

ORIGINAL

⑥ of 25

Transcript of Proceedings

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SECRETARY'S ADVISORY COMMITTEE

ON

AUTOMATED PERSONAL DATA SYSTEMS

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PART 1

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Transcript of Proceedings

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SECRETARY'S ADVISORY COMMITTEE

ON

AUTOMATED PERSONAL DATA SYSTEMS

Bethesda, Maryland

Thursday, 18 May 1972

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SECRETARY'S ADVISORY COMMITTEE

ON

AUTOMATED PERSONAL DATA SYSTEMS

Fogarty International Center
Building #16 - Stone House
National Institutes of Health
Bethesda, Maryland

Thursday, 18 May 1972

The meeting was convened at 9:00 a.m.

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P R O C E E D I N G S

MR. MARTIN: Hello. Nice to see you all.

We are a little bit slowed down in starting this morning because of some unexpected and untoward development. Sheila Smythe, a member of the Committee who was to have been here this morning on time and who was to have been going to make a presentation for us of the processes which led the American National Standards Committee, ANSI, which she chairs, to arrive at its proposal of a standard identifier for individuals, was struck by intestinal flu last night and spent a very uncomfortable night and has been cautioned by her doctor not to try to travel before this afternoon. She hopes to get a plane this afternoon and be down here later in the day. Conceivably she will not arrive until tomorrow. She feels that is the worst delay that she is going to encounter.

I have been trying to adapt to this unexpected development which is why we are a little slow. I think what we will do then is to postpone until Sheila Smythe arrives both her presentation, obviously, and the immediately preceding and sort of introductory to her presentation offering which Harry White will be making since their presentations are sort of linked.

Jerry Boyd has graciously agreed to adapt to the change in our circumstances and in a few minutes, perhaps five or ten, Jerry will be making his presentation.

1 You will find among other things at your place,
2 three green and white publications, all of the Department of
3 Commerce, federal information processing standards publications
4 which have been placed there by Harry White and are relevant
5 to the presentation which he and Shiela will be making
6 subsequently. In the meantime you might wish to just put
7 them aside.

8 There are also at your places, I hope, folders,
9 blue folders which contain a variety of, I think, on the whole,
10 self-explanatory materials. One of these is a listing of
11 members of this Committee showing name and address and
12 telephone. If you see an error on that list, please bring it
13 to the attention of Bill Marcus.

14 I would call to your attention for correction on
15 that list one error we have already discovered and that is the
16 zip code of Frances Grommers, our Chairman, whom you will meet
17 very soon, the upper right-hand name on the sheet, it should
18 be 02116 instead of 02167. 02116.

19 Another content of this blue folder is a two-paged,
20 stapled together listing headed "List of Guests for May 18
21 and 19, 1972, Meeting." Not all of these persons are here at
22 the moment. Most of them are. Some will be here tomorrow.
23 This is a collection of all the persons whom we anticipate will
24 be with us during today and tomorrow.

25 There is, however, one name omitted which you might

1 wish to add and that is Mary Kay Kane, who is sitting on the
2 sofa directly behind Arthur Miller. She is a research
3 associate working with Arthur Miller on the privacy project
4 sponsored by the National Science Foundation which he has been
5 directing for some months now. I think I am correctly informed
6 that Mary Kay will be moving to Harvard from Michigan along
7 with Arthur and the project.

8 Mary Kay will be with us throughout the two days
9 to assure an ear on the proceedings for Arthur who has to leave
10 us in the middle of this afternoon to catch a plane for
11 Chicago for a meeting which he has there.

12 We have with us today two members of the Committee
13 who were not with us at our last meeting. We followed
14 practice of the last meeting of asking each member of the
15 Committee to introduce him or herself with such remarks as he or
16 she cared to make about their current and -- their current
17 occupation and past experience that bears particularly on the
18 scope of concerns of this Committee and in keeping with that
19 now tradition, established at our last meeting, I would ask
20 Patricia Cross if she would be willing to say a few words by
21 way of self-introduction and then I will ask Frances Grommers,
22 our Chairman, to do the same.

23 MS. CROSS: I am Pat Cross and I have a joint
24 appointment. I spend half my time working with Educational
25 Testing Service and the other half with the Center for the

1 Research and Development of Higher Education at the University
2 of California in Berkeley.

3 My work is research psychologist. I am primarily
4 interested in characteristics of college students and have done
5 some writing and most of my research is in that area.

6 MR. MARTIN: Thank you.

7 Our Chairman is Dr. Frances Grommers.

8 Frances, would you like to identify yourself?

9 DR. GROMMERS: I am a physician with a background
10 in logic, architecture city planning and systems technology
11 and I have been doing research in teaching for the last 10
12 years at the Harvard School of Public Health where I have
13 particularly been developing a course that is designed to look
14 at the problems of applying the computer in systems technology
15 in the health field.

16 One of the goals of the course is to improve the
17 communications between the health professions and the systems
18 technology profession.

19 MR. MARTIN: I am going to turn over the role of
20 presiding over this meeting to Frances. In doing so, Frances,
21 as I said to you, I am available to help in whatever way you
22 care to use me but I think it is appropriate now that we have
23 a chairman that the Chairman begin to preside.

24 MS. COX: Is her loudspeaker on? We can't hear her.

25 MR. MARTIN: It is being taken care of.

1 Frances has suggested that we might go ahead now
2 and hear Jerry Boyd's presentation.

3 Let me say briefly for the last two years, maybe
4 it is nearer three by now, the Administration has had pending
5 before the Congress a proposal to reform America's welfare
6 program. The welfare program as it currently exists is
7 essentially a federal-state or federal-state-local program
8 with services and cash payments delivered to beneficiaries
9 in each of our 50 states by instrumentalities of state and
10 local and/or county government.

11 The role of the Federal Government played largely
12 by the Department of Health, Education, and Welfare is to
13 contribute substantially in various ways as a partner,
14 financial partner, sharing the cost of those programs of cash
15 payments and services.

16 The Administration's proposal is oversimply stated
17 to separate the cash payment aspects from the service aspects
18 of the public welfare system and to federalize, to nationalize,
19 to shift to the Federal Government a major responsibility for
20 the cash payment program and leaving the service delivery
21 program at the sub-Federal Government levels. It is a mind-
22 boggling proposal from an administrative standpoint as a little
23 reflection quickly reveals.

24 Jerry Boyd, whom you are about to hear from, who is,
25 I believe, a Social Security Administration career employee --

1 MR. BOYD: Was.

2 MR. MARTIN: Well, has been for some months acting
3 in a very significant capacity of responsibility for the design
4 of the systems which it will be necessary to put in place to
5 implement the welfare reform proposal which the Administration
6 has made.

7 I will now call on Jerry to describe what that
8 process of system design is doing and working toward.

9 MR. BOYD: Did everyone get copies of this little
10 handout?

11 MR. MARTIN: There should be in everyone's blue
12 folder, I think, a two-page document entitled, as I recall,
13 "Presentation Outline." I think it also has Jerry's name on
14 it and it is an outline of Jerry's presentation prepared by
15 him.

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1 MR. BOYD: I suspect if you have the outline and
2 read that, you will find I don't follow the outline very
3 well. I thought as an introduction, we might talk a little
4 bit about the intent of HR-1, what is trying to be
5 accomplished. Welfare reform, generally speaking, is a very
6 confused subject in this country, and depending on who is
7 listening or who is speaking, you are going to hear a lot
8 of different views about what welfare reform is.

9 As the bill has been introduced through the House
10 of Representatives, it is intended to be an income maintenance
11 type of approach to the payment of welfare benefits, rather
12 than the standards of needs basis.

13 Now this does several things: It reduces the
14 amount of freedom of the individual employee of the government,
15 whether state or local or federal, to determine for the
16 individual whether or not he's eligible for benefits and how
17 much he will receive. With the standard of need operation,
18 there will be a set formula of entitlement for all people
19 throughout the states and the amount payable in each state
20 would be the same.

21 The conditions of eligibility would be the
22 same in each state, in each local jurisdiction. With that
23 kind of a set-up, we would be able to put in national standards
24 of eligibility, national computation methods, a set method
25 of obtaining information from individuals.

1 Now once we have obtained that information, we
2 would introduce it into a computer complex, introduce a
3 national payments program with the centralized certification
4 of checks, with the computers actually doing a verification
5 of all of the eligibility factors determined by the person
6 taking that claim, computing the benefits, and preparing
7 both the award or denial letters.

8 Now, as the cases would flow into this central
9 system, we would be able to cross-check, using the Social
10 Security account number, against all previous entitlements
11 for welfare under the federal program. This would be done
12 before we instituted the recurring payments and made the
13 final decision.

14 Therefore, each individual in a family would have
15 an account number, we would record that in the claims input,
16 we would then check to see whether that person was eligible
17 for benefits on any other family account, or whether, under
18 this account, they had filed previously.

19 At the same time, we would have to go over to the
20 Social Security Administration, which would be responsible
21 for the administration of the adult portions of welfare
22 reform programs to ascertain whether the person might also
23 be on -- receiving adult welfare benefits.

24 So we would have an absolute check nationally on
25 whether a person was or is receiving welfare from more than

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1 one source. This is one of the problems in our program
2 today.

3 One of the provisions in the bill calls for the
4 issuance of advance payment in cases of need upon initial
5 entitlement. We would have available on a regional basis
6 a listing of all personnel eligible for benefits in that
7 region so that when the claim was filed, we could ascertain
8 whether this was indeed an initial claim, and then we would
9 be able to call into our regional center and verify whether
10 or not that individual, if not already permanently entitled,
11 had received advance payment in recent months.

12 When a person comes to us after being entitled
13 and says, "I didn't get my check," we would be able to call
14 to our regional center and ask if a check had been issued
15 to that individual under that particular payment number,
16 Social Security number, that month.

17 If the check had been issued, we would then take
18 a statement from the individual that they hadn't received
19 their check, a signed statement, send this to treasury
20 dispersing, and they would issue a duplicate and we would have
21 about a two-day turn-around.

22 Now the difficulty with this kind of a process
23 in the welfare organizations as they exist today is that --
24 and this is true in Social Security, too. When you issue a
25 second check to individuals, in about 95 percent of the cases

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1 they cash them both and as a result what we would like to
2 do under this program is issue a duplicate check so that if --
3 and send it back through our local office, reverify they
4 haven't received this check, and give it to them immediately,
5 approximately two days after they have alleged the loss.

6 At Social Security, as an example, we had a study
7 a few years back where we had 100,000 allegations of non-
8 receipt in one month. We asked the people to come back five
9 days later and tell us if they still hadn't received the
10 check. 35,000, approximately, of the hundred came back and
11 said, "We still haven't received the check."

12 We then sent these allegations in to our folder
13 center, our payment center, to find out whether, according
14 to our records, they were entitled and should have received
15 a check. Now this took about a week, and we found that
16 16,000 out of the 35,000 had received -- were not even eligible
17 for a check that month. They were complaining about not
18 having had their claim finally acted on or something else
19 other than the nonreceipt of the check.

20 This left about 14,000, and of that 14,000, when
21 we went to treasury, we found that they had been unable to
22 deliver for some reason or had not issued a check, and we
23 actually issued some 6800 checks, and all about in 400 of
24 those, they cashed both. There were 400 legitimate non-
25 receipts out of the 100,000 complaints. We issued 6000 checks

1 to people and then had to recover the money from them.

2 Recovery in the Social Security program is a
3 relatively straightforward thing, but in a welfare program,
4 it is highly unlikely one would be able to recover over-
5 payments as readily. You just increase the condition of poor-
6 ness. What we want to do in this system is try to prevent
7 issuing the check if the person has already received it.
8 That's the reason for this proposed feedback of the second
9 check to the individual through the local office and have
10 him still say he didn't get the check.

11 Now if you have a duplicate check situation and
12 the same person cashed them both, you would be aware of this
13 some 15 days later and this is in plenty of time to catch
14 it before you have gone on for some months.

15 In New York City, as an example, check reconcilia-
16 tion takes eight months. They estimate some \$4-1/2 million
17 in overpayments occurring because of the delay in reconcilia-
18 tion of the checks per year.

19 I suppose any time someone talks about building
20 a large government program with a federal system and cross-
21 checks, you get the problem of trying to decide how you
22 protect the privacy of the individual and still protect the
23 society at large. Of course, that is what we are in the
24 business of trying to do, is keep a balance between those two
25 things.

1 The means of protecting privacy is important
2 also. In this kind of an automated federalized system, we
3 would be using other government records available to us
4 because of the cross-referencing of account numbers to
5 verify what the individual alleged, but using that kind of
6 information makes it possible for us not to go out and
7 contact his employers, his neighbors, his friends to verify
8 the same information on a recurring basis by personal contact.

9 That kind of investigation is what has been so
10 distasteful in the welfare program, I suspect, to the
11 welfare recipients themselves, having someone go through the
12 neighborhood and say, "Is Joe really married to Jane?" and
13 "Is he really working, or has he really left the household,
14 and should we come in and check tonight?" and that sort of
15 thing.

16 What we are trying to establish here is a nice
17 orderly process that will get money to people who need it
18 and not to those who don't, and to do that, not by bothering
19 the individual on a daily basis, but by using the information
20 available to us from other sources.

21 Okay. In the design of the -- of a program like
22 this, you start off with one major objective, design develop,
23 and administer a program to provide basic financial assistance
24 to needy families with children firmly, fairly, and
25 efficiently.

1 Now the "firmly" is mandated in the legislation.
2 It says you will make certain checks, you will assure that
3 a deserting parent is found and make restitution payments to
4 the family.

5 Fairly means we want an equal treatment for any
6 person anywhere in the country. We attain that by adopting
7 highly standardized procedures, insisting upon a professional
8 approach to claims-taking, by computer verification of the
9 eligibility so that the individual claimstaker cannot
10 whimsically decide somebody gets benefits and does not, and
11 actual determination of the payment amount in the computer,
12 notification from the computer system with notification that
13 the individual always has the right of hearing or appeal.

14 Our support objectives are to design the policies
15 procedures and regulations necessary to promulgate this piece
16 of legislation. We have been operating on the theory that
17 it would take a minimum of two years to install the whole
18 program. At this stage of the some 290,000 policy issues,
19 we have been identified, I think, all but 30 have been
20 resolved, depending on whether the legislation holds. That
21 is essential to be done before the legislation passes, if we
22 are to make that two-year deadline. We will adjust as
23 necessary.

24 Computer programs and information processes, the
25 overall flow has been laid out and now we are trying to get

1 down to some of the details. But, of course, that, too,
2 may have to be adjusted as a result of legislation. Our
3 projection is that we have to have a first dual computer system,
4 large scale, probably in the \$12 million class within six
5 months after the enactment of the legislation, and 250,000
6 feet of space to operate our national data center.

7 Physical facilities and administrative support.
8 Physical facilities, we will need 600,000 feet of space in
9 and around Washington within one year, 350,000 of which has
10 to be in place the first six months. We are talking about
11 the need over a two-year period of time to obtain probably
12 some 40 million feet of space, 68,000 desks, 25,000 type-
13 writers, 10,000 or 15,000 microfilm, micrograph
14 reader-printers, 3,000 or 4,000 photocopy machines, and on
15 and on. It gets to be a rather large process.

16 Administrative support, we are a new organization.
17 Therefore we have to build all of those systems that are
18 extant in a large organization in the first year. This
19 includes a system for ordering, distributing forms,
20 procedures, ordering and distributing public information
21 materials, maintaining budgeting and accounting information
22 and the like. We will probably not have any very
23 sophisticated processes in the first year, but if you think
24 about the process of getting application forms and all the
25 attendant forms out into the field to the 3000 counties so

1 they can help in our benefit conversion and also to any of
2 the offices we form, you can understand that it is going to
3 be rather a tremendous task.

4 Additionally, and the government at least, and I
5 suppose in most other organizations that have a dispersed
6 organization, you will find that for every form that's used,
7 you print 10 or 11 and we will need 4.3 million forms --
8 application forms to convert the existing welfare, AFDC
9 recipients, in six months, beginning about 16 months out from
10 legislation, which means we will probably produce some 40
11 million forms in order to get those 4.3 million completed.
12 That's one form.

13 We will have probably in the neighborhood of
14 3000 forms by the end of the two years under control and
15 producing.

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1 Information processing hardware.

2 I mentioned the computer. We will have somewhere
3 between 30 and 50 centers around the country that will key
4 information and transmit it over magnetic tape to magnetic tape
5 transmission units to the central headquarters where it will be
6 processed.

7 We will need microfilming equipment in each of those
8 centers, a small computer as a key center, printing facilities
9 there, magnetic tape terminals for transmission.

10 A central complex, the initial computer request for
11 proposal is about to be released, I suspect, on a conditional
12 basis, conditional upon the passage of legislation.

13 It will probably have such things as 24 printers
14 which are capable of producing some six tons of paper a day,
15 and that's a lot of paper to put out.

16 So, that's -- that's singlefold. You take six copies;
17 you can produce six times as much.

18 We will have -- have to build our whole personnel
19 acquisition and training, organization and then we have to train
20 people and have a full operating capacity, 16 months after the
21 enactment date.

22 On federalization, we have developed a plan of
23 progressively federalizing the states and coming into each state
24 as it's ready to work with us to transfer its state welfare
25 employees over to our federal employees and to buy such space

1 and equipment as they are willing to let go of to build into our
2 operation and then lease whatever we need in addition to that.

3 Between the 16th and the 22nd month after legislation
4 assuming we have the two years we would like to have, we would
5 have them actually take new applications from all the existing
6 welfare recipients and we would then set up an entirely new
7 record for the federal payment processes.

8 Then in the last two months we would send the notices
9 to all of the current recipients about their entitlement under
10 the new federal program and we would ask them for an estimate of
11 their earnings in the next quarter so we could decide how much
12 to pay them. We would hope that that turnaround is fast enough.

13 Public communications.

14 We have a separate management tracking operation here
15 in order to try to develop the right kind of a public
16 information program, one that is responsive to both Congress and
17 the needs of the people so we have to be careful about balancing
18 out-reach with -- which is what, you know, the people who are
19 poor would like to have with the kind of conservatism that you
20 find in Congress.

21 We are going to have to build some kind of a program
22 that informs people of their rights and at the same time doesn't
23 proselytize them, get them to come to us.

24 Of course, the whole business of management
25 evaluation and improvement is a major undertaking. This comes

1 into all the evaluative techniques, all of your quality controls,
2 all of your budgetary planning, any proposed changes in methods
3 and procedures, and any proposed changes in the legislation
4 itself.

5 Now, what we have done is to set these tracks up as
6 independent tracks for management planning. On each of those
7 we have listed some 50 to 200 major tasks that have to be
8 performed and then we have, on a sliding time scale, have tried
9 to lay out how we would get to them and what order we have to
10 get to them in.

11 After we have done that, we did not do the cross ties
12 about when things had to be done in order to tie in with other
13 things. Now we are in the process of cross-tying all of these
14 plans.

15 We have a number of products coming out now including,
16 I might mention, the first product in proposed regulations is
17 the draft regulation on privacy and the first manual chapter is
18 on privacy of information. Both of them are in draft form.

