

GAO

Report to the Chairman, Committee on
the Budget, House of Representatives

September 2000

U.S. INTERNATIONAL
BROADCASTING

Strategic Planning and
Performance
Management System
Could Be Improved



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Abbreviations

BBC British Broadcasting Corporation



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

National Security and
International Affairs Division

B-285837

September 27, 2000

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Chairman:

U.S. nonmilitary international broadcasters include the Voice of America, Worldnet Television and Film Service, Radio/TV Marti, Radio Free Europe/Radio Liberty, and Radio Free Asia.¹ These broadcast entities support 84 discrete "language services" such as Radio Free Asia's Mandarin service to China and Radio/TV Marti's Spanish language broadcasts to Cuba.² While each broadcast entity has a unique mission, a central theme in all U.S. international broadcasting is to provide underserved populations with balanced news coverage in areas where a free and open press does not exist or has not been firmly established. The open exchange of information and ideas, in turn, is designed to serve the interests of the United States by promoting international peace and stability.

Congress passed the United States International Broadcasting Act of 1994 (title III of P.L. 103-236) with the goal of reorganizing and consolidating U.S. international broadcast efforts in light of the end of the Cold War and administration efforts to meet deficit reduction targets. The act established a bipartisan Broadcasting Board of Governors (the Board) to oversee and coordinate the efforts of all nonmilitary international broadcasting.³ The act also created an International Broadcasting Bureau to carry out all nonmilitary broadcasting activity, with the exception of Radio Free Europe/Radio Liberty and Radio Free Asia, both of which report directly to the Board as federally funded grantees.

¹ We refer to these five organizations as "broadcast entities" throughout this report.

² This figure includes duplicate language services run by both the Voice of America and other U.S. broadcasters. It also includes the Voice of America's English language services.

³ The Board is composed of nine voting members. Eight members are appointed by the President and confirmed by the U.S. Senate for 3-year terms. The ninth member is the Secretary of State. Throughout this report, we use the term "the Board" to refer to actions taken by the Board and the broadcast entities reporting to the Board.

In addition to these changes, the act also contains specific funding limitations and cost-cutting expectations, including the following:

- The total amount of grants made by the Board for the operating costs of Radio Free Europe/Radio Liberty was not to exceed \$75 million for any fiscal year after fiscal year 1995.
- The Board was not to make any grant to Radio Free Europe/Radio Liberty unless Radio Free Europe/Radio Liberty's headquarters are in a location that ensures economy, operational effectiveness, and accountability to the Board.
- Duplication of language services and technical operations between Radio Free Europe/Radio Liberty and the International Broadcasting Bureau (which includes the Voice of America) were to be reduced to a level deemed appropriate by the Board.
- The Board was to conduct an annual assessment of language services.⁴

Under the Foreign Affairs Reform and Restructuring Act of 1998 (P.L. 105-277), the Board was removed from the U.S. Information Agency and established as an independent federal entity on October 1, 1999. As an independent entity, the Board now is fully responsible for developing a strategic planning and performance management system that is responsive to both the 1994 act and the Government Performance and Results Act of 1993 (P.L. 103-62).

As agreed with your office, this report examines whether the Board (1) responded to the specific funding limitations and cost-cutting expectations regarding Radio Free Europe/Radio Liberty's operations, (2) implemented an annual language service review process, and (3) instituted a strategic planning and performance management system. As requested, we also provide information on U.S. international broadcasting and the British Broadcasting Corporation (see app. IV). Details about our scope and methodology are presented in appendix V.

Results in Brief

The Board met its mandates under the 1994 U.S. International Broadcasting Act to reduce Radio Free Europe/Radio Liberty's annual budget by lowering its budget from \$208 million in fiscal year 1994 to approximately

⁴ Most U.S. broadcasts are delivered in the language of the target audience. As a result, U.S. international broadcasting is organized around language services that are sometimes duplicated across broadcast entities.

\$71 million in fiscal year 1996. It did this by taking several actions including relocating its operation from Munich, Germany, to Prague, Czech Republic, and significantly reducing staff. The Board realized additional savings by eliminating several hundred hours of broadcast overlap between Radio Free Europe/Radio Liberty and the Voice of America; eliminating and modifying a limited number of language services; consolidating transmission operations under the International Broadcasting Bureau; and deploying digital sound recording and editing technology, which has increased Radio Free Europe/Radio Liberty's staff efficiency and effectiveness.

The Board completed a comprehensive language service review in January 2000 that sought to systematically evaluate U.S. international broadcast priorities and program impact. The Board intends to use this information to strategically reallocate approximately \$4.5 million in language service funds from emerging democracies in Central and Eastern Europe to several African countries and selected countries in other regions. According to the Board, it intends to continue to use the annual language service review process to strategically analyze broadcast priorities, program funding, and resource allocations. In addition, the Board intends to use the language service review next year to look at program duplication between the Voice of America and surrogate language services, such as broadcasts to countries of the former Soviet Union, and to determine whether this overlap effectively serves U.S. interests on a country-by-country basis. Currently, the Board has not decided whether it will review the overlap of overseas news-gathering resources among U.S. broadcast entities.

The Board has not yet established an effective strategic planning and performance management system that incorporates Results Act planning, the annual language service review process, and the program reviews of individual language services conducted by the International Broadcasting Bureau (on behalf of the Voice of America and Radio/TV Marti) and the surrogate broadcasters. The Board's fiscal year 2001 performance plan is deficient because of missing or imprecise performance goals or indicators and a lack of key implementation strategies and related resource requirements that detail the key issues facing the Board. Finally, the Board has not established a standard program review approach, which would help ensure that consistent and meaningful measures of program quality are developed across broadcast entities. It has also not incorporated specific audience size and composition (that is, mass versus elite listeners) targets into the program review process, which would help ensure that

program reviews culminate in a written report that identifies the specific actions needed to achieve agreed-upon performance goals.

We make several recommendations in this report directed at improving the Board's strategic planning and performance management system. Specific recommendations address each of the three component parts of this system—Results Act planning, the annual language service review, and the program reviews of language services that individual broadcast entities conduct. The Board agreed with these recommendations and noted that implementing action has already begun.

Background

The Board is responsible for overseeing a complex broadcast environment which spans 5 broadcast entities with varying missions, 84 discrete language services, changing consumer habits and preferences, and a technology environment that presents constant new challenges and opportunities. The Board currently oversees a staff of almost 3,200 and a worldwide network of leased communication satellite services and 38 owned or leased transmission stations. The Board oversees the broadcast of almost 2,000 hours of original (not rebroadcasts) broadcast material each week. The Board estimates that the Voice of America's broadcasts alone reach a worldwide listening audience of 91 million people each week. Radio Free Europe/Radio Liberty broadcasts reach an estimated 16 million listeners each week. Radio Free Asia and Radio/TV Marti have difficulty obtaining reliable audience estimates due to the closed nature of target broadcast countries.⁵ These audiences are reached through a variety of means, including direct radio and television broadcasts from U.S.-owned or -leased transmitters, local rebroadcasters (known as affiliates) who carry U.S. international broadcasting content on their stations, and the Internet.

The U.S. international broadcasting budget for fiscal year 2000 is about \$420 million.⁶ The Board, the Voice of America, Radio/TV Marti, and Worldnet are federal entities and receive funding directly from Congress. Radio Free Europe/Radio Liberty and Radio Free Asia operate as

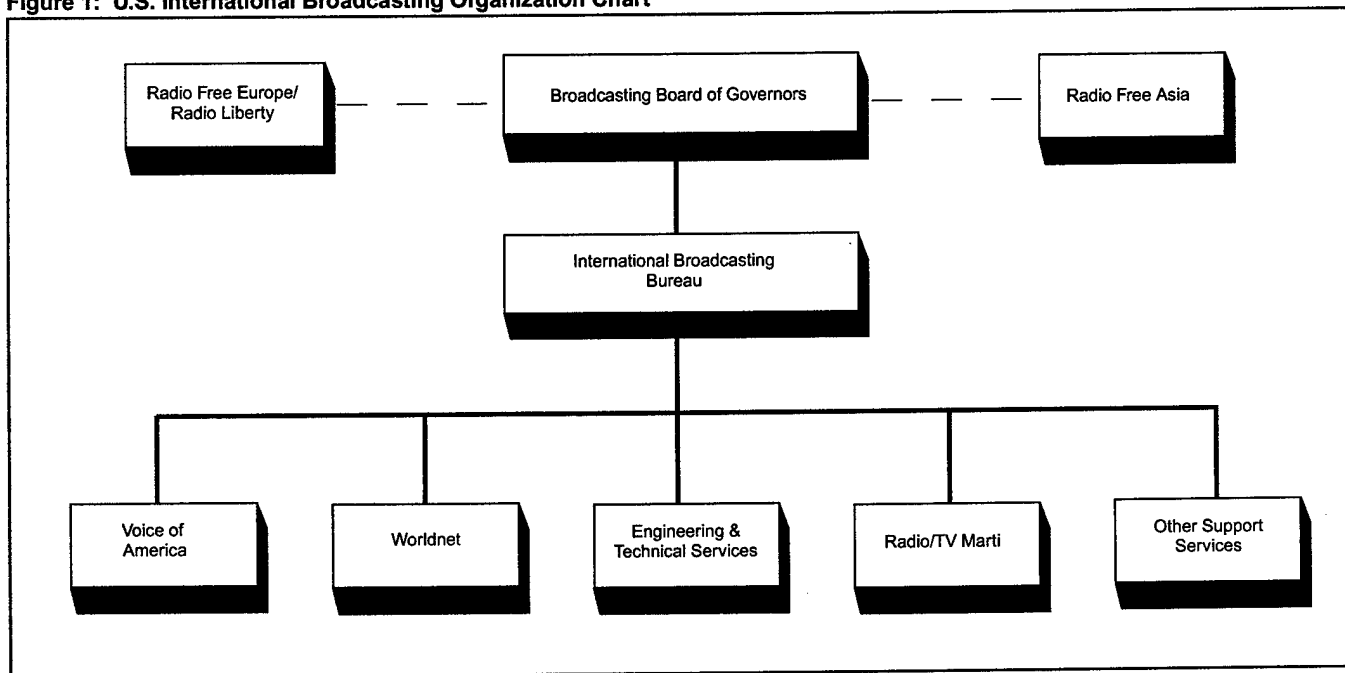
⁵ Worldnet has primarily been used for public diplomacy-related broadcasts, and the Board has not commissioned audience share analyses.

⁶ The fiscal year 2000 budget for international broadcasting represents, in inflation-adjusted terms, a reduction of approximately 33 percent since fiscal year 1994 .

independent, nonprofit corporations and are funded by grants from the Board.

