



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

National Security and
International Affairs Division

B-247677

August 17, 1992



147362

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

Dear Mr. Chairman:

Our July 24, 1992, report to you, entitled Voice of America: Management Actions Needed to Adjust to a Changing Environment (GAO/NSIAD-92-150), included a letter dated May 15, 1992, from the Director, U.S. Information Agency, transmitting comments on a draft of the report. In the report, we commented on the matters raised by the agency. However, on July 1, 1992, the Associate Director for Broadcasting, U.S. Information Agency, (who is also the Director of the Voice of America) provided additional views on the draft report. Because these views did not differ substantially from the comments received in May 1992 and because we did not want to delay issuing the report, we chose to analyze and respond to the second set of comments with this letter. The letter from the Associate Director for Broadcasting, together with our evaluation, is enclosed.

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

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If you have any questions, please contact me at
(202) 275-4128.

Sincerely yours,

A handwritten signature in cursive script that reads "Joseph E. Kelley".

Joseph E. Kelley
Director, Security and International
Relations Issues

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COMMENTS FROM THE VOICE OF AMERICA

Note: GAO comments on the matters raised in this letter appear at the end of this enclosure.

Voice of America
Washington, D.C. 20547



July 1, 1992

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

Dear Mr. Conahan:

In Director Catto's May 15, 1992, letter to you responding to the GAO draft report Voice of America: Management Actions Needed to Adjust to Changing Environment (GAO/NSIAD-91-150), you were informed that USIA's Bureau of Broadcasting would send you Enclosure B, recommended line-by-line text insertions. In lieu of line-by-line insertions, this document addresses what we believe are substantive concerns for your further review, consideration, and appendage to the report. They are:

See comment 1.

-- The original 1983 modernization plan encountered funding, design approval, and construction delays. These delays caused the estimated cost of planned network modernization to rise substantially. This increasing cost of implementation coupled with the federal budget situation in general, resulted in development of a revised, scaled-down version of the modernization plan in 1989. In 1991, in direct response to world conditions affecting broadcasting capability (e.g., the loss of the Liberia Relay Station, instability in the Philippines, etc.), the plan was again modified to reflect the network upgrades then required to attain the original broadcast coverage goals. This version was presented to OMB and Congressional staff and was included as part of the 1991 budget request. Portions of this revised modernization plan were funded in the 1991 approved budget.

See comment 2.

-- In the draft report, frequent reference is made to modernization plans of other international broadcasters. Our modernization plans were based on the average age of VOA transmitters which were considerably older than those of other major international broadcasters, but more importantly, on the impact of their inability to reach intended audiences. Therefore, comparison of VOA plans to that of other international broadcasters may not provide an accurate depiction of the rationale behind modernization decisions.

See comment 3.

-- As of April 1992, VOA was broadcasting in 47 languages, five more than in 1985. Three of these (Kurdish, Tibetan, and Croatian) were mandated by Congress with no commensurate increase in resources. At the same time, VOA has been unable to eliminate language services due to Congressional concerns.

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See comment 4.

-- Several references are made in the report to the issue of storage of transmitters. Of the nine shortwave transmitters purchased in 1978, four were scheduled for the Philippines Relay Station, four for the Liberia Relay Station, and one as a possible part of an agreement with the Government of Greece. Because of a reduction in funds in 1981, only two transmitters were installed in the Philippines; the four scheduled for Liberia were held in storage because of political instability in the country at that time; and an agreement with the Government of Greece was not reached. After an analysis of mission needs, the four Liberia transmitters were installed in the Delano Relay Station in 1984, and the three remaining transmitters in the Bethany Relay Station in 1988.

Similarly, the six medium wave transmitters purchased in late 1986 were for the five planned stations in the Central American/Caribbean region. The transmitters were ordered early so we could proceed rapidly to build medium wave stations once negotiated agreements were reached. After funding cuts and changes in mission requirements, two transmitters were installed in Belize, one was installed at the Radio Antilles facility in Montserrat, two are planned for installation in Kuwait and Sao Tome, and one awaits mission assignment.