19 Let's review the major things we are talking about.

20 Talking about a national payment process, all checks
21 issued through a single central register, certified at treasury
22 dispersing, eligibility verification and benefit computation
23 are automated.

24 There is a federalized data entry system, standard
25 data entry everywhere in the country. We are going to

1 progressively federalize the states between enactment and
2 effective date, employees, selected space and equipment.

3 We are going to take re-applications from all current
4 AFDC recipient families from effective date minus eight to
5 effective date minus two; and we are making the presumption at
6 this stage that the working poor claims will have to be taken
7 after the effective date because that's an additional three or
8 four million claims and we don't think we can be ready for
9 both of those loads in the same time frame.

10 The recurring claims load will probably be something
11 like two-and-a-half million claims a year, so if you look at
12 4.3 million conversion cases, which are re-applications, plus
13 another three million applications or four from the working poor,
14 percentage of which will be disallowed, you see that in the first
15 year of actual operation we will be taking something in the
16 neighborhood of four times our normal continuing claims load, so
17 we have a tremendous front-end load on all of the system and
18 that's true through the planning of the system and in the
19 implementation thereof.

20 I thought you might be interested in the kind of an
21 organization we are talking about. The red lines represent the
22 administrative management flow; the blue line represents the
23 claims flow, and the green line represents the maintenance
24 processes or the continuing reporting process.

25 We will have a central office that does what central

1 offices generally do, harass people and tell them all of the
2 things that they are supposed to know, writes policies,
3 procedures and evaluates the over-all operation, arrange for
4 budget, equipment and the like.

5 You go through the ten HEW regional offices and we
6 have to have those in place two months after enactment so we
7 can begin negotiations with the states.

8 We will then have an office in each state plus two,
9 Puerto Rico and D.C., and they will have to be in three months
10 after so we can begin to negotiate contracts.

11 One of the aspects of the state arrangement, in this
12 particular bill, is that we will probably have to in addition
13 to deciding the welfare rights of the individual for the federal
14 government, 32 states make an additional determination of his
15 rights to a supplement from the state. We will probably include
16 the supplement in our payments program if the state wants us to.

17 Also, in any state where they have Medicaid, we will
18 make the initial Medicaid determination and -- or at least that's
19 what Congress told us recently when we said we didn't really want
20 to.

21 So, when we have done those two things, we have added
22 significantly to the total job. If the states' standards are
23 significantly different on Medicaid, the amount of income they
24 can have and this sort of thing, then we will have two
25 determinations in every case.

1 All right. The state offices are primarily for
2 negotiations with the states, interchange of financial informa-
3 tion, negotiations of contracts and although the line doesn't
4 really show it, this state officer will be an assistant regional
5 commissioner and will supervise the area offices in the state.

6 At these area offices, we will have managers who will
7 manage a series of local claims units and will have their
8 quality evaluation, quality review and not quality control.

9 I think one of the points I would like to make is
10 that quality control is built into the system itself. It
11 prevents error, is supposed to prevent error.

12 What you put in when you put in people who review
13 claims and review cases is quality review to find out if your
14 controls are working and to identify what needs to be changed.

15 One of the problems with quality assurance as it is
16 now practiced in the state systems is that people call it
17 quality control when in actuality all they are doing is finding
18 out whether their quality is any good.

19 Those are two different sides of the same problem.

20 All right. The area offices will do a quality
21 review on a percentage of cases. They will do, on a small
22 percentage of cases, a complete redevelopment of the claim in
23 order to ascertain whether down here in the local claims unit
24 the policies and procedures are being followed and also to
25 determine where we accept allegations from the individual, what

1 those -- whether those acceptances of allegations are legitimate.

2 This quality review will tell us whether our
3 procedures and policies are right and also tell us whether we
4 need to change our policies with respect to how much information
5 we ask from the individual.

6 The local claims units, there will be some two to
7 three thousand of these, down to the lowest level. They will be
8 concentrated somewhat differently from welfare offices today.

9 In essence, there is one in every county in the U.S.
10 today, approximately 3200 offices nationally. We are talking
11 about having four offices in the rural area with traveling men
12 and in the cities; in New York City, for example, we are
13 talking about as many as 150 offices, getting down to the
14 neighborhood.

15 Part of this is to let people get to us; part of it
16 is to keep people from queuing up in large numbers which always
17 creates problems for them and for us.

18 Okay. In the claims process, a member of the public
19 would come to one of our local claims units where the
20 application would be taken and we would ask that person to
21 provide any evidence he has -- and if we needed more we would
22 ascertain the source of that evidence, such as the state
23 records, county records, and we would probably purchase that
24 ourselves for him, knowing that he is not going to have the
25 financial capacity to go out and buy public records.

swl 1 After that case is approximately ready to go, if
2 an advance payment is necessary, and as I indicated we would
3 check a printout in the local office to find out if he had
4 filed a claim in that part of the country within -- more than
5 three months ago.

6 If he had not we would call this information process-
7 ing center and they would check to see whether he had received
8 an advance payment.

9 If he had not, the local unit would issue an advance
10 payment to the individual that day. Or if it is in a majority,
11 ~~probably Treasury Disbursing Office, and local disbursing office~~
12 would issue the money that day.

13 If no advance payment is involved, then we would
14 ship the claim probably by courier, because we can't build a
15 complete data communications system of this size in less than
16 about three to five years, so we would have a courier take the
17 claims information to the processing center and there the data
18 would be keyed and fed into the central computer operations that
19 night.

20 The folder of claims evidence would be held at this
21 level, not down here. It would not be available down here for
22 several reasons, one of which is that these local offices are
23 going to be in some pretty rough neighborhoods, and if recent
24 experience holds, a lot of them will get knocked over. That
25 information then would be available to anyone in the area.

sw2 1 What the local community will have is a microfilm
2 of the people in that area, but so coded that anyone who is
3 not familiar with a microfilm reading would not be able to get
4 much out of it anyhow.

5 Now, the information would be held at this point.
6 What is introduced into the central computer operations is
7 base data, base factors of eligibility, and the computer then
8 verifies that all the factors of eligibility are present and
9 that they produce a result upon which you can validate a
10 decision.

11 Then the computation is made and a notice goes out
12 to the individual and a payment certification goes over to
13 Treasury, if it is an award.

14 Now, in this record centrally one of the interesting
15 things about computer records is they are hard to get to by
16 anybody who doesn't know the system and they are hard to read
17 after you get there. But this kind of a record is highly
18 objective. It only records what we did to the individual, after
19 we take into consideration what he told us or what we
20 verified in the claim.

21 Now, what we did to the individual in terms of pay-
22 ment history, transaction history, all of the evidence, all of
23 what he told us, will be down at this level. All of our trans-
24 actions and what we did to him will be at the computer center.

25 Now, this will be our official transaction record on

sw3 1 the case so that any future transaction has to come through
2 that computer center first. This is to prevent the sort of
3 thing that happens when sometimes you work from a folder and
4 sometimes you work from a computer record and you have two
5 transactions that conflict coming into the system, one of which
6 might have terminated the man and the next one reinstates him.

7 Although it got into the system sooner, this one
8 was processed faster. That presents real problems to us.

9 Every transaction will go there first and only then
10 if the man can't handle it will it go out for an individual
11 under control so that we know every transaction anywhere in the
12 system.

13 The notice to the individual will include information
14 on his right to appear if he is dissatisfied with the result. He
15 has 30 days to do that and the law required then that we must
16 within 90 days finally decided on that hearing.

17 The hearing officers will probably be at the area
18 level.

19 If he comes into the local office and complains about
20 his decision, they will give him a prehearing conference; they
21 would notify the area office or send a copy of the hearing
22 request to the area office to the hearing examiner, a copy of it
23 would go in here to the information processing center. They
24 would pull a microfilm of all the data in his file.

25 It would also to up here to the computer operations,

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1 get a printout of his master file, transaction file, and they
2 would check to see whether a hearing -- the hearing was filed
3 timely, because 30 days after that notice was sent it can't be
4 filed anymore.

5 If it was filed timely, they would set up a control
6 that would constantly be coming out to this hearing examiner
7 saying it is now 45 days, 70 days, we haven't gotten an answer
8 back.

9 About the 88th day they would say you have two more
10 days before you are fired or something like that. It would
11 probably go through the regional offices at that stage.

12 On post entitlement notices notice the bill now
13 requires a quarterly redetermination of entitlement which means
14 a quarterly notice from that individual of his earnings, his
15 income from other sources, any changes in his family composition.

16 The way the bill is now written, he would tell us
17 what he actually earned the past quarter and how much he expects
18 to earn this quarter.

19 On the basis of what he expects to earn, we set up
20 his future payments, adjust also for the actual earnings as
21 against his previous statement in the proceeding quarter.

22 That is a little shakey, because what it means is
23 you are constantly paying the man on the basis of an estimate
24 and then adjusting on the basis of actual earnings and I would
25 suspect that we would probably change his working rate if -- his

1 payment rate if he is a working man.

2 One of the proposals is a monthly reporting
3 process, entirely retrospective. Last month's earnings would
4 determine this month's payments. This way you would never
5 have this problem of overpayment, recovery, adjustment.
6 That, too, is full of problems, but it does offer some
7 advantages.

8 At any rate, since those notices probably go directly
9 to an information-processing center, there they would be
10 keyed, go into the computer operations, and now because of
11 some special rulings we would probably send a notice back
12 to the individual saying, "Here is what you told us, here is
13 what we are going to do unless you come and contact us
14 within seven days and tell us we are wrong." If he doesn't
15 contact us within the seven days, then we can go ahead and
16 effect the transaction, and he still has 30 days to file for
17 a hearing if he is dissatisfied. We have to give him a pre-
18 notice before we take the transaction. They call that the
19 Goldberg versus Kelley decision, an interesting one.

20 The other kind of thing that will happen is that
21 as we bring this claim into the process, we are going to be
22 going over to Social Security, to verify the Social Security
23 number, to find out whether he's receiving adult benefits,
24 to find out whether they are receiving Social Security
25 benefits or to verify the amount if they have already told

1 us about it. We might also go to Railroad Retirement Board
2 to verify the payment amount. We might go to the Veterans
3 Administration to verify the payment amount, if they have told
4 us that they are eligible there, and we might go to the
5 military.

6 Now, if the individual brought in an award showing
7 how much he was receiving, that verification would be un-
8 necessary. But for the most part, we will be going to those
9 other records to verify amounts.

10 In addition, the bill provides that we will go
11 to the Social Security Administration on a quarterly basis
12 to verify earnings that the man has reported to us.
13 Probably, although it will be much after the fact, we might
14 look at his tax returns occasionally to verify resources,
15 although by the time the return would be available, it is
16 18 months after the time that he would have told us about
17 them.

18 Now with this kind of a process, there will also
19 be a certain amount of re-investigation, but we would not
20 take any action as the result of third-party information.
21 An allegation or evidence from any other federal record,
22 without first contacting that individual and letting him
23 confront the information. So any time a third-party piece of
24 evidence is introduced into this system, the first thing
25 that happens is we go out to that individual and say, "You

1 can challenge this, you can establish that it is not correct,
2 if you so desire, or you can acknowledge that it is correct."
3 Only after that would we take a transaction on the basis
4 of that kind of information.

5 I think we have gone through most of this, but
6 we can review with this. LCU has all public contact, down
7 in the community with the people is where we want all public
8 contact. This will be the only interface with the public.
9 It isn't going to have machinery there. It is going to be a
10 people-to-people situation.

11 Now what we are looking for is a nice, finely
12 tuned operating piece of machinery hidden from the public
13 because people don't like to deal with machinery, and
14 machinery is unpleasant. Any time there is a problem between
15 the government and one of our recipients, it should be taken
16 care of at the local claims level.

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1 Investigations, any necessary investigations would
2 occur there. Representative payees, sometimes, quite often as
3 a matter of fact, we have to appoint a payee for a family
4 because the head of the household is incompetent for one reason
5 or another to handle the funds.

6 Usually we go through the courts or make a decision
7 if there is a relative available who will handle the funds
8 properly.

9 The claims interviews will be taken there, advance
10 payments made there, referral to the Department of Labor will
11 be made from the local office for training or for work, refer-
12 ring to vocational rehabilitation for incapacity cases will be
13 made there or for vocational rehabilitation training.

14 Any recontacts with the individual will come from
15 there except for one and that is where we redevelop the case
16 through a quality-control type and that will be a selected
17 sample, you know, all of the carefully selected samples that
18 quality people know about. An evidence development will be
19 done both for people in the local office and if somebody from
20 another state says, "Gee, my birth certificate is in Iowa, and
21 I am now in Wyoming," they will probably get a call from the
22 office in Wyoming, saying, "Would you contact the state and
23 obtain the birth certificate for us, and get it to us so we
24 can process the claim."

25 The area office has management supervision of local

1 claims, quality assurance and hearings and appeals we talked
2 about.

3 State office is again state liaison and coordination,
4 contracts which would be very large in the first few years and
5 financial management. The state supplemental payment is such
6 that the state has to pay up to the amount that it paid before
7 the federal government took over welfare payments, and then
8 anything that they pay in excess of that amount, the federal
9 government is responsible for.

10 So we will -- if we are making the payments for
11 them, we will bill them up to a point in the year and say at
12 this stage, we cannot bill you anymore because you have exceeded
13 this tolerance level.

14 And then in addition, if we make the medicaid
15 determinations we will be billing them for some of the admin-
16 istrative costs of that, so that there will be an interplay of
17 money exchanges. The regional office gives administrative
18 support to the field and supervises both the states, and through
19 them, the area offices and local offices.

20 The central office handles administration, policy,
21 systems development, program evaluation. All computer operated
22 programs will be written centrally whether or not they may
23 be operated at the information processing center. All proce-
24 dures will be written centrally whether or not they apply to
25 the information processing center or the local offices.

1 They might be adjusted considerably by the information that
2 is fired back to the central office people.

3 Information processing center enters all claims
4 data into the system, even at the point where we are doing
5 a conversion with the state. There will be federal employees
6 doing the daily conversion under strict controls. Evidence
7 files will be retained at this level rather than the local
8 level. Notice and redetermination will be processed at this
9 level.

10 There will be some exception processing here. Any-
11 thing that comes into the system and when you key, it comes out
12 unreadable because it is not all there or anything that is
13 rejected by the central computer will come back through a
14 processing control system here, and go down to the local
15 claims unit for correction. And the advance payment control
16 that we mentioned.

17 At the computer center we have eligibility verifi-
18 cation, benefit computation, award and denials, master record
19 maintenance, all transaction processing, all processing control
20 statistics, all cross-references to other systems, strictly
21 under computer control, master index of all the eligible people
22 in the United States, and verification with Social Security
23 and IRS.

24 That is it.

DR. GROMMERS: Who would like to make a comment?

1 MS. HARDAWAY: I would like to ask a question,
2 please. In the area of administrative personnel, did I under-
3 stand you to say that you would be going into the states and
4 taking some of that state personnel and making federal per-
5 sonnel for your program?

6 MR. BOYD: Yes. Particularly the family portions
7 of this program. In the adult categories, Social Security will
8 be administering that. They have some 53,000 employees,
9 already. They will need some 15,000 more nationally in order
10 to do their part of the program.

11 We have at the present moment, 211 people in our
12 operation and we will need, at the end of the first two years,
13 some 68,000. They are going to have to be trained, claims-
14 takers. I would suggest that the only trained, claims-takers
15 around are in the states and we are going to have to use them.
16 We plan to.

17 Also, we will probably take the clericals that we
18 can get and some of the hearings examiners if they can qualify
19 under the federal standards, and also the quality development
20 people. Obviously, some management.

21 MS. HARDAWAY: So I will be prepared in Tennessee,
22 how will you go about that in taking my state employees and
23 retirement, and etc.? Will there be a provision to --

24 MR. BOYD: There is a proposed addition to the
25 Senate Bill which would call for federalization of state

1 employees, guarantee of no loss of income, carry over of their
2 sick leave, partial -- they would not carry over their vacation
3 pay -- vacation time, but the time they worked for the state
4 would count toward how many days they would qualify for in the
5 federal government and on retirement; if they did not have a
6 vested interest in their state retirement program, as I recall,
7 they would get a \$120-per-year of service added on to their
8 federal retirement benefit, once they had had their minimum
9 five years with the government.

10 MS. HARDAWAY: Will you go through a testing program
11 with the state employees, Must they be tested?

12 MR. BOYD: No. It is not going to be a competitive
13 selection process. We will probably have to go through an
14 application process and a -- say an evaluation of where they
15 would normally fit into the program.

16 In other words, do they fit in as clericals, semi-
17 professionals, professionals, or where. Then give them a grade
18 evaluation with a guarantee of salary savings if the grade
19 they can qualify for in the federal from their application is
20 lower than -- or produces a salary lower than what they are
21 currently receiving.

22 MS. HARDAWAY: Approximately how much notice will
23 we have?

24 MR. BOYD: One of the reasons we wanted to get in
25 three months after enactment is so we would have 21 months to

1 negotiate and work with the states in the process of hiring
2 people. What we would like to do is negotiate during the first
3 year as we are building up our capacities and then during the
4 second year, progressively federalize so that, while the states
5 would be doing much of our work anyhow, and we would take over
6 states as they -- as we could complete the personnel transac-
7 tions, get the space, get the equipment out there.

8 DR. GROMMERS: Would you like to speak to the
9 point as to why you need the Social Security number as the
10 identifier in your system?

11 MR. BOYD: Yes. There are several reasons.

12 First of all, it is the only effective national
13 identification number I would say. There is a presidential
14 order that says, that any new program that uses any kind of an
15 identifier must use the Social Security number as an identifier.

16 In the House Subcommittee Hearings, it specifically
17 requested that the new program use the Social Security Account
18 Number for purposes of being able to cross-verify earnings
19 information with Social Security. Additionally, I am sure that
20 Social Security, whether or not that was mandated, would plan
21 to use the Social Security Number in the adult categories for
22 purposes of cross referring their beneficiary population with
23 the welfare population; 90 percent of whom are also beneficiaries.

24 MR. DOBBS: On the same point, it was not completely
25 clear: Is it a requirement of the system that anyone coming

1 in contact with it in fact, either have or be furnished
2 Social Security Number.

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3 MR. BOYD: It will be, yes.
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1 MR. DOBBS: So that, in fact, dependent children
2 without heads of households would be required, at first
3 contact, to have a number or to get a number?

4 MR. BOYD: Well, this program doesn't cover dependent
5 children without a head of household. Any dependent child
6 where there is a head of household would get one, yes.

7 MR. DOBBS: I had a couple of other questions.

8 What's the estimated cost to develop and install this
9 capability?

10 MR. BOYD: I think probably the second-year costs
11 would be somewhere in the neighborhood of a billion dollars --
12 the first year, considerably less, to begin to build the
13 program.

14 MR. DOBBS: That -- did you say a billion?

15 MR. BOYD: A billion.

16 MR. DOBBS: I am overwhelmed. I guess I didn't
17 phrase the question right. Let me make sure I understand.
18 Is that the cost of development or is that the cost of
19 development and operations or the cost of development and
20 operations plus claims dispersements?

