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These are comments submitted on behalf of PRIMEDIA, Inc. to the Office of Management and Budget regarding proposed revisions to OMB Circular No. A-76, "Performance of Commercial Activities."

The comments are included in the body of this email and as an attachment. To contact PRIMEDIA, please refer all questions to:

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Before the Office of Management and Budget
Washington, D.C.

In the Matter of:)
)
Proposed Revision to Office of Management and Budget Circular No. A-76, "Performance of Commercial Activities."))
Circular A-76

Comments of PRIMEDIA, Inc.

PRIMEDIA, Inc. respectfully submits these comments to the Office of Management and Budget (OMB) regarding its proposed revision to Circular A-76, "Performance of Commercial Activities."

PRIMEDIA supports the President's Management Agenda to make the federal government more effective and efficient. We applaud OMB's initiatives in this field, and specifically support its efforts to revise Circular A-76 in order to expand competitive sourcing, as a means to improve the quality of government services, to enhance taxpayer value and to introduce innovation and efficiency to government activities that are commercial in nature. The revised A-76 Circular should require the federal government to focus on what it does best (inherently governmental activities) and to utilize the private sector for what it does best (commercial activities). A fair

process, which gives the private sector an opportunity to effectively and efficiently provide products and services to the federal government can help address budgetary and personnel shortages and, most importantly, deliver the maximum value to federal taxpayers.

PRIMEDIA is the nation's leading targeted content and integrated marketing solutions company in the consumer, government and business-to-business sectors. It is the largest special interest magazine publisher in the U.S., with over 250 titles including Seventeen, Automobile, Motor Trend, New York, Telephony and American Demographics; the largest producer and distributor of specialty video with 18 satellite and digital video product lines, including the Law Enforcement Training Network, the Fire Emergency Training Network, the Automotive Network, the Health and Sciences Television Network and the Channel One Network; and the largest news and information group on the Internet, led by About.com. PRIMEDIA, especially through its PRIMEDIA Workplace Learning and Channel One Network divisions has a demonstrated record of success in working with the federal government to deliver training, education, public information and media services.

PRIMEDIA Workplace Learning and Channel One

PRIMEDIA Workplace Learning (PWPL) is an experienced, fully capable division of our company with an array of assets. It specializes in the production and distribution of educational content. PWPL creates and aggregates information, training, news, and updates, and communicates it accurately and discreetly to its audience. That communication can be a lesson in how to handle the aftermath of a terrorist attack, or it can be timely information that will assist the personnel charged with handling such an incident.

For over ten years, first responders throughout North America have been getting their training and information via encrypted satellite from PWPL. Currently, over 46,000 local, state and federal public safety agencies in the fire, EMS, law enforcement, and health communities are receiving continuing education, plus daily news, breaking news, and live broadcasts from PWPL.

Channel One Network is the leading provider of television news and educational programs to America's secondary schools. The Network delivers quality information and award-winning programming, via satellite, directly to over 12,000 public, private and parochial schools across the United States. The program is aired to 400,000 educators and more than 8 million teenage viewers every school day.

PRIMEDIA effectively creates and distributes content to specialized audiences. It has a strong expertise in the areas of training and public information/education, and has established a successful, innovative record of working with private and public entities to enhance their ability to communicate. PRIMEDIA can and does provide the federal government a wide array of commercial services in the field of training and public information. It offers these comments as a current and prospective contractor and as an expert in the field. PRIMEDIA supports the annual evaluation of government performed commercial activities and urges a careful look at the fields of training and public information communications.

Summary of Comments

The principles we advocate are procedural. They may apply more broadly than the fields in which PRIMEDIA is expert, but we limit our examples and advocacy to that which we know well. We make a limited number of specific suggestions:

1. Unlike policy making, content creation (for communications), training, and public information are inherently commercial activities, and very often

they do not lend themselves to decision making on pure cost grounds alone.

Advertising, public information initiatives and workforce training have been an area of extraordinary focus and development of expertise in the American economy. American business now demands measurable performance for reasonable costs. The private markets for these services are highly competitive. Government should take advantage of those strengths on behalf of the citizenry and taxpayers. We support OMB's statement that "current processes do not give agencies sufficient flexibility to make the best value decisions." As OMB states, "securing good performance often hinges on quality considerations that may require agencies to make tradeoffs between cost and quality when evaluating sources."