See comment 5.

-- The draft report states that "VOA has not performed complete cost-benefit analyses on modernization projects." The requirements for relay station construction derive from a regional basis rather than a language or country basis. The requirement is to build a flexible broadcasting facility that can meet the rapidly changing demands for coverage as dictated by political events. Because of the dynamic nature of our broadcasting requirements, it is not possible to do classical cost-benefit studies for a single station to a fixed audience. We do, however, perform extensive cost analysis as an integral part of our network and station design process.

See comment 6.

-- Various program delivery options, such as satellite broadcasting and leasing medium wave facilities, are being explored and tested as important broadcasting alternatives for VOA. Although some of our current operational costs could be reduced by use of new program delivery systems, we will, in the future, incur ongoing costs associated with implementing these new technologies.

See comment 7.

-- The GAO report states that "VOA made extensive use of contractor studies costing \$45 million rather than use in-house personnel." Of the \$45 million, \$28 million was used to develop projects that are now operational, including \$12 million for the Delano antenna, \$7 million for studio upgrade and renovation, \$3 million for installation of three transmitters at Delano, and \$6

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million for development of the World Operations Center. The remaining \$17 million was for specialized contractor analytical studies to eliminate the need for a temporary staff of in-house expertise.

See comment 8.

-- Enclosed is VOA's suggested replacement for Figure 2.1: Changes in VOA Modernization Plans on page 19 of the draft report. Our chart provides additional details on actions of the Engineering Planning Committee in 1989 and 1991 and includes rationale supporting the committee's recommendations and actions.

Please let me know if you have questions about the information provided or if I may be of further assistance.

Sincerely,



CHASE UNTERMEYER
Associate Director for Broadcasting

GAO/NSIAD-92-300R Voice of America

Suggested Replacement - Fig. 2.1

Figure 2.1: Changes in VOA Modernization Plans

Current Plan	Proposed Change	Notes
Complete major stations in Morocco, Thailand, Belize, and Israel	Complete major stations in Morocco, Thailand and Israel; Belize Completed	
Acknowledged OMB's postponement of plans to build major station in Botswana	Reinstate plans to build reduced scope Botswana station	
Acknowledged OMB's postponement of plans to build major station in Sri Lanka	Reinstate plans to build reduced scope Sri Lanka Station	
Cancel plans to build new stations in Puerto Rico, Costa Rica, Grenada and the Far East	Cancelled plans have not been reinstated	
Replace MW transmitter at Ismaning, Germany	Renovate station at Ismaning, Germany	Planned renovation at no additional cost, pending planned sale of Erching. Renovations to cover some of Wetzschal & Wofferton broadcasts allowing lease cancellation.
Add two transmitters to leased facilities in Wetzschal, Germany	Plan to cancel lease for facilities in Wetzschal, Germany if use of more economical RFE/RL facilities are available	
Remove four transmitters from leased facilities in England	Plan to cancel lease for facilities in England if use of more economical RFE/RL facilities are available	
Close stations in Antigua and Costa Rica	Close the stations in Costa Rica and Antigua	
Eliminate some SW transmitters in Rhodes, Greece	Refurbish MW facilities in Rhodes; Move SW antennas off private land in Rhodes, Greece	Required removal of antennas now on privately held lands; transmitter removal when BSB/VOA Israel transmitter operational.
	Build new station in Sao Tome	Liberian Civil War
	Build new station in Middle East	Persian Gulf War
	Build new station in Pacific Island	Reduce dependence on Philippines; enhance Chinese Broadcasting
	Opened small station in Bahrain in 1991	Persian Gulf War
	Opened mobile SW station in Botswana in 1991	Liberian Civil War

The following are GAO's views on a July 1, 1992, letter from the Associate Director for Broadcasting, U.S. Information Agency, (who is also the Director of the Voice of America), offering further comments on a draft of our report on management issues at the Voice of America (VOA). The following references to chapters and page numbers are from our final July 24, 1992, report entitled Voice of America: Management Actions Needed to Adjust to a Changing Environment (GAO/NSIAD-92-150).

