

RECORD OF DECISIONS

From: Broadcasting Board of Governors
Date: January 13, 2012
Subject: **Decisions of Board at BBG Meeting of January 13, 2012**

The Broadcasting Board of Governors (BBG) met today at BBG Headquarters in Washington, D.C. The meeting was open for public observation via streaming on the BBG website.

The meeting was attended by the following Board members:

Chairman Walter Isaacson
Governor Victor Ashe
Governor Susan McCue
Governor Michael Meehan (by telephone)
Governor Dennis Mulhaupt
Governor Dana Perino (by telephone)
Governor S. Enders Wimbush
Acting Under Secretary for Public Diplomacy & Public Affairs Ann Stock

Governor Michael Lynton was not in attendance at the meeting.

The Broadcasting Board of Governors agreed to the following decision elements (all decisions were adopted by a unanimous vote unless otherwise indicated):

1. Adoption of November 18, 2011 Minutes. The Board adopted the minutes of the November 18, 2011 meeting.
2. Governance Committee Membership. The Board voted to appoint Governor Susan McCue as member of the Governance Committee.
3. Implementation of BBG Strategic Plan 2012-2016. The Board decided to take a number of steps to restructure United States international broadcasting in accordance with the Board's recently adopted strategy.

In the strategy adopted by the Board in October 2011 (entitled "Impact through Innovation and Integration: BBG Strategic Plan 2012-2016"), the Board noted that:

"BBG is a complex amalgam of broadcast entities created by Congress at different points the time over the last 70 years in response to specific foreign policy challenges. It encompasses multiple media properties, some Federal and

some non-Federal, with different legal and administrative frameworks . . . all in organizational silos with little cross-cutting coordination.

The current structure complicates managing resources for highest impact as well as the integration and projection of core talents and capabilities. It obstructs efforts to transform the agency's assets into an integrated network that can take advantage of the wide-ranging, highly professional newsgathering activities done by each BBG entity...Integration must therefore accompany innovation as an operational imperative."

The Board agreed to the following elements in order to move forward the restructuring of United States international broadcasting in accordance with the Strategic Plan:

a. Grantee Consolidation

As a result of its year-long strategic review of international broadcasting, the Board agreed to explore the feasibility of consolidating the three grantee organizations into a single corporate structure sharing a unified administrative and legal framework, while retaining their journalistic missions. The Board looked at the short- and long-term financial ramifications and the other benefits and costs of consolidation.

In this connection, the Board considered the November 2011 report from its management consultant Deloitte on the feasibility of consolidating the grantees. The Deloitte report found no overlap among the Grantees' broadcasting activities and assumes that no cuts will be made in such activities. The study found, however, that consolidation would lead to substantial savings by eliminating duplicative management and administrative functions. Deloitte projected substantial savings for the BBG during the five (5) years following the consolidation of the grantees. Those funds may be used to enhance United States international broadcasting. (Deloitte estimates one-time costs for implementing consolidation – including severance payments – from \$7 - \$11 million.)

In addition, the Board considered the report of the law firm of Baker & McKenzie on the legal feasibility of merging the BBG-sponsored Grantees. The report concluded that the Board has legal authority under the International Broadcasting Act of 1994 (as amended) to make the three (3) grants that are currently provided to RFE/RL, RFA and MBN to a single consolidated grantee, subject to appropriate Congressional notification and approval.

The Board announces its intention to issue the three grants which BBG currently makes separately to Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA) and Middle East Broadcasting Networks (MBN) to a single, consolidated Grantee (when created) subject to Administration approval, Congressional consultation and guidance, and other due diligence and the implementation of a consolidation transaction plan approved by the Board.

The Board instructs the IBB Director, working with Governor Mulhaupt, to develop a plan for structuring, documenting, and implementing a grantee consolidation transaction, including the conduct of adequate due diligence and secure the services of legal and other experts who may be required to assist in the transaction. The IBB Director is requested to provide such a plan, and a proposed budget for its implementation, to the Board for its consideration at the March 2012 Board meeting.

The IBB Director is authorized and encouraged to work in close cooperation with the Grantees. The Board has authorized the IBB Director to work with Brian Conniff, President of MBN, who will act as project leader for the consolidation, in preparing the requested plan. The Board directs and encourages all elements of USIB to cooperate fully with the IBB Director in facilitating the timely and accurate completion of the requested plan and budget.

The Board also directs the IBB Director, as soon as practicable, to prepare and transmit any Congressional notification that may be required to implement the Board's intentions as stated in this decision.

b. International Broadcasting Innovation Act of 2012

As a second and simultaneous effort to streamline United States international broadcasting in accordance with the broader vision set forth in the Board's strategic plan, the Board announces its intention to pursue legislation to be called the International Broadcasting Innovation Act of 2012 (the "IBIA").

The Board directs the IBB Director to work with IBB staff and outside experts, and with Governor McCue, in order to develop for the Board's further consideration a draft IBIA with the following attributes:

- i. The organization of United States international broadcasting shall reflect the optimal mix of federal and non-federal assets required to best achieve the successful and efficient implementation of the Board's Strategic Plan.
- ii. The position of Chief Executive Officer of United States International Broadcasting (the "CEO"), reporting to the Board of Governors, shall be created. The CEO will be empowered to provide day-to-day executive leadership for United States international broadcasting and should have management authority over the federal and non-federal elements of United States international broadcasting, subject to Board oversight. The IBB Director is instructed to consult with Governors Ashe and Lynton in developing a model to define the appropriate roles for the Board and CEO.
- iii. The Board recommends that the position of the IBB Director as a Presidentially-appointed and Senate-confirmed appointment should be

eliminated and replaced by an appropriate official who would be selected by, and report to, the CEO.

- iv. The domestic dissemination ban in the Smith-Mundt Act shall be repealed.
 - v. The organization shall be renamed to reflect the planned unified structure for United States international broadcasting.
4. Resolution on Interference with BBG Broadcasts. The Board adopted a draft resolution condemning the purposeful interference of satellite communications and calling upon assembled delegates at the World Radiocommunication Conference to repudiate this illegal behavior.
5. Resolution Honoring VOA's 70th Anniversary. The Board adopted the following draft resolutions:
- a. A resolution honoring the Voice of America's 70th anniversary.
 - b. A resolution observing the 70th anniversary of Mandarin and Cantonese services of the Voice of America.
6. Repurposing Internet Censorship Circumvention Funds. The Board decided to reprogram \$3M in FY2011/2012 funds from Technology, Services and Innovation (TSI) to Radio Free Asia (RFA) in order to expand unrestricted access to information on the Internet for the benefit of all elements of U.S. international broadcasting. RFA is required to consult with the IBB Director in developing projects to be financed with the reprogrammed funds and not to spend such funds in a manner that is inconsistent with the IBB Director's guidance.

The Board directed the staff to take the necessary actions to implement this decision, including preparing and executing the appropriate Congressional notifications and modifying the RFA grant agreement to include the expanded operations and a requirement to consult with the IBB Director.

Walter Isaacson
Chairman

Witnessed:

Paul Kollmer-Dorsey
Secretary

Attachments:

1. Minutes of November 18, 2011 Meeting
2. Resolution on Interference with BBG Broadcasts
3. Resolution Honoring the Voice of America's 70th Anniversary
4. Resolution Observing the 70th Anniversary of Mandarin and Cantonese Services of the Voice of America