Where the activities have a high quality component which is not easily quantifiable we believe an "integrated evaluation process" should be applied. For example, almost by definition, content creation involves non-price factors, or the successful low bidders for video would be anyone with a video camera having editing functions. Someone can always produce content more cheaply if that is the only standard, but that does not mean it has any value. It is extremely difficult, if not impossible, to have minimum quality standards for bidders.

We are not suggesting at all that decisions therefore become arbitrary. The private sector has developed effective methods of judging content quality, attainment of learning objectives, integration with learning management systems, efficiency and reach, attainment of campaign objectives, total program cost versus "total return", and the like.

Where the activities have a high technology content and that technology tends to change rapidly, we believe out-sourcing is usually a better approach. Our experience is that agencies which try to acquire, manage and develop both the dissemination systems and the content tend to have out-dated systems, with generally less than stellar content.

In general, in areas of commercial activity, we believe government would be better off letting the private sector make the capital investments required to build, maintain and update technology. It can accomplish its missions through acquiring services, with quality ensured with Service Level Agreements. The rapid pace of technological change and the relatively slow procurement process mean that government capabilities are almost always far behind standard corporate ones. This is a key reason why it is so difficult to bridge the gaps between the thousands of disparate federal legacy IT systems.

2. Contracting in public information must require clear plans and goals for targeting and efficiency in advance, and evaluation against those after the projects are completed.

The essence of effective modern communications is not to try to be all things to all audiences. It is to send very specific messages of high impact to very specific target audiences. Where training or public information is involved, agencies should be required to develop a plan in advance, define the target audience(s) very specifically, and ask themselves and bidders to propose a plan which is the most efficient way of reaching those audiences. This can be quantified (e.g. cost per million viewers). The corollary of efficiency is effectiveness or impact. This is more qualitative, but goals should also be required of bidders.

Evaluations must be required. It would be ineffectual to require up front planning but no evaluation to determine whether goals were reached, in other words, how effective the program was. Significant public expenditures should not be made without studying their effectiveness.

3. The extraordinary demands on the new Department of Homeland Security

(and similar activities in other agencies) require it to operate differently than the sum of its parts did in the past.

PRIMEDIA urges that media, training, public information and outreach related to homeland security be considered a "new requirement" or "segregable expansion" for the purposes of competitive sourcing. Tens of thousands of new federal employees need training in new jobs, such as airport security. Hundreds of thousands of incumbent employees need training in new challenges, like bio-terrorism. The federal government is expected to help with state and local training. The mission and mindsets of many agencies need to be adjusted to face these new challenges.

4. Huge and Growing Demands Require Innovation in Contracting for Training, Content and Public Education

We believe the proposal is too limited in only selecting a narrow definition of information technology as the "test" of integrated evaluation processes. As the Federal Register notice states, "agencies should have the ability to take quality and innovation into account, especially where needs may require complex and inter-related services." We understand the critical interrelationship between programming and delivery system. For example, content that works well in a traditional video network is not as effective in an Internet environment. Indeed, e-learning is integral to the entire e-Government project of this Administration; it is prominent in the top 24 e-Government initiatives.

The definition of "information technology" in Attachment F should explicitly include content creation and dissemination, thus allowing an "integrated evaluation process", including consideration of non-cost factors such as quality and effectiveness. Specifically, PRIMEDIA urges that the phrase "and services related to the creation and distribution of training and public information content" be added after the word "services" in the third sentence of the definition of "Information Technology" found on page F-5 of Attachment F.

Discussion: The Rising Demands for Training, Public Education and Distribution

Training

All levels of government face acute training and communications needs. There is a significant need to improve the efficiency, frequency and effectiveness of federal training efforts. There is also a critical need to ensure that public information campaigns by the federal government are as effective and efficient as private sector initiatives.

A survey of federal workers published this summer by the Brookings Institute found that 40% of federal workers responded that they do not have sufficient training to do their jobs. At the same time, a major generational shift in the federal workforce is about to occur with more than half of the federal civilian workforce eligible to retire by 2005. Not only do incoming federal workers need significant new training, but outgoing workers also need pre-retirement information. Unfortunately, training is often conducted in a haphazard, uncoordinated and ineffective manner.

After the attacks of 9/11, demands for new and expanded training and public information at all levels of government have exploded.

