

September 1996

# U.S. INFORMATION AGENCY

## Options for Addressing Possible Budget Reductions







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

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**National Security and  
International Affairs Division**

B-272315

September 23, 1996

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

Dear Mr. Chairman:

As you requested, this report discusses streamlining efforts at the U.S. Information Agency (USIA) and identifies options that could enable USIA to adjust to additional budget reductions. These adjustments would be in addition to those that USIA has taken to reduce costs.

We are sending copies of the report to the Director of the U.S. Information Agency, the Broadcasting Board of Governors, and to other appropriate congressional committees. We will make copies available to others upon request.

This report was prepared under the direction of Benjamin F. Nelson, Director, International Relations and Trade Issues, who may be contacted on (202) 512-4128 if you or your staff have any questions. Other major contributors to the report are listed in appendix VI.

Sincerely yours,

A handwritten signature in black ink that reads "Henry L. Hinton, Jr." with a stylized flourish at the end.

Henry L. Hinton, Jr.  
Assistant Comptroller General

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# Executive Summary

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## Purpose

The U.S. Information Agency (USIA) received \$1.407 billion in fiscal year 1995 and \$1.077 billion in fiscal year 1996 for the conduct of public diplomacy. Fiscal year 1996 funding is approximately \$200 million less than requested. Bipartisan efforts to balance the budget could result in further decreases by the year 2000.

The Chairman, House Committee on the Budget, asked GAO to examine USIA's reform and cost-cutting efforts and identify options that could enable USIA to adjust to reduced budgets. GAO did not attempt to evaluate the importance and relevancy of public diplomacy as a foreign policy tool or assess the amount of funding that would be appropriate.

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## Background

USIA's missions are to explain and advocate U.S. policy to foreign publics, provide them information about the United States, build lasting relationships and mutual understanding, and advise U.S. decisionmakers on foreign public opinion and its implications for the United States. This direct communication to the public of another country, or public diplomacy, is recognized by U.S. ambassadors and State Department officials as an important tool in carrying out U.S. foreign policy.

To accomplish its goals, USIA (1) maintains 199 posts in 143 countries to ensure that information on U.S. policy and way of life reaches the countries decisionmakers, to support the ambassadors' public affairs needs, to facilitate the exchange of people, and to handle foreign press relations; (2) manages a variety of educational and cultural exchanges; (3) conducts international broadcasting in over 50 languages; and (4) awards grants to several organizations to carry out related functions. Within USIA, the Broadcasting Board of Governors is responsible for the management and oversight of international broadcasting operations. Many USIA programs and its overseas structure and infrastructure were established after World War II as the United States sought to encourage democratic development.

Both the Congress and the administration have been instrumental in decreasing funding for USIA and encouraging more efficient operations. The Congress has reduced appropriations for broadcasting, individual exchanges, salaries and expenses, and the private grantees that receive funding through the USIA account. Additionally, Vice President Gore's National Performance Review recommended the consolidation of all nonmilitary international broadcasting to save over \$400 million, which subsequent legislation directed USIA to implement. Further budget

reductions are likely given the degree of budgetary stringency the federal government is projected to face in the next few years. If total discretionary spending is held to levels envisioned in this year's congressional budget resolution, it will fall by almost 6 percent by the year 2002. Office of Management and Budget guidance indicates that in fiscal year 2000, funding for USIA could be approximately \$400 million less than needed to fund current services. Furthermore, the fiscal year 1997 House budget resolution assumes that much of USIA will be gradually privatized or eliminated.

To respond to the potential that USIA might have to withstand cuts of the magnitude suggested by the Office of Management and Budget or congressional budget projections, GAO analyzed each of the major components within USIA for potential areas to reduce. USIA activities in fiscal year 1996 comprise overseas posts (costing \$310 million); academic and nonacademic exchanges (\$210 million); international broadcasting (\$405 million); headquarters salaries and operating expenses, information services, and the technology fund (\$109 million); and grants to the National Endowment for Democracy, the East-West Center, and the North/South Center (\$44 million), which are not under USIA's operational control and which GAO did not include in its analysis.

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## Results in Brief

USIA believes that reaching out to foreign publics and telling America's story remains critical to U.S. foreign policy goals. Agency officials believe that further significant reductions could greatly hamper USIA's mission. Moreover, USIA believes it has undergone an extensive reorganization and downsizing, responsive to both U.S. foreign policy priorities and needs, as well as budget constraints. In response to executive branch and congressional direction to reduce costs and adjust to the new world environment, USIA, including all international broadcasters, has cut approximately 2,600 staff positions from its 1994 level; consolidated all nonmilitary international broadcasting; and developed a multiyear strategy to downsize, reengineer its operations, and incorporate new technologies.

New fiscal realities may force USIA to make additional choices about resource priorities for the number and size of its locations and its wide range of programs and activities. Decisions on cutting activities and programs would be difficult and would need to reflect legislative requirements that have earmarked much of USIA's budget for specific exchanges, broadcasting programs, and grantees. Nevertheless, to remain viable, USIA would undoubtedly be forced to eliminate certain programs or

locations of activities. Scaling back activities would risk stretching limited dollars so thin across so many programs and activities as to render them insignificant. GAO believes that USIA could take steps to further reduce its costs, while continuing to protect U.S. interests, if fiscal conditions require.

To sustain a major reduction, USIA may have to consider closing more posts than it presently plans in countries where USIA has determined that the United States has limited public diplomacy goals. The impact of such closures now and in the future is uncertain. Another option would be to reconfigure USIA's overseas presence, which is currently based on a structure established after World War II. For example, USIA maintains cultural centers and branch offices (that provide basic information on the United States and counsel students interested in attending U.S. schools) in countries that previously did not, but now have, access to other sources of information on the United States. These options have the potential to substantially reduce costs.

The Congress has already scaled back funding for some exchanges, but eliminating one or more exchanges, which would require the Congress' approval, is also an option to reduce costs. USIA started managing academic and cultural exchanges when there were very few other exchanges. Now, nearly all of the 453,000 foreign exchange students in the United States finance their education without federal government support. Nevertheless, USIA exchanges permit the U.S. government to target potential leaders overseas, and consideration should be given to the potential impact that cutting exchanges would have on bilateral relationships with participating countries. Soliciting increased foreign government and private sector support is also an option to lessen USIA's costs.

The Congress has reduced funding for all nonmilitary international broadcasting activities and mandated their consolidation. Modest economies are possible by eliminating overlap among broadcasters. Any substantial funding cuts, however, would require major changes to the number of language services and broadcast hours. Past experience has shown that eliminating even one language is a difficult process, requiring concurrence from a wide range of interest groups and Members of Congress.

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## Principal Findings

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### USIA's Efforts to Cut Costs and Reengineer Functions

USIA developed a multiyear strategy to downsize and reduce costs. USIA and the broadcasting services have consolidated all nonmilitary international broadcasting activities; incorporated advanced technologies; engaged the private sector to reduce government expenditures; terminated production of regional magazines; and eliminated 2,586 staff positions, 1,496 of which were from the broadcasting entities, by reductions in force and other means. USIA targeted headquarters operations for its first round of reinvention activities where it replaced the Policy and Programs Bureau with a smaller Information Bureau and reengineered and automated administrative processes to save an anticipated \$7 million. This year, USIA has reduced its presence overseas by closing operations in four countries, shutting down 13 posts, and eliminating 115 U.S. and 436 foreign service national positions. The consolidation of the Voice of America (VOA) and Radio Free Europe/Radio Liberty (RFE/RL) engineering facilities and the elimination of overlap in broadcast schedules to Eastern Europe and the former Soviet Union have enabled USIA to reduce its fiscal year 1997 budget request for international broadcasting activities to \$365.4 million, \$121.3 million less than fiscal year 1994.

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### Overseas Presence Consumes More Than One Quarter of Budget

With reduced funding, USIA may be forced to reconsider its current strategy and plans regarding the number of locations and scope of activities. USIA, as well as the State Department, has traditionally believed that USIA should be located wherever State Department has a presence. As a result, USIA has established new posts as the State Department opened new posts in areas such as the newly independent states of the former Soviet Union and Central and Eastern Europe. In fiscal year 1996, USIA is spending about \$310 million, or 29 percent of its budget, on salaries, infrastructure, and operating expenses for overseas posts. Personnel costs account for over half of the costs of overseas posts. Staffing at overseas posts range from one foreign service national in Luxembourg to more than 300 U.S. staff and foreign nationals in India, and costs for post operations in fiscal year 1995 ranged from \$43,000 in Suriname to \$19.2 million in Japan.

USIA has been using a system developed in 1993 to make decisions on overseas post levels and reductions. This system related resources to U.S. national interests and other factors like USIA's ability to affect them. In 1995, USIA developed a framework for realigning resources at overseas

posts, acknowledging that USIA could no longer afford all its activities at all of its locations, and decided that it should maintain only those activities that make a difference. Under this model, all posts would have a core information program; larger posts could augment this core program with educational exchanges and other activities. Entire products, services, and programs would have to be dropped by many posts and, in some cases agencywide. However, USIA management could not reach a consensus on implementing the framework. Implementing such an approach would assist in identifying critical programs in specific countries that should be continued while reducing costs.

### Closing Some Noncritical Posts Could Result in Reduced Costs

USIA maintains its operations in countries of varying importance to the United States. Eliminating several posts in countries less important to the United States could result in reduced costs. For example, in fiscal year 1995, USIA maintained posts in 67 countries where—by its own criteria—the United States has limited public diplomacy goals. These posts cost more than \$36 million for salaries and operating costs, and exchanges for these countries cost an additional \$23 million. While reducing USIA's presence would affect to some extent its ability to influence foreign decisionmakers and the media, fiscal realities may require reductions to the overseas presence.

### Program Changes Could Result in Reduced Expenditures

USIA is beginning to address questions about the continued relevancy of its programs in light of changing world conditions and the number of staff who will be needed to support its activities. Based on a survey of overseas posts, USIA eliminated its regional magazines and exhibits program. However, if funding is cut significantly, USIA may have to reassess the relative merits of other programs. Some of its programs began when information about the United States was scarce, and they may not be as critical to U.S. objectives in the future as they were in the past. For example, USIA estimates that it spends about \$4 million a year to counsel foreign students on opportunities to study in the United States despite the availability of such information in the private sector. It also maintains a program to encourage English language training that was begun in the 1940s when English was not widely spoken. Additionally, countries with a large USIA presence, such as Germany, have USIA staff and facilities such as translators and printing facilities that may be useful but not critical to achieving post objectives. It is not clear whether cutting these programs would result in significantly fewer English-speaking individuals and foreign students in the United States.



USIA may also be able to reduce the costs of those programs it wishes to retain by obtaining additional financial support from the private sector and charging for more of its products. For example, USIA could expand efforts to encourage private companies to assume control of counseling facilities and charge fees for more of its English language training activities.

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### Eliminating, Relocating, or Reformatting Outreach Centers Is a Cost Reduction Option

USIA maintains about 70 outreach centers (cultural centers, libraries, and branch offices) that may not be colocated with a U.S. embassy or consulate, where staff deal directly with the public. For example, in fiscal year 1995, USIA spent \$9 million to operate six outreach centers, called “America Houses”, in Germany. The 77 staff at these centers provide information on U.S. policy and business and study opportunities, as well as host cultural events. Much of the information USIA provides is generated by the private sector, is available electronically, or could be distributed by a private entity.

Reformatting or relocating these outreach centers is another option should funding be further reduced. For example, the recent decision to close an America House in Germany and support the development of a local government and business supported German/American Cultural Center could cut annual USIA operating costs in Germany by about half a million dollars. In Singapore, USIA plans to terminate a \$455,000 yearly lease for a cultural center and move into Embassy facilities, and USIA hopes to relinquish its \$100,000 lease in Prague in the Czech Republic if room becomes available on Embassy property.

USIA believes, however, that USIA cultural centers offer easy and inexpensive accessibility to a wide variety of foreign nationals who otherwise would not gain insight into the U.S. way of life. USIA cautions that notwithstanding the expense of these programs, cultural centers still have a role in advancing U.S. interests that the private sector would not necessarily replicate.

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### Options to Reduce Costs of Exchange Programs

In fiscal year 1996, USIA is spending about \$210 million, or 19.5 percent, of its budget on a variety of congressionally established academic and cultural exchanges. On the whole, USIA believes that all exchanges are inherently beneficial despite different goals and impact. Nevertheless, appropriations have not permitted USIA to maintain the same level of exchanges, and the number of Fulbright, international visitor, and other exchanges has fallen. Potential budget reductions may force decisions on

which exchanges are essential in meeting U.S. objectives, and which are not.

If appropriations for exchanges are further reduced, USIA may wish to explore the relative value of each program to determine which are the most important and which could be eliminated without significant repercussions. For example, the Congress began funding educational exchanges after World War II, when few students were studying abroad on their own and there were no other U.S. funded exchange programs. Currently, about 453,000 foreign students attend U.S. high schools, colleges, and universities. Of these, only 1.2 percent, or about 5,400, received U.S. government funding as their primary source of support, about 1,600 of whom were under the Fulbright Exchange Program.

Another option would be to evaluate the relative merits of the current geographic distribution of USIA exchanges. According to some USIA and State Department officials, USIA should reduce exchanges to major Western European and other industrialized nations where they may no longer be as important as they were in the past.

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## Options to Further Reduce International Broadcasting Costs

For fiscal year 1996, \$405 million, or 38 percent, of USIA's budget is for international broadcasting, including VOA broadcasts in 47 languages, RFE/RL broadcasts in 21 languages, Radio and TV Marti's broadcasts to Cuba, and Worldnet's television broadcasts. The International Broadcasting Act of 1994, among other things, (1) reaffirmed the requirement for U.S.-funded international broadcasting and (2) directed the consolidation of all U.S. government nonmilitary broadcast services to reduce costs.

Any substantial reduction in funding would require major changes to the number of language services and broadcast hours. Because of the broadcasting consolidation and resulting downsizing and reorganization, however, only modest opportunities to increase efficiency and lessen duplication exist. USIA cautions that eliminating a language may be shortsighted, as a crisis could emerge and the Agency would be unable to respond quickly. Nevertheless, fiscal realities may require the termination of some language services.