The Board's current organizational structure is illustrated in figure 1. While this figure shows a reporting relationship from the Voice of America, Worldnet, and Radio/TV Marti to the Director of the International Broadcasting Bureau, these broadcast entities have a direct reporting relationship with the Board regarding all programming issues. The Acting Director of the International Broadcasting Bureau told us that his organization provides consolidated technical and support services to client broadcasters; however, programming decisions are handled by the respective broadcast entities and the Board.

Figure 1: U.S. International Broadcasting Organization Chart



Source: Office of Strategic Planning, International Broadcasting Bureau, June 2000.

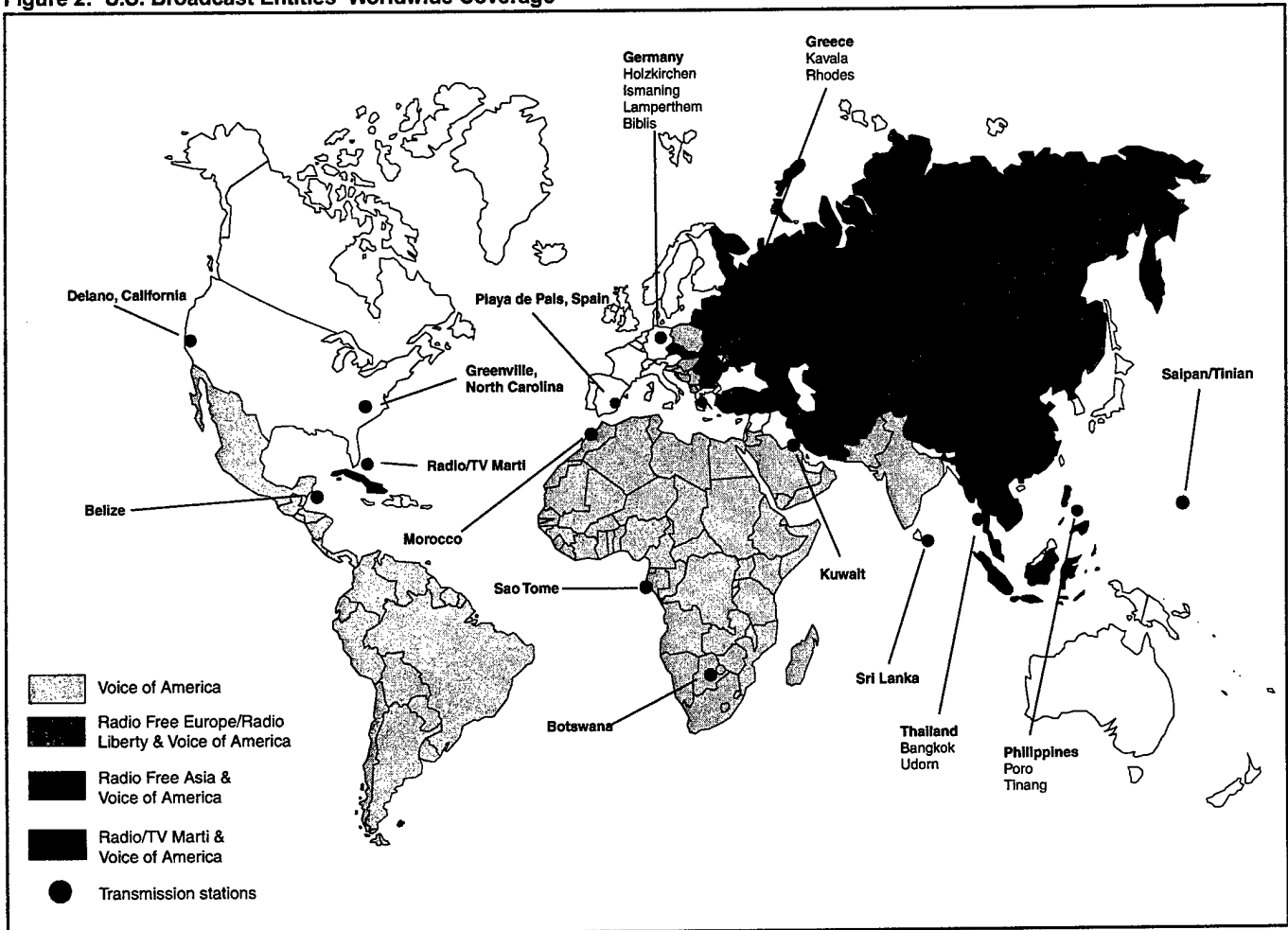
As noted earlier, the central focus of U.S. international broadcasting is on reaching audiences that are underserved by their local media. According to Freedom House's year 2000 survey of press freedom, most countries rated as "not free" are located in Africa, the Middle East, and Asia (see app. I for a reproduction of Freedom House's current world map of press freedom).⁷ While all five broadcast entities share the core mandate of reaching underserved populations, a key distinction among the entities is that the Voice of America and Worldnet broadcast to a global audience, while Radio Free Europe/Radio Liberty, Radio Free Asia, and Radio/TV Marti serve as "surrogate" broadcasters in their respective regions and substitute for local media in countries where a free and open press is deemed not to exist or has not been fully established.⁸

In addition to adhering to a global mission for U.S. broadcasting, each broadcast entity has its own broadcast mission. As described in public documents and by Board officials, the Voice of America provides accurate and credible international, regional, and country-specific news to a global audience, with a particular emphasis on supplying information relating to the United States. However, in Africa where the Voice of America serves a surrogate role, greater emphasis is given to news of local interest. The Voice of America meets its mandate to broadcast the U.S. position on various foreign policy matters by including the views of U.S. officials in its regular programs and through daily editorials that are identified as representing the views of the U.S. government. It also broadcasts a number of public affairs programs which focus on discussions of U.S. policy by policymakers and experts. Radio Free Europe/Radio Liberty focuses on providing regional and local news to emerging democracies in Central Europe and the former Soviet Union, and to Iran and Iraq. Radio Free Asia and Radio/TV Marti concentrate on providing news of local interest to audiences in Asia and Cuba, respectively, who generally do not have access to a free and open press. Figure 2 shows the regional coverage of the Voice of America, Radio Free Europe/Radio Liberty, Radio Free Asia, and Radio/TV Marti.

⁷ Freedom House is a bipartisan, nonprofit group that is partly funded by the U.S. government.

⁸ Congress created two additional surrogate services in 1998—Radio Free Iraq and Radio Free Iran—which are funded and administered under the Radio Free Europe/Radio Liberty grant.

Figure 2: U.S. Broadcast Entities' Worldwide Coverage



Note: This map shows transmission stations which are owned and operated by the International Broadcasting Bureau and does not include related technical infrastructure such as leased transmission facilities, communication satellites, or Internet operations.

Source: Office of Strategic Planning, International Broadcasting Bureau.

Shortwave broadcasting has dominated the history of U.S. international broadcasting for over 50 years. Over the past decade, however, the range of media options available to many listeners around the world has expanded to include local AM/FM programming, television, and the Internet. This diversified media environment has greatly increased the complexity of the

strategic decisions the Board faces. These transmission modes and certain issues surrounding their use are described in appendix II.

Radio Free Europe/Radio Liberty Funding Cap and Cost-cutting Expectations Have Been Met

The Board responded to the \$75-million funding cap placed on Radio Free Europe/Radio Liberty and related cost-cutting expectations by relocating to virtually rent-free quarters in Prague, Czech Republic; reducing staff; and forming local broadcast partnerships in two cases.⁹ The Board achieved further savings by consolidating Radio Free Europe/Radio Liberty and Voice of America broadcast schedules, consolidating Radio Free Europe/Radio Liberty and Voice of America transmission operations under the International Broadcasting Bureau, and implementing digital sound recording and editing technology in Prague.

One key cost-cutting action that has not been implemented was the original expectation in the 1994 act that Radio Free Europe/Radio Liberty would receive private rather than public funding after the end of calendar year 1999. Based on the results of analysis that the Board conducted, the Board concluded that privatization was not a feasible option due to the lack of tangible business assets (such as transmission facilities or broadcast frequencies) of interest to commercial buyers.¹⁰ The Foreign Relations Authorization Act for Fiscal Years 2000 and 2001 (sec. 503 of App. G of P. L. 106-113) amended the original expectation regarding privatization to require that broadcast operations to a given country should be phased out when there is clear evidence that democratic rule has been established and that balanced, accurate, and comprehensive news and information is widely available.

In line with congressional expectations, Radio Free Europe/Radio Liberty reduced its budget from \$208 million in fiscal year 1994 to approximately \$71 million in fiscal year 1996 by taking the following actions.¹¹

⁹ Radio Free Europe/Radio Liberty pays a nominal rent of about \$1 per month.

¹⁰ See *Report on RFE/RL, Inc.* dated March 16, 1999, to the Chairman, Committee on Foreign Relations, United States Senate.

¹¹ Radio Free Europe/Radio Liberty's fiscal year 2000 budget is approximately \$68 million.

- In 1995, Radio Free Europe/Radio Liberty relocated its headquarters from Munich, Germany, to quarters in Prague, Czech Republic, provided by the Czech Republic as a public service.
- In conjunction with the move to Prague, Radio Free Europe/Radio Liberty reduced its total staffing by almost 1,200 individuals, or almost 75 percent of its workforce.
- Radio Free Europe/Radio Liberty and Voice of America officials coordinated their respective broadcast schedules and eliminated over 300 weekly broadcast hours in overlapping and duplicative programming.
- The Polish and Czech language services were reconstituted as separate, nonprofit corporations.¹²
- Radio Free Europe/Radio Liberty transmission facilities were turned over to the International Broadcasting Bureau in 1995 in connection with the consolidation of engineering and technical operations under the Bureau. Prior to this consolidation, Radio Free Europe/Radio Liberty controlled a network of six transmission stations located in Germany, Portugal, and Spain. The two stations in Portugal were closed as a result of the consolidation. International Broadcasting Bureau officials estimate that the consolidation of engineering and technical operations initially resulted in more than \$32 million in annual recurring savings and that current annual savings have grown to more than \$50 million.¹³
- A digital sound recording and editing platform was installed in connection with the move to Prague. This technology, under appropriate circumstances, allows one individual to produce a radio broadcast that previously would have required the services of an announcer, a producer, and a sound technician using the analog recording and editing technology that had been used in Munich. One Radio Free Europe/Radio Liberty official noted that approximately 75 percent of the station's output lent itself to the streamlined mode of production enabled by digital technology.

¹² The Polish service ceased broadcasting at the end of fiscal year 1997.

¹³ Other changes were made involving Voice of America transmission operations, and the International Broadcasting Bureau later assumed responsibility for managing Radio Free Asia's transmission needs. Radio/TV Marti remains something of a special case because it receives separate funding for its transmission operations. Specifically, Radio/TV Marti operates its own AM transmission facilities in Marathon, Florida, and an aerostat in Cudjoe Key, Florida, for television transmissions. Shortwave transmissions, however, are provided by the International Broadcasting Bureau from its transmission stations in Greenville, North Carolina, and Delano, California.

