideal -- to virtually every part of the globe on sometimes very short notice.

See comment 7.

The evolution of the Sri Lanka station is a good example of the way changing demands and circumstances operate more quickly than classical cost-benefit analysis. Sri Lanka will serve parts of Africa, the Middle East, South and Southeast Asia, and China. The rationale for targeting each of these areas from Sri Lanka is different, yet clearly documented by technical data and policy concerns. In Africa, the station will replace in part the former VOA relay station in Liberia which was closed as a result of the civil war there. Recent political and policy developments in the Middle East and VOA's traditionally poor signal in South Asia are compelling reasons to target those regions. In China and Southeast Asia, meanwhile, VOA is responding to the growing Congressional and Administration interest in strengthening broadcasts to the last remaining Communist regimes. With these overlapping missions, VOA conducted a detailed study of mission requirements in the context of the global network to determine the specific targets for the Sri Lanka station, then followed this with a thorough technical analysis.

The need for audience research is most acute when making decisions about local placement in areas where shortwave listenership has diminished, a point that is recognized and endorsed in the draft report. Accurate and timely information about listening patterns, media habits, and availability of receivers is essential to determine the trade off between placing

resources in traditional VOA facilities or with local -- or regional -- broadcasters.

LANGUAGE PRIORITIES AND RESOURCE ALLOCATION

We do not disagree with the GAO's findings that many broadcasting and support elements are operating at a competitive disadvantage because of lack of resources. Any discussion of VOA priorities and resource allocation would be incomplete without acknowledging the external pressures on the Agency. Since 1990, VOA has been required by law to begin broadcasting in Tibetan, Kurdish, and Croatian without any additional appropriations. Further, Congress has since 1987 required VOA to establish minimum levels of broadcasts to the Peoples Republic of China and in English to Europe (VOA Europe). Although each of these new broadcast requirements responds to a significant foreign policy imperative, each was put in place outside the normal planning and prioritization process, and without additional appropriated funds. At the same time, political and diplomatic pressures have prevented VOA from reducing the number of languages in which it broadcasts in order to make its budget correspond to the Agency's new requirements. An attempt in 1990 to eliminate the six lowest-priority language services was scuttled after Congressional objections. As a result, VOA is now broadcasting in 47 languages -- a post-World War II record -- with a real budget designed to support far fewer services.

RECOMMENDATIONS

We recommend that the Director, USIA, increase the priority the agency assigns to audience research and direct the Associate Director, Bureau of Broadcasting, to use the results of that research to:

-- REQUIRE fully documented cost benefit analyses, before approving further modernization proposals, that have considered (1) project alternatives, including no action, refurbishment, replacement, expansion, and new construction; (2) the potential audience improvement that could be achieved by each project alternative based on demographic and audience research data; and (3) the risks to project completion, such as political unrest and future funding shortfalls.

RESPONSE:

The Agency concurs. We are consistently evaluating all available data in our project management decisionmaking.

See comment 8.

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See comment 9.

VOA has undertaken extensive analyses of the benefits of its proposed projects in the context of available media, the VOA global broadcasting network, and overall mission objectives. We suggest, however, that these analyses be made with the best audience research data available and that projects not be delayed unreasonably to search for more data. The Agency plans to increase the resources devoted to audience research to improve the timeliness and quality of our data. In the interim, we will continue to make the best possible assessments of audience preferences and behavior with the information available.

As part of our planning process, we will fully document the selection of a project location and broadcast equipment through an analysis of (1) project alternatives, including no action, refurbishment, replacement, expansion, and new construction; (2) the potential audience improvement that could be achieved by each project alternative based on available audience research data; and (3) the risks to project completion, such as political unrest and future funding shortfalls, as specified in GAO's recommendation.

It should also be noted that the GAO recommendation is, to some extent, already addressed in Agency-wide oversight procedures. For example, Part IX-A of USIA's Manual of Operations and Administration (MOA) at Section 138, titled "Advance Procurement Planning System" provides in part that, for Major Systems Procurements:

See comment 10.

"The project manager shall prepare a project plan which shall include ... an analysis of the need, including current deficiencies in meeting the Agency's mission and the objective of the project [and] a discussion of the alternatives considered and cost effectiveness [and] life cycle cost estimates and basis for the estimates....