21 MR. BOYD: Claims dispersement will run, once it's
22 fully operative and if it's -- the working poor is included as
23 in H.R. 1, will run somewhere -- initially around five to
24 five-and-a-half billion dollars a year and will go up to seven,
25 eight and possibly, depending on how the legislation is written,

1 up to \$14 billion a year.

2 MR. DOBBS: All right. What are ongoing operative
3 costs? A billion to develop?

4 MR. BOYD: I would say approximately \$1 billion a
5 year.

6 DR. GROMMERS: How much are you leaving out for that
7 14 billion?

8 MR. BOYD: What?

9 DR. GROMMERS: How much money?

10 MR. BOYD: That is what we are talking of giving out.

11 MR. DOBBS: One has to ask the question if you
12 wouldn't be better off giving away the billion.

13 MR. BOYD: That's true. But you see any time that
14 you go into that kind of a process -- you see the easy way to
15 reduce the overall costs is to pay the people more and then your
16 percentage of overall costs are lower, right?

17 MR. DOBBS: Right.

18 (Laughter.)

19 MR. GALLATI: Could you give me some idea if you
20 have thought about it as to the comparative costs of operating
21 this system vis-a-vis the Internal Revenue's income tax system?

22 The thought I have is it's been referred to as a
23 negative income tax. If it's costing so much to do this on the
24 theory that everybody achieves what comes into the system,
25 whereas income tax is collected on the basis that everybody is

1 honest, and using the exception basis as opposed to the total
2 review basis, is this a better way to go about it?

3 MR. BOYD: Essentially this is very similar to IRS
4 in terms of its administration.

5 What is different is that you are required, of course,
6 by law to get certain kinds of evidence of eligibility. But
7 essentially what we are trying to build is something very
8 similar to Social Security on one side that has the reverse of
9 the income tax philosophy and what IRS has.

10 I am not sure but -- about what the IRS budget is
11 but I know they have one definitely of a lot of employees and
12 considerably more than the Social Security Administration.

13 The Social Security Administration which has been
14 operating for 35 years, has been automated for some 12, is
15 operating at a -- with about 55,000 employees and will probably
16 go to about 70,000 employees; that's rough; maybe it will be
17 more like 68,000 -- and they will be taking all the claims
18 they took before plus the adult categories.

19 The problem when administering this kind of a
20 program is the continuous -- the requirement for continuous
21 interaction between yourself and the public.

22 At Social Security, on a benefit, you have an average
23 benefit life of some seven-and-a-half years. In this program
24 the average is under two. Persons will be on and off of these
25 rolls on the average of at least once every two years. That's

1 a 50 percent turnover -- your rolls per year. That means a lot
2 of work.

3 The basis for payment is income. Now, if you
4 wanted to go to a straight negative income tax, very efficient,
5 very cost-effective, reduce the costs of this program greatly,
6 on the other hand, at the end -- you wouldn't be able to know
7 until the end of each year how much the man was fully entitled
8 to and you might have to take a lot of money back. It's not
9 responsive to need.

10 MR. IMPARA: I disagree. You said you would make
11 them file quarterly estimates. Many of us already file
12 quarterly estimates to IRS.

13 Based upon the quarterly estimate from the working
14 poor, IRS could make a rebate in a very similar manner you
15 describe.

16 DR. GROMMERS: Could I change the focus here. We
17 aren't here to discuss the merits or the demerits.

18 DR. MILLER: You mentioned a number of interphases
19 between this proposed system and other organizations -- first
20 category are those groups within HEW itself such as SS.

21 You also talked about Internal Revenue Service,
22 Veterans groups. Is it your intention that there would be
23 interphases between this system and every system or every data
24 bank or every set of files operated by any other federal agency?

25 MR. BOYD: Those that would have a bearing on whether

1 or not the person was entitled, we would probably have to have --
2 obviously we would have to tie in to the Department of Labor's
3 files.

4 DR. MILLER: What do you mean by tie in, automated,
5 messenger boy?

6 MR. BOYD: The Department of Labor is going to
7 operate that portion of the program related to the working
8 poor. They will contract with us to make the determinations
9 and payments and they would then retain the responsibility for
10 the financial management, setting up the training requirements
11 and the work requirements for those individuals so there will
12 be a required data interchange between that group.

13 The Veterans Administration pays a benefit and we
14 would contact them only if there was indication from the
15 individual that he had been in service and might be eligible;
16 the same for the military. Those would not be automatic cross-
17 referrals.

18 DR. MILLER: Those would be inquiries?

19 MR. BOYD: Yes. Probably on an automated basis but
20 only on the basis of what the man told us. If he said, "I am
21 getting a benefit from VA," the only way we could get to his
22 record over there was to know what his VA claim number was.

23 DR. MILLER: To what extent do you anticipate looking
24 at those records? You can verify the amount of the payment by
25 looking at one entry.

1 MR. BOYD: That's all.

2 DR. MILLER: Would the same be true of Internal
3 Revenue files?

4 MR. BOYD: Our purpose there is to investigate or
5 call upon such information as they have in machinable form to
6 verify that an individual has properly reported his resources,
7 his business income, or his interest rates.

8 Now, as a matter of fact you can't get at the
9 interest rates from their computer records. They aren't
10 recorded there. So that in a selected sample of cases, in
11 order -- our redevelopment cases, we might go over and take a
12 look at the detailed record of interest reports from the
13 various banks.

14 DR. MILLER: Which means in effect that you would --
15 you envision the possibility of access to the entire return of
16 the individual?

17 MR. BOYD: Yes.

18 DR. MILLER: Now, what other agencies do you
19 anticipate interfacing with, any outside the federal government,
20 state and local government, private agencies, universities and
21 hospitals?

22 MR. BOYD: We will have contacts with -- I am certain
23 with Unemployment Compensation and Workmen's Compensation.

24 DR. MILLER: State and local?

25 MR. BOYD: Well, Unemployment Compensation is state

1 operated; Workmen's Compensation is pretty tough to find any-
2 where.--

3 DR. MILLER: What about universities?

4 MR. BOYD: -- by the state, federal, or private
5 insurance company.

6 Universities, probably not except to verify that an
7 individual who is receiving benefits solely by reason of being
8 a student is still in school. We might come to them and say,
9 "Is he still in school?"

10 DR. MILLER: In your description, you indicated
11 that there would be a right-of-confrontation with regard to any
12 third-party data. Do you mean right-of-confrontation with
13 regard to data that you receive from any of these groups that
14 we have just discussed?

15 MR. BOYD: Yes.

16 DR. MILLER: Before the transaction is made, the man
17 will be notified as to the sources you went to to verify his
18 claim and he will be allowed to confront them?

19 MR. BOYD: Yes.

20 DR. MILLER: Which means that you will produce a
21 record gained by your office from information gathered from
22 other agencies?

23 MR. BOYD: Any information given us by another agency
24 would be sent out over a -- the computer process and be printed
25 out in our information processing center, delivered to the

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1 local office. They would contact the individual and ask him if
2 this is correct information.

3 DR. MILLER: All I am getting at is inside of what
4 you call your national data center, which I think is an ill-
5 advised term, you would be in effect producing a record that
6 literally might reflect all of the individual's contact with
7 the federal government insofar as they relate to his claim for
8 benefits under this program; a duplicate record would have
9 been created of certain entries in other records, gathered for
10 other purposes by other agencies of the government?

11 MR. BOYD: Well, one of the requirements of this
12 program, of course, is that -- and this is built into the law --
13 it says that if a person is receiving a Social Security benefit
14 the amount of eligibility that he is -- has with this program is
15 reduced by the amount of his Social Security benefit. If he --

16 DR. MILLER: I am not quarreling with the fact you
17 may have to know the information. I am concerned about the
18 fact that new information is created and we have got to worry
19 about assuring the confidentiality of that information.

20 MR. BOYD: Agreed.

21 DR. MILLER: Now, does the bill contain a statute
22 assuring the confidentiality of any information generated by
23 this program in the course of claims?

24 MR. BOYD: It indicates two things.

25 I believe the current version of the bill says this

1 organization shall have access to the information of other
2 federal agencies necessary to the administration of its
3 payments program.

4 Further, there is a proviso that it will promulgate
5 regulations to protect the information.

6 DR. MILLER: But no statutory provisions for assuring
7 confidentiality of your files comparable to the Census Bureau
8 or the confidentiality rules of the IRS?

9 MR. BOYD: I think it has the same sort of
10 confidentiality requirements that Social Security Administration
11 has.

12 DR. MILLER: Social Security is statutorily based.

13 MS. KLEEMAN: These titles are amendments to the
14 Social Security Act.

15 In section 1106 of the Social Security Act,
16 confidentiality applies across the board to all federal titles
17 of the Act.

18 DR. MILLER: And it would cover the data generated or
19 received from other agencies.

20 MS. KLEEMAN: I am not sure the extent of it but
21 section 1106, definitely as the bill stands now, house passed,
22 applies.

23 MR. BOYD: That would continue to apply across the
24 board. But you still have to promulgate regulations to be sure
25 there is consistent application throughout.

1 DR. MILLER: Presumably you also have to presume you
2 will investigate regulations with regard to the scope of
3 inquiry made at other agencies. That is, you have to define
4 what is really relevant to the administration of your program.

5 MR. BOYD: Right.

6 MR. ANGLERO: Then, so the -- the administration says
7 I would like to know how is the system - or the design to provide
8 the different governments, local, state and county governments
9 with the information that would be gathered by this system in
10 such a way that would provide the mechanism for decision-making
11 to these local, state or county governments.

12 I would like also to know if you are planning to
13 aggregate the information, not only in terms of a few, if we
14 go into few, but also in the other benefits that are being
15 provided, services and political systems by other agencies at a
16 federal level and probably at state level?

17 MR. BOYD: One of the requirements in HEW is that we
18 produce quarterly a statement of benefits in payment status by
19 state and county throughout the U.S. Each of the agencies must
20 produce that kind of information, aggregated information broken
21 out by age groups and that sort of thing, covering the total
22 amount of benefits and the total number of recipients in each
23 state and county in the U.S. and major cities.

24 This is aggregated by the department into total
25 moneys produced by state and county throughout the U.S. as I

1 understand it. Is that right? Is it still that way?

2 MR. MARTIN: I think so.

3 MR. BOYD: Now, I don't know that it is distributed
4 quarterly. I suspect it's distributed semiannually or annually.
5 If we have the state supplement paid by the federal government,
6 where we actually have the information right in our system of
7 the amount of money being paid to that individual both by
8 ourselves and by the state, we would -- could and would provide
9 to that state not only information about the federal payments
10 but also the state payments by state and county and total
11 numbers of recipients.

12 We would not have information about the general
13 assistance payments which will remain a state and local
14 function. The state would have to produce that information.

15 DR. GROMMERS: Mr. Boyd, how are you planning to
16 investigate or verify income sources that are not given to you
17 by your applicants?

18 MR. BOYD: In general, I believe the way the approach
19 to date has been is that we would accept allegations of income
20 subject to a percentage verification and based upon the
21 evidence the man has available.

22 In some few instances, where he has not the
23 information upon which to base a decision, he doesn't know how
24 much he earned in the past or has no good information on that
25 and no evidence, no paylips, no W-2s, no tax returns, then we

1 might have to go to his employer and get a statement of earnings
2 from the employer for that period.

3 DR. GROMMERS: Supposing he is lying, that he is not
4 reporting his income.

5 MR. BOYD: Well, at that stage, if he -- if his
6 employer is reporting to Social Security, some six months later,
7 they would send a notice to us saying so-and-so, account number
8 so-and-so who is your recipient had earnings of this many
9 dollars and we would then check our records and he says he is
10 not working.

11 That's an investigation. We then go out and find
12 out. We may find, as often is the case among the transient
13 workers that really his son was using his number and he didn't
14 have any income or we may find that he was working, in which
15 case we have a recover problem.

16 DR. GROMMERS: Is this the reason why you need the
17 Social Security number as your identifier?

18 MR. BOYD: If you want to have this kind of
19 verification process as opposed to recontacting people in the
20 community to find out if he's working, yes.

21 DR. GROMMERS: Mr. Davey?

22 MR. DAVEY: Yes. Right at the very beginning of your
23 talk, coming back to your same point, you indicated that the
24 investigator procedures at the local level would be somewhat
25 diminished as a result of this system and that you would be

1 using direct access to the IRS, Social Security and elsewhere
2 as something of an offset to this type of thing.

3 Is this cost justifiable or just what does it look
4 like? What do the economics look like from this standpoint?

5 MR. BOYD: I think probably you will find that an
6 automated cross-check will probably cost you a few cents per
7 check or less.

8 A personal contact to verify information will
9 probably cost you in the neighborhood of \$15 because you are
10 sending someone of a fairly competent level of professional
11 ability out into the field to make contact. That takes time,
12 energy and a lot of investigative skills.

13 I would guess that a redevelopment of a case when
14 you are going into the field to seek out the actual sources of
15 information will probably cost us something in the neighborhood
16 of 70 or 80 dollars per case. That's why we have a small sample
17 of those redevelopments.

18 Probably the processing cost on an initial claim will
19 be, for everything including the whole computer operation, I
20 guess right now would be somewhere in the neighborhood of \$32.

21 MR. GENTILE: I have a question.

22 One of our primary concerns, of course, on this whole
23 committee addresses unique identifiers and particularly the
24 use of the Social Security account number.

25 You seem to imply that the decision has been made

1 that you will definitely use the Social Security account number
2 and my question is what impact would it have on you if you were
3 denied that authority on your whole system?

4 MR. BOYD: Well, it would assure one thing: That
5 we would be in the same position relatively as the states are.

6 If we used non-unique identifiers throughout our
7 program, varying from state to state, and there are some 152
8 different identifiers used now in the states and counties,
9 then we would not be able to verify that a person was eligible
10 in only one place in the country. We would not be able to get
11 at other government records that are carried under the Social
12 Security number and therefore we would have to go to employers
13 for this information rather than to federal sources, and we --
14 generally speaking we would require the individual to verify the
15 amount of every benefit he received rather than to go to that
16 agency unless he could provide us with his number for that
17 agency.

18 We would find ourselves carrying a series of numbers
19 is what I am saying, veteran's number if he was in Veterans
20 Administration, Social Security number, plus our own. That is
21 exactly what is done today.

22 MS. NOREEN: I was wondering how many people are
23 going to have direct access to the information you would collect
24 on a given individual? Do you have any idea at all?

25 MR. BOYD: Well, there will probably be 68,000

1 employees in the organization of whom some 50,000 will be in
2 the field.

3 Each individual under this kind of a program is
4 limited to access to the information necessary to his
5 particular job. For the most part in a local office they might
6 be able to check on the records of people living in that local
7 area. There will be a print-out of the master records. That
8 print-out of the master record will tell them, however, only
9 what his payment rate is, you know, the necessary identifying
10 information, and the history of payments under his current
11 entitlement -- none of the background information about how his
12 family came to be entitled, none of the evidence relating to
13 whether or not this is a legitimate marriage, a common-law
14 marriage, marriage of convenience, none of that would be
15 there. That would be in this information processing center
16 where you, after you have made the necessary decision that the
17 person was eligible, was related in a certain fashion to
18 someone else; that's all that would be recorded in the records.
19 Strictly objective information..

20 Now, the hearsay, all of this sort of thing that you
21 talk about would never be in the computer records.

CR 6172
End #7

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mea-1
CR 6172

1 DR. GROMMERS: Mr. Weizenbaum?

2 DR. WEIZENBAUM: I have a question and a comment.

3 The question first. Earlier you said that in
4 response to another question that Social Security -- the Social
5 Security Administration might notify you six months after the
6 fact. It's not clear what fact we are talking about here, that
7 someone does in fact have income that they have not reported.

8 My question is what would motivate the Social Security
9 Administration to make that report to you six months later?

10 MR. BOYD: We would probably go to them quarterly with
11 an index of people who are beneficiaries and ask them for the
12 earnings information on those individuals. If then that is not
13 in agreement with the information that we had obtained from the
14 individual, we would go out and tell him what we had in the way
15 of a record; Social Security has this kind of a record; your
16 reports show this kind of an income level; what is the situation;
17 are they right; are you right or what?

18 DR. WEIZENBAUM: This then, what you are telling me
19 then is that you are going to impose or rather -- a rather large
20 data processing burden on Social Security?

21 MR. BOYD: Yes, sir.

22 DR. WEIZENBAUM: Periodically?

23 MR. BOYD: Yes, sir.

24 DR. WEIZENBAUM: And continuously?

25 MR. BOYD: They have a rather large data processing

1 center.

2 DR. WEIZENBAUM: You are going to add to it.

3 I said a question and a comment. May I continue?

4 Earlier in your response to the question of what
5 would it do to you if you couldn't use the Social Security
6 number, I am surprised that you answered as you did. I think
7 the answer to that question would have to depend on what
8 alternative is offered.

9 MR. BOYD: Yes.

10 DR. WEIZENBAUM: We haven't discussed what
11 alternatives might be offered.

12 One more thing. With respect to that, you seem to --
13 you seem to imply that the Social Security number is the only
14 possible unique identifier.

15 MR. BOYD: It's the only existent one I said. It's
16 the only one in operation that is a national identifier and I
17 indicated that by presidential order it was made the identifier
18 for all new programs in the federal government.

19 In 1943, as a matter of fact. Ten-forty-three is
20 the executive order.

21 DR. WEIZENBAUM: The question remains on the table.
22 What if that were, in fact, contravened?

23 MR. BOYD: If it were and you said you shouldn't use
24 the Social Security number, if you are going to have a
25 national program with an assurance that people can qualify only

1 once in the program, you would have to devise and build another
2 national identifier and then if you wanted to get to the
3 Social Security records, you would have to build an index, cross-
4 referencing the two national identifiers together.

5 The national identifier does not make it -- the
6 existence or lack of a national identifier doesn't make it
7 impossible to exchange information between programs. It
8 facilitates the interchange of information by reducing the costs
9 of referencing.

10 The problem of regulation of the interchange of
11 information is not necessarily related to a national identifier.
12 What it is related to is the will of the people of the U.S. to
13 set regulations upon when and under what circumstances
14 information may be interchanged, and that's lacking in --
15 particularly in the nongovernmental sections.

16 In the federal government there are some regulations,
17 some laws. In many of the private sectors there is not this
18 same regulation. There the information may be exchanged
19 fairly readily.

20 MR. DOBBS: That seems to beg the issue. The fact
21 of the matter is the de facto use of something as a national
22 identifier does in fact put it into use.

23 MR. BOYD: Yes.

24 MR. DOBS: Irrespective of what the public does
25 about it. That's why we are here.

1 MR. BOYD: That is right. I think what the Social
2 Security Administration has said is that once you have
3 instituted a national numbering system for one purpose, if it is
4 a fairly effective numbering system, many other people will use
5 it and while you may not support the use, it is impossible to
6 prevent it if the individuals who are putting information into
7 that other program give the number.

8 Now at that stage, then, the only way that you can
9 handle that kind of a process is by regulation or law or whatever.