First Language Service Review Used to Strategically Align Resources

The Board completed its first annual language service review in January 2000 and plans to use the results of this review to strategically reallocate approximately \$4.5 million in program funds across broadcast regions on the basis of priority and impact ratings assigned to each language service.¹⁴ The priority ratings reflected a number of factors, including the language service's contribution to furthering U.S. strategic interests, audience size, and other variables. The language service's impact was based on the mass audience size and the number of "elite" (that is, government and other influential decisionmakers) listeners reached. The Board plans to use next year's language service review to examine the issue of duplication in program content among the Voice of America and surrogate language services. We also found overlap in overseas news-gathering resources among broadcast entities. This is a potentially important duplication issue that the Board has not reviewed. We raised a similar issue in our 1996 report reviewing potential budget reduction options.¹⁵

Board officials explained that a comprehensive language service review was not completed until January 2000 because the Board lacked adequate audience research on the number and type of listeners for such a review. Starting in 1997, the Board increased the budget devoted to audience research and in 1999 tasked the International Broadcasting Bureau's Office of Strategic Planning with developing a comprehensive set of program and performance data to be used as the basis for the comprehensive review of language services.

Evaluation Process Used to Make Resource Allocation Decisions

Board members assigned priority and impact (audience) ratings to each language service as a basis for reallocating resources. The evaluation criteria used for the priority ratings included potential audience size, U.S. strategic interests, press freedom, economic freedom, and political

¹⁴ Although the Board included Radio Free Asia in its review, these language services were not part of the budget reallocation deliberations because they are relatively new, and gathering requisite evaluation data is difficult. However, the Board did note that as reliable data become available, Radio Free Asia will figure equally in the review process. Another exception in this review cycle includes the Voice of America's Worldwide English service. The Board did assess the priority of the Voice of America's English-language broadcasts, but, with the exception of Voice of America English to Africa, did not undertake an in-depth review of Voice of America worldwide English services.

¹⁵ See *U.S. Information Agency: Options for Addressing Possible Budget Reductions* (GAO/NSIAD-96-179, Sept. 23, 1996).

freedom. For example, a service's contributions to furthering U.S. strategic interests was scored on the basis of inputs received from a variety of sources, including the White House, the National Security Council, the State Department, and applicable congressional Committees. For the impact ratings, the Board focused on audience size and composition as key performance measures. The Board also evaluated other data, such as the language service's program quality, operating budget, broadcast hours, signal strength, and affiliate stations, to identify approaches for increasing listening rates in selected countries. Audience data were based on research conducted by the International Broadcasting Bureau's Office of Audience Research and the InterMedia Survey Institute, which provided data on both audience size and elite listening rates. Appendix III contains further details on the criteria and related processes used to support the Board's language service review process.

The Board used the language service evaluation criteria to develop priority/impact ratings for 69 of the Board's 84 language services.¹⁶ As shown in table 1, the Board used these ratings to develop a matrix that identified higher priority/higher impact services, higher priority/lower impact services, lower priority/higher impact services, and lower priority/lower impact services. The Board intends to use this information to strategically reallocate approximately \$4.5 million in language service funds from emerging democracies in Central and Eastern Europe to several African countries and selected countries in other regions. The review resulted in 21 language service reduction recommendations, 15 recommended service enhancements, and a call for the further review of seven low-performing and five duplicate language services.

¹⁶ The Board excluded language services in cases where insufficient data existed to judge language service impact.

Table 1: The Board's Priority/Impact Matrix

| | |
|---|--|
| Higher priority/higher impact (15 languages) | Higher priority/lower impact (23 languages) |
| Lower priority/higher impact (20 languages) | Lower priority/lower impact (11 languages) |

Note: The Board requested that we not list the specific languages in each quadrant due to the sensitive nature of this information.

Source: Broadcasting Board of Governors.

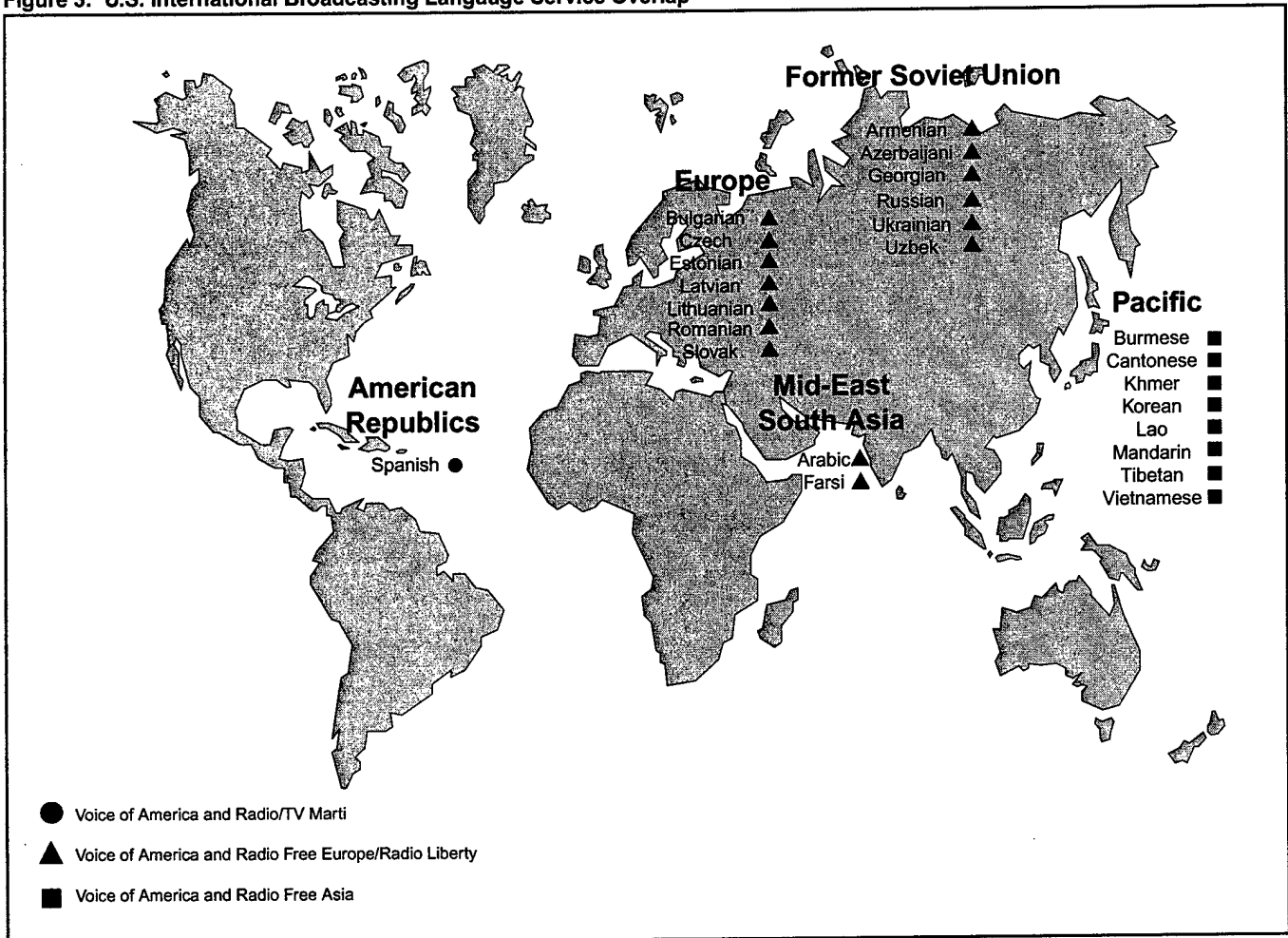
Language services rated as higher priority were concentrated in countries with a large potential listening audience; low press, political, and economic freedom; and high strategic interest to the United States. Higher and lower impact scores were determined on the basis of percentage weekly listening rates for both mass and elite audiences. Services with listening rates below 5 percent for mass listeners and 15 percent for elite listeners were rated as having lower impact. Services that ranked above this threshold were rated as having higher impact.

Review of Program Content Duplication Planned for Next Year

According to the Board, next year's language review will include an assessment of overlapping language services among the five U.S. broadcast entities. Board officials told us that the strategy of duplicating language services has been designed to allow U.S. international broadcast entities to achieve their respective missions by offering different program content in the same language. Nonetheless, the Board said in a written evaluation of this year's language service review that it is essential that the Board revisit the respective roles of the broadcasting services in light of evolving foreign policy and geopolitical and budget realities in the new century. The Board intends to use the language service review next year to look at program duplication between the Voice of America and surrogate language services, such as broadcasts to countries of the former Soviet Union, and to determine whether this overlap effectively serves U.S. interests on a country-by-country basis.

Figure 3 shows those languages where both the Voice of America and a surrogate service broadcast in the same language.

Figure 3: U.S. International Broadcasting Language Service Overlap



Source: Office of Strategic Planning, International Broadcasting Bureau.

Review of Duplicate Overseas News Gathering Operations not Planned

While the Board intends to review the issue of program content duplication next year, it does not expect to explicitly review the duplicate news resources maintained by broadcast entities overseas. The Voice of America, Radio Free Europe/Radio Liberty, and Radio Free Asia each maintain field offices and freelance journalists in their respective regions. Voice of America resources overlap with those deployed by Radio Free Europe/Radio Liberty and Radio Free Asia in their respective regions. For example, Radio Free Europe/Radio Liberty has a combined total of about

700 bureau staff and freelance journalists covering its broadcast area. The Voice of America has a combined staff of about 150 in the same region. In addition to the issue of overlap, broadcasting officials noted that news-gathering resources are not shared across broadcast entities. For example, one Voice of America language Division Director noted that news feeds from Voice of America overseas bureaus are not shared with Radio Free Asia and that Radio Free Asia news feeds are not shared with the Voice of America. The Division Director said "They do their work, and we do ours." A Radio/TV Marti employee noted that neither the Voice of America nor Radio Free Europe/Radio Liberty share relevant news items of interest to Radio/TV Marti listeners. As an example, news from Russia is not directly available to the station, because Radio/TV Marti does not have overseas bureaus or freelance journalists.

We reported on a similar issue in our 1996 report on budget reduction options for the U.S. Information Agency.¹⁷ In our report, we noted areas where elimination of existing overlap could yield management improvements and cost reductions. One area we highlighted was the potential for further consolidation of overseas news bureaus and other broadcasting assets. Our report cited the overlap in news-gathering resources deployed by the Voice of America and Radio Free Europe/Radio Liberty in Moscow as an example of a potential area for consolidation.