A study of the existing overlap between broadcast entities could identify opportunities to reduce costs and increase efficiency. For example, because VOA and RFE/RL have different missions, they broadcast in 14 of the

same languages and have separate staffs, broadcast facilities, and transmission costs. Additionally, both entities maintained news bureaus in Russia at a cost of \$725,000 and \$919,000, respectively in fiscal year 1995.

Privatizing broadcasting could also cut costs but has practical limits. The International Broadcasting Act expressed the sense of the Congress that RFE/RL would no longer receive federal support after December 1999. Currently, RFE/RL, VOA, and Worldnet are each seeking private sector support. However, this is proving difficult due to practical issues, one being the fact that many broadcasts are not commercially viable. VOA private funding amounted to less than 1 percent of VOA's appropriation for fiscal year 1995 and consisted mostly of prizes and promotional items. VOA cited private sector concern over entering a market without research on audience size and demographics, from which companies could assess potential profitability. VOA says it cannot conduct such research because of budget concerns. RFE/RL spun off its Czech and Polish services into separate nonprofit corporations but has continued to provide them with financial support.

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## Headquarters Operations and Grants

USIA is spending \$109 million, or 10 percent, of its fiscal year 1996 budget on headquarters salaries and operating expenses to provide overall policy guidance, support overseas post activities, and manage and oversee international exchanges. Downsizing could be achieved if the headquarters supported overseas programs, such as international exchanges, binational centers, information resource centers, libraries, English teaching, and student advising, were reduced.

In fiscal year 1996, the Congress earmarked \$44 million, or 4 percent, of USIA's budget to fund three private grantees over which USIA has no operational control. They are the National Endowment for Democracy, the East-West Center, and the North/South Center. Any USIA effort to curb spending cannot unilaterally include reductions to these grants. The Congress has reduced appropriations to each grantee for fiscal year 1996, and any subsequent year reductions would also require congressional approval.

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## Recommendations

GAO is not making recommendations in this report. Rather, it is pointing out areas where reductions could be made to deal with potential cuts in appropriations. Balanced, thoughtful decisions must be made to ensure

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that U.S. public diplomacy requirements are met within the constraints of available funding, and that only essential activities are maintained.

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## Agency Comments

In commenting on a draft of this report, USIA said that it is instituting changes to cut costs while preserving essential missions. USIA said that its core functions remain valid, and that “preventive diplomacy” can help spare America from more expensive crisis-driven international engagements. USIA stated that it understands that the intrinsic value of many traditional programs is no longer enough to justify their continuation; there must be direct benefit to U.S. policy interests. USIA’s comments are presented in their entirety in appendix IV.

The Broadcasting Board of Governors characterized the report as welcome and timely, and noted that GAO’s observations and options to reduce costs have been and will continue to be reviewed by the Board. The Board’s comments are reprinted in appendix V.

USIA and the Board suggested technical clarifications and provided additional data that have been incorporated in the report as appropriate.

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**Abbreviations**

BBG	Broadcasting Board of Governors
FSN	Foreign Service National
OMB	Office of Management and Budget
RFE/RL	Radio Free Europe/Radio Liberty
USAID	U.S. Agency for International Development
USIA	U.S. Information Agency
VOA	Voice of America

# Introduction

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The U.S. Information Agency's (USIA) missions are to explain and advocate U.S. policy, provide information about the United States, build lasting relationships and mutual understanding among the peoples of the world, and advise U.S. decisionmakers on foreign public opinion and its implications for the United States.<sup>1</sup> Over the years, its programs have shifted in emphasis from one part of the world to another in response to foreign policy initiatives and direction from the administration as well as to congressional mandates. Its budget for fiscal year 1995 was about \$1.4 billion. Like other government agencies, USIA has faced the prospect of uncertain, but likely reduced, budgets as the administration and the Congress grapple with balancing the federal budget. In fiscal year 1996, USIA received about \$1.1 billion, 17 percent less than it requested.

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## History of Public Diplomacy Programs

The United States has engaged in foreign information programs, international broadcasting, and publicly funded educational and cultural exchanges for nearly 60 years. In 1938, the Congress began funding the first international educational exchange program in the sciences. U.S. funding of broadcasting began in 1942 with a 15-minute broadcast in German, which was soon followed by broadcasts in Italian, French, and English. After World War II, the Congress decided to introduce additional information and cultural programs overseas to promote U.S. policies and interests. In 1946, it mandated a peacetime international exchange program, beginning with the establishment of the Fulbright Exchange Program. This mandate was expanded to include numerous exchanges under academic, artistic, visitor, citizen, youth, and speaker programs.

In 1948, the Congress permanently established a U.S. international information and cultural exchange program, which included the Voice of America (VOA). VOA's objectives are to provide accurate, objective, and comprehensive news; portray a balanced view of American society; and explain U.S. government policy. VOA was followed by Radio Free Europe/Radio Liberty (RFE/RL) in the 1950s as a private nonprofit company to provide uncensored news to the Soviet Union and the Eastern bloc. In 1985 and 1990, Radio Marti and TV Marti, respectively, were established to fill a void in the news and information Cuban citizens received due to censorship by the Cuban government.

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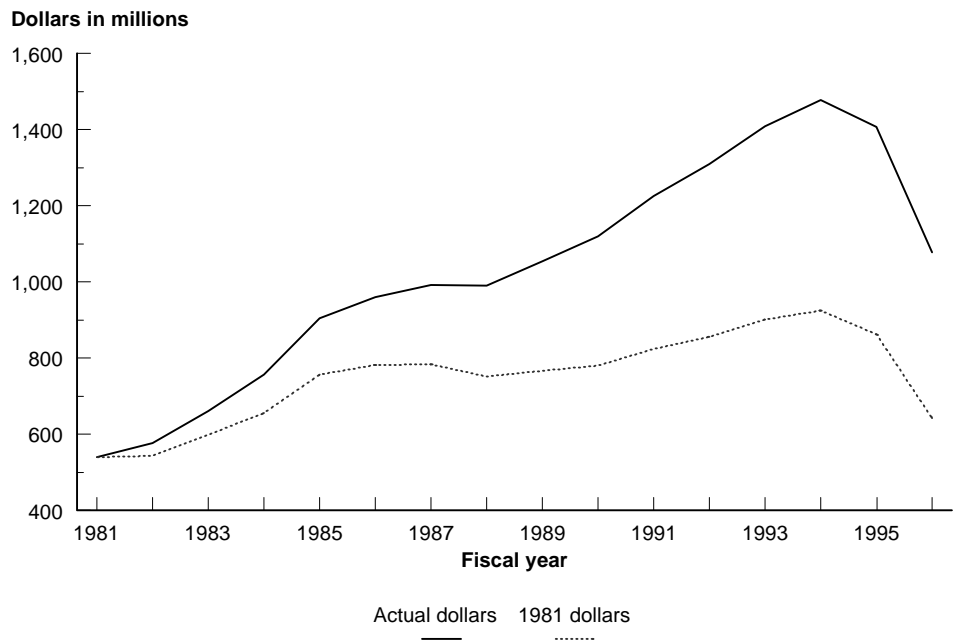
<sup>1</sup>USIA conducts its programs under the U.S. Information and Educational Exchange Act of 1948 (22 U.S.C. 1431) and the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451).



## Growth in Public Diplomacy Programs

Between 1981 and 1994, appropriations for public diplomacy programs increased as the Congress funded new missions such as additional exchanges for the newly independent states of the former Soviet Union. In fiscal year 1995, funding began a downward trend as a result of the consolidation of international broadcasting activities and reduction in exchanges and salaries and expenses. (see fig. 1.1).

**Figure 1.1: Public Diplomacy Funding Trends** (fiscal years 1981-96)



Source: USIA, Office of the Comptroller.

As shown in the figure, USIA received \$1.077 billion in fiscal year 1996, of which about

- \$405 million (38 percent) is being spent for international broadcasting and radio construction: VOA broadcasts in 47 languages, RFE/RL broadcasts in 21 languages, Radio and TV Marti's broadcasts to Cuba, and Worldnet's television broadcasts;
- \$310 million (29 percent) is for personnel, infrastructure, outreach activities, and headquarters support for USIA's overseas posts;
- \$210 million (19 percent) is allocated for educational and cultural exchanges and related salaries and management expenses;
- \$109 million (10 percent) is for headquarters salaries, operating expenses, a technology fund, and information programs; and
- \$44 million (4 percent) is for grants to the National Endowment for Democracy, the East-West Center, and the North/South Center.

In fiscal year 1996, USIA is operating its programs at 199 overseas posts in 143 countries, as compared to 200 posts in 125 countries in fiscal year 1981. The growth in country operations largely resulted from opening posts in newly independent countries. In 1981, USIA maintained 16 posts in Eastern European countries and the former Soviet Union, but it now has 31 posts in this region. At the same time, the level of its U.S. and foreign service national (FSN) personnel decreased; in 1981, USIA employed 642 Americans and 2,960 FSNS overseas, and by the end of 1996 it will have 523 American and 2,318 FSN employees. Additionally, RFE/RL employs approximately 400 staff at its offices in Prague in the Czech Republic, VOA employs about 600 personnel to manage transmission sites, and both fund correspondents.

Since the end of the Cold War, the Congress has appropriated funds to establish new exchange programs. For example, in 1992, the Congress authorized the Edmund S. Muskie Fellowship Program to provide grants for graduate study to educators, government officials, business leaders, and scholars from Soviet bloc countries for study in law, economics, business, and public administration. In 1994, the Congress established the Mike Mansfield Fellowship Program for U.S. citizens to study the Japanese language and to serve 1 year in an office of the government of Japan. The U.S. Agency for International Development (USAID) transferred funds for USIA's exchange programs budget for Eastern and Central Europe (fiscal year 1991 to present) and the former Soviet Union (fiscal year 1993 to present). Table 1.1 shows USIA appropriations by major account for fiscal years 1981-96.

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**Chapter 1**  
**Introduction**

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**Chapter 1  
Introduction**

**Table 1.1: Funding for Public Diplomacy by Account**

Dollars in millions					
	<b>1981</b>	<b>1982</b>	<b>1983</b>	<b>1984</b>	<b>1985</b>
Salaries and expenses	\$372	\$390	\$441	\$485	\$532
Educational and cultural exchange programs	67	70	83	101	140
National Endowment for Democracy				18	19
East-West Center	16	17	18	18	19
North/South Center					
VOA and other broadcasting <sup>a</sup>					
Broadcasting to Cuba				10	9
Radio construction	3	19	36	31	92
Other <sup>b</sup>					
<b>USIA total</b>	<b>\$458</b>	<b>\$496</b>	<b>\$578</b>	<b>\$664</b>	<b>\$810</b>
RFE/RL	82	81	83	94	94
<b>Total public diplomacy</b>	<b>\$540</b>	<b>\$577</b>	<b>\$661</b>	<b>\$757</b>	<b>\$905</b>
<b>Total adjusted to 1981 dollars</b>	<b>\$540</b>	<b>\$543</b>	<b>\$598</b>	<b>\$656</b>	<b>\$756</b>

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<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
\$550	\$588	\$620	\$620	\$635	\$658	\$697	\$490	\$490	\$477	\$446
134	145	150	150	154	163	194	242	351	287	200
17	15	17	16	17	25	28	30	35	34	30
20	20	20	20	20	23	25	26	26	25	12
					10	5	9	8	4	2
							253	256	243	254
10	13	13	19	28	31	37	29	21	25	25
105	66	0	58	68	106	98	104	75	69	33
				4	4	9	7	6	7	6
<b>\$837</b>	<b>\$847</b>	<b>\$820</b>	<b>\$882</b>	<b>\$927</b>	<b>\$1,021</b>	<b>\$1,093</b>	<b>\$1,190</b>	<b>\$1,268</b>	<b>\$1,170</b>	<b>\$1,006</b>
124	145	170	171	194	206	217	220	210	237	71
<b>\$960</b>	<b>\$992</b>	<b>\$990</b>	<b>\$1,054</b>	<b>\$1,120</b>	<b>\$1,226</b>	<b>\$1,310</b>	<b>\$1,409</b>	<b>\$1,478</b>	<b>\$1,407</b>	<b>\$1,077</b>
<b>\$782</b>	<b>\$783</b>	<b>\$752</b>	<b>\$766</b>	<b>\$780</b>	<b>\$823</b>	<b>\$855</b>	<b>\$901</b>	<b>\$925</b>	<b>\$863</b>	<b>\$643</b>

Note: Numbers may not add due to rounding.

<sup>a</sup>Prior to 1993, VOA costs were in the salaries and expenses account. Also, this category excludes Cuba broadcasting, RFE/RL, and radio construction.

<sup>b</sup>Includes the Office of the Inspector General and technology fund.

## Geographic Distribution

In fiscal year 1995, USIA spent at least \$3 million on programs in more than 40 countries and more than \$11 million on programs for 7 countries (see table 1.2). Cuba was the largest single target of public diplomacy programs; in fact, expenditures for Radio and TV Marti exceeded the total costs for all activities targeted for any other country.

