CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 16, 2015

H.R. 2323
United States International Communications Reform Act of 2015

As ordered reported by the House Committee on Foreign Affairs on May 21, 2015

SUMMARY

H.R. 2323 would make several changes to U.S. international broadcasting and would permanently authorize appropriations for that purpose. It would consolidate into two separate entities several federal and nonfederal entities currently providing such broadcasting, amend the principles and mission underlying international broadcasting, and limit the hiring of personnel at the consolidated federal entity.

CBO estimates that implementing H.R. 2323 would cost $3.7 billion over the 2016-2020 period, assuming appropriation of the estimated amounts. Pay-as-you-go procedures apply because enacting the bill would affect direct spending; however, CBO estimates that those effects would not be significant. Enacting the bill would not affect revenues.

H.R. 2323 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2323 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2016	2017	2018	2019	2020	2016-2020
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	743	761	779	800	823	3,906
Estimated Outlays	609	735	772	792	814	3,722

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2323 will be enacted late in fiscal year 2015, that the estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for the affected programs.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 2323 would require appropriations for U.S. international broadcasting operations (nonmilitary) of $743 million in 2016 and $3.9 billion over the 2016-2020 period. That estimate is based on adjusting the 2015 appropriated level of $727 million for expected inflation and small reductions from the consolidation of private broadcasters. Thus, relative to the 2015 appropriated amounts adjusted for inflation, estimated authorizations under the bill would be $15 million lower over that same period. Those comparisons exclude funding for capital improvements and overseas contingency operations.

The bill would remove the current requirement that all funds provided for such broadcasting must be authorized each fiscal year and would provide a permanent authorization to spend funds for those purposes. Assuming appropriation of the estimated amounts, CBO estimates that implementing the bill would cost $3.7 billion over the 2016-2020 period.

H.R. 2323 would make several changes to the mission and structure of international broadcasting. Under current law, the Broadcasting Board of Governors (BBG) oversees several federal and private entities (known as the “grantees”) that provide or support such broadcasting. The bill would abolish the BBG and consolidate the federal and private entities into two entities with separate management and boards. It also would amend the principles and mission underlying international broadcasting and only allow broadcasting to undemocratic countries and regions that lack free and widely accessible media. The bill would provide waiver authority in situations that are in the interest of national security.

Federal Entities. The federal entities—the Voice of America (VOA), which includes the Office of Cuba Broadcasting (OCB), and the International Broadcasting Bureau—would be consolidated into the United States International Communications Agency (USICA). VOA’s public diplomacy mission would be restated to include supporting U.S. foreign policy objectives and providing news on the United States, its policies, and its people. The bill would not alter OCB’s mission or operations. Under the bill, USICA would make annual grants to the private entities in amounts similar to recent grants provided to those entities. Finally, the bill would restrict salaries and hiring of personnel at USICA, but the agency could waive the restrictions on hiring after consulting with the Congress.

Based on information from the Administration, CBO expects that the new federal entity would consolidate operations in 2016 and there would be no significant budgetary effects related to that consolidation. The bill would not require specific changes to VOA's programming, and CBO cannot determine how the changes to VOA's mission under the bill would affect its programming costs. On one hand, VOA could cut certain services and programs that overlap with broadcasting provided by other entities. On the other hand, VOA could revive its Arabic service to more comprehensively fulfill its mission under the bill (broadcasting in Arabic is currently provided by the Middle East Broadcasting Networks, which is a private entity). Finally, CBO estimates that the restrictions on salaries and hiring personnel would not have significant budgetary effects.

Grantees. The grantees—Radio Free Europe/Radio Liberty, Radio Free Asia, and Middle East Broadcasting Networks—would consolidate into the Freedom News Network (FNN). They would share a headquarters and management structure but retain their distinct programming and geographical presence. The FNN would continue the grantees' current mission of providing uncensored local news and information to countries and regions that do not have a free media domestically.

The grantees considered consolidating in 2012 and prepared an internal plan detailing the necessary steps as well as related costs and savings. That proposal contemplated consolidation within a year; however, H.R. 2323 would allow the grantees three years to fully consolidate. Based on information from the grantees, CBO expects that they would consolidate over the 2016-2018 period and that related costs and savings would be small and offsetting in 2016 and 2017. Starting in 2018, CBO estimates that consolidation would lead to savings of about $5 million each year as leases on unnecessary office space are not renewed and unneeded positions in management and technical support that fall open because of attrition remain unfilled.

Direct Spending

Section 133 would authorize USICA to retain and spend the proceeds from sales of its facilities and equipment. Section 222 would allow FNN to accept funding from certain nonfederal sources to supplement annual grants from USICA. Based on information from the BBG and the grantees, CBO estimates that any such amounts raised would be spent in the year they were collected and, thus, that enacting this provision would not have a significant net effect on direct spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2323 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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