"The project manager shall provide a briefing of the project plan for the Director (D), Deputy Director (DD), and appropriate Associate Director before funds are sought. Written approval of the plan shall be obtained from the Director before funds are committed for procurement."

Inasmuch as this section of the MOA is to be followed whenever the total cost of a project or system is expected to exceed \$25 million, it would not be applicable to all VOA modernization proposals. Nevertheless, the procedure ensures that, for major undertakings (such as the proposed Sri Lanka station), there is oversight at the highest Agency levels.

-- INCREASE audience research to help identify the most beneficial modernization projects and tailor program content, resource allocations, and broadcast facility operations to the audience's needs and preferences.

RESPONSE:

The Agency concurs. The Bureau of Broadcasting and the USIA Office of Research have started to expand media studies to improve programming and assist in shaping technical modernization at the Voice of America for years to come. During FY 1992, the first of three years in the detailed approach of building to a higher level, USIA expenditures on media research will increase from about \$200,000 to \$500,000 per year. In FY-93 current plans are to increase this to \$650,000.

This enhanced, long-range research plan is global. Highlights include studies of media use in the Commonwealth of Independent States, in-depth focus group interviews of listeners in Arabic, Russian, and Ukrainian, an on-site media survey in Beijing, and in-depth interviews with travellers from Iran. Other countries where studies of international broadcast listeners are underway or planned include Germany, Uruguay, the Dominican Republic, Argentina, Colombia, Brazil, Mexico, Poland, Hungary, Romania, Bulgaria, India, Angola, Cameroon, Ecuador, Venezuela, and much of Francophone Africa.

VOA will work with USIA research analysts to explore audience sizes and listener preferences in the emerging area of program placement, i.e., rebroadcasting of VOA materials. For example, we plan to interview radio station program directors and owners in Indonesia. This study will help determine the type of programming most needed and the most desirable delivery systems required to place VOA Indonesian on hundreds of radio outlets in the world's most populous Moslem nation.

The Agency continues to coordinate its mass media research activities closely with studies available from the BBC World Service and Radio Free Europe/Radio Liberty. Collectively, the world's principal international broadcasters have amassed detailed data on more than 90 countries.

Although the plan initiated in FY-92 is a promising beginning, the Agency has some distance yet to travel to catch up to other international broadcasters in resources devoted to media research. Under OMB "out year" guidelines, USIA communications and media research, as with other Agency operations, is strictly "straight line" into the mid-1990's at

See comment 11.

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the enhanced level of \$650,000 planned for FY-93. Radio Free Europe, broadcasting to eight countries, spends \$1 million annually on audience research, exclusive of salaries; Radio Liberty, broadcasting to the former Soviet Union, spends another \$1 million; and the BBC World Service, broadcasting in 37 languages compared with the VOA's 47, spends \$2.5 million annually.

The RFE/RL and BBC research spending patterns represent a standard of 1% of their budgets. Using that measure, USIA's media research budget would approximate \$2 million per year, a very desirable level.

-- **ANALYZE** and respond to audience mail and provide information from these activities to VOA's programming and engineering departments.

RESPONSE:

The Agency concurs. The Voice of America has developed a plan to analyze and respond to audience mail in all 47 language services and to provide information to the programming and engineering departments.

Although responding to listener mail builds an audience and is useful as a broad indicator of audience preferences, the value of such mail as a research tool is limited. We will use the mail to alert programmers, engineers, and researchers to potential problems and trends that can be followed up with more scientific studies by the Agency's Office of Research working with the Bureau of Broadcasting.

-- **TO CONSIDER** reducing the number of languages it broadcasts to correspond more closely with available resources.

RESPONSE:

Since 1987, VOA has eliminated two language services (Portuguese to Europe and Thai) and, as mentioned in the GAO draft, unsuccessfully proposed abolition of six others. These actions were budget-driven, but Congressional mandates forced VOA to abandon the recommended 1990 cuts; VOA was instead directed to add three language services: Tibetan, Kurdish, and a separate Croatian broadcast. The total annual operating cost of these three services, when they reach the mandated levels, will exceed \$2 million.

The Agency believes, in view of the demonstrated potency of information as a driving force for democratic change in Africa, central Asia, China, and Latin America as well as Eastern Europe, that now is the time to expand -- rather than shrink -- resources allocated to international broadcasting.