**Table 1.2: Seven Largest Public Diplomacy Programs (fiscal year 1995)**

Dollars in thousands				
Country	Post	Exchanges	Broadcasting	Total
Cuba	\$ 614	0	\$28,435	<b>\$29,049</b>
Russia	6,155	\$2,238	15,074	<b>\$23,467</b>
Germany	18,341	3,500	0	<b>\$21,841</b>
Japan	19,160	2,164	0	<b>\$21,329</b>
China	4,223	2,148	7,645	<b>\$14,016</b>
Brazil	10,469	2,389	764	<b>\$13,622</b>
India	8,500	1,780	1,327	<b>\$11,607</b>

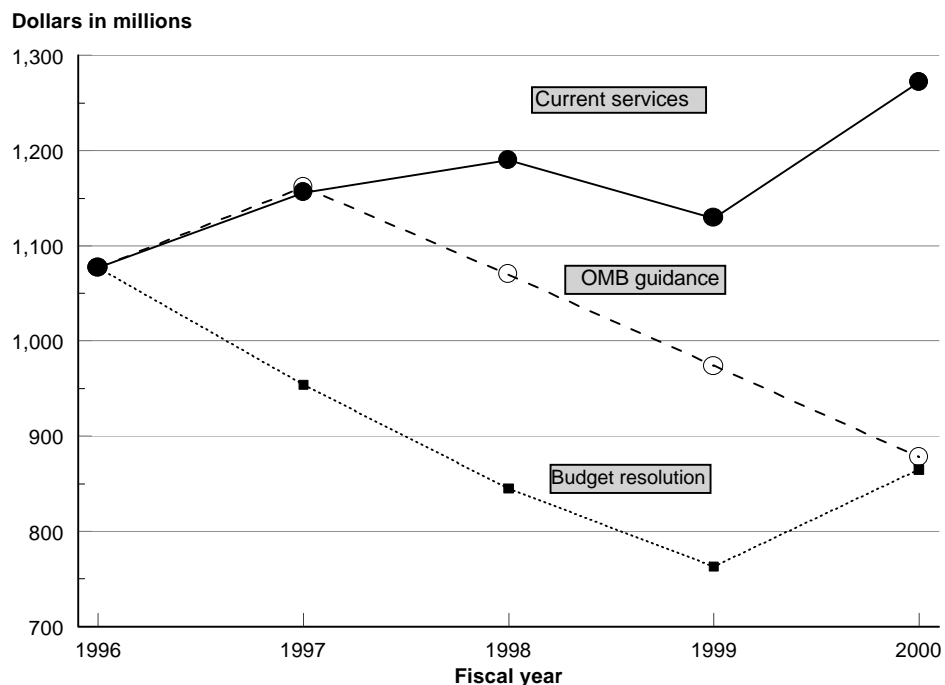
## Future Funding Prospects

Further budget restrictions are likely given the degree of budgetary stringency that the federal government is expected to face in the next few years. If total discretionary spending is held to levels envisioned in this year's congressional budget resolution, it will fall by almost 6 percent by 2002. It will be difficult to exempt USIA from bearing its share of this decrease.

Various funding scenarios indicate the degree to which USIA's budget could be reduced. While the fiscal year 1997 request is slightly higher than the \$1.1 billion appropriated for fiscal year 1996, the Office of Management and Budget (OMB) has projected that funding for USIA will be reduced thereafter, falling below \$900 million by fiscal year 2000. Under the fiscal year 1996 7-year concurrent budget resolution, USIA could receive less than OMB projected. If USIA were to take a proportional share of the proposed reductions in the international affairs account, the congressional plan would call for reductions in funding for USIA to \$865 million by 2000.<sup>2</sup> Because of inflation, costs for current services would increase by about 4 percent. Additionally, the fiscal year 1997 House budget resolution assumes that much of USIA will gradually be privatized or eliminated. Therefore, there is a substantial gap between the costs of maintaining the status quo and potential funding levels. Because of these fiscal constraints, USIA may not be able to continue all of its current functions and operations. Three funding scenarios for USIA are shown in figure 1.2.

<sup>2</sup>USIA could receive far less under this plan. The House version assumed substantial reductions, if not outright elimination, of funding for exchanges and broadcasting. The Senate version did not indicate how USIA programs would be affected by the overall reductions planned for the international affairs programs.

Figure 1.2: Various Funding Scenarios for USIA



Note: Current services' projections represent the funding USIA would need to maintain current services, according to OMB. OMB guidance shows projected funding for USIA based on OMB's fiscal year 1997 budget submission. For the budget resolution projection we calculated the percentage reduction to the 150 budget function called for in the fiscal year 1996 concurrent budget resolution. We applied these same percentage reductions to USIA spending.

## Objectives, Scope, and Methodology

The Chairman of the House Committee on the Budget asked us to examine USIA's reform and cost-cutting efforts and identify options that could enable USIA to adjust to reduced budgets. Our review focused on activities of the primary components of USIA activities, namely overseas posts, educational and cultural exchange programs, and international broadcasting. For each component we looked at the reinvention and cost-cutting activities to date, plans for the future, and potential options for additional cuts should funding be significantly cut. We identified options for lowering costs within the context of specific programs and activities by reviewing Agency studies and USIA Inspector General reports, meeting with a wide variety of Agency officials, and analyzing whether current conditions and program objectives remained relevant when compared to conditions when the programs first began. We did not attempt to evaluate the importance and relevancy of public diplomacy as a

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foreign policy tool or assess the amount of funding that would be appropriate.

We met with officials and reviewed documents at USIA and State Department headquarters in Washington, D.C., and at offices in Germany and the Czech Republic. We also met with officials from private organizations that sponsor exchanges, U.S. private companies, and foreign government officials to gain their perspective on USIA programs and used the results of a 2-day GAO symposium on foreign affairs issues. We conducted work at RFE/RL in the Czech Republic. We also relied on work previously conducted at USIA headquarters and at posts in Mexico and Guatemala and our prior reports on international broadcasting and exchange programs.

We conducted our review between August 1995 and August 1996 in accordance with generally accepted government auditing standards.



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# USIA Efforts to Downsize and Reengineer Its Operations

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USIA has been involved in a multiyear restructuring plan to become a leaner, more efficient, and more technologically advanced agency. USIA has reduced staff, eliminated some activities, and reengineered some of the ways it operates. Both the Congress and the administration have been instrumental in this change.

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## Congressional and Administration Direction Spur Change

The House Conference Report on Fiscal Year 1993 Appropriations for the Department of State indicated that the amount of funds provided to USIA for fiscal year 1993 would be substantially below the amounts needed to maintain then-current program levels and allow USIA to open new posts in the countries of the former Soviet Union. As a result, the report directed USIA to review all programs, including the library programs at USIA reference and research centers, and submit proposals for reductions in lower priority programs.

In 1993, Vice President Gore's National Performance Review and OMB targeted many agencies for cuts. The President directed USIA to submit a streamlining plan to the Director of OMB by December 1993. The plan was to address the goal of reducing by half the number of supervisory or managerial positions, reducing micromanagement and red tape, realizing cost savings, and improving the quality of service and productivity. Furthermore, the National Performance Review recommended the consolidation of all nonmilitary international broadcasting to help meet the President's deficit reduction plan. It was anticipated that the consolidation would achieve savings of \$400 million over a 4-year period.

In response, the Agency developed a multiyear strategy to downsize and reinvent its operations.

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## Consolidation of Radio Broadcasts Has Reduced Costs

The consolidation of VOA and RFE/RL eliminated RFE/RL's engineering and transmission function and overlapping broadcast hours to the same target nations, which resulted in a 32-percent reduction in total broadcast hours. Both VOA and RFE/RL have reduced the size of their workforce since fiscal year 1994 in response to these changes. The International Broadcasting Bureau eliminated over 300 positions, and RFE/RL eliminated over 1,150 positions, reducing costs significantly. Table 2.1 compares fiscal year 1994 funding with the fiscal year 1997 request to indicate the annual savings achieved through the consolidation.

**Table 2.1: International Broadcasting Funding Before and After Consolidation**

Dollars in millions			
<b>Purpose</b>	<b>1994 actual</b>	<b>1997 request</b>	<b>Difference</b>
VOA	\$103.7	\$101.0	-\$2.7
RFE/RL	160.0	71.7	-88.3
Radio and TV Marti	21.0 <sup>a</sup>	25.0	+4.0
Worldnet	24.5	22.6	-1.9
Radio Free Asia	0	10.0	+10.0
Engineering	159.4	116.0	-43.4
Administration <sup>b</sup>	18.1	19.0	+0.9
<b>Total</b>	<b>\$486.7</b>	<b>\$365.4</b>	<b>-\$121.3</b>

Note: Totals may not add due to rounding.

<sup>a</sup>The actual expenditure was \$27.3 million, including \$6.3 million in prior year funding.

<sup>b</sup>Increases include administrative costs formerly in the RFE/RL budget.

## USIA's Reengineering Earns Special Recognition

In addition to broadcasting consolidation, USIA has taken a variety of measures to reinvent itself. USIA reduced its headquarters staff, targeting duplication, bureaucratic layering, outmoded activities, and the inefficient distribution of its workforce, and began a reorganization. It replaced its Policy and Programs Bureau with a smaller Information Bureau, which eliminated more than 150 positions and both removed management layers and developed systems and information to best support the needs of the posts. The Information Bureau is now using advanced communications technology, such as digital video conferencing, to perform traditional agency functions in a more cost-effective manner. Furthermore, USIA established a technology modernization fund and created a technology steering committee to enhance technology planning and decision-making.

In response to congressional concerns, USIA also began converting walk-in libraries in developed countries to technologically advanced information centers. USIA also surveyed its overseas posts to determine the relative impact and priority of its activities and programs. In response, USIA eliminated the production of regional magazines and exhibits that Agency officials determined were no longer the most effective means of reaching foreign decisionmakers.

In fiscal year 1996, USIA is streamlining its overseas operations by eliminating about 115 U.S. and 435 FSN positions. USIA also plans to review the structure and staffing of its Educational and Cultural Affairs Bureau,

and work with other foreign affairs agencies to establish common administrative services, and eliminate unnecessary and duplicative practices. Reengineering and new automated administrative processes are expected to save \$8 million and further reduce related staffing. Furthermore, USIA is participating in the review by the President's Management Council to increase the effectiveness of the U.S. overseas presence while reducing its cost. The review will focus on streamlining overseas operations, sharing administrative support, and making better use of information systems and communications technology.

In recognition of some of its achievements, the Vice President presented USIA a National Performance Review "Hammer Award." This award symbolizes the federal government's commitment to tearing down bureaucracy and rebuilding a new government that works better and costs less.

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## Agency Comments

In commenting on a draft of this report, USIA said that it is instituting changes to cut costs while preserving essential missions. USIA said that its core functions remain valid and that "preventive diplomacy" can help spare America from more expensive crisis-driven international engagements. USIA stated that it understands that the intrinsic value of many traditional programs is no longer enough to justify their continuation; there must be direct benefit to U.S. policy interests.

# Overseas Posts

USIA conducts a wide variety of activities at its 199 overseas posts to inform and encourage relationships with the public in 143 countries. These activities range from disseminating information on U.S. policy to managing academic exchange programs. (These activities are discussed in app. I.) In fiscal year 1996, USIA is spending \$310 million, or about 29 percent of its budget on personnel, infrastructure, programs, and headquarters activities to support overseas operations. If appropriations are substantially reduced, USIA may wish to consider reducing (1) the number of countries in which it has posts, (2) the staff size of posts and level of overseas activities, and (3) the infrastructure it maintains overseas. When weighing these options, consideration must be given to the extent to which the reductions will diminish the U.S. ability to influence foreign publics.

## Reducing the Number of Countries in Which USIA Operates Is an Option to Reduce Costs

USIA's philosophy has been to maintain a public diplomacy presence where a State Department mission is located. Closing posts can yield significant cost reductions, especially if posts have large infrastructure or personnel costs. Costs of overseas posts range from \$43,000 in Suriname to \$19.2 million in Japan.

USIA has closed some posts.<sup>1</sup> However, the Agency has maintained posts in countries that, by its own criteria, are relatively less important to U.S. interests. In fiscal year 1995, USIA operated posts in 67 countries at a cost of more than \$36 million (plus \$23 million in exchanges), where USIA believed the United States had limited public diplomacy goals. One post, for example, had four U.S. foreign service officers and 21 FSNS assigned and cost \$1.4 million a year to operate. Exchanges to that country cost an additional \$643,000. In another country, three U.S. and five foreign nationals were employed, with post and exchange costs totaling \$2.5 million.

In April 1996, USIA announced that it was abandoning its principle of universality because of budget constraints. USIA states that as a result, its current overseas presence is 13 posts and 4 countries below fiscal year 1995 levels.

<sup>1</sup>In 1993, the Agency notified the Congress that it intended to close its offices in Izmir, Turkey; Bangui, Central African Republic; Palermo and Florence, Italy; Lubumbushi, Zaire; and Nassau, Bahamas. The Bangui, Lubumbushi, and Izmir posts were closed in 1993, and the post in Florence is scheduled to close in 1996. According to USIA, it decided not to close the Palermo post because the ambassador objected to its closure. USIA informed us that by the end of fiscal year 1996 it will have terminated operations in Fiji, Lesotho, Gabon, Guyana, and Suriname, which together cost about \$1.6 million to operate in fiscal year 1995.

## Assessing Post Programs and Staff Levels Could Yield Reductions

Developing baseline requirements for activities and the number of people needed overseas could help USIA to accommodate budget reductions. Overseas staffing levels are particularly important because personnel costs consumed more than half the cost for USIA's overseas operation in fiscal year 1995. In some countries, these costs were even higher: personnel costs in Germany and Japan consumed 65 percent and 68 percent, respectively, of the total USIA country budget. In Germany, USIA spent \$9.5 million for the salaries and benefits of 126 FSNS, and \$2.4 million for 26 U.S. employees.

USIA is now downsizing its overseas personnel levels, which cost approximately \$168 million in fiscal year 1995. Individual posts may be losing one or more positions based on a 1993 USIA system that ranks countries by importance and other characteristics, such as population and size, and USIA's potential to affect U.S. interests there. For each rank, USIA established a benchmark in 1994 for personnel levels and programs, and posts with staffing levels above this benchmark would lose staff. However, this benchmark is based on historic staffing and program levels and therefore may be above actual staffing requirements. For example, one USIA official stated that USIA management recognizes that the post in Germany will be too large even after downsizing, as it reflects the structure established after World War II.

A more comprehensive approach would be required if there were a major funding reduction. In June 1995, the USIA Director decided to design a strategic vision for its overseas presence, assuming that funding could be reduced by as much as 40 percent. The model acknowledged that the Agency could no longer afford to do some things, and that many posts might have to drop entire products, services, and programs. In response, Agency managers developed a building-block approach under which all USIA overseas posts would include a core advocacy mission and USIA would add information activities, exchanges, and cultural programs only if a country were important to U.S. interests and if USIA's efforts could be effective. The model called for deemphasizing media and public opinion reporting because other agencies and the private sector already provide such reports, eliminating programs in the arts because they do not add to what is being done privately, and reducing grants to highly developed countries. Top management concluded that without such a redesign, Agency inertia would result in merely a downsized status quo, which would not yield an effective overseas structure. However, we were told that top management could not reach a consensus on the model, so as of August 1996, no actions had been taken.

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## Difficulty in Establishing Link Between Program and Desired Result

USIA has not conducted assessments required to determine if programs that were developed in a different era have outlived their usefulness or if the value added from their involvement is worth the investment. Agency officials believe it is difficult to link a program to a desired result, and existing evidence of impact is largely anecdotal. Such assessments are critical to USIA's ability to sustain a major reduction and remain viable.