Table 2 provides details on the number of bureaus, bureau staff, and freelance journalists deployed by each broadcast entity along with related fiscal year 2000 funding data.

¹⁷ *U.S. Information Agency: Options for Addressing Possible Budget Reductions.*

Table 2: Overseas U.S. News-Gathering Organizations as of July 2000

| Broadcast entity | Coverage | Number of bureaus | Bureau staff | Freelance journalists | Operating budget (fiscal year 2000) |
|---------------------------------|--|-------------------|--------------|-----------------------|-------------------------------------|
| Radio Free Europe/Radio Liberty | East/Central Europe, the Former Soviet Union, Iran, and Iraq | 24 ^a | 182 | 536 | \$7,227,000 |
| Voice of America | East/Central Europe and the Former Soviet Union | 4 | 12 | 142 | \$1,914,336 |
| Radio Free Asia | Far East | 8 | 14 | 287 | \$3,214,787 |
| Voice of America | Far East | 4 | 14 | 87 | \$2,164,295 |
| Voice of America | Africa, Near East and North Africa, and South Central Asia | 8 | 24 | 170 | \$1,926,928 |
| Voice of America | Latin America | 2 | 8 | 90 | \$354,951 |

^a News coverage for Iran and Iraq is provided by Radio Free Europe/Radio Liberty's London bureau.

Source: Office of Strategic Planning, International Broadcasting Bureau.

The need to manage overseas resources effectively is heightened by the fact that several broadcasting officials commented they do not have adequate news-gathering resources and that product quality has suffered as a result. For example, a Radio/TV Marti official told us that a lack of resources has prevented the station from sending journalists to domestic locations outside of the Miami area and overseas to report on news stories of interest to the Cuban people. A Radio Free Asia language Director noted that her service has only \$500 a month to pay for reports from freelance journalists that cost \$50 to \$100 per report. She noted that this level of funding is not sufficient to produce original and up-to-date programming. Radio Free Asia officials have since told us that freelance budgets have been adjusted to fully fund all language services' projected requirements for the remainder of fiscal year 2000.

Strategic Planning and Performance Management Process Still Under Development

The Board has not yet developed a strategic planning and performance management system that provides a high level of assurance that resources are being used in the most effective manner possible. The key components of this system are Results Act planning, the annual language service review, and the program reviews of individual language services. The Board's fiscal year 2001 Results Act performance plan is deficient because of missing or imprecise performance goals and indicators and a lack of key

implementation strategies and related resource requirements. In addition, the lack of a standard program review approach and audience goals for individual language services limits the usefulness of the program reviews that the broadcast entities conduct to assess the content and presentation of their individual language service programs.

As a newly independent federal entity, the Board has full responsibility for implementing its strategic planning and performance management system. A key component of such a system is Results Act planning. Under the Results Act, executive agencies are required to prepare 5-year strategic plans that set the general direction for their efforts. Agencies then develop annual performance plans that establish the connections between long-term strategic goals outlined in the strategic plan and the day-to-day activities of program managers and staff. Finally, the act requires that each agency produce an annual performance report on the extent to which it is meeting its annual performance goals and the actions needed to achieve or modify those goals that have not been met.¹⁸ Board officials pointed out that they have made considerable progress in implementing a strategic planning and performance management system and that they submitted a performance report in March 2000 as required.

Missing Performance Elements and Imprecise Measures of Audience Size and Composition Weaken the Board's Performance Plan

The Board's fiscal year 2001 performance plan includes two strategic objectives that are not supported by accompanying performance goals and indicators. First, the performance plan lists encouraging the development of a free and independent media as a strategic objective. This reflects one of the objectives embodied in the 1994 Broadcasting Act that calls for the training and technical support for independent indigenous media through government agencies or private U.S. entities. The second strategic objective lacking supporting performance goals and indicators relates to the Board's need for comprehensive and up-to-date audience research data. Again, the 1994 Broadcasting Act stipulates that U.S. international broadcasting efforts should be based on reliable audience research data. The Board recognizes that its performance plan has some limitations and has formed a Results Act indicators review team to address them.

¹⁸ We used GAO's performance plan evaluation guide to assess the Board's annual performance plan. See *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans* (GAO/GGD-10.1.20, Apr. 1998).

Table 3 provides an overview of the Board's fiscal year 2001 performance plan that was included with the agency's fiscal year 2001 budget submission to Congress. This performance plan supports the Board's stated mission of using U.S. international broadcasting to encourage the development and growth of democratic values in support of the diplomatic, humanitarian, and economic goals of the United States. The array of programs and accurate information that U.S. international broadcasting strives to provide foreign audiences worldwide are intended to help people understand democratic ideals, civil governance, free market economics and trade, and respect for the rule of law. Within this context, while a number of performance goals and indicators are used to assess the extent to which U.S. international broadcasting is achieving its mission, Board officials told us that audience size is the most important performance goal and indicator.¹⁹ Table 3 shows the strategic objectives and the performance goals and indicators contained in the Board's fiscal year 2001 performance plan.

Table 3: Broadcasting Board of Governors' Performance Plan, Fiscal Year 2001

| Strategic objective | Performance goal | Performance indicator |
|---|--|-------------------------------------|
| Provide audiences comprehensive, accurate, and objective news and information. | Percent of services that broadcast entities score as "good or better." | Program quality. ^a |
| Represent American society and culture in a balanced and comprehensive way. ^b | Percent of services that broadcast entities score as "good or better." | Program quality. |
| Present the policies of the United States clearly and effectively, along with responsible discussion and opinions of those policies. ^b | Percent of services that broadcast entities score as "good or better." | Program quality. |
| Reach audiences in the languages, media, and program formats that are most appropriate. ^c | Global and regional audience targets. | Regular listening/viewing audience. |
| Same ^d | Target number of affiliates. | Count of local affiliates. |
| Same | Target signal strength average for U.S. broadcasting as a whole. | Signal strength. |

¹⁹ Board and Radio Free Asia officials have noted that audience size is not an adequate indicator for Radio Free Asia because Radio Free Asia is relatively new and unknown, its signal is often jammed, and it is very difficult to measure audience size in its target countries.

(Continued From Previous Page)

| Strategic objective | Performance goal | Performance indicator |
|--|---|---|
| Same | Target satellite performance standard for U.S. broadcasting as a whole. | Satellite Effectiveness Index. |
| Same | Target costs for running International Broadcasting Bureau transmission stations. | Transmission network expenses. |
| Same | Internet goal under development. | Internet performance indicator (under development). |
| Encourage development of a free and independent media. | No performance goal. | No indicator. |
| Utilize comprehensive and accurate research to understand audiences. | No performance goal. | No indicator. |

Note: Program quality, regular listening/viewing audiences, and local affiliate performance goals were not established for all broadcast entities. For example, audience targets were not established for Worldnet, Radio/TV Marti, and Radio Free Asia, given present difficulties associated with collecting meaningful audience size data for each of these entities.

^a Program quality is measured in connection with the program reviews conducted by the International Broadcasting Bureau, Radio Free Europe/Radio Liberty, and Radio Free Asia. Program quality assessments examine such issues as program balance and objectivity and production values such as timing and use of musical bridges. See appendix III for additional details.

^b Because Radio Free Europe/Radio Liberty and Radio Free Asia are surrogate broadcasters, these two objectives do not apply to them.

^c "Most appropriate" includes considerations of efficiency and effectiveness of delivery to those audiences.

^d This objective does not apply to Radio Free Asia, which does not have an affiliates network.

Source: Office of Strategic Planning, International Broadcasting Bureau.

Of the performance goals and indicators shown in table 3, Board officials have identified audience size as the most important performance goal and indicator for assessing to what extent U.S. international broadcasting is achieving its mission. Audience size provides an indicator of how many people around the world are tuning in to information intended to help them understand democratic ideals, civil governance, and the rule of law. However, the Board uses only global audience size estimates by broadcast entity to set performance goals and track performance. For example, the fiscal year 2001 performance plan lists the Voice of America's current listening audience at 91 million and sets a performance target of 92 million for fiscal year 2001. A January 1999 memo provided instructions on preparing submissions to the fiscal year 2001 performance plan; it invited units to suggest potential program enhancements and provide a memo describing the impact these enhancements would have on such performance measures as audience size. The instructions also called for a description of how the actual impact of such program enhancements would be measured. However, this guidance did not discuss the systematic establishment of specific audience targets by language service or the

method for monitoring such targets to provide meaningful performance data (such as the number of language services achieving target performance levels each year) for inclusion in the Board's annual performance plan.

The Board acknowledges in its performance plan that changes in estimated global listening audiences from year to year do not necessarily indicate a "genuine" increase in listeners because better survey techniques may simply have identified additional listeners not included in earlier estimates. In addition, the International Broadcasting Bureau's Office of Research reported that the Voice of America's global estimate should be taken only as a rough indication of the number of listeners, with a potentially wide margin of error.²⁰ The report further noted that "most of Voice of America's audience is heavily concentrated in a small number of countries; as a result, exclusive reliance on the global estimate as a measure of effectiveness may obscure important changes that occur from year to year at the regional or country level." Radio Free Asia officials have pointed out that Radio Free Asia is relatively new and has no effective means to advertise its services in the closed target countries. Further, these officials said that it is very difficult to obtain reliable audience size estimates. Thus, the officials believed that audience size would not be an adequate measure of Radio Free Asia's performance at this time.

A second problem with this key performance indicator is that the performance plan makes no distinction between mass versus elite (that is, government and other influential decisionmakers) audiences and only references mass listening audiences in its strategic objectives and performance goals. The distinction between these two basic audiences has major implications for the Board with regard to setting strategic objectives and performance goals, establishing and refining broadcast strategies, and allocating resources in the most effective manner possible. A senior Voice of America official told us that the agency's biggest challenge is analyzing its programming language by language and determining what matches the needs of the various audiences the Voice of America is trying to reach. The target audience can also change over time. For example, the Voice of America's audience in Africa has typically been made up of an elite group of 40- to 50-year-old males in political or civil service leadership positions.

²⁰ *Research Memorandum: Voice of America's Global Audience*, Office of Research, International Broadcasting Bureau (Washington, D.C.: Aug. 1999).

Now, one official told us, the African language services need to attract more of a mass audience in order to reach future leaders.

Lack of Implementation Strategies and Resource Requirements Obscure the Board's Planned Actions

According to the Results Act, agency performance plans should describe the operational processes, skills, technology, and other resources an agency will need to achieve its performance goals. The plans should describe both the agency's existing strategies and resources and any significant changes to them. We found that the Board's fiscal year 2001 plan does not discuss such strategies or resource requirements for its ongoing initiatives. For example, the plan does not include a discussion of the Board's Internet deployment plan. This is a concern, given the complex issues the Board faces as it attempts to integrate the Internet with the more traditional radio and television distribution efforts of five discrete broadcast entities in an era of rapid political and technological changes and shifting consumer demands and preferences.