10 MS. LANPHERE: I work for a state welfare agency so
11 you can imagine I know the concern in the states, naturally, and
12 the misunderstanding, the wonder, the confusion, especially
13 those that work in the eligibility area.

14 So, I have -- I could ask questions all day but I
15 have two or three. How does this relate then to the Social
16 Security claim number?

17 MR. BOYD: The claim number as used in Social
18 Security is the primary applicant's account number with
19 subscripts and the primary itself has a subscript A. His wife
20 has a subscript B with a B-1 if she is a young wife, B-2 --
21 so on.

22 (Laughter.)

23 MS. LANPHERE: I know. That's why I asked.

24 MR. BOYD: The widow's subscript is D or E if she is
25 a young widow. Children's subscripts are C with a 1, 2, 3, 4,

1 5 up to 9 depending on how many they are.

2 F is for parents; F-1, male parent; F-2, female
3 parent; F-3, a stepparent, male and so on.

4 H is for disability recipients and G is for lump
5 sum claimants and so on.

6 So, that all relates to the wage earner's account
7 number, controls the claim.

8 MS. LANPHERE: But sometimes the claim number is not
9 the person's Social Security number with a suffix; it's an
10 entirely different number and you have -- you know, different
11 numbers and suffixes.

12 MR. BOYD: Well, of course the states have been
13 obtaining information from the federal government through what
14 they call the BENDIX or beneficiary and data information
15 exchange program. So, they obtain the claim number from the
16 individual; they inform us of that number and when we have an
17 automatic benefit increase at Social Security, we produce a
18 listing of all of the people in the state by claim number and
19 the change in the rate for that state then to apply.

20 MS. LANPHERE: Would there be a cross-reference file
21 in Social Security between the claim number and the account
22 number?

23 MR. BOYD: Yes. There is such a cross-reference.
24 There are about five of them in different places and different
25 kinds of references.

1 MR. GENTILE: I wonder if -- I always like to get
2 closer to drawing conclusions perhaps to the dismay of other
3 members of the committee. But I wonder if the committee is not
4 moving towards a recognition of a need for a unique identifier
5 and if that is the case, then it's a more academic issue as to
6 which unique identifier.

7 I wondered if we could have some comments from other
8 members of the committee as to whether or not we are arriving
9 at that conclusion or is it premature at this time?

10 DR. GROMMERS: Could we delay that until similar
11 discussions when Mr. Boyd is not here.

12 MS. HARDAWAY: When I arrive at my local claim office
13 and I applied for this assistance and I give you my Social
14 Security number, will the person that interviews me explain to
15 me at that time that I -- all of these various things will be
16 going on and that you will be looking into all of these areas of
17 my life, or will I be asked to sign an agreement to give you
18 privilege of doing that and once it's done, how do I know that
19 what you have gathered is accurate? When do you come back to
20 me for me to look at that and say that's right? Or that's wrong?

21 MR. BOYD: First of all I suspect that if this is
22 written into the law that the information will be interchanged
23 and the permission of the individual would not be requested.

24 If it's anything that relates to another
25 organization, outside of these legislated interchanges, yes.

1 You would have to get an approval from the individual to go to
2 particular sources of information, it would seem to me. After --
3 when the information is received, if it is in disagreement with
4 the allegations of the individual, we have operated on the
5 philosophy that we must contact the individual and give them a
6 chance to explain the variance before we take action or even to
7 say I can't explain the variance but it's ridiculous and you
8 have to find out what it is; you will have to investigate
9 further.

10 I presume we do that sort of thing. In any instance,
11 it seems to me we can't take an action on third-party informa-
12 tion without that person being aware that his benefit is
13 being affected and having an opportunity to refute the
14 information or accept it.

15 MS. HARDAWAY: What is the third party?

16 MR. BOYD: Anyone other than he or we.

17 MR. IMPARA: We being your particular organization?

18 MR. BOYD: Yes.

19 DR. GROMMERS: Just one more question.

20 Mr. Davey?

21 MR. DAVEY: I would like to ask, with regard to the
22 interaction of these various files as to whether these other
23 files are going to be in a passive nature.

24 In other words, you inquire of them and they
25 respond back or are they going to be active in the sense that

1 they have some type of indicator within their files that you
2 are interested in this thing and will automatically supply
3 information at some junction? Your response with the Social
4 Security Administration was such that I wasn't exactly clear on
5 the nature of these things.

6 MR. BOYD: We would probably, because of the two
7 portions of the program, one portion administered by Social
8 Security and one by this new organization, that would probably
9 have a closer interaction than say with IRS where it would be a
10 demand basis rather than them carrying anything in their record
11 indicating that we had a recipient.

12 At Social Security we have slightly different
13 problems in that it would probably be from a cost point of view
14 far more effective if they carried an indicator in their record
15 that would automatically trip earnings information over to us
16 rather than to have us send them a tape each quarter and make a
17 separate run against their records.

18 As they are updating their records if there is an
19 indicator in their master earnings file that this is a
20 recipient of family benefits, then they just drop that
21 information off onto a tape for us. If we have to send them
22 a listing, then they have to make a separate run in search and
23 this would run into probably a couple of hundred hours of
24 additional computer time.

25 DR. GROMMERS: Thank you, very much, Mr. Boyd.

1 I think your discussion brought out two very clear
2 points: One, what the kind of need is for an identifier and
3 two, what kind of cost is accruing to having this thing.

4 We are ready to have coffee very shortly.

5 I have a few comments that I wanted to make about the
6 overall action of the committee so you might be talking about
7 it during coffee or thinking about it.

8 I have been particularly fascinated by the background
9 of the committee and I think this should enable some sort of
10 creative committee output.

11 We are going to be having in the number of days and
12 tomorrow's meetings a number of presentations such as Mr.
13 Boyd's which will give us substantive material with which we
14 can deal in one way or the other.

15 For example, one desired output of the committee
16 might be a position on the ANSI proposal. I would like to ask
17 you all to be thinking about other possible outputs of the
18 committee and the forms that the output could take.

19 This afternoon and tomorrow afternoon we can have
20 an interchange of ideas about this and possibly come to some
21 conclusions about the general direction we wish to take and
22 tentative goals and forms of output.

23 Then as we get more information we can react to it
24 and modify these goals or add new ones.

25 I would like to as a committee enable us to have an

1 overview of the information with which we are going to be
2 dealing in trying to get our ideas about what we are going to
3 do with the information process and get some idea of the
4 resources desired and required for the next six months. We have
5 a six-months mandate here so we can get some idea of the
6 feasibility of various possible outputs.

7 For example, this is not in any way to restrict your
8 thinking but to give you an idea of the kinds of outputs we
9 could have as a committee. We could come out with a recommenda-
10 tion about the use of the Social Security number, a positive,
11 negative, or hold position. The form of that can be a public
12 document.

13 Another kind of output could be an enumeration of
14 the potential harmful consequences and the possible goods
15 accruing to the use of a national identifier and again that
16 could be a public document.

17 However, you could also say what we would like to
18 have is a model which would illustrate and bring to the public
19 in a more vivid way what some of these consequences might be.

20 We are not restricted to using a public document as
21 an output of the committee.

22 Another kind of output might be to increase the
23 public awareness of the issues. Indeed by public hearings,
24 as we have been discussing; there could be a national television
25 program or series of the same; the hearings could be partially

1 televised.

2 We could have as a goal a -- seeing to it there was
3 sufficient information to enable legislation or a
4 constitutional amendment, whether that could be done in six
5 months certainly is a question.

6 These are the kinds of output, the forms of the
7 output; we could be instrumental in establishing a grant
8 system for future work as might seem necessary. We could
9 contract for a systems analysis or computer programming
10 analysis. We could commission a TV program series.

11 These are the kinds of things I would like you to
12 be thinking about as I think they will make our six months more
13 effective.

14 Why don't we break for coffee and come back?

CR 6172
End #8

15 (Recess.)

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1 DR. GROMMERS: Are you all ready to convene for
2 the last hour before dinner?

3 I have two announcements. Can you all hear me?
4 Is this working?

5 DR. MILLER: It is alive.

6 DR. GROMMERS: You mean I am not?

7 (Laughter.)

8 DR. GROMMERS: Two announcements. Several of you
9 have brought information that you would like to have distri-
10 buted. If you would give that to Bill Marcus, he would see
11 that it is duplicated and if it is in form for distribution,
12 he will see every member gets a copy of it. Mr. Boyd will be
13 here all day until 4:00 so if there are any burning questions
14 we would like to address to him right now this can be done
15 later this afternoon.

16 I would spend the next hour, unless you all have
17 something else you would rather do, talking about possible
18 objectives and I would like to -- I believe that Dr. Miller has
19 some particular point that he would like to bring up to the
20 attention. May I call on him?

21 DR. MILLER: Thank you. This is a hobby horse of
22 mine which you will remember from the last meeting but I think
23 it is very important. Perhaps it is indeed relevant to the ques-
24 tion of objectives of the group for us to remember both what
25 is in the charter of this organization and what Secretary

1 Richardson said to us the Friday morning of our last meeting
2 and that is that we have a wide charge to look at the full
3 range of information problems arising out of automated personal
4 data systems and that, of course, the question of the unique
5 identifier is only one such question. I would simply like the
6 group as a whole to think about the ramifications of the
7 system described to us this morning. I think that that system
8 whether it comes in under HR 1 or some other version of a
9 revised family assistance and manpower training program, I
10 think that system will represent the guts really of HEW
11 automated personal data systems, namely, the very animal we
12 are supposed to be looking at and making recommendations or
13 producing some output with regard to.

14 Indeed, as Mr. Boyd described that system this
15 morning, it raised at least in my mind virtually every con-
16 ceivable problem of the information processes, problems of
17 access, confidentiality, scope of data gathering, interfaces
18 between HEW automated data systems and of the federal and
19 nonfederal data systems, problems which weren't even mentioned
20 like expungement and combinations of records because it turns
21 out when all is said and done that the local office will really
22 have a complete record on any individual on whom a transaction
23 is to be made by virtue of first, the printout of the trans-
24 action record which Mr. Boyd indicated will come down to the
25 local office and secondarily because of the right of

1 confrontation being built into the system.

2 That will simply mean that the data supposedly
3 stored in the intermediate level of the system gathered on
4 the verifying program from other agencies will also be
5 available at the local level.

6 All I am saying is that really that system deserves
7 the closest attention by this group not only because of its
8 monolithic characteristics, it is indeed a national data
9 center, loosely defined, not only because it really is the
10 heart of the HEW system of the future but probably most
11 significantly because it is not yet in being and if we have
12 serious recommendations to make, I would hope that they could
13 have the greatest impact on a system yet to be fully implemented
14 so I hope we don't lose perspective and I hope we do have the
15 opportunity, Madame Chairman, of reevaluating that particular
16 system many times between now and December.

17 In particular, I think we should have copies of the
18 draft manual described by Mr. Boyd, particularly the chapter
19 of that manual dealing with privacy and I think we should have
20 a copy of the draft regulations to be promulgated under HR 1
21 if indeed HR 1 is even enacted. I don't think we can operate
22 intelligently without documentation of that kind.

23 DR. GROMMERS: Can we have that?

24 MR. MARTIN: Yes. I think I want to make one
25 comment as to how I think it would be effective for the

1 committee to take account of that system.

2 As you know, and as Mr. Boyd said, the legislation
3 which gives rise to the need for the design of such a system is
4 pending in the Congress. It has not been enacted. I think
5 that in the interests of not risking that the committee waste
6 its time or invest its time in a disorderly fashion, that it
7 might be well to postpone detailed attention to that to a time
8 later in the life of the committee by which time we should
9 know, A, whether there will be legislation. There is grave
10 doubt about that question still. The Senate Finance Committee
11 -- has been -- I want to say, to put it mildly -- dragging
12 its feet.

13 And secondly, after the committee reports a bill,
14 we won't know really until both bodies have acted, both the
15 House and the Senate, what the form of that bill is going to
16 be which may give rise to very different design objectives.
17 So -- just a matter of timing when it is appropriate to do
18 that.

19 DR. MILLER: I understand that, Dave. I guess
20 politically speaking, HR 1, at least as described this morning,
21 which is not the Senate or long version of HR 1 --

ad 9 22 MR. MARTIN: No. It is the House passed bill.

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1 DR. MILLER: I realize that politically, we may be
2 talking about an animal that does not exist. The fear I have
3 is that if we proceed in our investigation of HEW Automated
4 Data Systems in terms of the here and now, we will be issuing
5 a report or a what have you, that will be stillborn because
6 the game is changing and I think, we have to be prospective in
7 our vision, even if it has to be done against a hypothetical
8 model. Otherwise, we are just out of time.

9 DR. GROMMERS: Could you tell us is there any
10 chance that this committee could affect that legislation?

11 (Laughter.)

12 MR. ARONOFF: No.

13 MS. HARDAWAY: No.

14 MR. MARTIN: I guess the answer to that is that as
15 a committee, no.

16 (Laughter.)

17 DR. MILLER: The second sentence comes hard.

18 MR. IMPARA: Arthur, are you suggesting that whether
19 HR-1 is acted favorably upon by the Senate or not, that that
20 would still prove a viable model against which this committee
21 can deal?

22 DR. MILLER: Some of the themes suggested by that
23 model, I think, should be explored because whether it is HR-1
24 or Senator Long's vision of the "brave new world," or some third
25 program, I think it is fair to say there will be welfare reform

1 embracing family assistance and manpower training in the near
2 future. We should start thinking about some of the problems
3 that will be created by information, collection, and inter-
4 facing in that kind of environment.

5 I guess that is all I am saying. Obviously I do
6 not want us to drain our energy on a talking horse, which HR-1
7 may prove to be. But the themes suggested by the system des-
8 cribed almost provide us with a checklist of things to think
9 about.

10 MR. ANGLERO: Two points to make, one with relation
11 to this. We have -- we face the possibility of any action by
12 Congress as we have had experience and we can quote immediate
13 past experience on the Talmadge Amendment and those who are
14 working with the welfare know what the experience is bringing
15 to the states and the same federal government implementation
16 of this law because no due notice was given although it is
17 part of HR-1.

18 From the point of view, I would like, if it is
19 possible, to have an idea, from the people today, here, or
20 whenever we have the opportunity, if necessary, to make a study,
21 to see in what terms -- who in which terms -- economic levels,
22 ethnic background, or antisocial behaviorship is more affected
23 by the establishment for the operations of huge, massive infor-
24 mation systems that are new in existence, or could be put in
25 existence in the future.

1 In other words, you are suggesting looking at,
2 very closely, at one of the possible harmful consequences of
3 such a data system? As part of the output of the committee?

4 MR. ANGLERO: I would like to know as part of the
5 output if the information being covered is more connected to
6 any social economic level, or ethnic background.

7 We have 30 million persons and we have -- the
8 percentage we have today on HR-1 does not deal with the high-
9 income people and we can go around and find out that most of
10 the people from whom the information is gathered is in some
11 social, economic or ethnic background.

12 DR. GROMMERS: Would you like to propose that as
13 one of the outputs of the committee, or one of the goals of
14 the committee to get information about which groups of society
15 are being affected by the gathering of data?

16 MR. ANGELRO: We must -- I would like to know --
17 we must determine in terms of the problem of invasion of
18 privacy, from whom.

19 DR. GROMMERS: Could I hear some other ideas about
20 possible objectives of the committee?

21 DR. ALLEN: This relates more directly to Arthur
22 Miller's comments about the centrality of the system we heard
23 described this morning and its really sharing -- or the dis-
24 cussion that Mr. Boyd and I had here at the coffee hour. I
25 think it would be useful to focus on just what the present

1 indications are about the relationship between the system for
2 safeguarding against fraud, the kind of detailed system that
3 is envisioned, and its relationship to the discouragement
4 of application for the benefits by the very purposes that the
5 bill is designed to serve, and I think Mr. Boyd, it would be
6 useful just to indicate what indication we have about that
7 relationship at present.

8 MR. BOYD I might say that there is no very good
9 information about the relative filing rates between states
10 that have rather strong systems, and states that have less
11 effective automated processes.

12 MR. GALLATI: Has 41 automated processes and 13 --
13 15 automated processes, and, of course, 40 percent of all of
14 the people in California receiving welfare are in Los Angeles
15 County, which is fairly highly automated.

16 The only think I could really compare is perhaps,
17 Social Security, where there are 27 million people drawing
18 Social Security Benefits, where you have a fairly standardized
19 program with consistent treatment of people throughout the
20 country and a fairly good filing rate.

21 As a matter of fact, people think we will have the
22 program. It is based on a pseudo-assurance principle. I do
23 not know whether I should say pseudo, but at least a govern-
24 ment assurance principle as opposed to welfare which is based
25 heretofore on needs but one of the things we are trying to do

1 is change that concept of needs-based welfare to a right to a
2 sustained level of income. If you establish a rights-based
3 national standard sort of program, it would seem to me that
4 even though the information collected may be more centralized,
5 it is certainly going to be less detailed than it is currently
6 collected and probably have a different order.

7 I suspect that, while there is no evidence to prove
8 it, that people will be more willing to come into that kind
9 of a program.

10 DR. GROMMERS: Does that answer your question?

11 DR. ALLEN: Well, it may give rise to the other
12 question of what sort of indication would we want or would be
13 wanted, in the designing of the system.

14 DR. MILLER: To tie Mr. Anglero's point and Mr.
15 Allen's point together, we are talking, I suppose, about the
16 cost of privacy and the cost of data collection, both in
17 economic terms, and in deterrents terms, with regard to seeking
18 the benefits that attach to disclosure.

19 To take a very, very simple illustration: Ask
20 yourself or think about the question, how much will I pay for
21 certain kinds of privacy? If you are very wealthy, you can
22 afford to pay a great deal for privacy. You can hire guards,
23 you can refuse to go into the credit network by being, in a
24 sense, a cash purchaser. You can forego certain types of
25 governmental benefits because you think, rationally, or

1 irrationally, that the price is too high in terms of the
2 data extracted from you.

3 I know of people who refuse, I think irrationally,
4 to get driver's licenses, because the particular state in
5 which they live insists on the Social Security Number. These
6 are people who can afford to do it, either because they can
7 pay for cabs or in one or two cases, I know of personally,
8 they have chauffeurs.

9 If you are at the subsistence level and, by defini-
10 tion, a large percentage of the people serviced by HEW are at
11 the subsistence level or below it, or they have other types
12 of infirmities, or incapacities, age, or health; and you say
13 to that person, "How much are you willing to pay for privacy?"
14 he is not willing to pay very much because a dollar here, and
15 a dollar there, is the difference between subsistence, and
16 non-subsistence.

17 In effect, the system is forcing him to forego
18 privacy or his definition of privacy, in order for him to
19 stay alive, and seek benefits that are essential to his
20 maintenance as a human being.

21 That raises the question to what degree should the
22 system extract that information, knowing, first, in some
23 amorphous, constitutional sense the cost of privacy is being
24 unequally distributed across the nation.