One activity that we believe merits such review is USIA's student advising operation. USIA spends about \$2.6 million annually to subsidize more than 400 educational advisory centers worldwide that provide information about the U.S. system of education. Some of these centers are housed in USIA offices and are fully funded by the U.S. government. Others are operated by host country universities or U.S. nonprofit organizations and are partially funded by USIA. An additional \$1.4 million is spent for training, materials, and other activities. USIA believes that it is in the best interests of the United States to support student advising because international students spend nearly \$7 billion a year in the United States, contributing substantially to the U.S. economy, and American students are introduced to different cultures, enhancing diversity. However, the USIA Inspector General recently concluded that new worldwide trends to internationalize higher education, advancements in communication technology, and the increased sophistication of non-U.S. government-sponsored educational advising institutions indicate that a guidance and oversight role for USIA is more appropriate than an operational one. Overall, the USIA Inspector General believes that the increase in private sector counseling services, coupled with dwindling USIA resources, suggest it is now an appropriate time for USIA to turn over its educational advising role to the private sector.

USIA's English language training program, which originated in 1941, also is a candidate for review. The purpose of this program is to encourage the teaching of English; develop host country institutional capabilities to teach English; directly teach English in Africa, the Near East, and Asia; and design materials to supplement host countries' classroom texts in more than 140 countries, including Western countries such as Brazil, France, and Mexico. USIA supports the program in part because it allows the United States access to people and institutions that it might otherwise be denied, such as universities in Islamic countries, and provides a better understanding of and appreciation for American culture and values in the curricula of these institutions.

Other programs, specific to one or more posts, should also be considered for review if budgets are significantly reduced. For example, a large post

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like Germany may employ translators and printing facilities and issue post-generated materials whose value would need to be assessed in a time of declining budgets. One example is a publication that contains statements made by U.S. officials on foreign policy questions and is developed and distributed by the USIA post in Germany.

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## Alternatives to Cultural Centers and Expensive Infrastructure Could Reduce Costs

USIA data indicate that it maintains more than 70 cultural centers, libraries, and branch offices overseas. Because they may not be co-located with an embassy and require staff to deal directly with the public, they are often expensive to operate. In Germany, for example, the fiscal year 1995 cost to operate six cultural centers (called America Houses) was nearly \$9 million, which was for 77 staff and for activities such as reference centers, including online databases; student counseling activities; and cultural events. Lease costs for USIA's three branch offices in Japan exceed \$350,000 a year, and the cost for offices in Milan, Italy, was approximately \$137,000. USIA stated that between fiscal years 1992 and 1996 it closed 30 cultural centers, 12 of them in conjunction with decisions to close posts in countries such as Iraq, Somalia, Lesotho, and Guyana.

USIA could cut costs by finding alternatives for its cultural centers.<sup>2</sup> For example, the USIA Inspector General believes that binational centers are a cost-effective alternative to cultural centers. Binational centers are private, autonomous institutions established to promote mutual understanding between the United States and host countries. USIA may have only minimal or no funds invested in the centers and may or may not assign staff. USIA successfully encouraged the formation of a binational center when funding limitations forced it to close an America House in Germany. USIA collaborated with private industry and the local German government to establish a German-American Institute to further relations through cultural and educational events. This decision could cut USIA's annual operating costs in Germany by as much as half a million dollars. Of the 126 existing binational centers, 101 are located in Latin America, 16 in Europe, 4 in the Far East, and 5 in the Middle East.

USIA officials said that the Agency has been forced to incur costs for office space when an embassy or a consulate does not have sufficient room available to house USIA. Nevertheless, when available, colocating with the State Department offers a more cost-effective approach. In 1996, USIA plans to terminate a \$366,000 annual lease in Seoul, Korea, and a \$455,000

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<sup>2</sup>USIA decided not to open cultural centers throughout the newly independent states of the former Soviet Union because the \$3.7 million start-up cost at each location was prohibitive.

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annual lease in Singapore and move into embassy facilities in both countries. We were also informed that when USAID leaves the Czech Republic, space may become available for USIA to move onto embassy property and relinquish its lease costing \$100,000 a year.

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## Expanding Innovative Management Approaches May Permit USIA to Absorb Additional Reductions

If after assessing the impact of its overseas programs USIA believes they remain critical to U.S. foreign policy goals, USIA would still be in a position to reduce costs. USIA would be better able to accommodate reduced funding levels by (1) obtaining further financial support from the private sector, (2) charging fees for more of its products, and (3) ensuring that improved communication technologies are effectively integrated into how USIA delivers information.

Historically, USIA has had a close relationship with the private sector, particularly with educational and nonprofit institutions that support international exchanges. Recently, USIA headquarters and posts have sought to interest the private sector in supporting other USIA programs to lessen government costs. For example, the Vice President instructed USIA to seek creative funding arrangements for its overseas counseling activities. In response, USIA entered into an agreement with a private company to assume control of the previously USIA-managed advising center in Singapore. The company will pay all costs, but the center will still carry the USIA name and logo.

USIA has sought to maximize its funding by charging for some of its activities, and the Congress authorized USIA to supplement direct appropriations with the proceeds. In fiscal year 1995, USIA yielded \$3.5 million from customers of its worldwide English language training program. Posts sell materials to clients to cover shipping, administrative, and markup costs. Posts retain 95 percent of the proceeds to spend on programs like their English training specialists or to help host countries develop institutions to teach English. Five percent of the proceeds are returned to headquarters for support. To a much lesser degree, USIA can recoup some of the costs associated with student advising. All USIA-supported student advisory centers can charge for their services. According to USIA officials, however, USIA posts cannot charge for services or headquarters-supplied products. The only exception is independently developed materials, which in Germany are prepared in German, published, and sold directly to students.



USIA determined that as a global information agency in the information age it needed to modernize its communication technology and in fiscal year 1996 embarked on a modernization plan. Its headquarters reorganization supported the integration of new technologies. It was envisioned that by exploiting electronic technology, USIA could close down high overhead public access libraries in Europe and replace them with information centers, and could open up home pages on the Internet for easy access by users. Home pages may include speeches and other statements of U.S. officials, information on country post activities, clips of U.S. news articles, and other information for researchers. While not explicitly stated, the underlying assumption would appear to be that technology would significantly reduce and change USIA's involvement in supplying information.

We observed, however, that some USIA officials in the field appear to view technology more as an addition than as a replacement for their long-standing programs. One official noted, for example, that information centers were opened at the cost of closing traditional libraries that lent out books and other materials. Furthermore, USIA believes that technology does not negate the need to target individuals and institutions they believe are influential in shaping opinions or insuring that the public receive accurate, comprehensive coverage of U.S. policies. USIA officials with whom we spoke believe that technology can never replace the personal contact of USIA officials and can in fact cause an even greater need for USIA. They note that the proliferation of information will require that USIA play an even greater role in explaining and sifting through all the available data.

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## Agency Comments

USIA said that no one model can shape all overseas posts, and it is recasting the size, scope, and focus of some of its operations and phasing out separate cultural center operations whenever feasible. Regarding the privatization of its student advising program, USIA stated that it will continue to cultivate private support of student advising, but commented that it is not in the U.S. government's interest to fully privatize student counseling. USIA also noted that the goals of its English language program—to orient foreign teachers toward American English and materials so students will be more likely to study in the United States rather than other English language countries and to develop ties with the United States—is not generally shared by commercial programs.

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# Academic and Cultural Exchange Programs

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USIA manages a variety of exchange programs to foster mutual understanding between the people of the United States and other countries. Appendix II provides detailed information about these programs. In fiscal year 1996, these exchanges cost about \$210 million plus approximately \$29 million to manage them. In recent years funding levels have not permitted USIA to maintain the same number of exchanges it supported in the past. Should funding be further reduced, options to cut costs include (1) eliminating certain exchanges entirely, (2) reducing the amount of funds USIA allocates to each program, or (3) obtaining more financial support from the private sector or foreign governments. The advisability of implementing any or all of these options would need to be evaluated along with the impact such actions might have on U.S. bilateral relationships and on the promotion of ties between private citizens and organizations in the United States and abroad.

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## Assessing the Need for Some USIA Exchanges Could Yield Reductions

USIA currently manages some U.S. government exchange programs that have existed for more than 50 years. In 1994, USIA academic exchanges accounted for less than 24 percent of all U.S. government-funded international exchange and training activities. The Agency has evaluated these programs, but the evaluations fell short of assessing the usefulness of the programs for promoting U.S. foreign policy objectives. Whether the federal government still needs to fund each exchange, whether the exchange is targeted at the most appropriate countries, whether it is unique and unavailable from the private sector, and whether it is effective are questions requiring review should the budget for exchanges be significantly cut.

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## USIA Academic Exchanges Represent a Small Portion of Foreign Students in the United States

USIA manages a variety of academic scholarships. The best known is the Fulbright Academic Exchange program, which involves the exchange of about 4,700 U.S. and foreign students, research scholars, lecturers, and teachers annually. Additionally, USIA manages other academic exchanges such as the Hubert H. Humphrey Program, under which mid-career professionals from developing countries receive a year of specially designed academic study and professional internships, an undergraduate exchange for economically disadvantaged Central American students, and the Edmund S. Muskie Fellowship Program for mid-career professionals and qualified students in the newly independent states to do graduate study in the United States in the fields of business administration, economics, law, and public administration.

When the Fulbright Program was established, few foreign students came to the United States for studies. Clearly one objective of the program was to provide funds to spur such interchange, and this was borne out in subsequent years. According to the Fulbright Foreign Scholarship Board, in 1948, 500 British graduate students were attending graduate studies in the United States, and of these, 200 were under the Fulbright program.

Since the United States first began funding scholarships, conditions have changed. The number of foreign students in the United States reporting personal or private resources as their primary source of funding has increased markedly. In 1950, 7.7 percent of foreign students in the United States reported the U.S. federal government as their primary source of funding. In 1994, about 453,000 foreign students were studying in U.S. colleges and universities. In the 1994/95 academic year, only about 1.2 percent, or about 5,400 students received funding from the U.S. government as their primary source of support. The Fulbright Program accounted for about 1,600 of the students receiving U.S. government funds.

Similarly, the number of U.S. students abroad has increased dramatically. In 1969, approximately 18,000 U.S. students were studying abroad. During the 1993-94 school year, more than 76,000 U.S. students attended foreign educational institutions.

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### Reducing Concentration of Exchanges in Certain Countries Is an Option to Reduce Costs

Some officials believe USIA could decrease funding for exchanges with western industrialized countries. One USIA official argued that in times of severe budget reductions, the Agency should direct more of its resources to those countries with the greatest potential to disrupt the world order. A State Department official asserted that USIA should concentrate more of its programs in Eastern Europe and the former Soviet Union where information on the United States is lacking. Another State official asserted that USIA should operate in poorer countries where social, political, and cultural development is in the beginning stages.

Although Western Europe accounts for approximately 20 percent of all exchange participants, some European and other industrialized countries receive relatively large programs. The concentration of exchange programs in some of these countries began shortly after World War II. For example, the U.S. government began exchanges with Germany in 1945 as part of a larger effort to assist Germans in creating a new society modeled on western democratic concepts. The U.S. government also engaged in

democratization efforts in Japan. The exchanges initiated under these efforts evolved into the Fulbright Program and other USIA exchanges.

Germany and Japan have become modern democracies with large economies, and many students from these countries study in the United States. In 1994, Japan, with over 45,000 students studying in the United States, was the leading country of origin for foreign students. Germany was the leading country of origin in Europe for foreign students studying in the United States. In the 1994-95 school year there were 8,500 such students. Despite the large number of German and Japanese students studying in the United States on their own, USIA still maintains a large program of exchanges in both countries. USIA's program with Germany ranks second of 187 countries in which USIA has programs. In 1994, 2,481 Germans traveled to the United States and 861 Americans traveled to Germany on USIA exchange programs. USIA's program with Japan is the 14th largest in terms of participants. In 1994, 305 Japanese traveled to the United States and 125 Americans traveled to Japan on USIA exchanges.

USIA and U.S. embassy officials asserted that maintaining a large exchange program with Germany is still important. According to USIA officials, exchanges with Germany help the United States maintain the strong relationship between the United States and Germany and reach former East German citizens who have not had any experience with democratic principles. Both the U.S. Ambassador and public affairs officer in Germany said it was important to maintain a good relationship with Germany because it is emerging as the leading economic power in Europe. The Ambassador also asserted that the United States cannot rely on past relationships to maintain its influence in the region. USIA has made similar assertions about the need to maintain and nurture its relationship with Japan.

Nevertheless, there is disagreement within USIA over the level and appropriate share of exchanges with such countries. One USIA official, for example, believes that the number of exchanges with Germany is unnecessary because of the flow of exchanges funded by other sources. Another official offered that if private sector exchanges are occurring without USIA, USIA exchanges could be merely duplicating private sector efforts.

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## Basing Cuts on Uniqueness and Relationship to Foreign Policy Goals May Be Option

USIA and embassy officials with whom we met believe that the international visitor and citizens exchange programs are particularly important because they are directly related to U.S. mission goals. These programs have little or no parallels in the private sector. As a result, some have suggested that these should be the last exchanges targeted for cuts. Furthermore, USIA officials also informed us that those academic exchanges that involve government-to-government agreements may also directly support U.S. objectives and should be maintained.

For example, the officials told us that the International Visitors Program can be linked to U.S. foreign policy goals more readily than long-term academic programs because the visitors' exchanges are directly tied to USIA goals as described in the posts' country plans. Furthermore, participants are selected by post officials, including the ambassador and the public affairs officer.

To illustrate, USIA planned an International Visitor Program for a group of German government and private sector officials around the theme of foreign policy challenges facing western nations. The USIA post especially wanted to target persons from former East Germany who had little contact with the United States but whose views would be important in shaping future German policy. In commenting on the program, one participant, who was an official of the youth wing of a political party in the eastern states, informed USIA that the trip gave him a much more favorable attitude about the United States. His activities included a week in Washington, D.C., to meet with staff and representatives from the federal government, academia, lobbying organizations, and think tanks; another week in Miami, Florida, to explore the foreign policy implications of Cuban and Haitian refugees and immigration through meetings with journalists, local business people, and others; an academic seminar in Lincoln, Nebraska, to discuss a variety of topics; a stop in San Jose, California, to obtain information on current trade issues and military downsizing; and a few days in New York City, New York, to meet with individuals from a variety of organizations to discuss human rights issues. USIA officials in Bonn, Germany, estimated that this particular exchange cost \$12,658.