See comment 12.

See comment 13.

As worded, however, the GAO recommendation pre-supposes resource reductions only, a view with which we cannot agree. As we approach the 21st century, the information century in which other nations are expanding their reach via international television and radio, the U.S. Government should not retreat as other nations forge ahead. We suggest that the GAO report include the attached cost comparison of principal international broadcasters. (Enclosure A-1)

VOA is continuously drawing upon available research to make decisions about program priorities. A VOA-wide planning group amassed research reports and other information to establish regional broadcast priorities -- a copy of which was given to the GAO in the summer of 1991. The language services for each region of the world were ranked by priority derived by weighting factors such as the strategic importance of the language for U.S. interests, shortwave listening rates in the target region, and the availability of local information in each language area.

The process of establishing current priorities is ongoing, and the VOA-wide planning mechanism will again be employed to establish a framework for resource allocation in FY 1994 and beyond. In addition, the Agency Director recently set up four study groups to review and evaluate broadcasting and three other principal areas of Agency operation. Both the VOA group and the USIA broadcast study group will establish priorities based on the changes in Eastern Europe, the former Soviet Union (including the central Asian republics), and the looming opportunities for Agency mass media to influence developments in China. Reduction of existing language broadcast hours will be considered as part of this mix -- particularly as the greatly expanded opportunities for local placement of VOA programs and the potential for television are weighed.

The GAO report might also document the remarkable way in which VOA has reprogrammed its existing and relatively lean resources to mesh with the changing technological environment of international broadcasting.

Examples of efficiencies abound, but several in particular stand out. At the headquarters plant, productivity per staff member has increased greatly since 1987 due to a number of factors including the modernization of our Washington plant and the fact that direct broadcast and placement programs are prepared by the same personnel. Scheduling efficiencies have yielded about \$800,000 per annum in broadcast production overtime savings. Placement of VOA programs on other stations via satellite has increased from five hours weekly in 1987 to more than 1,400 hours weekly in 1992. VOA has reduced language service weekly direct broadcast hours by 78 hours and 45 minutes since early 1987 specifically to expand local

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placement in these languages: Estonian, Indonesian, Hungarian, Latvian, Lithuanian, Polish, Portuguese-to-Brazil, and Russian.

In sum, we appreciate the GAO concerns regarding our workload requirements, but feel that the ultimate determination on allocation of resources and resource requirements must come from managers here in the Bureau of Broadcasting and USIA working with our own planning and study groups in consultation with the State Department and National Security Council through the Policy Coordinating Committee or a similar mechanism (see below).

-- CONSULT with the State Department, National Security Council, and other members of the U. S. foreign affairs community, through the Policy Coordinating Committee or a similar mechanism, in determining its language priorities.

RESPONSE:

As the report notes, VOA has received little formal input from the United States foreign affairs community. USIA and VOA work with the State Department, the NSC, and relevant Congressional committees regarding the the creation or closure of VOA language services. Comprehensive language or broadcast priority studies have been conducted by VOA in 1979, 1981, 1985, 1986, 1990, and 1991. The State Department and the NSC approval was obtained for all of these priorities. In the 1991 study, the NSC Committee of Deputies reviewed the findings of State's Policy Coordinating Committee (PCC) on international broadcasting. That coordination system worked well, because State sought and incorporated without substantial alteration the draft plans of the individual geographic areas at VOA as approved by the Director of USIA's Bureau of Broadcasting.

The system proposed by GAO is workable, if it is supported by expanded resources for research, audience mail, and broadcast staff. Any additions of language services to the Voice broadcast schedule mandated by Congress or the Executive Branch must be fully funded in addition to regular broadcast operations. This applies, as well, to substantial prolonged expansions of language service schedules to meet crises (such as the Tiananmen massacre in China in 1989 and the Gulf crisis and war of 1990-91). As the foreign affairs community or the Congress commit the Voice to these "surge" broadcast requirements, the Policy Coordinating Committee and NSC Committee of Deputies must ensure OMB and Congressional support for the initiatives they approve.

See comment 14.

See comment 15.

The following are GAO's comments on the May 15, 1992, letter from the U.S. Information Agency.