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And secondly, in terms of the socio and economic

1 terms upon the populations and their attitudes toward welfare
2 agencies, and HEW, which have a lot of reciprocal effects.
3 They go under the name of social alienation. To what extent
4 does the way a welfare program's administration impact a
5 citizen's conception and his willingness to interact with his
6 government and with agents of his government and to what degree
7 is he willing to be honest with his government, because of some
8 subliminal fear of governmental repercussions.

9 I think we ran into this in connection with the
10 census where the highest rates of nonreportage are in the
11 urban ghettos because of a high alienation level and a high
12 mistrust level in terms of what the information on the census
13 was going to be used for.

14 So, I think -- I am trying to tie the two of them
15 together, maybe they do not want to be comrades in arms, I
16 think that is (a) a very important area of exploration.

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1 MR. DOBBS: Can I reinforce that? It seems to
2 me in Mr. Boyd's comments there were two items relating to
3 that problem. One, I got the impression that fundamental to
4 the system design was the notion that in fact people would
5 no longer be required to go out and make contact with the
6 recipient to gather and to verify certain kind of individual
7 information. That in fact the fundamental assumption has
8 been made that people would prefer to not interact with people
9 in this particular system context. Okay.

10 It seemed to be -- even though there may be a
11 little data to validate that, that that was the sense
12 of what you said.

13 MR. BOYD: The sense of what I was saying was,
14 I think, in the contacts we have had, and we do have an advisory
15 group on which we have representatives of state welfare
16 organizations, county welfare organizations, and the poor, the
17 National NWRO, and so forth, that one of their major dislikes
18 was -- well, I think this is rather clear, you know, we have
19 come away from it in the past few years, but the midnight
20 check to see if there was a man in the house, the asking of
21 neighbors is he really not home or are they working or aren't
22 they working. This sort of thing. That kind of recurring
23 contact in the neighborhood that reinforces to my mind at
24 least, reinforces the person's feeling that he is set apart,
25 castigated in a way.

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1 MR. DOBBS: I understand. But you want to note
2 that it is the quality of the interaction the people are
3 objecting to, not the delivery vehicle, necessarily, in that
4 particular instance.

5 Another thing. This I think was perhaps an
6 unfortunate choice of words but I think it relates to the
7 same phenomena. I hope I quote you accurately. You noted
8 that part of what you wanted to have was well-oiled machinery
9 that was hidden from the public. I think that is as close as
10 I can recollect the quote. Again it seems to me it relates
11 directly to the kind of issue that Arthur is talking about in
12 terms of the impact of the mechanism on the recipient, that in
13 fact, the alienation that he senses and feels is in fact
14 true, if one of the objectives of the system is to keep this
15 well-oiled machinery hidden from him. That is a reality
16 that we have to address, I think, in terms of what the system
17 does from a confidentiality-privacy point of view.

18 MR. BOYD: I did say it that way. I think my
19 intent was somewhat different than what was carried over. What
20 I am really getting at was that most people, I believe, today
21 don't like to have the feeling that a machine is writing them
22 a letter, don't like the feeling that they have no recourse
23 but to go to a machine, and that is the reason I was emphasizing
24 that the interaction between the public and ourselves is a
25 person-to-person interaction, that we don't want to give the

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1 feeling and impression that that machinery is controlling
2 people's lives. In fact, it will not. It will be there and
3 it is essential that it be there if you are going to have an
4 efficient payment process and you are going to be able to
5 respond rapidly to needs. Social security is an example,
6 Congress proposes a benefit increase and three months later that
7 benefit increase goes to 27 million people. If that same
8 benefit increase were proposed in a manual system, it would
9 take about 2-1/2 years to effect it.

10 So the machinery, the well-oiled machinery is to
11 provide a better form of service without giving people the
12 impression that they are being manipulated by the machinery.
13 The machinery only does what some person tells it to anyhow, and
14 people manipulate people, if they are manipulated at all.

15 Machinery only affects that action.

16 DR. GROMMERS: Did anyone want to translate this
17 into some kind of action by this Committee or a possible type
18 of action?

19 MR. GALLATI: I suggest just to follow along with
20 Arthur's suggestion, perhaps we have here the basis for a real
21 study model.

22 It seems to me that what we have is a very distinct
23 dichotomy here between the cost of privacy and the cost of what
24 this model is attempting to achieve, basically elimination of
25 fraudulent claims. We can evaluate the cost of privacy,

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1 evaluate the cost of fraudulent claims and there is also a very
2 important facet involved in this and that is federal, state and
3 local relations in terms of the various levels of Federal
4 Government and I can't conceive of any system that is now
5 extant in the HEW area which would go quite as far as
6 this, so anything that is relevant to this model could be fed
7 back into any other specific operating system and the conclu-
8 sions applied to the model could be valid for these operating
9 systems.

10 I suggest this might present us with an opportunity
11 to structure our deliberations around a conceptual model which
12 whether it becomes the fact or not is not the most important
13 point. The point is we have a conceptual model which is well
14 worked out and to which we can adjust ourselves to.

15 DR. GROMMERS: Summarizing that idea, the goal or
16 one of the goals or one of the outputs of the Committee might
17 be using this Committee model, drawing conclusions that may
18 be applicable to other systems and I presume in some way
19 promulgating them so they can be applied?

20 MR. ANGLERO: In terms of the question arising, I
21 would like to have a study to be made, an output of the --
22 broadening the sense as it should be, to make it authentic
23 as possible. I would like us to have the Committee carry
24 on public hearings in specific places to see how people react
25 to this problem.

1 DR. GROMMERS: Which particular problem?

2 MR. ANGLERO: How they feel. Getting a community
3 that can be identified by one of these -- with these
4 indicators, socioeconomic, ethical, to carry on some kind of
5 hearings to see how they see it.

6 DR. GROMMERS: The issue of the cost of privacy
7 versus the cost of safeguard against fraudulent claims? The
8 data base?

9 MR. ANGLERO: I am talking in the broad aspect.
10 We can take social security against international services.
11 One takes one side of the economic level and the other takes
12 the other part, basically. But I would like to see how they
13 react to these information systems and how they feel about the
14 threat to their privacy.

15 DR. GROMMERS: Mr. Weizenbaum?

16 DR. WEIZENBAUM: First of all, I want to associate
17 myself with Mr. Miller's and Mr. Dobbs' comments just for the
18 record.

19 Getting -- on a somewhat more substantive level I
20 see a number of other things coming out of what Mr. Boyd has told
21 us. Just by way of implications. I think if we were to imagine
22 such a system in a quite different context with a population
23 that is being served by this system is of another class
24 all together, suppose for example it is a community of small and
25 large businessmen or of people who travel on airplanes or

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1 something of that kind, then I think we might be talking, for
2 example, about the consent of the individual to give information
3 which would quickly translate into informed consent. In
4 fact the people have that kind of a population would perhaps
5 be in a position to give its informed consent whereas the
6 population about which we are in fact talking in Mr. Boyd's
7 system is very often hardly in a position to be thoroughly
8 informed about what is going on and consequently may not be in
9 a position to give informed consent.

10 Now I see the installation -- the coming of such a
11 system as a kind of a precedent which is relatively easy to
12 establish, politically, that is, easy to establish precisely
13 for the reason to which Mr. Boyd alluded to earlier. For
14 example, he said that the social security system is looked
15 upon as a kind of insurance and the receipt of social
16 security benefits is viewed by almost everyone as a right to
17 which no shame, for example, is attached, whereas welfare
18 is often looked upon as a kind of a give away to lazy people
19 and things of that kind. And we have seen here already
20 how much talk there is about possible fraud and swindles and
21 chiselers and words like that come into the thing.

22 Now I think this makes it relatively easy to build
23 a system that -- politically easy, I mean, that permits the
24 building of data banks and to establish precedents of this kind
25 because, after all, the people on the other end of the line, on

1 the receiving end of the line, are not to be worried about
2 as much as the, say, population of airline passengers, for
3 example.

4 So I think it is quite possible here to build such
5 a system in this context; in the meanwhile lots of lessons
6 will be learned, everyone will see how efficient such a system
7 is and that later on once we have the link data banks and the
8 links are established in other data banks, for example,
9 Internal Revenue Service, that this could then spread and become
10 quite the normal course of events for everyone.

11 With that sort of thing in mind, and trying to
12 address myself to your question about what that means to the
13 function of this Committee, it seems this Committee should think
14 of itself at least in part on the one hand as a critique of
15 proposals of this kind and possibly even as an advocate
16 for people who may not have any other advocates. Its function
17 should be, at least in some -- in many cases, to attempt to
18 explicate the underlying assumptions of the systems that are
19 being proposed and I think in Mr. Boyd's presentation I saw
20 a whole range of underlying assumptions which are very deeply
21 implicit and not at all explicit. I think these need to be
22 explicated and on the other end of that not only the assumptions
23 but the implications some of which I have just hinted at.

24 I don't believe that the discover of alternatives
25 to such systems, however desirable that may be, and it would be

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1 nice if we could come up with them, that that should be
2 mandatory. If we find a system is potentially very damaging
3 in one sense or the other, I don't think the burden to produce
4 alternatives should necessarily be on us.

5 Finally, I think I agree with Professor Miller that
6 -- perhaps I am about to make an even stronger statement. If
7 we were to take this single system as sort of the end of a
8 string that we could pull on, that if we investigated the
9 single system very, very thoroughly, I think we would unravel
10 essentially the whole ball of wax that we are charged to think
11 about. I think every issue that we have been told to think
12 about will, in fact, be uncovered by a -- thoroughly examining
13 the single system. I am not sure that this means that this
14 whole committee should spend the rest of its tenure examining
15 this system, but surely it deserves very, very considerable
16 attention.

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1 MS. COX: I would like to ask how many people
2 are on welfare as a whole? I don't think you gave me
3 that -- you gave that number in your talk, the number of
4 people, you were dealing with just one aspect of welfare.
5 But can we have an indication of the number of people that
6 are on welfare?

7 MR. BOYD: Yes. There are currently -- there are
8 about 3.1 million people -- this may be the -- the end of
9 fiscal '73, and I believe it is. There will be about 3.1
10 or two million people on the aged, blind and disabled cate-
11 gories; there are -- there will be about ten and a half
12 million people on aid to families with dependent children.

13 Of those, about two and a half million are also
14 Social Security beneficiaries. There is a crossover
15 between the two. There are an additional -- about 8 million
16 poor that is classified as working poor or man in the house-
17 hold poor about whom we know very little because none of the
18 records that are maintained such as the Social Security
19 earnings history or the Internal Revenue service records
20 identify them specifically as being poor or not poor.

21 This you get from census type information that
22 indicates that there are 25 million people in the U.S.
23 below the poverty line.

24 So that one of the projections is that if you
25 bring the working poor in, you would probably go from a

1 base of some 14 million receiving welfare to a base up around
2 25 million people receiving welfare, and some portion of
3 their income would be from welfare payments.

4 One other aspect of this that I might mention,
5 we talk about how much information there is available about
6 the poor and about other people in federal records. We would
7 like to point out that the Internal Revenue Service, of course,
8 has a record on everyone who pays taxes, and that excludes
9 most of the poor. The Social Security Administration
10 maintains records at the current moment of about 195 million
11 individuals. Some of whom are dead. And quarterly they
12 record the earnings of all individuals at the rate of about
13 90 million reports per quarter, so that all working people,
14 or almost all working people, are included in that file.

15 In addition, Social Security has a history of
16 benefits on 27 million people with the crossover of the
17 two and a half to -- two and a half million to welfare. They
18 interchange information with welfare on that two and a
19 half million people. I would suggest that while this new
20 record will affect the poor specifically, it will be tied
21 to other records that do not affect the poor specifically,
22 but as a matter of fact, I would suggest that we have more
23 information about the poor than the nonpoor in this regard.

24 MS. COX: You raised the question I wanted to
25 raise. The system you are talking about is for a particular

1 group, the family -- what is it you call it? The family
2 benefit planning?

3 MR. BOYD: Working and nonworking poor families.

4 MS. COX: So we have a very large group of aged
5 that are on Social Security, Social Security has the informa-
6 tion on a great many others, and then you have your welfare.
7 If we go into an intensive study of a system for welfare,
8 will all the issues be uncovered, as someone stated here,
9 that would apply to the population as a whole? Because the
10 questions we are discussing, we were asked, automated
11 personal data system may affect the others more than they do
12 those that are on welfare or in that lower socio-economic
13 level, and I agree there will be a different kind of response
14 probably to those that are in the higher income level, if
15 you want to classify it on socio-economic level, than the
16 others.

17 We will have some problem if we intensively
18 study just the welfare system because the automated personal
19 data system applies to a much larger number of people who
20 are going to say more about it than the Social Security
21 because they get some money out of it, and the rest of us --
22 the rest are on -- how does it invade our privacy?

23 I think that was what you were implying a little
24 bit there, was to cover the full population and not just the
25 social welfare system. That is one system, but it is not

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1 going to cover the whole question, by any means.

2 DR. GROMMERS: Are you proposing that we broaden,
3 then, as a committee our focus?

4 MS. COX: Our charter here is on the automated
5 personal data system and public interest determination, and
6 the public is made up of a lot of people other than the
7 welfare.

8 DR. MILLER: There is no question that this
9 committee has to study all the systems. And when I focused
10 on HR-1, it was in reaction to two things that sort of run
11 through my mind.

12 First, it is probably going to be the biggest.

13 MS. COX: The biggest?

14 DR. MILLER: The biggest when you add family
15 assistance and manpower training.

16 MS. COX: 50 million, is that the biggest proportion
17 of our population?

18 DR. MILLER: The biggest in quantity of data that
19 it will handle because it will have interactions that the
20 Social Security system doesn't have. It will contain types
21 of information that go far beyond the very sanitized and
22 very limited types of data Social Security carries.

23 In any event, my focus on HR-1 is because I think
24 it will be the biggest in terms of quantitative and qualitative
25 characteristics.

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1 Second, because of its interactive quality, I
2 think it will raise a much wider range of problems than does
3 the SS system. But having said that, I agree with you 8000
4 percent that the focus and charge of this committee requires
5 us to look at all of the systems, and indeed --

6 MS. COX: You may have trouble finding examples
7 of the other systems that are as clearcut as this one is.

8 DR. MILLER: That may be true. There are different
9 I said last time, I think Joe agreed with me last time, that
10 we could probably find three to five systems that were
11 symbolic of the range of problems that should concern this
12 committee and they would go all the way from a relatively
13 benign system to an interactive system, and perhaps even
14 include one of these funded systems that in a loose sense
15 is outside of the day-to-day control of the agency itself.

16 Again I think we are on absolutely all fours in
17 agreement. We have to look at a range of systems. I only
18 ask that we also look at the model or the hypothetical H.R. 1
19 system.

20 MS. COX: As one model.

21 DR. GROMMERS: Could I get some information from
22 people on the committee who would know this? What is our
23 potential for drafting specifications for legislation? Not
24 necessarily that we would do it ourselves, but is it
25 possible within a six-month time period?

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1 DR. MILLER: How long did it take to write the
2 Constitution?

3 (Laughter.)

4 I don't think that's -- you mean the act of
5 drafting, since by nature we are a group of hipshooters,
6 anyway. The act of drafting is not a significant problem.
7 I think we have quasi-legal talent in this group.

8 DR. WEIZENBAUM: Oh, you are being modest.

9 (Laughter.)

10 DR. MILLER: I think the real rough process is
11 deciding what you want legislation about, if you want
12 legislation or regulation. We can always commit to paper
13 a proposed statute or a proposed regulation. If you are
14 thinking of output, I think that should be a possible form
15 of output.

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1 MR. GENTILE: I agree with that and I have agreed --
2 I have agreed and disagreed with some of the comments that
3 have been made this morning. I agree that we must look at
4 the national welfare system of the future. I agree that we
5 should criticize it where it is appropriate but I do not agree
6 that we should end our involvement with a critical study,
7 criticism of what is there. I rather prefer that this group
8 come up with some model legislation and in addition and perhaps
9 even more importantly, come up with some draft policies for
10 the secretary of HEW to consider in his deliberations as to
11 what his policy stance should be.

12 I think if we recall when Secretary Richardson was
13 here last month, he mentioned that he is looking to this
14 committee for these kinds of inputs. He has been testifying
15 before constitutional rights subcommittees and full committees
16 and I think this would be most beneficial to him. I think
17 this will be the most significant thing that we can do because
18 all of us share in the concern for what is happening and I
19 think we must do more than admit that it is happening. We
20 should take this very positive measure.

21 I see three outputs, four outputs of this committee.
22 Model legislation that is drafted, draft policy which will be
23 useful as an input to the secretary of HEW concerning this
24 issue, a program -- No. 3 -- a program for increased public
25 awareness whether it take the form of public hearings or

1 writing a play or TV or whatever, and finally, a statement of
2 what is left undone for further study which I suspect will be
3 sizable.

4 MS. COX: Most of the report.

5 DR. GROMMERS: I would like to say right here quickly
6 that we don't need to make any action on these ideas at all
7 today or even tomorrow. We might decide that we don't want
8 to decide where to go to until our next meeting. What we
9 really want to do is throw these ideas out and react to them
10 and discuss them and think about them. We are not bound to,
11 just because people are mentioning them, to say yes or no to
12 them at this meeting.

13 DR. MILLER: I agree with that. I think we should
14 also go back to a process I think we were engaged in on the
15 Friday of our last meeting and that is to define areas in
16 which subgroups could operate because I think that that is --
17 if we are going to do that, operate on subgroup levels, I
18 think it is getting to the point where we should start doing
19 that. That doesn't prejudice what the output is going to be.

20 DR. GROMMERS: I would like to suggest that indeed
21 we do that but that we do that -- there's two ways of doing
22 that. Let me throw out both of them. We could either say
23 there are certain areas we know we are going to have
24 information and action on, let's get them going now regardless
25 of how we eventually use them. Or, we could say that we will

1 pick our goals first and then just work on those subgroups
2 that will directly accrue to those goals.

3 MR. GENTILE: Want an opinion?

4 DR. GROMMERS: Sure.

5 MR. GENTILE: In my opinion, I think the former is
6 the better approach because I suspect that as we uncover
7 additional information and inputs, our goals will change. We
8 hope that we will be learning more and this might have an
9 effect on changing the goals whereas, if we are in more as a
10 functional categorization of organizing work, those functions
11 will have to be performed regardless of the goals. I think
12 either approach is valid. I happen to favor the former, but
13 I think more importantly favoring one or the other is that we
14 do have agreement on going in a direction so we can maximize
15 the usefulness of the tremendous talent that is in this room.

16 MR. ANGLERO: I didn't realize we were trying to go
17 into the output of the committee. One of the outputs of a
18 committee, I don't think, we are at this moment well acquainted
19 with the problem and the reason we have people who are going
20 to make speeches today is because really we need more
21 information. I think that to define goals, we need information
22 in the planning processes.