The lack of a discussion of the role and significance of the International Broadcasting Bureau's deployment of digital production technology for the Voice of America is another concern. Under the title of the "Digital Broadcasting Program," the digital production technology effort is being overseen by the Board. This \$57-million effort to upgrade the Voice of America's operations from an analog mode to a digital one will allow, in certain cases, a single staff member to perform the work previously assigned to an announcer, a producer, and a sound technician. Radio Free Europe/Radio Liberty and Radio Free Asia have already implemented digital production systems, and Radio/TV Marti expects to have its digital project completed by December 2001. However, according to a senior International Broadcasting Bureau official, the Digital Broadcasting Program, which was initiated in 1995, was supposed to be finished within a 3- to 4-year time period predicated on the project's receiving funding at the planned levels. Actual funding has been extended over a longer period of time, and a definitive end-point for the project remains to be established. The Board's performance plan does not highlight the importance of this project to the Voice of America's effectiveness, the specific strategies being followed to ensure successful implementation, the impact budget shortfalls will have on its completion, and the projected cost savings (in terms of long-term staffing needs, for example) to be derived from full implementation of the project.

Program Reviews not Standard Across Broadcast Entities

The usefulness of annual program reviews of individual language services is hampered by (1) a lack of consistency in how program quality scores—a key component of the program review process—are developed across broadcast entities and (2) the lack of audience size and composition targets, which would help focus language service planning efforts.²¹ The International Broadcasting Bureau conducts program reviews for the Voice of America and Radio/TV Marti, while Radio Free Europe/Radio Liberty and Radio Free Asia conduct their own reviews. Program reviews evaluate a number of factors, including audience size, signal strength, affiliates management, and program content and presentation. The latter factor is referred to as “program quality.” Program reviews culminate with a written report with recommendations for improving operations in one or more of the previously listed areas.

Board officials acknowledge that there is variability in how program reviews are conducted across broadcast entities. Specifically, they noted that a consistent approach to evaluating program quality remains to be established. Program quality refers to content and presentation issues such as program balance and objectivity, program pacing, use of musical bridges between program segments, and the quality of the announcer’s voice. One key methodological difference that exists today is that some broadcast entities use external experts and in-country listening panels in assessing program quality, and others do not. For example, the International Broadcasting Bureau relies on internal personnel to develop program quality assessments. Voice of America language program directors generally noted that these assessments were not that rigorous and would benefit from input from outside experts, such as journalists and academic specialists. In contrast, Radio Free Europe/Radio Liberty does utilize external experts and in-country listening panels in its program quality review process. Funding permitting, Board officials noted that they

²¹ Program quality scores are also incorporated in the Board’s annual language service review and Results Act planning. Program quality is used in the annual language service review to help assess why a particular language is not attracting a desired audience size. Program quality is used as a performance indicator in the Board’s annual performance plan to establish target program quality goals for the Voice of America, Radio/TV Marti, and Radio Free Europe/Radio Liberty.

eventually intend to move all program reviews toward a uniform process and methodology that incorporates the views of external experts and in-country listening panels in assessing program quality.²²

Finally, we noted that program reviews center on discussions of program operations and a general desire to improve language service performance without the benefit of focussing on specific performance targets such as audience size and composition. Board officials noted that performance targets for individual language services could be established at the Results Act and annual language service review levels and these targets could form the focal point for program reviews. Focused program reviews could, in turn, influence and modify the next iteration of performance targets established at the Results Act and annual language service review levels.

Conclusions

The Board has taken actions to fulfill the mandates and expectations contained in the U.S. International Broadcasting Act of 1994. It has implemented the steps necessary to reduce Radio Free Europe/Radio Liberty's budget to below the \$75 million ceiling established by Congress. The Board established a language service review process that is designed to realign budget resources strategically on an annual basis. Finally, the Board has developed a strategic planning and performance management system that consists of Results Act planning, the annual language service review, and the program reviews of individual language services. This system is intended to help ensure that U.S. international broadcasting resources are used in the most effective manner possible.

Despite the Board's overall progress and its continuing efforts to further refine its strategic planning and performance management system, the broadcast entities could benefit from the closer integration of international broadcast missions and strategic objectives and more clearly defined performance goals and indicators as called for by the Results Act. For example, the Board's global audience goal, in particular, is less useful as a key indicator of broadcast effectiveness than summary data on the success of language services in achieving individual audience size and composition targets. Further, the performance plan lacks an implementation strategy and related resource requirements for the Board's key initiatives.

²²Radio Free Asia's program review and program quality review processes are still evolving. However, these processes are trending toward adopting a review model which is similar to Radio Free Europe/Radio Liberty's.

Addressing these strategic planning issues could help ensure that resources are managed more effectively with more clearly defined results.

The Board's current plans for its next language services review do not include a plan to analyze the deployment of field news-gathering resources among the broadcast entities. Such an analysis could potentially identify areas of unnecessary overlap, which would allow them to redirect resources to areas needing more news coverage. A lack of adequate news coverage ultimately diminishes the quality of U.S. broadcast efforts and potentially affects the size and nature of the listening audience, a key performance indicator.

Finally, annual program reviews conducted for individual language services do not employ a consistent approach to assessing program quality and do not focus on specific audience size and composition targets. A standard review approach, which incorporates both outside experts and in-country listening panels, would increase the overall value of program quality assessments and allow meaningful comparisons among individual language services and among broadcast entities. Improved program quality measures would also benefit the annual language service review process and the Board's Results Act planning, each of which incorporate program quality as a performance measure. Establishing specific audience targets for each language service would enable program review teams to develop action plans listing the specific steps and resources needed to achieve any audience share and composition goals established at the Results Act level. These action plans and related resource discussions could be incorporated in both Results Act planning and the annual language service review process which is the Board's primary vehicle for assessing the distribution of broadcasting resources.

Recommendations

To strengthen the Board's management oversight and provide greater assurance that international broadcasting funds are being effectively expended, we recommend that the Chairman of the Broadcasting Board of Governors

- include in the Board's performance plan a clearer indication of how its broadcast missions, strategic objectives, performance goals, and performance indicators relate to each other; and establish audience and other goals, as appropriate, at the individual language service level;
- include implementation strategies and related resource requirements in its performance plan;

-
- analyze overseas news-gathering networks across its broadcast entities to determine if resources could be more effectively deployed; and
 - institute a standardized approach to conducting program quality assessments and require that program reviews produce a detailed action plan that responds to specific audience size and composition targets established at the Results Act and annual language service review level.

Agency Comments and Our Evaluation

The Broadcasting Board of Governors provided written comments on a draft of this report. The Board stated that the report is fair and accurate, and the Board concurred with our recommendations. The Board said that some actions currently underway will serve to partially implement the recommendations and that it will implement additional actions in the future. For example, the Board has launched a review of its existing performance plan that will include drawing clearer linkages between broadcast missions, strategic objectives, and performance goals. The Board also intends to establish audience and other goals, as appropriate, at the individual language service level. The Board agreed with our recommendation that it analyze its overseas news-gathering network next year. However, the Board said that an analysis of its overseas news-gathering resources would be more useful as a stand-alone analysis rather than as part of the annual language service review as we recommended. We recognize the need for such flexibility and modified our recommendation accordingly.

The Board expressed concern that the information we provided on U.S. international broadcasting and the British Broadcasting Corporation was unfair and presented a misleading picture of two very different organizations (see app. IV). The Board noted that U.S. international broadcasting has been charged with a far more complex mission, which includes conveying the views of the U.S. government and functioning as a surrogate broadcaster in areas where gaining access to target audiences is difficult. The Board added that caution was needed when comparing total operating costs, listening audience size, the number of language services, and the implied cost per listener, due to the significant differences between the two organizations. To address the Board's concerns, we modified the introduction to appendix IV. We also adjusted U.S. budget data to remove television production and transmission costs which are not included in the British Broadcasting Corporation budget figure. However, we believe that providing information on the world's top two international broadcasters is useful and serves to illustrate both the similarities and differences in how these two organizations conduct their business. Further, discussions with

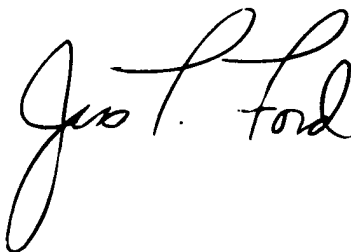
U.S. broadcast staff and our review of internal documents indicate that the Board considers the British Broadcasting Corporation to be a key competitor and closely tracks its activities in selected broadcast markets around the world.

The comments provided by the Board are reprinted in appendix VI. The Board also provided technical comments in attachment B, which we have incorporated in the report as appropriate.

We are sending copies of this report to the Honorable Marc B. Nathanson, Chairman, Broadcasting Board of Governors; and to interested congressional committees. Copies will also be made available to others upon request.

If you or your staff have any questions concerning this report, please call me at (202) 512-4268. Other GAO contacts and staff acknowledgments are listed in appendix VII.