Officials in Washington and the U.S. ambassador to Germany described the International Visitors Program as a vital tool in achieving U.S. foreign policy goals. A private sector official who manages private as well as USIA exchanges said the private sector rarely offers exchanges to political leaders. Though the private sector could and sometimes does conduct

professional visitor exchanges, these exchanges are based on economic needs, not U.S. foreign policy considerations.

USIA can also use the Citizens Exchange Program to meet more immediate foreign policy needs. For example, USIA funded a number of citizens exchange grants focusing on public administration and local government development, business administration/management training, economic and educational reform, rule of law, and elections. These exchanges have taken place with citizens from a variety of countries such as those in Central and Eastern Europe, the newly independent states, and South Africa.

On the other hand, the U.S. Ambassador to Germany gave more importance to the Fulbright and the Congress-Bundestag youth exchange programs than other USIA exchange programs because they are bilateral. Members of the German parliament with whom we met stated that U.S. government support of the exchanges proves its commitment to Germany. A senior advisor to the Parliament stated that Germany contributes more to these two exchange programs than the United States does and would view any decrease in U.S. support as a symbol of disengagement. In fiscal year 1995, Germany contributed \$5.4 million to the Fulbright Program, while the U.S. government contributed \$2.9 million. Table 4.1 shows U.S. and partner contributions to the Fulbright Program.

In 1995, USIA had active bilateral agreements with 50 of the 148 countries participating in the Fulbright program. These executive agreements establish binational commissions to administer the exchanges and commit both parties to support the program. USIA and others assert that the bilateral nature of the Fulbright Program makes it relevant to foreign policy and distinguishes it from other private and U.S.-funded academic exchange programs despite the small number of students it supports relative to the total studying in the United States. For example, one of the binational commissions stated that the unique binational structure, governed and financed by representatives of both contracting countries, makes the program special among private and government programs.

**Chapter 4**  
**Academic and Cultural Exchange Programs**

**Table 4.1: USIA and Partner Contributions to the Fulbright Program (fiscal year 1995)**

Dollars in thousands

<b>Country</b>	<b>USIA support</b>	<b>Direct foreign government support</b>	<b>Endowments, contributions, in-kind support</b>	<b>Total</b>
Argentina	\$1,188	\$200	\$123	<b>\$1,511</b>
Australia	664	364	320	<b>1,348</b>
Austria	325	527	117	<b>969</b>
Belgium/Luxembourg	326	375	8	<b>709</b>
Brazil	1,988	542	93	<b>2,623</b>
Bulgaria	987	0	13	<b>1,000</b>
Canada	263	200	444	<b>907</b>
Chile	942	0	199	<b>1,141</b>
Colombia	968	35	700	<b>1,703</b>
Cyprus	242	215	8	<b>465</b>
Czech Republic	1,055	132	133	<b>1,320</b>
Denmark	349	429	333	<b>1,111</b>
Ecuador	693	0	9	<b>702</b>
Egypt	1,130	0	239	<b>1,369</b>
Finland	198	214	922	<b>1,334</b>
France	946	656	270	<b>1,872</b>
Germany	2,927	5,421	560	<b>8,908</b>
Greece	527	105	305	<b>937</b>
Hungary	1,559	131	8	<b>1,698</b>
Iceland	199	85	19	<b>303</b>
India	1,411	0	27	<b>1,438</b>
Indonesia	1,137	0	110	<b>1,247</b>
Ireland	214	0	45	<b>259</b>
Israel	941	71	372	<b>1,384</b>
Italy	1,099	931	0	<b>2,030</b>
Japan	1,816	3,591	1,013	<b>6,420</b>
Jordan	767	100	0	<b>867</b>
Korea	744	781	0	<b>1,525</b>
Malaysia	503	0	43	<b>546</b>
Mexico	1,956	1,200	75	<b>3,231</b>
Morocco	678	924	0	<b>1,602</b>
Nepal	542	0	0	<b>542</b>
Netherlands	388	518	38	<b>944</b>
New Zealand	509	181	51	<b>741</b>

(continued)

**Chapter 4**  
**Academic and Cultural Exchange Programs**

Dollars in thousands

<b>Country</b>	<b>USIA support</b>	<b>Direct foreign government support</b>	<b>Endowments, contributions, in-kind support</b>	<b>Total</b>
Norway	396	849	215	<b>1,460</b>
Pakistan	851	14	4	<b>869</b>
Peru	812	0	33	<b>845</b>
Philippines	739	35	6	<b>780</b>
Poland	1,966	0	150	<b>2,116</b>
Portugal	364	50	180	<b>594</b>
Romania	1,597	103	130	<b>1,830</b>
Slovak Republic	633	0	0	<b>633</b>
Spain	944	2,255	707	<b>3,906</b>
Sri Lanka	565	1	0	<b>566</b>
Sweden	350	381	0	<b>731</b>
Thailand	840	80	75	<b>995</b>
Turkey	1,215	241	65	<b>1,521</b>
United Kingdom	972	635	537	<b>2,144</b>
Uruguay	290	27	0	<b>317</b>
<b>Total</b>	<b>\$42,715</b>	<b>\$22,599</b>	<b>\$8,699</b>	<b>\$74,013</b>

**Effectiveness May Be Criterion on Which to Base Cuts**

One option to reduce costs is to eliminate or reduce exchanges with the least impact. For example, some officials believe that high school exchanges should not be funded when budgets are declining because they are more time-consuming and expensive, and have less immediate impact than other exchanges. However, USIA has little data on the impact of exchanges that could be used to identify less effective programs.

As indicated in our June 1993 report<sup>1</sup> the Agency had devoted few resources to evaluating the effectiveness and relative importance of its programs because USIA believes exchange programs are inherently beneficial and achieve foreign policy goals by promoting mutual understanding, as stated in their enabling legislation. Past USIA evaluations were based mainly on anecdotal information, according to a USIA official in the Office of Policy and Evaluation.

In recent years, officials involved in advising or managing exchange programs have expressed the need for more evaluation. Furthermore, in 1995, the U.S. Advisory Commission on Public Diplomacy concluded that

<sup>1</sup>Exchange Programs: Inventory of International Educational, Cultural, and Training Programs (GAO/NSIAD-93-157BR, June 23, 1993).



the United States lacks a strategic justification for federally funded exchanges. USIA acknowledged the need for more evaluations and in 1992 established the Office of Policy and Evaluation. However, the office's evaluations do not measure the impact in terms of foreign policy goals. Instead, the more than 60 studies conducted attempted to measure the skills or knowledge the participants acquire as a result of the exchange and their use of those skills after they return to their countries.

USIA officials have asserted that evaluating the impact of exchange programs is difficult. Its present approach of assessing the skills and knowledge the participants acquire as a result of the exchanges is not useful for deciding which programs are the most successful in promoting U.S. foreign policy goals. According to an Office of Policy and Evaluation official, USIA is developing criteria and a methodology to better measure the degree to which exchanges are linked to foreign policy goals and objectives at a broad level for example, to U.S. political and economic security. He said the office's goal is to develop evaluations that will support efforts to prioritize programs.

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## Additional Options to Reduce Costs

In addition to scaling back or eliminating specific exchanges, USIA can seek increased private sector and foreign government support to offset possible budget cuts.

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## Encourage More Private Sector Support for Exchanges

In fiscal year 1995, USIA received approximately \$109 million in direct financial and other support from the private sector for exchanges. For example, private sector support for Fulbright students ranges from tuition waivers to endowments to airline tickets. The Institute of International Education, one of the organizations that manages the Fulbright student competitions for USIA, also solicits private sector support and in 1994 raised about \$10 million for Fulbright students. An Institute official stated that the organization conducts the fund-raising efforts on its own initiative. He believes his organization could double the contributions from the private sector if USIA provided a small amount of resources for fund-raising activities. Furthermore, the Fulbright Foreign Scholarship Board has urged the binational commissions to increase their efforts to raise funds from the private sector within the countries they represent.

The International Visitors Program, the Citizens Exchange Program, and the Arts America Program also receive support from the private sector. Support for the International Visitors Program is provided by 102

community-based voluntary organizations in 42 states generally referred to as Councils of International Visitors. Although USIA has a budget of about \$1.5 million to support the councils, the councils raise most of the money they need to fund their activities. Staff and volunteers from the councils arrange the local appointments for the visitors, accompany them, and arrange for home visits. During the home visits, volunteers arrange social events for the visitors and take them sightseeing. The home visits are often the highlight of the program for the visitors. For example, a visitor from Eastern Germany stayed for 3 days with a farm family in Nebraska, where he said he encountered the genuine America.

Citizens Exchanges and Arts America Programs' requests for proposals contain cost-sharing provisions requiring that organizations seeking grants solicit other private sector support. The Arts America Program also solicits funds from foundations and corporations. Further, the program incorporates free commercial cultural activities whenever possible. For example, if a private organization funds a musical or theatrical group's trip to Brazil, USIA may solicit a free performance for its invited guests or fund the group's performance in a neighboring country.

At the same time, USIA officials caution that opportunities for the private sector to assume total responsibility for USIA exchange programs may be limited. For example, USIA officials in Germany assert that an increased role for the private sector is not viable if a program such as the International Visitors Program is designed to meet immediate foreign policy goals, or if a program is conducted under a bilateral agreement. They explained that the private sector cannot make commitments for the U.S. government. Further, they said foreign governments often prefer government-to-government relationships. Some former German international visitors said they did not believe the private sector would be able to arrange the same high-level meetings as the government. One participant from eastern Germany said he would not have participated in a program sponsored by the private sector because it might have commercial purposes.

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### Increased Foreign Government Support for Exchanges Could Reduce Costs

USIA could reduce its costs by requiring more support from partner foreign governments. One of the goals of the Fulbright Program is that each binational partner provide an equal amount of the support, but this goal has not been met. Although most of the 50 partner nations in the Fulbright Program provide program support, their contribution falls far short of matching that of the United States. In fiscal year 1995, for every dollar the

USIA spent on the Fulbright Program, the foreign governments spent 19 cents. Several binational partners (Austria, Belgium/Luxembourg, Denmark, Finland, Germany, Japan, Morocco, the Netherlands, Norway, Spain, and Sweden), contributed more to the program than the United States in fiscal year 1995. Table 4.2 shows fiscal year 1995 funding and foreign government and private sector support for each of the exchange programs.

**Table 4.2: USIA, Foreign Government, and Private Sector Support for USIA Exchange Programs (fiscal year 1995)**

Dollars in thousands				
Program	USIA <sup>a</sup>	Foreign government <sup>a</sup>	Private sector	Total
Fulbright	\$116,708	\$22,599	\$51,067	<b>\$190,374</b>
Special academic	36,768	245	16,712	<b>53,725</b>
International Visitor	50,073	8,245	Not available	<b>58,318</b>
Citizens	9,214	2,750	33,792	<b>45,756</b>
Congress-Bundestag	2,500	3,200	Not available	<b>5,700</b>
Arts America	1,576	0	1,367	<b>2,943</b>
FSA/NIS <sup>b</sup>	53,931	0	5,894	<b>59,825</b>
Unspent funding <sup>c</sup>	1,940	0	0	<b>1,940</b>
<b>Total<sup>c</sup></b>	<b>\$272,710</b>	<b>\$37,439</b>	<b>\$108,832</b>	<b>\$418,981</b>

<sup>a</sup>Estimated.

<sup>b</sup>Freedom Support Act programs for the Newly Independent States of the former Soviet Union funded through interagency transfer from USAID.

<sup>c</sup>Funds carried over into fiscal year 1996.

A USIA official stated that the Agency's efforts to encourage the partner nations to increase their contributions have resulted in increased contributions. For example, he said Italy recently made a commitment to double its contribution. The Philippines and Turkey have also made commitments to increase their support. The USIA official further stated that, although parity is the general goal, some binational agreements make no reference to equal funding. It depends on the resources of the country. He cautioned that it could be difficult for USIA to demand increases from the partner nations when the Agency is facing a substantial budget reduction and will have to decrease its own contribution.

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## Agency Comments

USIA agreed that exchange programs should not be concentrated in areas such as Western Europe, where non-USIA exchange opportunities are plentiful. As such, USIA indicated that it had been shifting resources to exchange programs in regions that are not as fully represented by other U.S. government agencies or the private sector. Additionally, USIA stated that (1) it continues to curtail or eliminate programs that must be sacrificed to address foreign policy priorities; (2) it has moved resources from Central America to Eastern Europe and the newly independent states of the former Soviet Union; and (3) it encourages host government and private sector cost-sharing of academic exchange programs and has been able to raise the level of funding from partner countries.

# International Broadcasting

The United States broadcasts over 1,600 hours of radio programming in 53 languages and over 400 hours of television in several languages worldwide each week to support U.S. foreign policy objectives. Appendix III explains each service and provides detailed information on cost, staff, broadcast hours, and audience. U.S. international broadcasting has undergone significant downsizing and restructuring. Nevertheless, a number of issues such as language priorities, the proper mix of television and radio, and the role of the private sector must be fully addressed to ensure the best use of limited, and possibly declining, funds. We offer some examples of the type of cuts the Broadcasting Board of Governors (BBG) could choose to implement if funding is reduced significantly.

## International Broadcasting Has Been Reorganized to Enhance Oversight

In the U.S. International Broadcasting Act of 1994, the Congress clearly tied international broadcasting to U.S. foreign policy objectives and reaffirmed the importance of continuing U.S. broadcasts to further U.S. interests. This legislation also directed the creation of a broadcasting service, in addition to VOA, to the People's Republic of China and other Asian countries that lack adequate sources of free information.

To better coordinate programs and ensure adequate oversight, the legislation consolidated all nonmilitary international broadcasting under the bipartisan BBG, which was established within USIA and confirmed on August 11, 1995, and met for the first time on September 6, 1995. The BBG is responsible for ensuring that broadcasts

- are consistent with broad U.S. foreign policy objectives as well as international telecommunications policies and treaty obligations;
- do not duplicate U.S. private or other democratic nations' broadcast activities;
- reflect the highest professional standards of broadcast journalism, including providing reliable information; and
- are designed to reach a significant audience.

BBG staff told us that they will review all U.S.-sponsored international broadcast entities and their various services to ensure that they meet the U.S. standards and principles.