23 I heard your planner -- one of the basic things,
24 basic things that we need is to know the state of the arts.
25 It is so -- I would, myself, recommend anyway we can to get

1 better informed of the problem, what the problem is -- I think
2 we are at this moment looking at different phases in different
3 ways. This problem shows, manifests. And if we think the prob-
4 lem we are talking before, the issue we are before is something
5 that should be taken into account and be one of the outputs,
6 not the output but -- we should have an ad hoc committee,
7 today, now, and for tomorrow or at least, this afternoon, when
8 time is, to elaborate better the point and to bring it to
9 the committee in such a way that really it is the well-defined
10 and collating other aspects. We can keep all the time here
11 trying to define the way we see.

12 DR. GROMMERS: What is the it you are referring
13 to?

14 MR. ANGLERO: We were talking before about the
15 degree of -- the cost of privacy. This is one issue that
16 was being debated. Mr. Boyd brought the others outside of
17 the line, i.e., IRS, the welfare people.

18 The other side would take the welfare, poverty,
19 poor people. We can -- I can put more on that. But I think
20 if we make a committee of persons that are interested in this
21 subject and bring it to the committee, later today or tomorrow,
22 elaborate a way and after hearing the other persons that are
23 invited to speak, it would be much better.

24 DR. GROMMERS: What you are proposing then is that,
25 at least, we get a group of people together to present clearly

1 what are the broader issues and what are the broader problems
2 with which we have been asked to deal?

3 MR. ANGLERO: No. I am talking about this basic --
4 this issue that I brought it in, to better define it.

5 DR. GROMMERS: The cost of privacy?

6 MR. ANGLERO: Well, I would not put the cost of
7 privacy as the way Mr. Miller brought it. I would put it
8 another way, the exposure, the degree of our population to
9 exposure to these systems, taking all kinds of economic levels.

10 DR. GROMMERS: You want to know what is the state
11 of the art at the moment, what is, in fact, happening to who?

12 MR. ANGLERO: Two things, the state of the art in
13 terms of personal data, information systems. At this moment we
14 have learned, learned this morning, that there is another
15 opportunity to cover more people with a new approach, perhaps,
16 and we -- we learned this morning -- I personally don't feel
17 that we have covered all the different systems, private
18 systems, public systems and systems that are out of view.

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1 DR. GROMMERS: Someone mentioned this point to me
2 at coffee that we need to have some idea of what is, in fact,
3 happening, as well as, what is expected to happen.

4 I would like to comment upon Mr. Gentile's point.
5 I view this as an interim process and it is just a question of
6 where you start, that either way both the information we need
7 and the goals should change for a certain amount of time but
8 we have to -- we have to have some kind of direction because
9 otherwise, six months from now we will still be talking about
10 the informational aspects of it and we won't have an output.

11 MR. ANGLERO: I have tried to answer that. I have
12 been dealing with planning for a long while and one of the basic
13 limitations of planners, of people -- is of planning -- not
14 planners, planning is that we try to go first in what the
15 answer should be and we favor in trying to analyze the prob-
16 lems and this is decision making. That takes for granted the
17 first thing we should do is to know what the problem is.

18 DR. GROMMERS: All right. Then I would translate
19 that to say one of the goals of this committee should be a clear
20 understanding of the problem.

21 MS. COX: What?

22 DR. GROMMERS: A clear understanding of the
23 problem

24 MR. ARONOFF: May I speak for myself for just a
25 minute then, Doctor? The question I had, as I was sitting back

1 and listening, was that it seemed to me that the people that
2 are best able to articulate the problem and are most afraid
3 are the people who, themselves, work with the computer or are
4 sophisticated in it.

5 DR. WEIZENBAUM: That is right.

6 MR. ARONOFF: The people that are less concerned
7 with that but are more concerned with the delivery of the
8 service are the people on this committee who, in effect, see
9 the benefits from a delivery level of the service.

10 Now, just by chance, several other systems analysts
11 and people that work with large companies contacted me between
12 the last meeting and this meeting and they expressed similar
13 fears that Mr. Dobbs and Mr. Davey and Professor Weizenbaum
14 and Professor Miller have stated. Just as a layman I would
15 like, aside from Professor Miller's book, why are you so afraid?
16 What is the big fear that brings this whole committee into
17 being? I have read some examples and the more examples I
18 would get, maybe, the more intelligent answers, then I could
19 help participate in in terms of statutes that would be drafted
20 in terms of protecting confidentiality and so forth.

21 MS. COX: Do we know how extensive the American
22 citizens feel about this problem? A 1966 survey that we had
23 a copy of said eight percent of the people are concerned about
24 it. If that is the number concerned, then about privacy you
25 deal with it differently than if 75 percent of the people are

1 concerned about privacy. There is this question. You have
2 got it in No. 6 on the questions to discuss. How do the
3 American citizens feel about having a single standard numerical
4 individual identifier? How many people are concerned?

5 DR. WEIZENBAUM: Well, may I suggest that a few
6 years ago there were only -- what shall I say --

7 MS. COX: Eight percent.

8 DR. WEIZENBAUM: No. No. I am thinking of an
9 analogy. Two years ago there were only, what shall I say,
10 a thousand people in the U.S. seriously worried about the
11 relationship between smoking and cancer. The fact that was
12 a very tiny fraction of the American population doesn't say
13 that that was, in fact, an unimportant problem. Now, as Mr.
14 Aronoff has just pointed out, there may be an analogy here.
15 The people who are probably most worried are the people who
16 in some sense may be said to know most about what really goes
17 on in big computer systems. This is rather analogous, I
18 would argue, to the medical problem and the relationship between
19 smoking and cancer.

20 The fact that only perhaps eight percent of the
21 people are worried about this doesn't mean that it may not be
22 a terribly serious problem. Ecology is another example, yes.

23 MR. DOBBS: On the state of the art issue, it
24 seems to me that at our last session we did, in fact, request,
25 I believe through you, David, that an inventory of those

1 systems which are currently supported by HEW -- does anybody
2 else remember that?

3 DR. WEIZENBAUM: Yes.

4 MR. DOBBS: We did ask that, in fact, we try to get
5 some baseline at least for HEW systems which describe their
6 current state of art, the kind of personal data that would be
7 maintained in the files, the degree of interaction with those
8 systems with external, both government agencies and private
9 agencies. I believe that was to have been the point of
10 departure then or a point of departure in terms of assessing
11 the state of the art, at least as far as HEW is concerned.

12 DR. WEIZENBAUM: May I also, just to respond to Mr.
13 Aronoff's direct question as to what are you so worried about,
14 may I suggest that it happens in your folder today is a paper
15 that was published this week in Science, a paper that I wrote,
16 that, at least, in part, answers your question about what I
17 am so worried about anyway. I call your attention particularly
18 to the part -- don't read it now --

19 MR. ARONOFF: Just point it out to me.

20 DR. WEIZENBAUM: I call your attention to the part
21 where I talk about the incomprehensibility of large computer
22 systems. That is a serious problem.

23 MR. DOBBS: Coming back to the specific issue raised
24 about the public perception, there is much later data than the
25 1966 information which is in here, in this -- in the AFIPS

1 report.

2 Without testing the validity, if you believe the
3 figures that there are 38 percent of those people surveyed
4 who believe that computers represent a real threat to privacy,
5 62 percent are concerned that large organizations keep infor-
6 mation about millions of people, 53 percent believe that com-
7 puterized individual files might be used to destroy individual
8 freedoms, et cetera, et cetera.

9 It seems to me we are beyond the point of requiring
10 validation about public concern. I am comfortable there is
11 enough evidence of public concern without having to remine
12 that territory for myself. I don't know about the rest of the
13 people.

14 DR. GROMMERS: Any other comments?

15 MR. GALLATI: I might suggest to the good Senator,
16 since he does represent state government that things such as
17 was described here today is just another step towards this
18 monstrous federal government and aside from any other questions
19 of privacy and security and everything else, I just wanted --
20 don't you feel threatened as a sovereign state by the continued
21 funneling of all information, all power, all money, all large-
22 ness, also into the hands of an elitist federal government.

23 MR. ARONOFF: You may have noticed I was the first
24 one to run up to Mr. Boyd at the coffee break.

(Laughter.)

1 MR. ARONOFF: To a certain degree, this is off the
2 point, however, I will respond. It doesn't have very much to
3 do with the social security identifier, but the one problem
4 that I did raise when faced with Mr. Boyd was what
5 are you accomplishing by federalizing everybody? Are all the
6 people that are presently in the welfare department, will they
7 serve equally well if they are federalized whether or not they
8 have any specific capacity in the administration of the new
9 program. That was point one.

10 In response to your other question, however, Mr.
11 Gentile and I were discussing if the states really are capable
12 of handling welfare anymore, period. And I believe even your
13 governor was one of those leading the brigade, as I remember,
14 leading the states to say the states aren't capable of
15 handling welfare anymore and they should direct their attention
16 into other areas.

end 14

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1 MR. GALLATI: I have to correct that. I don't think
2 it was ever claimed the states are incapable of handling welfare.
3 His point was -- the federal government has cooperated or assumed
4 the revenue extracting process to the point where the states no
5 longer can individually do this and maintain the competitive
6 position of state versus state so that what he is saying is that
7 we need revenue-sharing but I don't believe our governor has
8 ever stated the states can't use the money properly. I think
9 the opposite is probably the truth.

10 MR. ARONOFF: We can continue that later. I think
11 we do get off the point a little. I am sorry, Madame Chairman.

12 MR. DOBBS: I realize that perhaps Joe and myself
13 and Jerry Davey, as being the representative of technologists,
14 if that is what we are, have not responded certainly as a group
15 to Stan's question about why are the computer people concerned
16 and I can't speak for Joe or Gerald.

17 My concern is not really from the viewpoint of the
18 potential of what we can do with technologists. That is to say,
19 there is reason to believe that if people want to invest the
20 right kind of money in the appropriate kind of hardware and soft-
21 ware and whatever kind of technology that one can develop, you
22 know, a whole series of procedures which deal with the issue
23 of protecting information from a technological point of view.
24 I think that one can devise schemes to do that.

Most of the concerns that I sense amongst my

1 colleagues have little to do with that area, have much more to
2 do with the area that if in fact you are not scared as an
3 individual, then you don't understand the problem completely.

4 I am not personalizing that, but I think it is the
5 degree to which the public and many users of automated
6 capability do not in fact understand the limitations, the
7 ramifications, and the implications of the use of this kind of
8 technology.

9 To that degree, we sense the danger and I don't
10 know that I am making -- you know, making it very clear. To a
11 large extent we share part of the responsibility for that
12 condition enduring in that we find it difficult at times to
13 articulate in reasonable terms so that the public and so that
14 users of the information capability do in fact understand the
15 implications and limitations.

16 To that extent we are culpable but that doesn't make
17 the danger and the fears any less real.

18 MR. ARONOFF: Well, then I think that ought to be
19 one of the very early things that this committee should do,
20 Madame Chairman, educate us; you the technologists on that
21 committee should educate us about your fears.

22 I think part of it has been done by staff itself in
23 terms of sending out to us some of the materials, but the more
24 I hear about why you are frightened, the more I understand the
25 basis for the whole committee here.

1 MR. DOBBS: Some of that can be done. I think Joe
2 has done it via his article; Willis is furnishing material; I
3 will certainly try to formalize better than I am able to in the
4 few minutes here, my feelings.

5 DR. WEIZENBAUM: Can I just attach a comment to what
6 Guy just said?

7 This is a very hard and very subtle area that Guy is
8 referring to. Let me try to give just one example of the kind
9 of thing, you know, one example, the kind of thing, the kind of
10 subtlety involved here.

11 Take for example the system we heard about in Florida
12 last time we were here, a computer system to serve the
13 educational establishment in the state of Florida.

14 I have no doubt, whatever, that it started out with
15 an idea of serving the people of Florida and particularly the
16 children, the young people of Florida who have to be educated.

17 Okay. The system designed was motivated in that
18 direction and continues to be motivated in that direction. But
19 there is a subtle threshold that gets crossed without anyone
20 really knowing it where decisions begin to be made that serve
21 the system at some expense to the people that the system is
22 supposed to serve, to the children in this instance, or to the
23 families, and eventually that threshold gets crossed very
24 often and with very destructive effect, or at least with effects
25 that weren't initially calculated by the original proposals of

1 this system; so that, for example, in the Florida case, as I
2 recall it from last month, we hear about uniformity of
3 curricular and uniformity of grading systems which may or may
4 not be a good thing.

5 Okay. But it was put there not so much as a service
6 to the educational establishment but as a service to the system.

7 Okay. It's this subtlety that creeps -- that's just
8 one, one example. There are many, many other examples where
9 eventually the large system that eventually, by the way, no one
10 understands anymore, begins to dominate the decision-making, and
11 what the system was intended to do in the first place is simply
12 submerged.

13 Okay. That is the kind of thing. It's rather subtle
14 but that is one of the kinds of things we are afraid of.

15 MR. IMPARA: Let me say something I just learned
16 about our system.

17 Most of it is on an individual school district
18 basis. The articulation now required between the state
19 university system and the public school system where a high
20 school graduate is making application, when the university
21 requests a transcript from a school, it is now a state law that
22 the school must tell the university if this student had had any
23 any -- or has participated in activities which might be
24 construed as disruptive other than participants in demonstra-
25 tion, whether he has been busted for marijuana.

1 I was taken back somewhat when I learned that. This
2 is, I believe, an infringement.

3 MR. ARONOFF: This was a question that was asked of
4 you last week.

5 MR. IMPARA: I was not aware of that at that time.

6 DR. GROMMERS: Mr. Davey?

7 MR. DAVEY: Yes. I would like to talk a little bit
8 about a couple of points. I think that one of the things that
9 concerns me most as I look at the dangers inherent in personal
10 data banks and the like is the interchangeability or the
11 transferring of information from one system to another and just
12 how that is going to be interpreted by people for whom it was
13 not originally intended.

14 For example, the type of information which I am
15 willing to give a bank with regard to a personal loan; I am
16 really not too eager to have that type of information passed on
17 to some other agency or some other group where they may not be
18 able to interpret that information to the same extent that the
19 bank does.

20 Now, our church, for example, has quite a large
21 data processing system and most of the members are incorporated
22 within that. I don't mind at all having my information
23 included within that type of a file, but I object very strongly
24 if someone else were to get access to that file because there
25 is information, at least as far as my religious beliefs,

1 associations and the like are concerned, that I don't think is
2 anybody else's business. I think in the same way you can go from
3 one file to another.

4 When I was in the service, I am not too eager to
5 have other people know the type of service record which I had
6 although it was very fine --

7 (Laughter.)

8 MR. DOBBS: Now we know.

9 MR. DAVEY: The details of it, I think, are rather
10 private as far as I am concerned. I think as this transference
11 of data which makes it difficult -- now I saw enough of this
12 when I was involved in credit activities where people outside
13 the credit field were using credit information to make
14 decisions which were -- which turned out to be ridiculous.

15 When someone uses credit information for a job
16 application or for some other purpose besides credit, I don't
17 think that he is in a position to evaluate a credit record and
18 put on it the type of -- and evaluate it in the same way that
19 someone is using it in the credit field.

20 I guess this is where my primary concerns are, is
21 that as the specialized information goes from one area into
22 another, you have specialists looking at that special type of
23 information which may get out of it information and conclusions
24 which are really not valid. I think that that is -- that's, in
25 addition to the points that Joe has made, I'd say this is my

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#16

1 major concern.

2 DR. GROMMERS: What I think you are really pointing
3 out, please offer it back if I am not correct, that it's not
4 just the record we are talking about here but the interaction of
5 the record and who reads it and different people are bringing
6 different information to interact with the record as they see
7 it and will not be able to control.

8 While we might be able to control the record, we are
9 not in any way able to control the other.

10 MR. DAVEY: That is correct. And I think that's the
11 area we can have an impact -- to say yes, the individual does
12 have a right to say where that information is going.

13 DR. GROMMERS: Because of this kind of reasoning?

14 MR. DAVEY: Yes. Because of this kind of thinking.
15 I feel very strongly about that. When I give credit information
16 I want it to be used specifically and only for credit
17 information. As far as my church is concerned, when I give
18 them information I would like to have it remain within that
19 system.

20 DR. GROMMERS: What you are saying is one of the
21 issues that we really want to be dealing with here and getting
22 information and reacting to is that what we are talking about
23 is not just a record but a record plus an interaction.

24 MR. DAVEY: That is correct. That is correct. It's
25 the isolation of these things that -- when the hair on my head

mea-8

1 stands up, that's what I am concerned about then. I am not
2 worried at all about the computer, the privacy, as much as I am
3 about this interaction on the area of nonspecialists getting
4 specialist type of information and drawing incorrect conclusions
5 from that information.

6 MR. IMPARA: Or even specialists getting specialist
7 type information. Like a child who participated in some kind
8 of demonstration.

9 MR. DOBBS: It cuts both ways. I think that what
10 Gerald is identifying, though, which is quite fundamental is
11 the need for an agency or organization to, in fact, make very
12 precise what the information need is for. That is, how it is
13 to be interpreted, how it is to be used.

14 The difficulty is that a kind of criteria which
15 says that the only reason that I want a particular kind of
16 information or particular kind of identifier is to facilitate
17 in the economic and efficiency sense without any other
18 qualifiers is not sufficient criteria, you know, may not be.

19 Let me put it that way. Because in fact if you
20 are facilitating, you are facilitating the transfer of
21 something else, and something else that's critical.

22 MR. GENTILE: I think that's true. What we heard
23 this morning shows a system that is getting into more and more
24 this linkage of data and the issue is for that system to
25 function, to answer the needs of the legislation that is

1 currently pending, they must have that linkage to labor, IRS;
2 if not, through the computer, some other way.

3 Perhaps the fundamental issue is, you know, is that
4 a valid position for an administrator to be put in. Again we
5 would wind up affecting legislation.

6 MR. DOBBS: Yes. I guess, again, in this particular
7 instance, I guess it relates back to the kind of system
8 objectives which have been sort of laid out, either explicitly
9 or implicitly; if in fact what the government wants to do is
10 minimize fraud, independently of other considerations, then
11 that may be an appropriate way, that mechanism.

12 Then one has to question whether those objectives
13 were appropriate in the first place which is not our mission.
14 In the absence of being able to do that with any critical kind
15 of context, we have to continue to point out that some kinds of
16 objectives other than those objectives which relate to the
17 efficiency of the system itself, you know, that become de facto
18 kinds of policy decisions simply because you implemented
19 automated data processing capability -- you have to find some
20 way to force people to become aware of and to recognize the
21 danger inherent therein. I think that relates back to Joe's
22 kind of concerns.

23 MR. GENTILE: Yes.

24 DR. MILLER: I was in a sense going to what John just
25 said. You know, the question must, from a policy perspective,

1 must there be a linkage, is only the first question of a whole
2 string of questions, because if you answer that question in the
3 affirmative, yes for XYZ policy objectives which hopefully go
4 beyond speed or efficiency, there must be a linkage, then you
5 have to ask a whole string of questions about the nature of the
6 linkage, the purpose of the linkage, the secondary effects of
7 the linkage.

8 That in a sense is what I was trying to get at in
9 talking to Mr. Boyd this morning. What is it that H.R. 1 will
10 entitle this agency to get at for the relatively simple
11 objective of income verification in many cases; will secondary
12 records be produced; who will have access to those secondary
13 records.