When it comes to these fields, federal agencies play a constant game of "catch-up." New technologies, techniques and topics stretch or exceed their capabilities and/or infrastructure. New developments and new laws make keeping up even more difficult. Too often, such programs for the public and for federal workers run by federal agencies are insufficient to

meet the rapidly changing needs of either. While some agency work is excellent, too often agency-run training or outreach initiatives are poorly conceived and poorly executed with little lasting value.

In the private sector, training is essential to maintaining a competitive advantage. The field of training is essentially a commercial activity. The field is subject to constant refinement and improvement. New techniques are being developed to help trainees understand and retain information. The federal government could benefit from the discipline and innovation the private sector brings to this field where cost effectiveness and results not only count, but are fundamental.

Indeed, one of the reasons that the private sector has embraced distance learning is cost savings. Training in the workplace has inherent cost savings that are part of the total cost of training delivery. The cost of travel, the additional time away from job assignments, and even overtime costs that are incurred due to training schedules should be considered when weighing the best training system.

There are some successful examples of public/private cooperation in the field of training. The U.S. Customs Service is leading an effort, supported by PRIMEDIA, to create modern video training and establish a secure training network that can also be used for emergency communications. PWPL's HSTN disseminates current emergency medical information and continuing education vital to certification maintenance for paramedics and EMT's across North America. Annual requirements by OSHA and EPA for hazardous materials response are fulfilled through the distance education provided by PWPL. FEMA's Emergency Education Network is even being distributed through PWPL's robust national satellite distribution system, and already serves as an example of a public-private partnership. RFD-TV helps the Department of Interior's Wild Horse Adoption program reach horse enthusiasts through the sponsorship of horse training programming on this non-profit network which we support.

Public Education

Almost every agency of the federal government makes significant attempts to convey messages to state and local officials, the general public and/or targeted segments of the population. Billions of taxpayer dollars are spent every year on developing and disseminating such messages. However, information content created by and on behalf of government entities about health, consumer protection, the prevention of forest fires, workplace safety, crime prevention, homeland security or the availability of government resources reach their audience with various degrees of success and their impact is rarely measured.

For example, the Kaiser Family Foundation found that public service announcements (PSAs), historically an affordable avenue for government to educate viewers about pertinent social and government issues, generally are ineffective in reaching their target audiences. One quarter of PSAs (cable and network television) targeted at children twelve or younger were aired between midnight and 6 AM, when the message is most likely to be missed by the target audience. The question is not just how many people see the message, but how many of the target group. Kaiser's report says that PSAs may be low cost, but they are an ineffective communications tool. Buying an expensive television spot on a prime time television show could be an equally inefficient decision on the other side of the equation, if the targeted audience is narrower than the general public, such as teenagers. Such a spot would reach many teenagers, but most of the cost of the spot would be due to the large adult audience.

In contrast, our Channel One Network is far and away the most efficient way to reach the largest number of teenagers on a cost per million viewers basis. One spot on Channel One reaches 18.1% of all 12-14 year olds at a

cost-per-thousand of \$27.50, and 40% of the audience is 12-14. The highest rated prime time program on the broadcast networks reaches only 8.4% of that group at a \$222 cost-per-thousand and only 14% of the audience is 12-14. In fact, Channel One's cost-per-thousand is 45% lower than that of any program in prime time on any of the major broadcast networks

*With systems in over 12,000 schools reaching an estimated 8 million secondary school students daily, targeted messages regarding drug abuse, school violence and teen pregnancy are assured of reaching the audiences that the government intends to affect. This is just one example of the targeted and specialized communications that the private sector affords.

That is efficiency. If the messages are properly conceived, such campaigns can also be effective. PRIMEDIA is proud to have worked for the federal government on several successful campaigns to communicate with young people about important issues.

Almost every significant Channel One customer conducts research, or has PRIMEDIA conduct research, on the effectiveness and impact of their spots. The vast majority of that data is proprietary information of our clients and we cannot share it. However, our work for the White House Office on National Drug Control Policy (ONDCP) is an exception.

ONDCP contracted with PRIMEDIA's Channel One for a strong campaign against drug use. An independent national study by the Partnership for a Drug Free America (PDFA) lasting over two years concluded that Channel One was highly effectiveness as a vehicle to educate youth about the dangers of substance abuse. After the study, the president of the PDFA wrote "[t]he incontrovertible fact is that, because of Channel One, millions of teens are keeping away from drugs." As the President of Citizens Against Government Waste has said "Channel One is a model for what a private-public partnership should be."