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## Eliminating Language Services Would Reduce Costs but Require Clear Broadcasting Strategy

Eliminating a language service or broadcast hours offers an immediate reduction in costs. For example, terminating RFE/RL's broadcasts in Romanian could cut costs by over \$2 million; terminating RFE/RL's or VOA's Russian service could reduce annual funding by \$7.8 million and \$5 million, respectively. However, making decisions to cut languages or services is difficult because the consolidation of VOA and RFE/RL did not resolve questions regarding the relative importance and priority of the various languages and the appropriate mix of television and radio. Furthermore, the BBG has yet to develop a worldwide broadcasting strategy to address these issues.

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## Worldwide Language Priorities Not Yet Established

The United States broadcasts in many languages for a variety of reasons. USIA agrees that some languages are clearly more important to immediate U.S. interests than others. Some language services are maintained because of interests of the Congress or the National Security Council. For example, in 1990 VOA proposed eliminating six language services, Greek, Uzbek, Turkish, Slovene, Swahili, and Lao, but decided to continue the services due to congressional and other interest. Also, there is a belief that maintaining low priority services is "insurance" against a time when those languages may become high priority. For example, VOA eliminated its Farsi language service in 1966 when Iran was a strong regional ally of the United States. After the fall of the Shah and the U.S. hostage crisis, VOA reinstated a Farsi service in April 1979, but according to VOA officials it took years to develop a high-quality service and to rebuild a listening audience. More recently, Creole was deemed a low-priority language service. However, with U.S. intervention in Haiti, the language took on a very high priority. Therefore, the cost savings from eliminating lower priority language services must be measured against the risk of needing those language services in the future.

The BBG is developing a plan to extensively review all language services and broadcast entities to determine their continued need and effectiveness. However, the BBG has not addressed the problem we noted in 1992 concerning the lack of timely and specific research data.<sup>1</sup> We concluded that the lack of data hampered VOA's ability to make effective decisions on program content and resource allocations. Although extensive audience research is being conducted in Eastern Europe and the former Soviet Union, research is still lacking in other parts of the world. For example, an August 1994 report by the Office of Strategic Planning on

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<sup>1</sup>Voice of America: Management Actions Needed to Adjust to a Changing Environment (GAO/NSIAD-92-150, July 1992).

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the media climate in the Middle East and South Asia concluded that the “data on VOA listenership in the Middle East are uneven and largely out of date.”

To date, the BBG has reviewed the Amharic service to Ethiopia after receiving congressional complaints regarding the service. It then replaced the Amharic service with a new “Horn of Africa” service, which includes two other languages in addition to Amharic to better reach more people in that region of Africa. The BBG considered input from both the National Security Council and congressional staff, as well as the best available audience research data, which came from the British Broadcasting Corporation.

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## Role of Television and Radio in U.S. Broadcasting Not Yet Decided

With tight budget constraints, difficult decisions may have to be made regarding television and radio broadcasts. Television is significantly more expensive than radio but is rapidly becoming the dominant broadcast medium throughout the world. The number of television sets worldwide is growing not only in industrialized western countries but also in China and developing countries. For this reason, the United States Advisory Commission on Public Diplomacy has recommended changing the mix of radio and television, with more funding for television. USIA research also supports reducing shortwave broadcasting and increasing television programming in many countries in Eastern Europe and the former Soviet Union. BBG staff informed us that they will be addressing this issue.

VOA is experimenting with providing some television programming in cooperation with Worldnet. VOA’s Mandarin service has initiated a new program, China Forum, which is a weekly panel discussion simultaneously broadcast live by radio and television. The quality of the television is not up to Worldnet’s standards; nonetheless, judging by the call-in segment of the program, it is popular since over 20 percent of the callers are watching the program. Worldnet, using VOA broadcasters, produces a half-hour weekly television program in Ukrainian, Window on America. In a nationwide survey conducted in the Ukraine in the spring of 1995, about 66 percent of the respondents said they had heard of Window on America, one-half said they had watched the program at least once during the previous 2 months, and 6 percent had watched it every week during the last 2 months. This is comparable to weekly and occasional listening to VOA or RFE/RL radio programming.

High-quality television, such as Worldnet's programming and TV Marti, is significantly more expensive than radio. Furthermore, USIA does not have as direct control over television transmission as it does its shortwave radio. Regarding the cost issue, Window on America, a half-hour weekly program, costs about \$790,000 annually to produce, whereas 2 hours of daily VOA Ukrainian radio broadcasting costs \$1.3 million annually to produce. In the case of Radio and TV Marti, 24 daily hours of radio cost about \$15 million, and 4-1/2 daily hours of television cost \$13.3 million in 1995. Regarding control, most viewers access U.S. television programs from local television stations or local cable systems. Whoever controls the local cable system or station can censor or terminate the broadcasts. Few potential viewers have, or have access to, satellite dishes to receive the Worldnet signal directly.

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## Increased Private Sector Funding Can Reduce Costs

In the U.S. International Broadcasting Act of 1994, the Congress expressed the sense that RFE/RL would no longer receive federal funding after December 31, 1999. VOA is attempting to get private sector support for its programming and in some cases divest itself of the programs, such as VOA Europe and the Latin American Service. At this time, however, the broadcasters have met with limited success in interesting the private sector in assuming the costs and responsibilities for international broadcasting.

RFE/RL determined that both Poland and the Czech Republic least required a U.S. surrogate radio station and offered the best potential for private support. At this time, the prospects that these spin-offs will actually occur is uncertain. RFE/RL had hoped that they could discontinue funding for the services by the end of calendar year 1995. However, RFE/RL estimated that for fiscal year 1996, it would still have to fund the services at a cost of \$248,000 and \$986,000, respectively. VOA has also had little success privatizing existing programs or language services. One potential partner for the Latin American service cited, among other concerns, the lack of an adequate market assessment of listeners. VOA officials acknowledge shortfalls in audience research but cite the cost associated with worldwide research.

VOA and RFE/RL officials still hope that greater private sector support is attainable, but it does not appear that, at least in the near term, the private sector can replace the U.S. government as the prime supporter of this type of international broadcasting. Broadcast officials are concerned that several of their services, such as those services aimed at closed societies,



will not be commercially profitable or in any way able to attract private sector support for some time. For example, VOA's attempts to persuade a large corporation to fund broadcasts to China were unsuccessful, partly because the corporation is concerned about the Chinese government's reaction to its funding VOA broadcasts. VOA has received some prizes and other promotional items from private businesses, but to date, such private support totals less than 1 percent of its appropriation.

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## Management Improvements Offer Potential to Reduce Costs

We identified areas where the study of existing overlap could yield management improvements and cost reductions. Further consolidation of broadcasting assets, such as newsrooms, overseas bureaus, and other offices, may result in additional cost reductions. For example, in fiscal year 1995 RFE/RL spent \$919,000 on its Moscow bureau and just over \$1.5 million on freelancers for the Russian service, while VOA spent about \$725,000 on its Moscow bureau and \$45,000 on freelancers in Russia. Also, program review functions could be consolidated. Currently, one office reviews all VOA, Worldnet, and Marti programs, while RFE/RL is developing its own program review capability to replace an office that was eliminated as part of its downsizing.

Greater emphasis on placement of radio programs on local AM and FM radio stations has already reduced transmission costs while increasing audience levels. For example, VOA no longer broadcasts to the Baltic states by shortwave; rather, broadcasts are sent by satellite for placement on the respective national radio networks and some private radio stations. Elimination of shortwave broadcasting significantly reduces transmission costs, and audience survey data revealed that placement on local AM and FM stations increases the number of listeners because the quality and accessibility of the signal are better. For example, a listener survey in three cities in Senegal indicates a 4 to 7 percent listener rate for shortwave broadcasts of VOA French to Africa but 22 to 34 percent listener rates for the affiliate broadcasts. Terminating VOA's English broadcasts to Asia on shortwave and mediumwave could reduce expenditures up to \$2.5 million for transmission services.

The trade-off to eliminating shortwave broadcasts is that in times of crisis, hostile forces could terminate the local broadcasts since the signal emanates from a location over which the United States has no control. Therefore, in many countries, such as Russia, VOA and RFE/RL have local affiliates that broadcast their programs, but they also continue to broadcast the programs directly over shortwave radio. VOA's 6 daily hours

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of direct broadcasting to Russia cost almost \$1 million annually to transmit.

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**Agency Comments**

The Broadcasting Board of Governors characterized the report as welcome and timely and noted that GAO's observations as well as options to reduce costs have been and will continue to be reviewed by the Board.

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# Grantees Funded Through USIA

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The Congress uses the USIA budget as a means to transfer federal funds to certain grantees. Any USIA effort to curb spending cannot unilaterally include reductions to these grants. About \$43.7 million, or 4 percent, of the fiscal year 1996 budget is for grants to the National Endowment for Democracy, the East-West Center, and the North/South Center.

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## National Endowment for Democracy

The National Endowment for Democracy was established in 1983 as a private, nonprofit organization to encourage free and democratic institutions throughout the world and promote U.S. nongovernmental participation through private sector initiatives. The Endowment received \$34 million in fiscal year 1995 and \$30 million in fiscal year 1996. By law, the Endowment is a grant-making organization only and cannot carry out programs directly. It provides grants primarily to the Center for International Private Enterprise, the Free Trade Union Institute, the International Republican Institute, and the National Democratic Institute. An example of how the Endowment's grant funds are used is the Free Trade Union Institute's trade union development activities in Russia, Hungary, and Romania.

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## East-West Center

The East-West Center is an international educational institution established in 1960 to promote better relations and understanding among the nations of Asia, the Pacific, and the United States through cooperative study, training, and research. The Center conducts research, seminars, and workshops and supports undergraduate and graduate education. For fiscal year 1995, the Center received \$24.5 million, but the Congress reduced funding to \$11.7 million for fiscal year 1996.

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## North/South Center

The North-South Center is a national educational institute closely affiliated with the University of Miami. Its mission is to promote better relations, commerce, and understanding among the nations of North America, South America, and the Caribbean. The Center began receiving a federal grant in 1991. Since that time, funding has been sharply reduced. The Center received \$10 million in fiscal year 1991, \$4 million in fiscal year 1995, and \$2 million for fiscal year 1996.

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# Overseas Post Activities and Programs

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This appendix describes activities of the overseas posts of the U.S. Information Agency (USIA). Each post is unique because U.S. foreign policy interests and conditions in countries differ. Nevertheless, all posts develop core programs to supply information about U.S. policy and way of life, and manage exchanges and other cultural activities.

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## Activities and Programs of Overseas Posts

Each year, USIA overseas posts develop plans that detail specific activities and describe how each will support U.S. goals as defined by the Department of State. USIA activities relate to the following themes: democracy and human rights, political security, U.S. society and values, communication and information, economic security, and global issues. Each major theme has subthemes that further define the issues USIA will address. For example, within the democracy and human rights theme, USIA targets some of its programs toward promoting the rule of law. The goal of supporting nonproliferation of nuclear weapons is an issue USIA may address as it seeks to support U.S. political security, while some USIA activities address narcotics trafficking as one of the global issues USIA supports. The importance and emphasis placed on themes and subthemes vary by country. Democracy and narcotics would rank high in an emerging democracy with a recognized drug-trafficking problem. Furthermore, specific issues or events—such as the Gulf War—may require immediate USIA involvement. Posts attempt to ensure that all of their activities are tied to one or more of the themes.

Posts implement their activities through their cultural and information offices. The ultimate goal of the information office is to advocate U.S. policy and provide sufficient information so that foreign publics will support U.S. policy. An information officer is the adviser and spokesperson for the ambassador on press and public relations, and the point of contact with the foreign press. An information office may issue press releases and place USIA materials in local newspapers, radio, or television; organize interviews or teleconferences between foreign journalists and U.S. officials; or respond to requests for information on U.S. culture and policy via technologically advanced information centers. For example, the post in the Republic of Georgia developed a home page that includes information on subjects such as consular services, student advising, and information on the U.S. government, including the White House and the Congress. Posts rely on a host of publications prepared in Washington, D.C., such as the daily wireless file, which contains news articles for overseas dissemination; materials translated into Spanish, French, Arabic, or Russian; and special event reports on relevant issues.

The cultural office manages USIA-funded exchanges and speakers programs, cultural centers, libraries, and other activities that acquaint foreign nationals with U.S. culture, institutions, and values and prepare and encourage them to study in the United States. The office also manages student counseling, English language training, sister cities programs, and other outreach activities to the community. For example, cultural officers may help to link a foreign university with a university in the United States.

Exchanges are a core function of the cultural offices. In administering exchanges, USIA officers and their staff may help select exchange program candidates, administer English language proficiency tests, present orientations to departing students, and maintain contact with returning grantees to keep apprised of their progress and use of their experiences. Overseas posts also work with USIA headquarters staff to develop international visitors' programs and schedules that will meet U.S. and participants' needs. USIA staff may also solicit private sector financial support for exchanges and, with the help of press officers, plan and implement press events to publicize their generosity.

Examples of exchanges and other activities supporting U.S. policy include the following:

- Posts in Africa supported democratic development through media training workshops on economic and political reporting and broadcast management and by pairing private institutions with American sister institutions, such as bar associations and women's organizations.
- Posts in Latin America developed a multiyear anticorruption initiative with the U.S. Agency for International Development by organizing several conferences and setting up television interactive programs.
- Posts in Eastern and Central Europe provided legal advisers and funded international visitors to support improvements in the rule of law.

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## Typical Events of a USIA Cultural Center

USIA maintains approximately 40 cultural centers. Specific activities vary by country, but activities at the cultural centers in Germany are typical of those found elsewhere. During October 1995, USIA in Germany reported that its cultural center staff in Berlin participated in 38 events, 10 of which were held at the USIA America House. Additionally, the House engages in a variety of daily activities, such as responding to information requests and counseling German students about study in the United States.