14 So, even if you decide there's a linkage, there's
15 got to be an analysis of the nature of the linkage and the
16 controls on the linkage. I like to use a very, very superficial
17 homily, or something; information has a life cycle. It's born
18 when it's collected or gathered; it grows when it's amassed or
19 aggregated; it transforms itself in the sense that it gets
20 married to other pieces of information; it springs information
21 and has children through modern techniques of statistical
22 analysis and inferential, relational analysis.

23 The one thing it rarely does, though, is die. It
24 seems to have exceeded our wildest dreams in terms of longevity.

25 If you ask me for a single line about what we are

1 doing, it is the study of the life cycle of information
2 collected by HEW.

3 MS. LANPHERE: I would like to get back to something
4 Guy mentioned a moment ago when he mentioned bringing back data.

5 When I got back to the office I immediately went to
6 a former judge that is now in our legal department and some of
7 our other legal department representatives and started gathering
8 confidentiality records. So, I ended up with excerpts from
9 the Social Security Act and the Oklahoma statutes which conform
10 to the Social Security Act and the section in our manual which
11 is confidentiality of records.

12 Is this what you are speaking of, Guy?

13 MR. DOBBS: That's part of it. I was talking very
14 specifically to the existing HEW systems and the way they work.
15 If I am with you --

16 MS. LANPHERE: Well, what I was referring to: Willis,
17 you know, at the very end of the last meeting asked if those of
18 us that were affiliated with HEW would bring a confidentiality,
19 any laws we had.

20 MR. DOBBS: That was another part of the data base
21 we were supposed to bring back.

22 MS. LANPHERE: I guess I misunderstood what you were
23 asking for a moment ago.

24 MR. DOBBS: There were several things we were
25 supposed to do.

1 We asked the staff people to go to work on assembly
2 of the HEW systems data base. Then we asked those people who
3 were in fact working at the local level who had direct contact
4 or responsibility with some systems to investigate the
5 confidentiality, privacy -- that's what you have supplied us
6 with, right?

7 MS. LANPHERE: Right.

8 MR. DOBBS: I think Willis Ware was supposed to
9 furnish us with information on how they are addressing the
10 community.

11 DR. GROMMERS: Any other comments on this issue?
12 Would you like to continue it or would you like to have lunch
13 and start again with some more information?

14 MS. HARDAWAY: I would like to do both, Madame
15 Chairman, say a word and have lunch.

16 (Laughter.)

17 MS. HARDAWAY: I feel we should, within a few hours,
18 establish our sense of direction. I am a layman; I am not a
19 computer technologist, any of those things. However, I feel
20 that we must establish the need for data gathering and whether
21 or not we want to recognize this as a fact. I feel we are
22 probably moving toward that direction.

23 Then I feel all of us, according to whatever
24 religious or ethical code we might live under, feel we do have
25 an obligation to protect this group, perhaps, that cannot

1 protect themselves as far as their privacy is concerned.

2 So, I am certainly interested in looking into that.

3 I agree with Jerry; I want to be very careful when
4 organizations gather information, who they share that informa-
5 tion with and who is looking at it.

6 I believe once we establish the fact that data
7 gathering is here to stay, it's almost like the atom bomb. We
8 are going to have to decide how we can control it. I believe
9 that's the sense of direction we need to be going in.

10 DR. GROMMERS: Should we adjourn? Motion for
11 adjourning?

12 MR. DAVEY: I adjourn.

13 (Laughter.)

14 MR. DAVEY: I recommend we adjourn.

15 MR. MARTIN: Before we adjourn for lunch, could I
16 say two things? One, anticipating the need that I think we
17 all feel to respond to Stan Aronoff's question, what are your
18 fears or what are they, the adverse effects that we are
19 attempting to identify and with respect to which we want to
20 respond, you will find in your envelope a single sheet of paper
21 headed, Potential Harmful Consequences of Personal Data
22 Systems, which while a very skimpy piece of paper, reflects
23 considerable effort on the part of a number of us to try to at
24 least make a beginning at identifying that.

25 It's by no means exclusive and it may in your view

1 in many respects be irrelevant.

2 DR. MILLER: I was just going to say pages 24 to 53
3 of my book describe what I perceive to be the issues and if
4 Johnny Carson is dull one night, that might be an alternative.

5 MR. MARTIN: At the last meeting of the committee,
6 we had with us a number of observers and guests who are
7 employees of the federal government. I did not know that it is
8 not permitted for funds of such an enterprise to be used to pay
9 for the meals consumed by federal employees. As a result, one
10 or two or three of us on the staff of the subcommittee pro-
11 rated amongst ourselves the cost of the lunches consumed by our
12 federal employee guests last time.

13 I think that's unfair to the members of the staff and
14 would therefore request that any of our guests who are employees
15 of the federal government -- that does not include our
16 consultant committee members -- your lunch is taken care of --
17 to the rest of you, if you would please before you leave on an
18 honor system basis go to Jim Sasser and pay him \$3.50 for your
19 lunch if you consume it.

20 That way it won't fall on those of us who are left.

21 Okay.

22 (Whereupon, at 1 p.m., the hearing was recessed,
23 to reconvene at 2:30 p.m., this same day.)

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End #16

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AFTERNOON SESSION

(2:30 p.m.)

DR. GROMMERS: If everybody is back, maybe we can get started.

Everybody ready?

We are about ready to start again.

We have Professor Miller only going to be with us for another hour so I thought we might profit from the time he is here since he won't be with us tomorrow on continuing with the discussion of where the committee might go, to get the benefit of his input and comments on this. Something that will help a little bit of what we said this morning, I think it is the general concensus we need more information and there have been suggestions as to what we need more information on. Some of you wanted to know what else in the government was happening that was parallel to this, for example, the Ervin committee hearings. Lawrence Baskir will be here tomorrow and he will be able to give us some information as to where that is at. Who else do we have?

MR. MARTIN: Kenneth McLean from the staff of the Senate Committee on Banking and Currency will be with us tomorrow and has agreed to give us a brief rundown on the present state of the art, as it were, and immediate future prospects for regulation of information activities in the credit data field.

1 The Senate Banking and Currency Committee is the
2 committee of jurisdiction over that.

3 DR. GROMMERS: Some of you may know of some other
4 activities that are going on. In other words, we have a short
5 mandate and there is no point really in our doing something
6 that other people are doing at the same time for a longer time
7 period and more dollars, if we could pick out something that
8 we could zero in on that would be unique. That is the only
9 reason for that.

10 Can everyone hear me?

11 Is this better? Can you hear now? This sound
12 better? Where is the --

13 MS. COX: We can just barely figure it out but it
14 is a strain to get --

15 (Discussion off the record.)

16 DR. GROMMERS: I was asking whether any of the rest
17 of you had any information as to what else was going on in the
18 government that was pertinent to what we are talking about?

19 MS. LANPHERE: Well, all this past month I have
20 been, you know, conscious of reading and you would come across
21 little things that maybe you wouldn't have paid much attention
22 to before you got upon this committee.

23 In the magazine, "Modern Data," of April '72, there
24 is something I didn't know anything about called the data
25 communications network. The general services administration

1 has closed that the federal long distance data system be given
2 a 21 million overhaul to increase its capacity, social security
3 benefits and other records to private citizens. Then it goes
4 on to call the advanced record system it will permit individuals
5 from any part of the country to query most government agencies.
6 The expansion is expected to take ten years when a computer
7 center will be opened in Austin, Texas.

8 I don't know what this is but when you come across
9 things like this, it makes you -- what is the safeguards of
10 this system, for example? I don't know anything about it.

11 MR. BOYD: The ARS system is a teletype communica-
12 tions system and a computer communications system for the
13 federal government. It has now about 1800 teletype units
14 hooked together through three computer complexes so it can
15 transmit information from any office hooked into the system
16 to any other office. It is a misstatement to say that the
17 information is available to anybody in the country.

18 MS. LANPHERE: It says private citizens is what
19 got me.

20 MR. BOYD: The payments are made to private citizens.
21 The information about those payments is accessible to none.

22 MS. LANPHERE: The word damage is poor? Okay.

23 MR. BOYD: The information that is transmitted as
24 far as social security is concerned, when a claim is filed,
25 the base information is transmitted to Baltimore. There they

1 introduce it into computers, compute the benefit, make the
2 determination of award and feed the information by mail back
3 to the local office where it is reverified to make sure that is
4 what is in the computer is what the decision reflects. That
5 is reviewed in a payment center of the social security
6 administration and if after all, the development and review
7 of that which is in the computer is found to be an accurate
8 reflection of the decisions made in the development of the case,
9 an okay message goes in and that is where the payments begin.

10 Now, that is accessible to nobody outside the
11 government. I think one of the things that we probably should
12 make clear is that information in federal records such as the
13 social security record are available to the individual upon
14 request which I think is an essential of any control system
15 but are unavailable to -- available to no one else including
16 the courts except under some very specific instances such as,
17 I believe, the Justice Department or the FBI can get at
18 records if they make a specific request from the head of FBI to
19 the head of social security or the head of the Department of
20 Health, Education and Welfare attesting to the fact that this
21 person is suspected and they have evidence of him being
22 somebody out to overthrow the government in which case you can
23 get that kind of information.

24 MS. LANPHERE: Then this is very misleading?

25 MR. BOYD: Yes. I would suggest one of the problems

1 with much of the -- what is written is that it is not accurate
2 and that you should go to the source if you read anything like
3 that. Ask --

4 MS. LANPHERE: That is why I am asking it here. I
5 felt I was at the source somewhere in this room.

6 DR. GROMMERS: David has been compiling a list of
7 other activities which are comparable to ours and it is not
8 complete but this would give you some idea of the kind of
9 information that I think we need to know about to determine
10 our own goals.

11 MR. MARTIN: Well, I don't think I can say anything
12 about these that would be so informative as to have it serve
13 as a limitation or a guide to goal setting for this group.
14 I would prefer, I think, for those persons who are involved
15 in some of these things, such as Arthur Miller who is the
16 director of one of the projects listed here, if he felt it would
17 be useful, to speak briefly about his project. There will be
18 two gentlemen here tomorrow from Rand Corporation who have
19 a program about which they can speak.

20 I am not well enough informed about the scope of
21 these undertakings to be able to tell you how they relate
22 directly to this undertaking.

23 DR. GROMMERS: I am ignorant of any other undertaking
24 that are in any way related. That is why I asked perhaps
25 everyone else here who knows.

1 DR. WEIZENBAUM: Well, there is Senator Ervin's
2 subcommittee sort of thing.

3 DR. GROMMERS: Personally, I would like some more
4 information about what else is going on. Maybe no one else
5 feels that way.

6 MS. LANPHERE: I feel like there are other things
7 going on. I know about the one Joe mentioned. I feel maybe
8 there is other committees working on similar or different
9 aspects of the same.

10 DR. GROMMERS: Could you speak to that Professor
11 Miller?

12 DR. MILLER: There are lots of things going on.
13 (Laughter.)

14 DR. MILLER: On privacy, yes.

15 In addition to those already mentioned there is --
16 there is Senator Ervin's subcommittee. There is the
17 Westin Report which is due out from the National Academy of
18 Sciences study of data banks. That should be available this
19 summer or very early fall. There is my project which is a
20 privacy and technology project funded by the National Science
21 Foundation which has its primary orientation toward research
22 data banks and I think there is a very, very close relationship
23 between my project and this committee because I think when we
24 start unearthing the systems that are either within HEW or
25 associated with HEW or partially funded by HEW, I think we will

1 find a number of systems that fall into the general research
2 rubric.

3 There are also a variety of committees working on
4 state levels on law enforcement information system. Bob
5 Gallati obviously can talk much more authoritatively on that
6 than I can.

7 There is a paper produced by the legal aspects of
8 information panel of the committee on scientific and technical
9 information of the Federal Council on Science and Technology.
10 It is not a classified paper. It is under a hold status
11 inside the Federal Council but it will be talked about at
12 great length on June 22 at a two-day symposium here in Washing-
13 ton dealing with various legal aspects of information systems
14 and I think it might be advisable for anyone in the Washington
15 area, particularly perhaps the executive director of this
16 committee, to attend that session since he is a personal
17 friend of all the panelists anyway and I have the feeling
18 what is going to happen there is that this Cossatti paper will
19 be discussed but not distributed because of its current status.

end 17

#18-ter-1

1 This is the Rand Corporations' study which I presume
2 you will hear about tomorrow from Messers Juncosa and Turn
3 which is a theoretical analysis, of modes of protecting systems
4 going into the mathematics and cost analysis and technological
5 feasibility of system protection.

6 Willis Ware, of this committee, is very much
7 involved with that study because he is with the Rand Corporation
8 and is one of their consultants.

9 And there are just lots of little things going on
10 that I do not think are really -- I do not think we would be
11 edified by any catalogue of them. Anybody with scribblings
12 on a latrine wall seems to be concerned with data collection.

13 (Laughter.)

14 DR. MILLER: These are repetitive types of studies
15 I think.

16 Phil, perhaps you know more.

17 DR. BURGESS: No. You mentioned the one I know.

18 DR. GROMMERS: Professor, the MIT Committee on infor-
19 mation and privacy --

20 DR. WEIZENBAUM: That committee formally finished
21 its work and issued a report of which I tried to get a copy.
22 But then because of certain initiatives in Washington, the
23 campus began to blow up and I got -- unfortunately, I got
24 distracted from actually getting the report. There is a
25 report that can be made available to everyone.

1 DR. BURGESS: You mean you were rioting?

2 DR. WEIZENBAUM: I was not, no.

3 (Laughter.)

4 DR. GROMMERS: What other kind of information would
5 you all like to have as a group before you feel you could arrive
6 at goals, or objectives, or possible outputs; before you could
7 even start thinking about it as was mentioned this morning?

8 MR. GALLATI: I would like to have a copy of the
9 feasibility study that was done for the system that you out-
10 lined today, Joe, and whatever feasibility study and study
11 was done on security privacy, relevant thereto, if these are
12 available.

13 MR. BOYD: I would say they are in the process of
14 development. I would not hesitate to provide, for example,
15 the drafts of the regulations and the chapter of the manual
16 as long as it was understood that they are in an early draft
17 stage and probably susceptible to a good bit of change, because
18 of the changes in legislation.

19 The purpose of the early development is that, you
20 know, three months after the bill passes, you have to be
21 out dealing with the public and you have to be ready with
22 something.

23 As far as the feasibility of the system, it is so
24 closely modeled on the Social Security Administration's payment
25 processes, that if you want to see how it works, you could go

1 over there and take a look.

2 If you wanted to see what the essential regulations
3 on protection of information are, I am sure that this regula-
4 tions that will be promulgated for the new agency will be
5 similar to Regulation One, at Social Security, which is their
6 privacy -- or protection of information regulation.

7 DR. GROMMERS: Mr. Davey?

8 MR. DAVEY: Outside the public sector and in the
9 private sector, I think there are a number of things that may
10 be of interest. There is an article that appeared not too
11 long ago, about an insurance file being done in Boston, I
12 believe it is.

13 I think that --

14 MS. LANPHERE: Is this it? (Indicating.)

15 MR. DAVEY: Yes.

16 DR. MILLER: Jack Anderson's column?

17 MR. DAVEY: Yes. I think that is an interesting
18 thing. I think it would also be worthwhile to get some of the
19 major credit companies, or insurance companies, or others
20 who are dealing in these areas to talk a little bit about
21 their needs.

22 DR. GROMMERS: Can we get the testimony? The MYB --
23 speaking about -- they testified before the Antitrust Committee
24 We could, perhaps get their testimony if you would like to
25 have that?

1 MR. DAVEY: But I do not know that I need a great
2 deal more of information before we get started on doing
3 something.

4 (Laughter.)

5 MR. DAVEY: I would like to make that point again.
6 I think that basically, there are enough generic things within
7 each system that we can really start honing in on some things
8 now.

9 I do not know that we need to -- after the last
10 meeting, they came out with an outline which looked like a
11 good starting point. I think there was a great deal of effort
12 that went into that. By the time we closed last time.

13 So far today, none has mentioned that. Have we
14 forgotten that?

15 DR. GROMMERS: We have it in our folders. Are you
16 suggesting that as goals for the committee, or objectives?

17 MR. DAVEY: It just seemed like there was a lot of
18 effort that went into it. Maybe that would be a place to
19 start and see what it is that we can do. The major concern
20 I have about this committee is that everytime we get into a
21 general discussion, we keep broadening what our charter is.

22 I would kind of like to see us hone in on something
23 that we can start working on.

24 MR. ANGLERO: Without being able to look at the
25 problem from one point of view of -- we have seen those that

1 defended the systems, the automated data process, although we
2 have some of our members who have special view of points on
3 the issue and can take the other side, as Professor Miller
4 does sometimes, and some of us could do it.

5 But, then we have not heard anyone who represented,
6 officially, the other side of the coin.

7 DR. GROMMERS: What would you like to do about
8 that?

9 MR. ANGLERO: Well, this is an issue I think. It
10 has two parts. So some people defend the automated data
11 process. Is there anyone who thinks any session -- anyone who
12 thinks that this is really a threat to us, and who does not
13 want to have this?

14 DR. GROMMERS: We have already discussed and we have
15 agreed, though we have not figured out the form, yet, that we
16 are going to have information brought to the committee about
17 the possible threats.

18 MR. ANGLERO: Information to be brought by whom?
19 By us?

20 DR. GROMMERS: Well, we have not determined that
21 yet. This is one of the things that was mentioned this morning
22 as something that the commission address itself to.

23 MR. ANGLERO: My concern is that we have, and we
24 can have basically both points of view in terms of some
25 technicians, some specialists on the matter. But could we have

1 someone here to defend that, to come here?

2 DR. GROMMERS: Someone to defend the computer?

3 MR. ANGLERO: No. The other side, who is afraid
4 of the computers in terms of the privacy?

5 DR. GROMMERS: You would like to have such a person
6 or persons, come and speak to the committee?

7 MR. ANGLERO: I would. I would suggest -- I would
8 like that.

9 DR. GROMMERS: We can do that. Someone suggested
10 Ralph Nader. It is perfectly possible, if he would be the
11 appropriate person.

12 We could certainly have anyone that you would consider
13 I believe, appropriate.

End #18

14 MR. GALLATI: Like Allen Miller.

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JM 1

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1 MR. WHITE: This problem is not unique to the U.S.
2 Other societies and other governments that have to deal with
3 the same problem; I wonder if the information is available as
4 to their solutions to this problem of privacy and automation.

5 DR. MILLER: On that point, on the 22nd of June, at
6 that two-day conference I mentioned before, a very, very tal-
7 ented man from Britain will be the luncheon speaker to talk
8 about what the English have begun to do in terms of data
9 security and legislation, regulation concerning privacy.

10 MS. COX: Who?

11 DR. MILLER: Sweigardt. He might be somebody down
12 here. Nail him for a couple of hours. It might be a useful
13 thing to have recorded backing to our next meeting.

14 DR. BURGESS: Do you know what those practices are
15 in a brief form? Are social services there -- do they use a
16 common, unique identifier?