Sincerely yours,

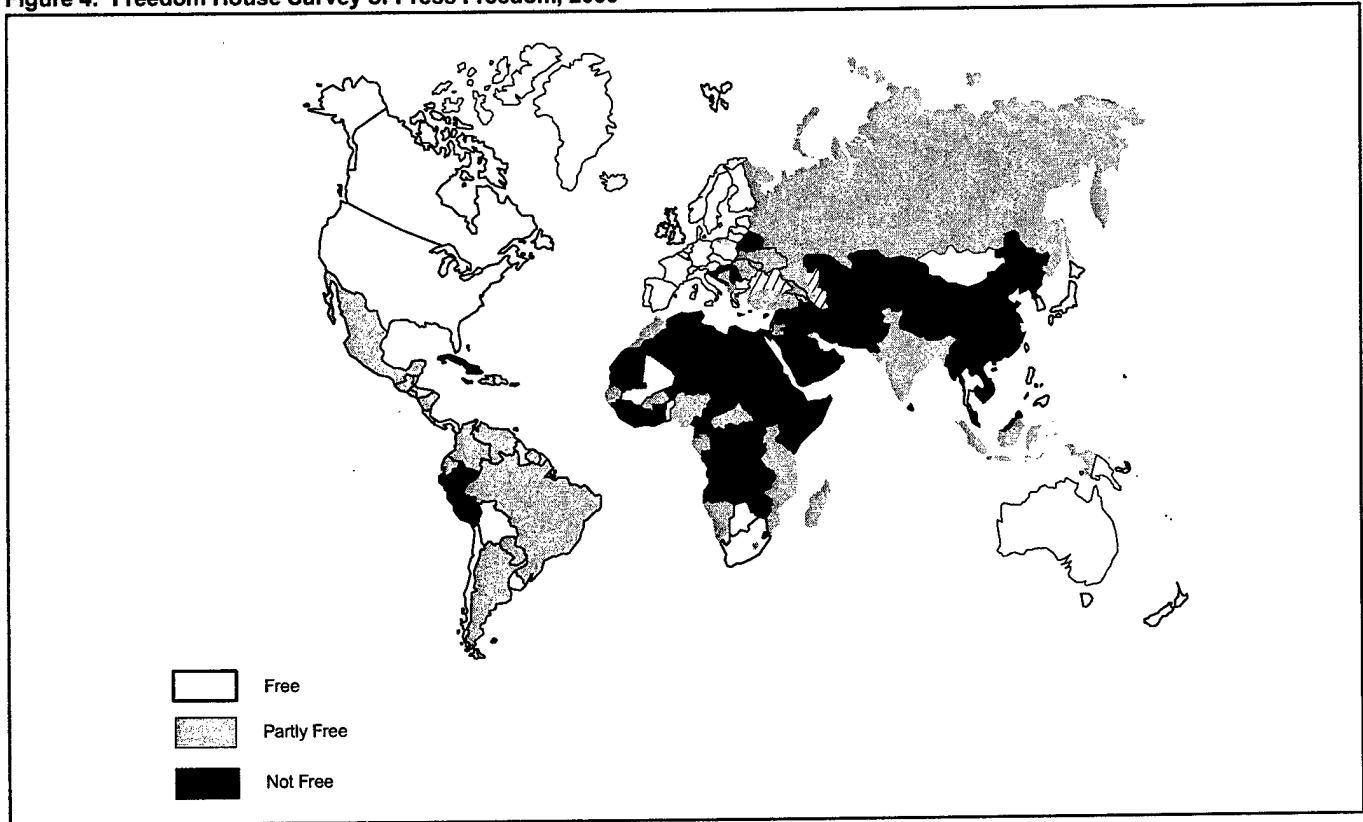
A handwritten signature in cursive script that reads "Jess T. Ford". The signature is written in black ink and is positioned below the "Sincerely yours," text.

Jess T. Ford
Associate Director
International Relations and Trade Issues

Map of Press Freedom

The core mandate of U.S. international broadcasting is to reach audiences in countries where a fair and open press does not exist or has not been fully established. The Board's primary basis for assessing the status of press freedom around the world is the annual survey of press freedom conducted by an organization called Freedom House, which is partly supported by U.S. grant funds. As shown in figure 4, Freedom House's most recent survey shows that the most severely underserved audiences are concentrated in Africa, the Middle East, and Asia.

Figure 4: Freedom House Survey of Press Freedom, 2000



Note: To allow vivid contrasts among press freedom categories, country outlines could not be shown for several countries in Africa, the Middle East, and Asia.

Source: Freedom House.

U.S. International Broadcasting Transmission Modes and Operations

U.S. international broadcasting operates within the context of a complex and evolving transmission environment. Each of the key broadcast methods the United States uses is described in the following section and in more detail in an August 1999 International Broadcasting Bureau study.¹

Shortwave – This transmission mode utilizes the reflective properties of the ionosphere to carry an analog radio signal to listeners typically up to 4,200 miles away or even farther under some circumstances. In many situations the quality of shortwave transmissions can be comparable to that of AM/FM broadcasts. However, over long distances, where shortwave is so valuable, transmission quality can vary considerably. Despite its drawbacks, shortwave remains the primary transmission medium (and sometimes the only option) for international broadcasters seeking to reach target populations where press freedom is completely or largely restricted. One problem with shortwave broadcasts is that countries, such as China, Vietnam, and Cuba, attempt to block U.S. broadcast signals. To counteract these jamming activities, international broadcasters use very powerful transmitters, operating from multiple locations, on multiple frequencies. This increases the costs of shortwave broadcasting relative to most other transmission mediums but it still remains an economical medium for reaching large areas. Shortwave broadcasting is currently carried on a network of 22 U.S.-owned and 16 leased transmission facilities. However, U.S.-owned transmitters in the Philippines and Thailand currently cannot be used for Radio Free Asia broadcasts because of host government prohibitions.

The future of shortwave radio could be significantly affected by the development of digital shortwave, which offers several advantages over the current analog form of shortwave transmission. Digital shortwave is capable of producing AM quality audio, which does not degrade over long distances. Digital shortwave receivers (which are not yet commercially available) can be programmed to lock on to a station name as opposed to a specific broadcasting frequency. This development could have major implications for countries such as China and Cuba, which actively jam current shortwave transmissions. Under a digital system, it may be possible to scramble frequencies to frustrate jammers while not affecting listeners, whose preset stations would be available at a touch of a button. However, the International Broadcasting Bureau noted that it is unclear whether

¹ *Broadcasting into the Millennium: Transmission Strategies and Outlook for the International Broadcasting Bureau*, (International Broadcasting Bureau, Aug. 1999).

these potential anti-jamming features will be available in mass-market products.

Transnational AM (medium-wave) broadcasts – Broadcasting from U.S.-owned or -leased transmission facilities, AM broadcasts can reach target audiences up to 900 miles away or even farther under some circumstances. One advantage of AM broadcasting is the enormous number of listeners with AM/FM receivers. As is the case with shortwave transmissions, one drawback of medium-wave transmissions is that they can be jammed by hostile governments.

AM/FM Radio Affiliates – Radio affiliates are local AM/FM or television stations that rebroadcast U.S.-produced program content. Some affiliates are paid to carry this content, and others are not. FM signals provide the highest sound quality, but they are limited to a line-of-sight broadcast range typically of about 25 to 75 miles depending on the height of the transmitting antenna and other local conditions. The Board currently has more than 1,300 radio affiliates, with the largest concentration of affiliates in Central Europe, the former Soviet Union, and Latin America. For example, the Board has 516 radio affiliates in Latin America. In contrast, it has only 54 radio affiliates in Africa.

Paid Leases and Licenses – Paid leases and licenses are another form of local rebroadcasting. A lease is an agreement with a local station or network for a specific allocation of airtime for a specific cost. The Board currently has 24 AM/FM leases worldwide. Licenses are granted by a national authority to broadcasters for the use of a dedicated AM or FM frequency to broadcast locally using their own equipment. However, in most cases, national regulations require that the license be issued in the name of a local entity. According to a 1999 International Broadcasting Bureau document on transmission strategies, the Voice of America has traditionally placed its emphasis on building its network of AM/FM affiliates, while other international broadcasters, such as Radio Free Europe/Radio Liberty, the British Broadcasting Corporation, and Radio France International, have invested substantially in local leases and licenses.

Television via Local Affiliates – Most U.S.-produced television content is broadcast through local cable and land-based broadcast affiliates. According to Board officials, television has become the predominant media choice for viewers in several key areas, including Russia and China. The

Appendix II
U.S. International Broadcasting
Transmission Modes and Operations

Board reports that it has almost 500 television cable/terrestrial affiliates concentrated in the former Soviet Union and Latin America.

Television content for U.S. international broadcasting has traditionally been provided by the Worldnet Television and Film Service, which is the official television broadcast arm of the U.S. government. According to the Board, it has transferred the public diplomacy portion of Worldnet to the State Department under the Foreign Affairs Reform and Restructuring Act of 1998. (P.L. 105-277). The Board has submitted a reprogramming request to Congress to transfer Worldnet's remaining resources (totaling \$20.5 million in fiscal year 2000 funding) to Voice of America TV.

Satellite Radio and Television – This medium relies on direct satellite transmission to relatively expensive analog or digital receivers or private satellite dishes. While not appropriate for reaching mass audiences, this option does offer the opportunity to reach “elite” listeners who are the key decisionmakers U.S. international broadcasters would like to reach in target countries.

Internet Webcasting and E-mail Delivery – The Internet offers the first truly interactive medium for delivering text, audio, and video streams to users' personal computers.² The use of e-mail also provides broadcasters with the ability to send text messages to subscriber lists with the contents of U.S. audio broadcasts. U.S. broadcast entities have also established a presence on the Internet, and the Voice of America, Radio Free Europe/Radio Liberty, and Radio Free Asia have initiated e-mail subscriber programs. Again, the Internet is currently not poised to deliver information to mass audiences around the globe; however, it represents another key delivery option for reaching elite listeners. While Internet webcasting is not susceptible to jamming, it is susceptible to blocking at entry portals by hostile governments.

² Current developments in Internet broadcasting suggest that Internet usage will expand from its present base of personal computers to handheld devices such as cell phones and other Internet appliances. An International Broadcasting Bureau team is investigating Internet content and transmission schemes compatible with handheld devices, and Radio Free Asia and Radio Free Europe/Radio Liberty are jointly experimenting with new Internet technologies. These developments have significant implications for reaching listeners who cannot afford their own personal computer.

Evaluation Criteria Supporting the Board's Language Service Review Process

Table 4 provides a brief overview of the criteria and related processes used to support the Board's language service review process. Audience listening rate is the key variable used to assess the impact a language service is having. However, the Board used additional impact criteria, such as program quality and transmission effectiveness, to help identify potential solutions to low audience listening rates.