While the substance and subject matter of the message in training or public information is an inherently governmental function, the production, packaging, editing, distribution and validation of that government message is commercial in nature. These activities, such as the creation of media, the packaging of educational material, the distribution of content, the creation of networks, and the testing of trainees are commercial in nature and can effectively and efficiently be performed better in most cases by the private sector. These are tasks which are information technology (IT) intensive and require specialized skill. The private sector, which is held to the discipline of competition, can more effectively and efficiently provide these services. It would be impossible to expect the public sector to keep up with the daily changes in the communications field.

It is appropriate for government to be the source of information, but the private sector should be the means to deliver, package and design effective strategies to deliver that information in a way that reaches, and is retained and understood, by the intended audiences.

The private sector can also leverage federal, state, and private communications needs to produce products and services which take advantage of efficiencies of scale and have the extra benefit of creating an affordable source of training for equally pressed state and local governments.

Consideration of Non-cost Factors in Training and Public Information

Numerous federal agencies have their own media production facilities, create content and distribute that content for training and public information purposes. While some of the material created is excellent in content and quality, often, there is little connection between the creation and dissemination of the material. Too frequently, federal agencies

produce material, which has limited exposure, limited impact and virtually no validation of its effectiveness.

PRIMEDIA applauds the effort to introduce an "integrated evaluation process" to competitions between government and private entities in certain circumstances. Non-cost factors are critically important in the determination of value in training and public information. The ability to effectively and efficiently reach and motivate an intended audience is as important as the price of the service or product.

The private sector generally seeks to meet high efficiency standards in designing and implementing communications. Messages must reach their target audience and create a response in the market place or the work place. Messages that are not effective or do not reach their intended audience are dropped, changed or redirected. Those entities which consistently create them fail. The same communications discipline should be applied to federal training and information campaigns.

At a minimum, there are two aspects of communications which must be considered in addition to price. First, is the ability to reach the audience. A training course or public service message, which is never seen, is of little value. Information, which is mis-targeted is wasteful. Second is to determine if the message has the desired effect on a target audience. An anti-drug message, for example, which may reach teens but is not understood or absorbed by that audience, is of little value. Similarly, training courses which are attended but not retained are of little value.

In executing competitions between the public and private sectors, especially in the training and public information field, factors other than cost must be considered to conduct both a fair competition and to gain the maximum value for taxpayers.

We recommend that such communications activities be added to the "test" of "integrated evaluation processes", and that OMB provide guidance that such evaluations must include the plan and ability to reach an intended audience and have an impact on it. Results in the private and public performance of these tasks should be measured and made part of the post award accountability process.

Content Is An Integral Component of Information Technologies (IT)

The proposed revisions to Circular A-76 use information technology as a "test" of applying an "integrated evaluation" process. PRIMEDIA supports that initiative but urges the OMB and agencies to specifically recognize that content creation and dissemination are both an integral part of IT activities, and more in need of integrated evaluation overall than IT is.

IT assets often exist for the purpose of creating and disseminating information content. In our case, the IT systems at our Workplace Learning division and Channel One are specifically designed for the content missions of their customers. A mismatch of IT and information requirements creates ineffective communications and waste. A broad definition of IT should be adopted and content creation and distribution should be specifically eligible for the integrated evaluation technique.

Indeed, content creation and distribution need integrated evaluation more than IT in many cases. IT has advanced so fast commercially that high standards have developed in many areas which can ensure quality, interoperability and other matters which previously required systems integrator skills for which cost should not have been the only determinant. That is not generally true in training and public information content creation and dissemination.

A related point to consider is raised in the Federal Register discussion, where it notes that integrated evaluation may be appropriate where "needs may require complex and inter-related services." Rather than looking at an activity as a stovepipe, in some circumstances its relation to other services should be considered. For example, the new training network PRIMEDIA is building for the Customs Service doubles as an emergency communications network, and will be available for other agencies to use in times of crisis. Similarly, on the day following the infamous school shooting at Columbine, the President requested and used Channel One's pipeline into secondary schools to deliver a message to students. PRIMEDIA is working with a variety of federal and other partners on a similar and much broader plan.