1. Chapter 2 of our report reflects the reasons for delays in construction projects and revisions to modernization plans.

VOA states that the 1991 revisions to its modernization plan were made to reflect the network upgrades needed to attain its original broadcast coverage goals. The goals, established in 1982 by the National Security Council, called for worldwide shortwave coverage at a specified signal strength and a substantial increase in the number of languages broadcast by VOA. As we discussed in our report (see p. 14), and as recognized in VOA's 1989 modernization plan, the executive branch did not support funding at a level that would allow VOA to pursue the 1982 goals.

As discussed in chapter 3, we believe future VOA modernization efforts should be based on service to the audience rather than achieving broadcast coverage goals. Therefore, we are concerned about the new construction projects proposed in VOA's 1991 modernization plan and the adequacy of VOA's justification for these projects.

2. We discussed the modernization efforts of other international broadcasters in our report to emphasize what could be achieved through facilities renovation rather than new construction. We recognized that VOA's modernization strategy was based on an anticipated \$1.3 billion level of funding that would have allowed VOA to build many new facilities. However, as it became increasingly clear that these funds would not be made available, VOA continued to pursue its initial strategy. The National Research Council, hired by VOA to provide technical advice on its modernization program, recommended that VOA revise its plans to emphasize facilities renovation rather than new construction. This was not done. As discussed on page 55 of our report, we are concerned that VOA's 1991 plan continues to emphasize new facilities rather than upgrades to existing facilities.
3. Our report reflected the congressional requirement that VOA increase the number of languages it broadcasts as well as

congressional concerns about VOA's proposal to eliminate some of the language broadcasts. As VOA indicates, it has not received funding commensurate with the increased broadcasts. This is the reason we recommended that VOA again consider eliminating some language broadcasts.

4. Our report reflected the disposition of the nine shortwave transmitters purchased in 1978 and the installation of two of the six medium wave transmitters purchased in 1986. The report did not reflect the installation of an additional medium wave transmitter in Montserrat and the plans to install two others at planned stations in Kuwait and Sao Tome. We discussed the storage of transmitters in our report because, while conducting analyses of its requirements VOA stored transmitters even though they were needed elsewhere. VOA incurred over \$700,000 in storage and repair costs for these transmitters. (See pp. 17 and 18.)
5. VOA states that its broadcasting requirements are regional and do not lend themselves to traditional cost-benefit analyses. As discussed in our report, VOA's analyses focused on broadcast coverage and only considered limited project alternatives. VOA has not emphasized audience service as a benefit of its modernization program, in part because it has conducted limited research on its audience. (See pp. 23, 25, and 56.) We believe that VOA can and should conduct traditional cost-benefit analyses as had been recommended by VOA's technical consultants--the National Research Council. In addition, the political situation in the world no longer requires the same broadcast strategies that existed in the 1980s. New approaches to reach target audiences are becoming available and other factors are reducing the need for the large shortwave system envisioned in the early 1980s. (See pp. 32, 35, and 36.)
6. VOA states that alternative program delivery strategies will, in the future, incur ongoing operating costs. We agree and, as USIA stated in its earlier comments on our draft report, it will have to consider the costs and audience improvements to be gained from these strategies when compared with traditional shortwave broadcasts.
7. Page 15 of our report clarifies how the \$45 million in contractor studies was spent.
8. The text of our report (see p. 15) reflected the rationale for several of the changes in VOA's modernization plans. We note that the revised VOA chart includes additional information on

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the rationale for its plans in Germany and Greece that was not presented in our report.

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