Table 4: Criteria Supporting the Broadcasting Board of Governors' Language Service Review

| Criteria | Description |
|--------------------------|--|
| U.S. strategic interests | Board staff assign a quantitative "strategic interests" score to each language on the basis of a number of inputs. Board staff consult U.S. foreign affairs officials and printed documents such as the Central Intelligence Agency's <i>World Factbook</i> , Department of Commerce statistics, information from nongovernmental organizations, and in-house regional and country experts. |
| Adult population size | The Board bases potential audience size on population statistics drawn from a private group called the Population Reference Bureau, which produces updated adult country population statistics each year. The size of a country is important not only for potential audience size but also for regional influence. |
| Press freedom | Because of the Board's unique concern about press freedom, it uses the Annual Press Freedom Survey conducted by the Freedom House organization to gauge the development of free media environments around the world. In addition, the Board uses information from the Committee for the Protection of Journalists and other similar sources to develop a final score. |
| Political freedom | The Board developed a political freedom rating for each country on the basis of Freedom House's <i>Annual Survey of Political Rights and Civil Liberties</i> . |
| Economic freedom | The Board uses the Heritage Foundation's annual survey of economic freedom. |
| Audience listening rate | Audience research seeks to gauge the regular weekly listening audience for each of the Board's 84 language services. The Board conducts studies on a cyclical basis, with the goal of updating audience numbers for each service every year and conducting qualitative research where appropriate. For the most part, this goal has been met, with the exception of closed societies such as China or Cuba where more ad hoc measures such as émigré or visitor surveys must be used to gauge audience size. Data are collected for both mass and elite listeners, and the Board assesses both target groups in assigning a final audience score to each language service. |
| Program quality | Currently, the International Broadcasting Bureau (on behalf of the Voice of America and Radio/TV Marti), Radio Free Europe/Radio Liberty, and Radio Free Asia take different approaches to measuring program quality. Program quality addresses such issues as whether program content is fair and balanced, and a number of presentation issues including program pacing, use of musical bridges, and the appeal of the announcer's voice. In the case of the International Broadcasting Bureau, program quality is assessed using only internal staff. In contrast, Radio Free Europe/Radio Liberty involves outside experts and in-country listening panels in its assessments of program quality. While Radio Free Asia is still developing its procedures for assessing program quality, it is moving toward the Radio Free Europe/Radio Liberty assessment model. |

**Appendix III
Evaluation Criteria Supporting the Board's
Language Service Review Process**

(Continued From Previous Page)

| Criteria | Description |
|-----------------------------------|--|
| Transmission effectiveness | <p>Signal quality determines whether radio signals are being received clearly by the intended audiences. Short- and medium-wave signal strength is measured and compiled twice each year for almost all language services. This information is collected through a worldwide network of monitoring stations managed by the International Broadcasting Bureau that periodically sample and record the audio quality of U.S. international broadcasts. The signal quality of individual language services is rated on a five-point scale.</p> <p>The Board also has a separate satellite transmission effectiveness rating, which seeks to gauge the ability of the International Broadcasting Bureau's satellite distribution network to provide quality radio and TV signal delivery to affiliates and private satellite dish owners. This index examines the signal reception of small antennae, the size of the target country's television population, the number of channels available on the satellite, the signal strength of the satellite, the satellite's capability to cover multiple time zones, and the ability of the satellite to serve as both a radio and a TV program feed within the overall network, especially during "prime time." Information for this index is collected by the International Broadcasting Bureau's Office of Engineering and Technical Services, which uses it for decision-making in satellite leasing and related activities with the intent of improving transmission services over time.</p> |
| Affiliates database | The Board maintains an affiliates database for the Voice of America and is currently inputting data for Radio Free Europe/Radio Liberty. |
| Broadcast hours | The number of original broadcast hours produced by each language service is obtained from program logs that each language service maintains. Original broadcast hours are currently defined to include no more than 70 percent repeat material. |
| Production and transmission costs | The Board compiles annual production and transmission costs for each language service, cost per listener ratio, and related budget information. |

Source: Office of Strategic Planning, International Broadcasting Bureau.

Information on Board and British Broadcasting Corporation Operations

The British Broadcasting Corporation's (BBC) World Service has adopted a model for international broadcasting that differs in several key respects from the approach U.S. broadcasters use. Three of the most significant differences between the Board and the BBC are mission, organizational structure, and future operations.

- The central mission of U.S. international broadcasting is geared toward reaching audiences that are underserved by available media voices. As a result, the United States does not broadcast to fully democratic nations such as Canada, the United Kingdom, or Germany. In contrast, the BBC's mission is much broader and includes reaching listeners in markets around the world, including media-rich countries such as the United States.
- The organization of U.S. international broadcasting has evolved along the lines of "official" and "surrogate" broadcast entities. This division has led to the creation of five separate broadcast entities with varying missions, budget resources, and operating styles. The BBC has only one World Service, which, according to BBC officials, varies broadcast content on a country-by-country basis in response to market research and audience demands.
- Finally, U.S. international broadcasting and certain component operations are either subject to sunset provisions or are required to phase out over a period of time. In contrast, the World Service is not subject to sunset. In the case of U.S. international broadcasting, an original sunset provision in the 1994 International Broadcasting Act generally required the Board to cease funding Radio Free Asia after September 30, 1998. The act was amended in 1999 to provide for explicit sunset of funding for Radio Free Asia after September 30, 2009.¹ Congress has also specified conditions under which Radio Free Europe/Radio Liberty broadcasting should be phased out in a particular country. Radio TV/Marti is required to be terminated upon transmittal by the President to appropriate congressional Committees of a determination that a democratically elected government is in power in Cuba.² Even the Voice of America's goal to serve audiences deprived of full access to an open and free press suggests a diminishing role over time as the long-sought goal of global press freedom is eventually achieved.

¹ 22 U.S.C. §6208(g).

² Cuba Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114).

**Appendix IV
Information on Board and British
Broadcasting Corporation Operations**

Information on U.S. international broadcasting and BBC World Service operations is provided in table 5. The table is designed to provide summary data on U.S. and BBC broadcast operations and the table notes should be read carefully to understand the data on total budget costs, listening audience, and number of language services. This numerical data is not sufficient to draw conclusions about the relative efficiency and effectiveness of the two organizations. Additional factors such as the relative costs of reaching different target audiences, the different mixes of broadcast technology, and the nature of operating overheads would need to be considered to arrive at valid conclusions.

Table 5: U.S. International Broadcasting and BBC World Service Operations

| | U.S. International Broadcasting | BBC World Service |
|----------------------------------|---|--|
| Year founded | 1942 | 1932 |
| Annual budget (fiscal year 2000) | \$367 million | |
| Listening audience | \$107 million ^b | \$151 million |
| Number of language services | | |
| Organizational structure | <ul style="list-style-type: none"> • General and specific policy guidance on U.S. strategic interests provided by Congress, White House, National Security Council, and the State Department. Several broadcast languages have broadcast mandates from Congress. • Part-time governing board charged with directing and overseeing U.S. broadcasting. Board is also responsible for overall strategic planning. • Broadcast entities include governmental agencies (Voice of America, Worldnet, and Radio/TV Marti) and grantees providing surrogate broadcast services (Radio Free Europe/Radio Liberty and Radio Free Asia). | <ul style="list-style-type: none"> • British Foreign Office provides a list of broadcast languages and number of broadcast hours in each language. • A full-time BBC Director General and part-time governing board provide strategic guidance and oversight for the BBC World Service. • The World Service has a Chief Executive Officer and a senior management team that directs daily operations and develops strategic planning documents for review by the BBC's governing board and the Director General. • Regional language groups report to the Chief Executive Officer, who has the authority to reallocate resources, implement program changes, etc. • BBC World Service is organized as a corporation that receives an annual grant-in-aid from the British government. |

**Appendix IV
Information on Board and British
Broadcasting Corporation Operations**

(Continued From Previous Page)

| | U.S. International Broadcasting | BBC World Service |
|-------------------------------|---|--|
| Broadcasting mission | <ul style="list-style-type: none"> To broadcast unbiased information of international, regional, and local significance to audiences with unserved needs, with the goal of stimulating the development of democratic values and institutions around the world. These developments are linked to increasing world peace and stability, which is in the interest of the United States. Broadcast missions for individual entities emphasize a particular news focus and target audience. | <ul style="list-style-type: none"> Primary mission is to be the world's best known and most respected voice in international broadcasting, thereby bringing benefit to Britain. To become the world's reference point for information. |
| Sunset provisions | <ul style="list-style-type: none"> Radio Free Asia has an explicit sunset for its operations. Radio Free Europe/Radio Liberty operations are expected to phase out eventually. Radio/TV Marti is required to terminate operations when a democratically elected government takes power in Cuba. The Voice of America does not have an explicit sunset date for its operations. However, the core mission of U.S. international broadcasting to reach the "underserved" suggests a diminished role for the Voice of America over time. | No sunset provision. |
| Performance management system | Requirements under the 1993 Results Act, annual language service review, and program reviews. | The BBC has adopted the "balanced scorecard" approach to performance management. This approach relies on the collection and analysis of detailed performance data in four areas (customer, finance, business processes, and learning and growth). |
| Target audience | Masses and elites. | The World Service segments its audience into four distinct groups according to their information needs. |
| Editorial policy | Voice of America and Radio/TV Marti are required to carry daily U.S. government editorials. | BBC World Service charter explicitly prohibits government editorials. |
| Program content | News of America, international news, regional news, and local news. Relative mix of content varies among U.S. broadcasters. For example, Voice of America generally carries less local content than a surrogate broadcaster. However, in Africa, Voice of America local content is relatively high since it serves as a surrogate broadcaster to several African nations. | International news, regional news, and local news. Relative mix of content adjusted on a country-by-country basis based on the BBC's target audience goals and listener preferences. |
| Views on competition | In areas of language duplication, some agency officials cited other U.S. broadcasters as key competitors. More broadly, agency officials indicated that they view other international broadcasters, most notably the BBC, as their competition. | The BBC broadly defines its competition as including information providers from a wide spectrum, including other international broadcasters, Cable News Network, Internet portal providers such as Yahoo, etc. |

**Appendix IV
Information on Board and British
Broadcasting Corporation Operations**

(Continued From Previous Page)

| | U.S. International Broadcasting | BBC World Service |
|-------------------------|---|---|
| Transmission operations | <ul style="list-style-type: none"> • International Broadcasting Bureau manages a network of 38 U.S.-owned and -leased shortwave/medium-wave transmission facilities. • International Broadcasting Bureau manages a worldwide network of leased satellite links. • International Broadcasting Bureau delivers program content to a network of almost 2,000 radio and TV affiliates worldwide. | <p>The BBC privatized its transmission resources in 1997 and formed a private corporation, called Merlin Communications, to handle its worldwide communication needs including satellite communications, shortwave/medium-wave transmissions, and affiliate management. Under the privatization effort, the BBC sold its domestic transmission facilities to Merlin while retaining legal ownership of its overseas transmission facilities due to local arrangements that were made with the BBC and not Merlin.</p> |

^a U.S. budget figures adjusted to remove approximately \$53 million in television production costs for Worldnet, Voice of America TV, and TV Marti. This adjustment was made to reflect the fact that television production costs are not included in the World Service budget figure because international television broadcast operations are handled by a separate BBC entity called BBC World. Both budget figures include support services such as central news services, English language programming, and computer services. In the case of U.S. broadcasting, these support services are provided internally. In the case of the World Service, these support services are supplied under contract from the BBC.

^b The U.S. audience figure includes audience counts for Voice of America and Radio Free Europe/Radio Liberty, which overlap to a certain degree. The U.S. figure does not include the estimated listening total for Radio Free Asia or Radio/TV Marti due to the difficulty of conducting audience research studies in closed societies. Finally, the figure does not include estimated Worldnet listening totals, which the Board believes cannot be accurately measured for a number of reasons.

^c Figure includes 24 "duplicative" services run by the Voice of America and surrogate broadcasters. Many of these languages services were established in response to congressional mandates.

Source: GAO analysis.