Costs for the 38 events were paid by several sources. Nearly all of them were conducted in conjunction with a non-U.S. government sponsor who supplied financial support, publicity, or the site for the event. Overall, incremental costs to the America House for each event were minimal, ranging from \$30 to \$450, for a total of about \$4,000. Nevertheless, these costs do not reflect the true U.S. government expense, as the USIA post in Germany pays personnel, program, and infrastructure costs of \$3 million to support the maintenance of the cultural center and permit these events. Additionally, the America House may have hosted a U.S. speaker whose trip was funded out of one of the USIA exchange programs. That cost would therefore come from a headquarters exchange program budget. The following are examples of some events that occurred and their incremental costs to USIA:

- “Crossing Over-Changing Places,” closing event of USIA Arts America Exhibit at a German museum. America House cost: \$200.
- “Welcome to Wittenberg,” official greeting of delegation from Springfield, Ohio, which is Wittenberg’s sister city. America House cost: \$30.
- “Preventive Diplomacy and Conflict Mediation,” roundtable of U.S. federal mediator with German officials at German foundation. America House cost: none.
- “Black Poetry and Ethnic Pride,” a reading by American author Michael Warr at the House. America House cost: none.
- “Exhibition of photographs by Richard Crisler at a local facility. America House cost: \$300.
- “Meet the Author: Susan Bergman,” a reading at the House. America House cost: \$300.
- “Study in the U.S.,” meeting at the House to discuss USIA program. America House cost: none.
- “German-American and Transatlantic Relations,” meeting of Ambassador with journalists at newspaper location. America House cost: none.
- “U.S. Exchange Program,” discussion of U.S. and German academics and members of nonprofit organizations at a local facility. America House cost: \$50.
- Opening of Leucorea Foundation and its Center for Advanced English and U.S. Studies; Ambassador and others presided over opening ceremony at the Foundation. America House cost: \$300.
- “The Art of Miles Davis,” press conference and exhibit opening at the House. America House cost: \$300.

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# Exchange, Information, and Cultural Programs and Products

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USIA exchanges promote personal, professional, and institutional ties between private citizens and organizations in the United States and those abroad. In addition, over the years, USIA has developed a variety of products and programs for use overseas to enhance ties and understanding.

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## Academic and Nonacademic Exchange Programs

USIA administers a number of academic and nonacademic exchange programs, including those detailed below.

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### Academic Exchanges

The Fulbright Program, established in 1946, is the centerpiece of academic exchanges. It awards about 4,000 grants annually to American and foreign scholars to study, teach, lecture, or conduct research. The exchanges usually last from 6 to 12 months. Other academic exchanges were authorized to deal with special interests. These programs include exchanges (1) to establish and maintain quality U.S. studies programs at foreign universities; (2) to bring mid-level professionals from developing countries, Eastern and Central Europe, and the former Soviet Union to the United States for a year of study and professional internships; and (3) to address a wide variety of developmental needs for Russia and the newly independent states of the former Soviet Union. In fiscal year 1995, the Fulbright Program cost about \$117 million, and all other academic programs cost approximately \$37 million.

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### International Visitors Program

The International Visitors Program is a major nonacademic exchange that USIA manages. It brings potential foreign leaders in government, politics, the media, education, and other fields to the United States to meet and exchange ideas with their American counterparts. U.S. embassies overseas may choose participants based on their knowledge in key fields, their positions, and their influence in their own countries. A visit to the United States may be developed solely for one individual and focus on a particular issue such as the U.S. economy or the electoral system. Other international visitor exchanges bring together colleagues with similar professional interests from a number of countries or regions. Typical exchanges last about 4 weeks. In fiscal year 1995, approximately 3,000 foreign individuals visited the United States under this program, for which USIA's funding was about \$50 million.

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Citizen Exchanges

In fiscal year 1995, USIA awarded \$9.2 million in grants to nonprofit U.S. institutions, including voluntary community organizations, professional associations, and universities, to strengthen ties between U.S. and foreign institutions. The exchanges are designed around specific themes, for example, rule of law and development of free market economies. The citizen exchange program differs from the international visitor program in that the citizen exchanges are always two way. For example, in one case a Latvian educator traveled to the United States to learn about U.S. higher education and the land grant tradition, and then an American educator visited Latvia.

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Congress-Bundestag  
Program

Through this program, German and American young people are linked through a mutual exchange. In fiscal year 1995, 820 people participated in the secondary school exchanges, for which USIA provided \$2.5 million.

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Arts America Program

In fiscal year 1995, USIA spent about \$1.6 million to fund tours of performing arts groups and exhibitions, represent the Agency on the Fund for U.S. Artists at International Festivals and Exhibitions, and provide limited awards to nonprofit institutions to encourage increased private sector involvement in international arts exchanges. Resources for the program have declined over the years, and as a result, activities have also declined.

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Freedom Support  
Act/Newly Independent  
States and Seed Act  
Programs

USIA manages a variety of exchanges in Russia and the newly independent states of the former Soviet Union. Such programs include exchanges of secondary school students and educators and internships for Russian entrepreneurs. In fiscal year 1995, USIA received about \$54 million in interagency transfers from USAID to support these programs.

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Information,  
Television, and  
Cultural Outreach  
Activities

USIA develops a wide range of products to supply information about the United States overseas. Some of these products have been in use for many years such as the daily wireless file, which provides posts official texts and translations. Others are recent additions and incorporate advanced technology.

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Information Outreach  
Products and Services

- Foreign press centers located within the United States for official U.S. government briefings to foreign journalists.



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**Appendix II  
Exchange, Information, and Cultural  
Programs and Products**

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- Telepress conferences.
- Digital videoconferencing.
- Daily wireless file.
- Digital desktop publications keyed to policy issues (electronic journals).
- Agency web and gopher sites.
- USIA overseas post home pages.
- On line CD ROM support for official documents.
- Special print materials such as Economic Reform Today and Issues in Depth.

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**Television Outreach**

- Satellite television conferences between U.S. and foreign officials.
- Specific programs about the United States, such as Window on America, and Foro Americano for Latin America.
- Special issue programs such as Assignment: Earth and Science World.
- Viewer call-in shows such as Dialogue with the West and On the Line.

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**Cultural Programs**

- Performing and fine arts presentations.
- Artistic ambassadors.
- Cultural specialists.
- Creative arts linkages.

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**Special Programs**

- U.S. studies summer/winter institute.
- U.S. studies grant support.
- English language fellows.
- English language teaching specialists.
- English language forum and other materials.
- Regional English language support.
- American Council of Young Political Leaders.
- Partners of the Americas.
- Sister cities international.
- Advising and foreign student services.
- Speakers Program.

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# U.S.-Funded International Radio and Television Broadcast Services

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This appendix describes the purposes and activities of individual broadcast entities and provides information on language broadcasts, broadcast hours, staff sizes, and estimated costs for each language service.

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## Functions of U.S. Radio and Television Broadcasting Vary

The United States funds nonmilitary international broadcasts through the Voice of America (VOA), Worldnet television, Radio and TV Marti, and Radio Free Europe/Radio Liberty (RFE/RL). Each has specific missions, and all are components of USIA except for RFE/RL, which is a private company funded by a federal grant. Additionally, the Congress has appropriated \$10 million to start another private company to conduct surrogate broadcasting to Asia. This company, the Asia Pacific Network (Radio Free Asia), was incorporated on March 11, 1996, and is expected to begin broadcasting later this year.

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## Voice of America

VOA's mission is to provide consistently accurate, objective, and comprehensive news; present a balanced and comprehensive projection of significant American thought and institutions; and present U.S. policies clearly and effectively. VOA currently broadcasts over 800 hours of original programming weekly, in 47 languages.<sup>1</sup>

Approximately 59 percent of VOA programming is news; 26 percent is feature reporting about economics, science, medicine, American history and culture, and other topics; 12 percent is music—jazz, country, rock, and classical; and the remaining 3 percent is U.S. government editorials.

In fiscal year 1995, VOA spent about \$205 million. Approximately one-half of the funding was spent on programming, the news division and bureaus, and broadcast operations and management, while the other half was spent on engineering and technical operations, including broadcast transmission, project planning, and engineering staff. VOA has an estimated 92 million listeners worldwide on shortwave and medium wave (AM), and millions more now listen to VOA on local AM and FM stations. VOA places 42 of its language programs on over 1,300 independently owned stations in 96 countries.

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## Radio Free Europe/Radio Liberty

RFE/RL was established in the early 1950s as private nonprofit companies to provide surrogate radio programming to and about Eastern Europe and

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<sup>1</sup>As of July 15, 1996, VOA will broadcast in 52 languages, with the addition of the Bosnian, Kirundi, Kinyarwanda, Oromiffa, and Tigrigna languages.

the Soviet Union. It currently broadcasts or contracts for over 700 hours of programming in 21 languages weekly.<sup>2</sup> As a surrogate or alternate broadcaster, the main focus of RFE/RL programming is news and commentary about political, social, and economic developments within the countries and region. With the end of the Cold War and the emergence of new governments, RFE/RL has expanded its coverage to programs that explain the details of how market economies and democracies work to help the people understand the rationale for needed but painful reforms. It is also pursuing a role as a model and trainer for the emerging independent media in Eastern Europe and the former Soviet Union.

In fiscal year 1995, RFE/RL spent about \$244 million: about \$37 million for producing programs; \$42 million for transmitting programs; \$65 million for administrative and management activities, pension and retiree insurance, and other costs; and over \$100 million for downsizing RFE/RL and moving its operations from Munich, Germany, to Prague, Czech Republic. RFE/RL has an estimated audience of over 24 million regular listeners.

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## Worldnet

Worldnet was established in 1983 as the official television service of the U.S. government. It provides nearly 400 satellite hours of programming to more than 300 American embassies and cultural centers, as well as over 1,200 television and cable systems in over 150 countries. Worldnet broadcasts its own productions, such as *Doing Business*, *Window on America*, and *Science World*; programs acquired from commercial and private sources, such as *MacNeil/Lehrer Newshour*, *Ethics in America*, and *Working Woman*; and statements, often live, by the President and other senior U.S. government officials. Worldnet also produced about 500 Dialogue programs in fiscal year 1995. These are live, interactive programs that bring together American and international leaders, journalists, artists, and academics to discuss U.S. policy. In the past year, Worldnet has regularly produced programs in English, Arabic, French, Spanish, Russian, and Ukrainian. Additionally, it has produced or dubbed programs in several other languages, such as German, Croatian, Mandarin, and Turkish.

In fiscal year 1995, Worldnet spent about \$23.7 million, of which about \$16.9 million was for about 283 personnel to produce, procure, and distribute programs, and to procure, maintain, repair, and replace

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<sup>2</sup>RFE/RL launched two new private nonprofit companies to provide news and current affairs programming in Czech and Polish on a contract basis. RFE/RL had planned to end all subsidies by the end of fiscal year 1995 but has delayed plans to do so until the end of fiscal year 1996, by which time it hopes that the Czech and Polish companies will be self-sustaining.

technical equipment. In addition to personnel expenses, about (1) \$2.8 million was spent to produce programs; (2) \$400,000 was spent to acquire programs; (3) \$2.6 million was spent to transmit programs; and (4) \$1.1 million was spent for travel, executive office activities, and other items.

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## Radio and TV Marti

Radio Marti was established in 1985, and TV Marti was established in 1990. Their missions are to (1) support the right of the people of Cuba to see, receive, and impart information and ideas; (2) further the open communication of information and ideas; (3) serve as a consistently reliable and authoritative source of accurate, objective, and comprehensive news; (4) broadcast programs with a variety of views; and (5) promote the cause of freedom in Cuba. Radio Marti broadcasts 24 hours a day, 7 days a week, while TV Marti broadcasts 7 days a week from 3:30 a.m. until 8:00 a.m. They both broadcast news and news commentary, features on life in the United States and other nations, entertainment, and sports.

In fiscal year 1995, TV Marti spent about \$12.9 million, of which \$3.4 million was spent on news, \$1.8 million on other programs, \$4.5 million on technical operations, \$2.1 million on direction and management, and \$1.2 million for conversion to UHF. Radio Marti's costs for the same period totaled \$15.5 million: \$3.4 million for news, \$3 million for other programs, \$1.6 million for research, \$3.3 million for technical operations, \$4.1 million for direction and management, and \$187,000 for acquisition and construction of facilities.

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## Language Services of U.S. Nonmilitary International Radio Broadcasters

Table III.1 shows languages broadcast; broadcast hours; staff sizes; estimated direct costs of language services and program transmissions as of January 15, 1996; audience estimates; and the source of the audience estimates.

**Appendix III  
U.S.-Funded International Radio and  
Television Broadcast Services**

**Table III.1: Direct Program and Transmission Costs of U.S. Nonmilitary International Broadcasting**

Dollars in thousands

<b>Language</b>	<b>Hours per week<sup>a</sup></b>	<b>Number of staff</b>	<b>Program cost</b>	<b>Cost to transmit<sup>b</sup></b>	<b>Audience estimate (weekly)</b>	<b>Basis for estimate</b>
VOA Albanian	12:15	11	\$733	\$228	42% or 957,000	1993 data
VOA Amharic	7:00	10	639	68	20%	1995 data
VOA Arabic	52:30	42	2,637	1,576	Jordan 2.0% Lebanon 4.8% Egypt 2.2% UAE <sup>c</sup> 0.8% Saudia Arabia 2.4%	1994 data (urban)
VOA Armenian	(7:00)	8	527	0	47% or 560,000	1994 data (urban)
RFE/RL Armenian	21:00	8	833	177	16% or 190,000	1994 data (urban)
VOA Azerbaijani	3:30	7	432	20	11% or 190,000	1995 data (urban)
RFE/RL Azerbaijani	21:00	7	624	170	21% or 360,000	1995 data (urban)
VOA Bangla	10:30	10	705	108	23% or 15,000,000	1993 data
VOA Bulgarian	3:30	6	551	13	2% to 3% or 140,000 to 270,000	Two 1995 data sets
RFE/RL Bulgarian	42:00	10	1,616	484	3% or 270,000	1995 data
RFE/RL Belarus	28:00	10	990	265	6% or 500,000	1995 data
VOA Burmese	10:30	12	740	89	No data available	
VOA Cantonese	7:00	4	326	149	No data available	
VOA Creole	9:30	13	730	64	37% or 474,000	1995 data (urban)
VOA Croatian	10:30	6	558	227	7% or 225,000	1995 data
VOA Czech	8:45	13	966	23	4% or 330,000	1995 data
RFE/RL Czech <sup>d</sup>	10:00 (47:00)	0	986	9	9% or 760,000	1995 data
VOA Dari	7:00	11	816	52	No data available	
VOA English to Africa	28:30	21	1,732	978	Nigeria 8.8% Chad 1% Kenya 3% or 413,000	1993 data 1995 data (urban) 1993 data
VOA English to Europe	90:15	54	4,067	Part of Mid-East cost	No data for W. Europe and 1% to 5% for E. Europe per 1994/95 data	
VOA English to Latin America	20:00	<sup>e</sup>	<sup>f</sup>	201	Chile 1% per 1993 data (urban) no other data available	
VOA English to Caribbean	49:00	<sup>e</sup>	<sup>f</sup>	786	No data available	
VOA English to East Asia	49:00	<sup>e</sup>	<sup>f</sup>	2,515	No data available	