A traditional approach which separates the components of such a system into hardware, content and carriage would deprive the federal customer of meeting multiple needs over a common infrastructure and leveraging training expenditures to solve multiple problems. An integrated approach and a broad definition of IT would be fully consistent with and complementary to other government priorities including e-government, e-learning and homeland security.

Homeland Security Communications Are a New Requirement

The proposed revisions to Circular A-76 also seek to apply "non-cost" and an "integrated evaluation" process to "new requirements" and "segregable expansions" and permit agencies with such requirements to go directly to the private sector for the provision of a commercial service. PRIMEDIA urges that communications activities related to homeland security be considered a "new requirement" and/or a "segregable expansion."

Sadly, the events of September 11th, 2001 and the war on terrorism create an urgent need to rapidly train the federal workforce, state and local entities and communicate with the public in a new way that rapidly increases skills, enhances communications and makes them more efficient, and heightens vigilance. And funds are limited for these purposes. Media, training, public information and outreach related to homeland security should be considered a "new requirement" or "segregable expansion" for the purposes of competitive sourcing.

The task of coordinating the consolidation of the new Department of Homeland Security is complicated enough. Public information and training needs can not wait while the disparate communications activities of the individual homeland security agencies are coordinated. Private sector communications solutions can be put to the task immediately, especially where they already exist and have a proven track record of performance.

The need to design effective training and public information strategies is urgent. The failure to communicate critical information in either context can prove to be deadly. Private sector resources should immediately be utilized.

We recommend that the training and public information communications functions of the new Department of Homeland Security be considered fundamentally new and segregable requirements. They should be coordinated at the Departmental level while allowing for flexibility at the local and agency level to meet the needs of specific employees, communities and partners.

Communications related to training and public information is a commercial activity, which should utilize private sector resources to the maximum extent possible. In the continuing war on terrorism, our nation should take advantage of most advanced communications techniques and distribution channels available to make Americans safer.

What is desperately needed is a means to provide a continuous information flow to all Homeland Security constituencies. A comprehensive secure system of communications and meaningful content can best be provided private sector sources. PRIMEDIA and other private sector companies can do just that on a fast, efficient and effective basis - and keep it up to date with the latest information technology.

By classifying training and public information communications activities in this manner, the new Department of Homeland Security will gain maximum flexibility to create a coordinated system which delivers unified messages when that is necessary, but more importantly can develop and deliver the right communications, efficiently and with impact, to the specific constituencies and/or staffs of each agency and Homeland Security partner.

Competition Must Be Fair and Meaningful

In competitions between the private sector and federal providers, the private sector must be assured that the bid process will be fair and not just a means to set a price for federal activities. In preparing for a federal bid, significant expense and effort is invested in each proposal. Government bidders should not use the private bid process as a way to "game" the system or to lower government bids after the private sector has submitted their best offers. Effectiveness, efficiency, and quality should be considered in addition to price, especially in competitions between the government and the private sector.

PRIMEDIA applauds the effort to establish a fair playing field between private and federal service providers. We also applaud the push for a simplified procedure for procurement at all levels of government. Given the expense involved in bid preparation and the long time frame between requests for proposals and contract awards, the private sector must have confidence that competitions are real and meaningful.

In particular, as noted above, we believe all competitions for content development and communications should be required to provide and meet standard commercial efficiency and impact criteria (e.g. specific target groups, and cost per million for communications with them), and have a post-activity evaluation of whether those were met.

CONCLUSION

PRIMEDIA supports reforms to Circular A-76, and the fundamental thrust of those recommended by OMB. Under the policy direction of federal agencies, the private sector is capable of delivering to the federal government an array of products and services which provide maximum value and which are tested and disciplined by a competitive process. We urge OMB and the agencies to utilize the private sector to the maximum extent possible in developing and disseminating communications related to training and public information. We also urge that information technologies be given a definition broad enough to include such content creation and distribution, that appropriate non-cost factors be fully considered in evaluating the competitions between the government and the private sector relating to training and public information, that Homeland Security public information and training activities be considered new requirements and/or segregable expansions and that a fair process be established for competitions between the government and the private sector.

A successful reform of Circular A-76 can produce exceptional value to the federal customer and the American taxpayer.

Respectfully submitted,

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