Objectives, Scope, and Methodology

The Chairman of the House Committee on the Budget requested that we examine whether the U.S. Broadcasting Board of Governors (1) responded to the specific mandates regarding Radio Free Europe/Radio Liberty's operations, (2) implemented an annual language service review process, and (3) instituted a strategic planning and performance management system. He also asked us to provide information on U.S. international Broadcasting and British Broadcasting Corporation operations.

To assess whether the Board has responded to the specific cost-cutting mandates and expectations established in the 1994 International Broadcasting Act, we examined the Board's transmission consolidation efforts, the history of consolidation activities in connection with Radio Free Europe/Radio Liberty's move from Munich to Prague, the Board's efforts to privatize Radio Free Europe/Radio Liberty's operations by fiscal year 1999, and the Board's efforts to adopt digital production technology for each broadcast entity. We met with Board, International Broadcasting Bureau, Voice of America, Worldnet Television and Film Service, Radio Free Europe/Radio Liberty, and Radio Free Asia senior officials in Washington, D.C., to discuss these issues and review applicable documentation. This documentation included the Board's report on Congress's earlier mandate to privatize Radio Free Europe/Radio Liberty's operations and additional documentation on the Board's transmission consolidation efforts, the relocation from Munich to Prague, and the Digital Broadcasting Program being implemented by the International Broadcasting Bureau on behalf of the Voice of America. We also met with Radio/TV Marti officials in Miami, Florida, and Radio Free Europe/Radio Liberty officials in Prague to review their respective streamlining and cost-cutting activities.

To assess whether the Board implemented a language service review process, we met with International Broadcasting Bureau planning staff in Washington, D.C., to determine the process, evaluation criteria, and outcome of this year's language service review. We reviewed the Board's February 2000 reports on this process and the linkage between these documents and the Board's reallocation decisions.

Appendix V
Objectives, Scope, and Methodology

To assess whether the Board has instituted a strategic planning and performance management system, we obtained and reviewed copies of all relevant Results Act planning documents, including the Board's 5-year strategic plan dated December 1997; annual performance plans for fiscal years 1999, 2000, and 2001; and the Board's March 2000 annual performance report. We compared the Board's fiscal year 2001 performance plan against GAO's guide for evaluating agency annual performance plans.¹ We also met with Board staff to discuss the Board's latest efforts to update its Results Act planning documents.

In order to prepare a comparison of Board and BBC World Service operations, we interviewed BBC officials in London and collected and analyzed relevant documents including World Service strategic plans, marketing and audience research information, and data relating to the BBC's performance management system.

We conducted our review from December 1999 to August 2000 in accordance with generally accepted government auditing standards.

¹ *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans* (GAO/GGD-10.1.20, Apr. 1998).

Comments From the Broadcasting Board of Governors

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



**BROADCASTING BOARD OF GOVERNORS
UNITED STATES OF AMERICA**

September 13, 2000

Mr. Jess T. Ford
Associate Director
International Relations and Trade Issues
General Accounting Office
Washington, D.C., 20548

Dear Mr. Ford:

Thank you for the opportunity to review your draft report, "U.S. International Broadcasting, Strategic Planning and Performance Management System Could Be Improved." In responding to it, let me first note that we have been impressed by the professionalism and the constructive spirit with which the GAO conducted this review. We believe that U.S. international broadcasting has a proud story to tell, while at the same time has room to improve. I believe this organization will benefit from having gone through the review and from the openness that both sides displayed. Overall, we believe the report to be fair and accurate, but have a few comments to make. More detailed comments on these points are included in two attachments.

First, we concur with the spirit of all four of your recommendations. Some of the changes GAO recommended are already being implemented. Others will be implemented in the future:

- The Board has already launched a review of the existing performance plan, and will include in this process drawing clearer linkages between broadcast mission, strategic objectives and performance goals. We accept the GAO recommendation that we establish audience and other goals, as appropriate, at the individual language service level;
- The Board accepts the GAO recommendation to include strategies and related resource requirements in the performance plan;
- The Board agrees with the thrust of the GAO recommendation for an analysis next year of the overseas news-gathering network across its broadcast entities, but will make it a stand-alone analysis. While GAO had recommended that this be part of the annual language service review, we consider that exercise to be highly focused on its

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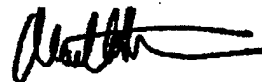
central topic, and a less useful vehicle for a review of news-gathering than a separate analysis would be.

- The Board accepts the GAO recommendation regarding program reviews. We intend to harmonize program reviews across the broadcast entities and, to the extent that resources are available, will standardize them using the most effective and credible methodologies. Specific audience targets and other goals established in conjunction with the strategic planning and language service review processes will be a part of the program reviews.

Second, we have some specific comments and corrections to the Report. Of central concern to us, we believe that Chart 7, "Comparison of U.S. International Broadcasting and BBC World Service Operations" presents an unfair and misleading picture to the reader in its comparison of two very different broadcast organizations. BBC's mission, the nature of its programs, and its cost structure are so different from those of the U.S.-funded stations as to make simplified comparison invalid. Please consider our full comments.

Again, thank you for the opportunity to comment. Please let me know if we can provide any further information.

Sincerely,



Marc Nathanson
Chairman

Attachment A: Comments on GAO Chart 7
Attachment B: Other comments

Now table 4.

ATTACHMENT A

Now on p. 34.

46/ Chart , "Comparison of U.S. International Broadcasting and BBC World Service Operations"

Now on pp. 34-37

The GAO draft Report chart on pp.46-49 compares U.S. International Broadcasting with BBC using a number of measures. The individual components of the chart are correct. But presenting them in direct comparison with BBC, a very different organization, with a different mission, misleads the reader.

See comment 1.

The Roles are Not Comparable

VOA and Radio/TV Marti have a more complex mission than BBC, one that includes conveying the official views of the US government. Their mission also requires they present a clear presentation of U.S. policies, institutions and values. This requirement many times takes the form of short format features about life in the U.S.

The Grantees (RFE/RL and RFA) also have missions that are unique, distinctly different from and more narrowly focused than that of the BBC. They are called upon to act as "surrogate" stations – to present to their listeners the local and regional news that their audiences are denied. Their programming tends to be more about politics, events and culture local to their audiences. It tends to appeal to politically aware, elite listeners.

The US-funded stations' roles affect their ability to attract audiences. Compared to the BBC's broad "goodwill" mission, the missions of VOA, RFE/RL, RFA and Radio/TV Marti narrows the audience pool that is attracted to the US stations.

See comment 2.

Simply Citing the Number of Language Services is Misleading

The chart notes that U.S. stations have a total of 84 language services, while BBC has 43. In part this number derives from duplicated languages, a strategy designed to achieve different missions, delivering different program content in the same language. The degree to which this strategy remains appropriate in every case will be considered in this year's Broadcasting Board of Governors language service review. Beyond that, the reader needs to know that:

- Much of BBC's audience comes from areas where US International stations do not broadcast (the U.S., Western Europe and Canada). This accounts for at least 20 million listeners. BBC benefits as well from the legacy of empire (India accounts for a considerable portion of their audience).
- US broadcasting includes a number of language services that were mandated for policy reasons, and which either have unmeasurable or small audiences. Each of these services costs an average \$1 million plus transmission costs.

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Comments From the Broadcasting Board of
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- In a comparison of FY95 radio relay station operations, the cost for operating the network of VOA facilities exceeded the cost of BBC facilities by about 20%. The greater total VOA costs stem from having more sites (VOA has 35% more), number of shortwave transmitters (10% more), number of medium wave transmitters (100% more), total aggregate power of the network (20% more) and average power per transmission (6% more). BBC broadcasts nearly half its network energy from sites within the UK and these sites enjoy significant economies in electric power and staff costs.

See comment 3.

The Presentation of Costs is Misleading

The chart cites a total cost of \$420 million for US Broadcasting vs. \$255 million for BBC. The \$420 million figure includes TV costs of more than \$50 million. BBC's figure does not include TV. (GAO's figure of \$36M cited in a footnote several pages later appears not to include roughly \$15M in Engineering TV transmission costs).

See comment 4.

Resulting Audience Reach Efficiencies are Misleading

Unless the reader is careful and checks the footnotes several pages later, he/she must assume that \$420 million achieves 107 million radio listeners. This misrepresents the cost per radio listener, and invites invidious comparison with BBC.

The challenge for VOA, Radio/TV Marti, RFE/RL and RFA, as U.S. government-funded stations, is to build and maintain audience credibility by absolute adherence to providing news that is accurate, objective and comprehensive while at the same meeting the mandates of their individual missions. That they have managed to achieve as large an audience as they have, while drawing from a narrower audience base than BBC, suggests they have been successful.

The following are GAO's comments on the Broadcasting Board of
Governors' letter dated September 13, 2000.

GAO's Comments

1. We agree that U.S. international broadcasters and the BBC World Service have different roles. However, the fact that U.S. international broadcasters have multiple and more complex missions does not obviate the value of examining the BBC's operations relative to U.S. international broadcasting. The Board acknowledges the value of tracking and evaluating the activities of competitors by maintaining an on-line database to capture this information. The database includes country-by-country audience data that shows how U.S. international broadcasters are doing relative to other major international broadcasters, with a particular focus on the BBC. The Board's database also summarizes this information into seven regional groups to help identify broader performance trends. For example, with regard to the 35 countries in Africa targeted by the Voice of America and the BBC, the Board's database shows that the BBC has a higher audience share than the Voice of America in 25 countries, the Voice of America has a higher audience share in 8 countries, and the two organizations are tied for listeners in two countries.
2. The number of language services shown in table 5 in appendix IV is footnoted to indicate that 24 of the U.S. language services are duplicate language services run by the Voice of America and surrogate broadcasters. We revised the applicable table note to point out that many of the Board's language services have been mandated by Congress.
3. We revised the table to show a total funding figure of \$367 million for U.S. international broadcasting. This figure was calculated by deducting \$53 million in television production and transmission costs from a total U.S. funding figure of \$420 million for fiscal year 2000. We made this change to reflect that the BBC funding figure does not include television costs.
4. We agree that simply dividing the number of total listeners by total broadcast costs does not provide meaningful comparative information in the absence of a more detailed understanding of why costs differ between the two organizations. Explanatory factors might include the relative costs of reaching different target audiences, different mixes of broadcast technology, and the relative efficiency and effectiveness of

**Appendix VI
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each organization. We revised the introduction to table 5 to emphasize that our table is designed to provide summary data on U.S. and BBC broadcast operations. We also incorporated the Board's concern that readers should avoid making a cost-per-listener comparison between U.S. and BBC international broadcasting.

GAO Contacts and Staff Acknowledgments

GAO Contacts

Jess T. Ford (202) 512-4268
Lawrence L. Suda (202) 512-5380

Acknowledgments

In addition to those named above, Michael ten Kate, Wyley Neal, Ernie Jackson, and Rona Mendelsohn made key contributions to this report.

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