(continued)

**Appendix III  
U.S.-Funded International Radio and  
Television Broadcast Services**

Dollars in thousands

<b>Language</b>	<b>Hours per week<sup>a</sup></b>	<b>Number of staff</b>	<b>Program cost</b>	<b>Cost to transmit<sup>b</sup></b>	<b>Audience estimate (weekly)</b>	<b>Basis for estimate</b>
VOA English to South Asia	42:00	<sup>e</sup>	<sup>f</sup>	Part of East Asia cost	No data available	
VOA English to Mid-East	70:00	<sup>e</sup>	<sup>f</sup>	\$1,530	No data available	
VOA Estonian	(3:45)	5	\$300	0	9% or 100,000	1995 data
RFE/RL Estonian	7:00	8	874	67	7% or 90,000	1995 data
VOA Farsi	24:30	26	1,982	160	No data available	
VOA French to Africa	22:30	19	1,365	336	Ivory Coast 5%, Senegal 4-34%, Chad 19%, Burkina Faso 6-18% Mauritania 31%	1995 data (urban) low is shortwave and high is placement
VOA Georgian	3:30	5	342	46	5% or 60,000	1994 data (urban)
RFE/RL Georgian	21:00	7	758	221	3% or 40,000	1994 data (urban)
VOA Greek	(4:45)	5	347	0	No data available	
VOA Hausa	6:00	10	620	56	Niger 6-26% Nigeria 8.1%	1994 data (urban) 1993 data
VOA Hindi	10:30	16	1,070	89	1%	1993 data (urban)
VOA Hungarian	3:30 (7:00)	14	984	62	5% or 410,000	1994 data
VOA Indonesian	17:30	20	1,369	226	No data available	
RFE/RL Kazak	28:00	8	705	214	5% or 12,000	1994 data (urban)
VOA Khmer	14:00	13	850	80	No data available	
VOA Korean	10:30	12	768	373	No data available	
VOA Kurdish	7:00	6	461	66	No data available	
RFE/RL Kyrgyz	14:00	7	719	102	5% or 25,000	1994 data
VOA Lao	7:00	10	717	34	No data available	
VOA Latvian	(3:30)	5	366	0	7% or 140,000	1995 data
RFE/RL Latvian	7:00	7	933	67	9% or 180,000	1995 data
VOA Lithuanian	(3:45)	6	452	0	19% or 510,000	1995 data
RFE/RL Lithuanian	7:00	7	783	67	19% or 510,000	1995 data
VOA Mandarin	77:00	58	4,000	2,129	No data available	
VOA Pashto	7:00	13	915	43	No data available	
VOA Polish	21:00 (1:45)	23	1,685	137	2% to 3% or 579,000 to 850,000	Two 1995 data sets
RFE/RL Polish <sup>d</sup>	0:00	0	248	0	4% or 1,200,000	1995 data

(continued)

**Appendix III  
U.S.-Funded International Radio and  
Television Broadcast Services**

Dollars in thousands

<b>Language</b>	<b>Hours per week<sup>a</sup></b>	<b>Number of staff</b>	<b>Program cost</b>	<b>Cost to transmit<sup>b</sup></b>	<b>Audience estimate (weekly)</b>	<b>Basis for estimate</b>
VOA Portugese to Africa	9:30	11	\$696	\$118	No data available	
VOA Portugese to Brazil	(5:00)	11	668	0	1% or 80,000	1992/93 data (urban)
VOA Romanian	7:00	8	665	123	7% or 1,340,000	1995 data
RFE/RL Romanian	42:00	11	1,646	497	9% or 1,700,000	1995 data
VOA Russian	42:00 (24:30)	58	4,052	927	5% or 5,800,000	1995 data
RFE/RL Russian	126:00	40	5,549	2,219	7% or 8,100,000	1995 data
VOA Serbian	21:00	10	1,137	657	5% to 10% 375,000 to 832,000	Two 1995 data sets
RFE/RL South Slavic	14:00	16	1,754	176	7% or 582,000	1995 data
VOA Slovak	7:00	7	527	102	3% to 4% or 150,000 to 159,200	Two 1995 data sets
RFE/RL Slovak	14:00	11	1,088	20	7% or 290,000	1995 data
VOA Slovene	(3:45)	3	230	0	No data available	
VOA Spanish to Latin America	15:00 (11:00)	20	1,232	167	1% to 6% for countries surveyed	1993 data both urban and national
VOA Swahili	6:00	9	594	85	Kenya 3% or 413,000	1993 data
RFE/RL Tajik	24:30	8	755	157	No data available	
RFE/RL Tatar-Bashkir	28:00	7	792	157	No data available	
VOA Thai	(6:00)	4	326	0	No data available	
VOA Tibetan	14:00	15	827	178	No data available	
VOA Turkish	7:00	9	616	96	2% or 803,400	1994 data
RFE/RL Turkmen	28:00	7	723	253	No data available	
VOA Ukrainian	14:00	17	1,322	192	5% or 2,000,000	1995 data
RFE/RL Ukrainian	42:00	21	2,157	359	7% or 2,800,000	1995 data
VOA Urdu	10:30	15	1,003	187	1% or 707,800	1992/93 data
VOA Uzbek	4:00	8	574	53	4% or 30,000	1994 data (urban)
RFE/RL Uzbek	28:00	7	667	178	6% or 40,000	1994 data (urban)
VOA Vietnamese	21:00	16	1,138	261	No data available	
Radio Marti	168:00	101	8,300	936	16% to 76% <sup>g</sup>	1994 and 1995 data

(Table notes on next page)

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**Appendix III**  
**U.S.-Funded International Radio and**  
**Television Broadcast Services**

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<sup>a</sup>Number indicates the direct broadcast hours on shortwave or medium wave. Numbers in parentheses indicate original broadcasting hours on affiliate stations. Rebroadcast affiliate hours are not shown.

<sup>b</sup>Transmission cost does not include the fixed costs of maintaining the transmission network, including satellite feeds, salaries, and rents.

<sup>c</sup>UAE = United Arab Emirates.

<sup>d</sup>RFE/RL Czech and Polish services are separate nonprofit corporations that receive subsidies from RFE/RL.

<sup>e</sup>Staff are included in the VOA English to Europe staff number.

<sup>f</sup>Program cost is included in the VOA English to Europe service.

<sup>g</sup>Radio Marti audience estimates vary due to the difficulty of conducting audience research in a closed society. The 76-percent figure for 1995 is based on interviews with Cuban travelers in Miami, while the 16-percent figure for 1994 is based on personal interviews in Cuba.



# Comments From the U.S. Information Agency

**United States  
Information  
Agency**

Washington, D.C. 20547

Office of the Director



August 2, 1996

Mr. Benjamin F. Nelson  
Director  
International Relations and Foreign Trade  
General Accounting Office

Dear Mr. Nelson:

We want to thank you for the opportunity to review in draft the GAO report entitled, "USIA: Options for Addressing Possible Budget Reductions." Enclosed are our official comments for inclusion in the final report.

Sincerely,

A handwritten signature in cursive script, which appears to read "Joseph Duffey", is positioned above the typed name.

Joseph Duffey  
Director

#### USIA RESPONSE

The GAO report titled "United States Information Agency: Options for Addressing Possible Budget Reductions" reflects the on-going efforts within USIA to reevaluate and reinvent our programs and operations. The report highlights a number of areas where USIA could institute changes that would cut costs while preserving core mission effectiveness. We are doing just that. Although the declining budget has accelerated the pace of change, our commitment to reinvention is not simply budget-driven. In 1993, USIA initiated an aggressive re-examination of programs and operational structure as part of the Vice President's National Performance Review. Where a compelling case for the continuation of a program or product cannot be made, we are terminating it. Where the added value of USIA presence to achieving U.S. goals is not equally clear and compelling, we are closing posts. We understand that the intrinsic value of many traditional programs is no longer enough to justify their continuation; there must be direct benefit to U.S. policy interests.

Our core functions remain valid:

- to build public support abroad for specific U.S. short- and long-term policies, because even undemocratic governments are more likely to respond positively to our policies when they resonate with their own citizens;
- to broaden individual and institutional constituencies of support for the policies and values essential to the security and prosperity of the U.S. -- including democracy and the rule of law; market economics and free trade -- to assure that our key long-term partnerships can withstand short-term tensions and differences over specific issues.

It is "preventive diplomacy," and can help spare America from much more expensive crisis-driven international engagement.

**Overseas Presence.** An effective field presence is central to the mission of USIA. Public diplomacy requires people on the ground who understand how influence is wielded in a country, who can discuss and debate in the local language, and disseminate information in a credible manner in support of American objectives. USIA officers identify the host country figures within the media, the NGO sector, the academic and intellectual communities who influence opinion and decisions on issues of U.S. interest. No one else, whether USG or private sector, is specifically dedicated to this increasingly important role. This is USIA's vital contribution in support of the entire USG presence abroad, to visiting U.S. officials, and to U.S. taxpayers.

USIA recognizes that there is no "one size fits all" model for our overseas operations. Each region, each bilateral relationship, requires a different mix of public diplomacy tools. We are, for example, recasting the size, scope and focus of our operations in democratic, highly developed and information-rich Western Europe. We are phasing out separate USIS center operations wherever co-locating in Embassies and consulate buildings is feasible. We are vigorously adapting information technologies to support our mission and reduce administrative costs.

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**Appendix IV**  
**Comments From the U.S. Information**  
**Agency**

**Academic Exchanges.** USIA agrees with the report that exchange programs should not be concentrated in areas such as Western Europe where non-USIA exchange opportunities are plentiful. USIA has been shifting resources to exchange programs in regions that are not as fully represented in the programs of other U.S. government agencies or the private sector, such as Russia, the NIS, Eastern Europe, and Africa. USIA also directs most of its resources towards critical fields less widely represented among private-funded participants, including government and public policy, media and communications, business, economics and civic education.

USIA agrees with the report that host government and private sector cost-sharing of academic exchange programs is essential. As the report notes, USIA raised more than \$70 million in such counterpart funds in 1995, and several European countries, as well as Japan, now pay a greater share of Fulbright program costs than the U.S. At the same time, USIA continues to curtail or eliminate programs that must be sacrificed if we are to address current foreign policy priorities. For example, in recent years USIA has shifted considerable resources from programs in Central America to meet new policy imperatives in Eastern Europe and the NIS.

**Student Advising.** USIA agrees that we must continue to develop private support of student advising. Congressional authority to "recycle" fees received by USIA posts would provide a substantial boost to our efforts. It is not in USG interest to fully privatize this function. Education is the United States' fifth largest service export, worth \$7.2 billion annually. Our closest competitors for foreign students -- the United Kingdom, Australia, and Japan -- are aggressively marketing their educational systems and the number of foreign students coming to the U.S. last year was flat for the first time since World War II. The number of students from our principal market, Asia, actually declined. This is not the time to disengage.

**English Language Programs.** The goal of USIA English language programs is to orient foreign teachers toward American English and materials that feature American culture and society, so that in turn their students will be more likely to study in the U.S, and to develop commercial and professional ties with American counterparts. This goal is not generally shared by commercial programs. We are targeting these program resources where their impact is most powerful -- in traditional societies and where honest discussion about the United States is discouraged.

# Comments From the Broadcasting Board of Governors



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

July 30, 1996

Mr. Benjamin Nelson  
Director-in-Charge  
International Relations and  
Trade Issues  
United States General Accounting Office  
Washington, D.C.

Dear Mr. Nelson:

As the Chairman of the Broadcasting Board of Governors (BBG), I welcome the opportunity to respond to your draft GAO report concerning streamlining efforts of the BBG, the presidentially appointed bipartisan panel responsible for the management and oversight of international broadcasting operations.

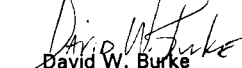
From this welcome and timely report, it is clear that you and your staff appreciate the important role played by international broadcasting in fulfilling and advancing the public diplomacy mission of the United States throughout the world.

Representatives from the General Accounting Office, the Broadcasting Board of Governors, and the International Broadcasting Bureau have met to discuss the substance of the report and have already modified and/or clarified a few items raised in the report. As always, the GAO staff has conducted this review with the utmost professionalism and fairness.

Many of the points and options in your report have been discussed and reviewed pre-dating the BBG and will continue to be carefully considered by the BBG as it concludes its first year. You accurately describe that millions of dollars have and will be saved in the international broadcasting area by cuts and downsizing efforts that have already taken place. The Board will continue to carefully scrutinize the entities under its jurisdiction including the IBB, RFE/RL and the newly established Asia Pacific Network (APN).

The BBG has welcomed the opportunity to respond to this draft GAO report and looks forward to answering any questions the Congress might have on any aspect of U.S. international broadcasting.

Sincerely,

  
David W. Burke  
Chairman

330 Independence Avenue, S.W. Room 3360 Cohen Bldg. Washington, DC 20547 (202) 401-3736 Fax (202) 401-6605

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**Appendix VI**  
**Major Contributors to This Report**

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**Major Contributors to This Report**

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**Appendix VI**  
**Major Contributors to This Report**

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# Related GAO Products

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USIA: Issues Related to Reinvention Planning in the Office of Cuba Broadcasting (GAO/NSIAD-96-110, May 13, 1996).

Overseas Staffing: U.S. Government Diplomatic Presence Abroad (GAO/T-NSIAD-95-136, Apr. 6, 1995).

International Broadcasting: Downsizing and Relocating Radio Free Europe/Radio Liberty (GAO/NSIAD-95-53, Apr. 5, 1995).

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Promoting Democracy: Foreign Affairs and Defense Agencies Funds and Activities—1991 to 1993 (GAO/NSIAD-94-83, Jan. 4, 1994).

International Broadcasting (GAO/NSIAD-93-302R, Sept. 17, 1993).

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Exchange Programs: Inventory of International Educational, Cultural, and Training Programs (GAO/NSIAD-93-157BR, June 23, 1993).

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Voice of America: Management Actions Needed to Adjust to a Changing Environment (GAO/NSIAD-92-150, July, 24, 1992).

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