GAO Comments

1. We have not reprinted the Bureau's detailed comments and suggested wording changes in this report. However, we have made appropriate editorial and factual changes throughout the report.
2. We believe the Bureau's comments further support the concern raised by the Inspector General and others during the 1980s that the funding provided did not support the modernization program undertaken—a concern we share. We have revised the report to show that VOA's appropriations have fallen short of its funding requests (see fig. 2.1). However, we have no basis for stating that VOA's modernization efforts would have been much more successful if it had received all the funds that had been requested.
3. The Bureau argues that VOA need not consider refurbishment as an alternative where political, technical, and financial circumstances preclude expanding or improving existing facilities. We disagree. Our view is that analyses of a wide range of alternatives should be done for all major projects. Without doing such analyses, a decision to replace an existing station with a new station in the same country, as was decided in the case of the Sri Lanka station, limits VOA's ability to ensure that it has taken the most cost-effective, reasonable, and timely approach.
4. We revised the report to recognize the new construction activities of the British Broadcasting Corporation's World Service and Radio Free Europe/Radio Liberty.
5. This report recognizes that political changes have prompted VOA to revise its modernization plan. As discussed in chapter 2, VOA continues to experience problems with its modernization program. In addition, VOA is faced with changing world circumstances, improvements in technology, and budget limitations. Therefore, we believe that VOA should exercise caution in proceeding to build the many new relay stations included in its 1991 plan.
6. While we acknowledge that VOA's modernization program has addressed improved signal coverage, we continue to maintain that improved signal coverage may not result in reaching intended audiences. Sufficient

audience research will provide more input into the modernization program decision-making process.

7. VOA has been planning a new facility in Sri Lanka since 1977, which would have provided enough time to conduct extensive cost-benefit analyses. While it analyzed trade-offs among sites in Sri Lanka, it did not consider upgrading facilities in other countries as an alternative to further development in Sri Lanka. In addition, audience information was not included in the Sri Lanka analyses, and as noted in comment 6, we believe such audience research should be part of the planning for placement of a signal.

8. We recognize the political difficulties faced in 1990 when VOA proposed discontinuing several language broadcasts and that new broadcast requirements have been placed on VOA. Our concern is that VOA has experienced difficulties in meeting existing requirements, and unless the U.S. government chooses to make more funds available for VOA, adding new broadcast requirements will probably result in lessened program quality.

9. We believe that audience research is a necessary element for preparing project proposals. If incorporated into the planning process as we suggest, there should not be any unreasonable delays.

10. We do not believe the analyses required by USIA's Manual of Operations and Administration are sufficiently comprehensive. The supporting documents we reviewed show that these analyses focused on means to achieve broadcast coverage, not on the audience to be served and the cost of that service. Once a project had been identified, VOA evaluated technical trade-offs, such as different sites in a specified location and different equipment configurations. VOA's analyses did not include other alternatives, such as improving existing facilities to reach a specific target audience. The analyses did not show what the project was expected to achieve, such as an increase in the audience. The documents we reviewed, which required USIA management's approval, were proposals to proceed with major construction and procurement contracts. At this point in the decision-making process, it is too late to make fundamental changes in direction, which might be suggested by the analyses we recommend.

11. We believe that USIA's plans to increase audience research will ensure the availability of better data on the audience and that following through with these plans is important. As discussed in this report, USIA and VOA had

developed a comprehensive research plan in the past, only to have it curtailed due to funding constraints. Because of the importance of audience research in a competitive media environment and the need to make wise investment decisions before spending millions of dollars on new facilities, we believe that funding for research should be one of the last areas to be reduced rather than one of the first, as has been past practice.

12. We do not question the effectiveness of international broadcasting in today's environment or express an opinion on how much the United States should spend for this purpose.

13. We have added to our report the comparative costs and staffing of other international broadcasters.

14. We did not obtain the Committee's report. However, as discussed in this report, VOA's latest priority listing was dated July 1990, prior to the Policy Coordinating Committee's study. VOA officials told us that their language priorities need to be updated. We welcome VOA's recent use of input from the Policy Coordinating Committee, as we have suggested in this report.

15. We agree that ensuring adequate funding for additional broadcast requirements is essential. Otherwise, VOA will have to shift staff and other resources from existing programs to new programs. Because resources for existing programs are already stretched thin, shifting resources from these programs could cause quality to suffer.

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