17 DR. MILLER: It is a mixed picture, and I would not
18 want to shoot from the hip. I have a lot of pictures back at
19 the office. In a real sense, what the Swedes are doing is
20 much more interesting than what the English are doing, and what
21 the German and Japanese are doing is probably as interesting as
22 the Swedes. There is information there, if you want to see the
23 reaction. There is nothing astoundingly different about their
24 thought processes on this subject.

25

DR. BURGESS: Because IBM are salesmen or consultants

1 for all of them?

2 DR. MILLER: By the way, IBM recently announced a
3 40 million dollar input into the privacy question. You might
4 get IBM to tell us how they would increase the gross national
5 product. Nick Katzenbach might be a good man to get.

6 (Laughter.)

7 DR. GROMMERS: I think we should start collecting
8 data. There is no reason we can't implement, provided they
9 accept a suggestion like that.

10 MR. DAVEY: Do you want names right now?

11 DR. GROMMERS: Surely.

12 MR. DAVEY: I suggest John Reynolds from First
13 National City Bank of New York City. I think he is a very good
14 spokesman for the banking industry and knows what is going on
15 as far as their data processing requirements are, and what the
16 implications are within the banking world.

17 I would suggest somebody from American Express;
18 several people there. I wouldn't know quite which one to
19 suggest.

20 I believe that somebody from one of the major insur-
21 ance companies would be very helpful, like Prudential or one
22 of those who is involved in a number of things.

23 DR. BURGESS: How about Educational Testing Service?

24 DR. GROMMERS: What is the purpose that you are
25 suggesting that these people come for?

1 I think that should be -- we are going to have to
2 choose among all the possible things we can do which are the
3 best.

4 MR. DAVEY: I am primarily interested in the
5 private sector and how that is using the social security num-
6 ber, I guess, for one thing. You start talking about an
7 identifier. What type of requirements do they have, and
8 would an identifier either supported or non-supported by the
9 Social Security Administration make good sense?

10 DR. GROMMERS: For Educational Testing, what would
11 they be contributing?

12 DR. BURGESS: I think an important question is how
13 -- what kinds of assurances or guidelines exist for the use of
14 information they provide to a large number of clients,
15 especially with respect to reliability and accuracy, contextual
16 kinds of factors on test scores that are distributed.

17 DR. GROMMERS: Is it known at all who their clients
18 are?

19 DR. BURGESS: Universities and colleges all around
20 the country.

21 MS. CROSS: I would be glad to check and see who
22 would answer those questions. I am from Educational Testing
23 Service, but I am certainly not the one who can answer those
24 kinds of questions.

25 DR. GROMMERS: Yes.

1 MR. WHITE: Also, from a different point of view,
2 you might want to talk to people at Dunn and Bradstreet. They
3 are collecting information not in the sense of information
4 about individuals, but information about corporations, also of
5 certain rights to privacy, and to examine some of the aspects
6 of that system from a standpoint of the dissemination or
7 collection of the rights of privacy because it relates to cor-
8 porate entities.

9 DR. GROMMERS: Mr. Gentile, you had a point --

10 MR. GENTILE: Yes. I have a list of legislation
11 that has either been enacted or is pending in several of the
12 states, and I have copies of parliamentary debates in the House
13 of Lords, and I thought I would just turn this over to
14 Professor Miller or any group that is going to be working on
15 the legal aspects.

16 I would also like to say that I share Jerry's
17 interest and concern, and at coffee break and over lunch I
18 know it is a concern of a number of the committee members that
19 we perhaps organize ourselves into small groups and each take a
20 piece of the work that has to be performed and then come back
21 and report to the larger group so as to maximize our effective-
22 ness.

23 DR. GROMMERS: That is what we are trying to get at,
24 but the question yet is not clear to me: What is the work that
25 has to be performed?

JM 5

1 MR. GENTILE: I think we had two alternatives last
2 time. One was to approach it from the functional point of
3 view which we had discussed earlier, discussing the societal
4 needs, the legal needs, the computer technology's needs and
5 concerns; and another was Professor Weizenbaum's proposal to
6 take it from the -- an issue point of view or goals point of
7 view, and I took some notes, fumbling through, trying to find
8 those notes.

9 If there are any other alternatives that would be
10 appropriate, perhaps this afternoon to come to some agreement.
11 I do not think the form in which we break out into groups is
12 as critical as the need to break out into groups in some
13 fashion. I don't think we are getting a fair use of the
14 talent in this room if we continue yowling over a large
15 number of issues, kind of in a haphazard way.

16 The human mind functions in such a way that a
17 statement by one person triggers a thought that is not
18 necessarily in the logical processes, and then we digress off
19 into that area. I think it is important that we zero in on
20 to smaller group activities.

21 We have two proposals for such groups. I don't
22 know if you would like to go over these at this --

23 DR. GROMMERS: Sure.

24
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20-ter-1

1 MR. GENTILE: Gertrude Cox presented one possibility
2 of groupings that was referred to by -- here is Joe's.

3 There were four. Please correct me if I am not --
4 do you have them?

5 DR. WEIZENBAUM: Is this from the last one?

6 MR. GENTILE: Yes.

7 DR. WEIZENBAUM: It must be in the transcript some-
8 where.

9 MR. GENTILE: I have, from Bob Gallati --

10 DR. WEIZENBAUM: What happened to the transcript?

11 MS. COX: I have got it. I have got it here.

12 DR. GROMMERS: We are thinking of indexing this
13 transcript in some way so that we have access to the data.

14 MR. GALLATI: Very close to the end.

15 DR. GROMMERS: After six books like this.

16 While Nancy is looking for this, what is the purpose
17 of the splitting up into these groups? Is it to collect infor-
18 mation or to present information?

19 MR. GENTILE: Well, I think it would be to develop
20 the thought that in each of these areas along a few lines: (1)
21 Make a necessary analysis of current operations or currently
22 available material; (2) To make an assessment of the environment
23 in which we are working and how it is going to change, how
24 it is going to be by the time we present such a report.

25 That would entail making certain assumptions, for

1 for example, such as the type of legislation, whether it be
2 HR-1 or something else. Then, (3) to isolate certain issues
3 and present the pro and the con with the recommendation to
4 the group at large on each of these.

5 DR. GROMMERS: With the idea that we then use this
6 as a basis for policy recommendation to Mr. Richardson?

7 MR. GENTILE: Yes. And then in the back of my
8 mind, one member of the committee, I see as an output of this
9 group administrative policy recommendations to the Secretary
10 of HEW, and legislative recommendations either covered by
11 whether it be a final finished drafted document, or the issues
12 we feel should be included in legislation.

13 I think that is somewhat lacking now, and I think
14 that is the purpose of the committee. It is one thing to be
15 concerned about the privacy and the invasion, and the abuses
16 and all this; but we must recognize that as we are concerned
17 about this, and as we are talking about these fears, the real
18 world is going on and people in operations today in the states,
19 in private business, in the Federal Government, are proceeding,
20 making certain decisions.

21 Perhaps not at the level that they should be made,
22 but the world does not stop while we philosophize. I think we
23 have to come up with some concrete recommendations on what the
24 policy should be.

25 DR. GROMMERS: The policy should be relative to what?

1 MR. GENTILE: Relative to a number of issues. Rela-
2 tive to, shall we permit linkage of files, for example, which
3 is an advisable manifestation of an attempt towards ending
4 program fragmentation in government circles.

5 Should we permit -- should we define public infor-
6 mation and when should it be made available? Should we allow
7 the use of the Social Security account number and under what
8 conditions? What safeguards must be mandated? What legislation
9 is required to permit -- to assure a person that he has a
10 review and an opportunity to review the data that is used
11 pertaining to his personal life.

12 What is his approach to make corrections to incorrect
13 data? Does he have a right to collect damages by the misuse
14 of this thing?

15 Again, I feel if we try to get into each of the
16 issues in the larger group, it will just take forever. If we
17 just carve out the work, either on the basis of specific issues
18 or on the basis of the type of function to be performed,
19 whether it be in the legal area or the computer technologies,
20 or the administrative procedure; then we could make far more
21 progress.

22 MS. COX: John, the illustration here is just taking
23 the need for common, unique, personal identifier as an issue
24 and they have outlined it here in these papers, the kinds of
25 questions that somebody needs to come up with answers to,

1 what are the needs for, what criteria, does there need to be
2 a single standard?

3 The six questions that are given here is a very
4 good breakdown of this one issue.

5 MR. GENTILE: Yes.

6 MX. COX: Then the -- well, there are the other
7 issues that can be picked out here as a major issue.

8 MR. GENTILE: I believe what we need at this point
9 is some direction as to how we organize the committee's work.
10 Should it be on the basis of taking specific issues? Should
11 it be on the basis of the type of discipline that is expert
12 in a particular person and have that exploited and then come
13 back and bounce it off the multi-disciplined environment?
14 These are two approaches.

15 DR. GROMMERS: The first thing I would like to --
16 just -- in general, I appreciate and go along with very much
17 what you are saying. Is it the general consensus of the group
18 that the outcome should be policy recommendations provided
19 that is our mandate and or legislation.

20 If it is, then certainly this is the way to proceed.
21 If you prefer to do something else, we ought to know what that
22 might be.

23 MR. DOBBS: You want statements for the record?

24 DR. GROMMERS: Sure.

25 MR. DOBBS: I think to do any less would be a .

1 disservice.

2 DR. WEIZENBAUM: I cannot hear you.

3 MR. DOBBS: I think to do anything less, anything
4 short of specific recommendations for the Secretary would
5 be a disservice. I think that is what we are here for.

6 DR. GROMMERS: Do you feel able to show hands or
7 give your opinions about whether you all would like to agree
8 that this should be what the goal would be at this point?

9 MX COX: I do not understand how that comes in.
10 If you take up any issue, we have to end up with some policy
11 and recommendations of that issue. I mean, it is based on --
12 there are -- our assignment was certain issues, was it not?

13 MR. GENTILE: Yes. But --

14 DR. GROMMERS: But you do not need to come out
15 with legislation.

16 MX. COX: Oh, I think -- what good is all your
17 discussion and your work if you do not come out with some sug-
18 gestions or recommendations; whether it calls for legal action,
19 or administrative regulations is another -- I do not know.

20 MR. GENTILE: Your attitude is, yes, the committee's
21 report should end with recommendations for policy or legislation.
22 It should not be merely isolating the issues or the problems
23 or providing a basis or a forum to express concern that we
24 do have a problem. I think we are beyond that point. I think
25 we all are here and recognize that we do have a problem.

1 I think our ultimate objective is to come up with
2 some recommendations for solutions to the problem that we
3 recognize.

4 DR. GROMMERS: I think one of the points is that
5 you do not necessarily need legislation or a constitutional
6 amendment to effect some change.

7 For example, the Secretary, Secretary Richardson,
8 has, in his power by executive authority to effect certain
9 changes and addressing ourselves to that, would be a slightly
10 different task than addressing ourselves to legislation, the
11 issues involved, the people involved, and the people who would
12 be affected by legislation would be different, I think.

13 MR. DOBBS: You were not excluding in that comment,
14 then, his ability to start the policy based on our recommend-
15 ation? You are distinguishing between policy and legislation?

16 DR. GROMMERS: Yes. We might say, six months --
17 we have 180 man months here. Eight months. We have 180 man-
18 months to achieve something. Is it not maybe better to achieve
19 something concrete that is short of legislation than to try
20 for legislation that we do not finish?

21 MR. DOBBS: I understand what you are saying. I
22 agree with you in terms of the time limitation. The mood
23 that I sense is that it has to be at least one or the other,
24 in terms of at least policy and/or some kind of recommendation.
25 The point being that much of the material that we have been

1 supplied with, the Social Security Number Task Force Report,
2 as one example, and several other pieces of correspondence,
3 indicated that the government agencies involved for reasons
4 of their own did not want to, felt unable to, whatever the
5 string of reasons were, to make policy recommendations.

6 That was the sense of a good deal of the reading
7 that I read. If that is so, even though we have a limited
8 amount of time and perhaps, a limited base, like I commented
9 to Arthur out in the hall, we are as qualified to be -- to
10 address that issue next year as any other issue that might
11 be randomly assembled.

12 I think we have to take the risk to come out fairly
13 firmly in terms of whatever policy recommendation we are able
14 to see, based on the best evidence we have at this time,
15 at least.

16 Now, whether that is translatable into legislation,
17 legislative kind of recommendations is something I guess that
18 our colleagues from the law would have to know.

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1 DR. BURGESS: It seems to me that, you know, step-
2 ping back from the details that we're up against, you know, a
3 typical kind of dilemma in modern society between efficiency
4 on the one hand and some other human value on the other. It
5 seems to me that, you know, here we find, you know, a demand for
6 efficiency in the delivery -- in the form of the more efficient
7 delivery of services and to facilitate program evaluation and
8 to improve cost accounting, those kinds of things.

9 And we have on the other side, the problem of priv-
10 acy which seems to me to be translatable into two kinds of
11 problems:

12 One, it is control over access to -- maintaining
13 individual control over who accesses data about many, and main-
14 taining an individual control over the accuracy of the infor-
15 mation those records about him.

16 Then, it seems to me secondly, we are faced with a
17 trend in the society and that is the social security number is
18 increasingly being^{*} used to serve those modes, to serve the need
19 of efficiency, and unless as the Secretary said the last time,
20 unless services stop, it will keep going in that direction.

21 Now in this particular case, it seems to me that
22 recommendations -- policy recommendations are most appropriate
23 because the social security number is under the jurisdiction
24 of the Secretary, that this advisory committee serves.

Whether that takes the form -- I would imagine much

dh-2

1 that would come out of here, whatever the outcome would be, could
2 be done by administrative fiat, perhaps legislation be required.
3 It seems to me the important thing is that we recognize the
4 social security number is central and that the Secretary has
5 authority over that or at least his Department does. I would
6 think that breaking down into groups would be of -- the most
7 effective way to proceed.

8 It seems to me those functional categories would be
9 the logical ones around which we would organize ourselves, that
10 is, some people might be involved in the needs assessment kind
11 of problem and some people might be involved in the privacy side
12 of the problem, both on the question of accuracy and access.

13 Out of that kind of discussion, we would be in a
14 much better position, much better informed, and we would have
15 touched base with people who's oxen are going to be gored
16 one way or the other regarding the outcome of what happens with
17 respect to the use of unique identifiers, to make some recom-
18 mendations.

19 I would urge that functional kinds of breakdown.

20 DR. GROMMERS: I think we all agree we're going to
21 break into small groups. The question is really which groups,
22 and for what purpose to maximize our usefulness. I would
23 like to ask Professor Miller in the case that what we would like
24 to recommend would be the establishment of a regulatory agency
25 like the FCC, what would we have to know that is different from

dh-3

1 what we wanted to recommend was a constitutional amendment?

2 DR. MILLER: Since you have to know everything for
3 either, the answer is nothing.

4 (Laughter)

5 DR. GROMMERS: That's not very helpful. That's say-
6 ing that no matter what end kind of result we want, we need
7 certain actions.

8 DR. MILLER: Yes. Your field of vision has to be
9 rather wide simply to make the choice of the regulatory vehicle,
10 regulations, statute, constitutional amendment, or commission.
11 I don't think you can decide now how to shape yourself in terms
12 of ages as to what your output might be.

13 I think we should just shape ourselves as it seems
14 most functional and most attractive and worry about the output
15 phase later on.

16 By the way, a personal view is that we should not
17 worry in this group, at this point, and perhaps at no point about
18 the mechanics of drafting a regulation or a statute because
19 then we may decide is a futile act anyway, because of the re-
20 quirements of draftsmanship and the special requirements of the
21 General Council's Office, of this agency or legislative committee

22 I think we should aim toward policy study and recom-
23 mendations and see if we have enough strength and talent to draft
24 a model statute or a model regulation statement in November.

25 Adopt thinking that should affect our judgement at this point

dh-4

1 at all.

2 MR. IMPARA: I agree, Madam Chairman, that the issue
3 of whether we are going to break up in small groups is a moot
4 point. We are going to have to break up in small groups at
5 some point. I think John Gentile's suggestion of when, are we
6 going to break up now or break up later, and there was expression
7 this morning that there was a need for more information.

8 Do we have enough information now to know about whether
9 we break up into small groups so that the small groups can gain
10 specific items of information to a system in their charge, or
11 do we need more general information from ETS, from the bank,
12 from other sources in a general nature before we know enough to
13 break up into small groups?

14 DR. GROMMERS: Just another question, but is it your
15 idea to break up into groups during this two day meeting, or into
16 groups that would work during the interim.

17 MR. DOBBS: Both. If we don't prepare to do both, we
18 won't get the job done.

19 MR. ARONOFF: This may be putting Professor Miller
20 on the spot, but in your research on the subject and in various
21 different committees on which you serve, have you already gone
22 through the process of any model draftsmanship?

23 DR. MILLER: To a degree.

24 MR. ARONOFF: The reason I ask it is this: As you
25 bring in various people such as the insurance industry, he had

dh-5 1 occasional testing, all the various people that you just ex-
2 cused before for our general group here, if I had before me
3 some idea of what you're thinking about, or what the committee
4 is thinking about, you might be able to ask more intelligent
5 questions of the people that we are inviting as our guests to
6 give us information.

7 You can ask them their opinion of a particular reg-
8 ulation that we may have in mind, or a particular agency that
9 you have in mind. This way we're still sort of -- it doesn't
10 mean that we would necessarily come up with what you're sugges-
11 tions are, but if we had them before us, it would help us in
12 our questioning.

13 DR. MILLER: My suggestions are in a sense irrelevant.
14 I would suggest, however, in response to that point, that per-
15 haps models that do exist should be directed to members of the
16 committee and you can tick off 4 or 5 models immediately.

17 One is the American Council of Education's double
18 link system of protection which has been written up in a pam-
19 phlet available from the American Council of Education.

20 Another is the Project Search system that Bob Gallati
21 -- I think that's what you have given us?

22 MR. GALLATI Yes.

23 DR. MILLER: A third is a paper done by Professor Ed-
24 ward Goldberg for USAC, for the Model Cities program which may
25 have been released by this time.

dh-6

1 A fourth would be the Cossatti paper when it is real-
2 ized by the Executive branch which hopefully will be sometime
3 this summer. There are other models. I think Stan is right
4 that it might be helpful to see what other organizations have
5 thought about and developed by way of model procedures.

6 In that sense, Joe, your MIT group product would be
7 helpful too, for the group. Just a sense of what the goals
8 achieved by other organizations have been.

9 MR. DOBBS: I thought that Stan was also addressing
10 -- although he framed the question in the specific legal draft-
11 ing sense, I thought he was also asking the question of would it
12 not be effective to have delineated some of the considerations
13 and issues in specific areas prior to the time that we begin to
14 see this parried so that we, at least, are together in terms
15 of what the issues are?

16 Now what we tried to do, I think, with this framework
17 before was to make a preliminary stab that said here are 5
18 areas, recognizing that in our ignorance we may not have made
19 the right cut. I think that some of the sense of wanting to get
20 one now is one that says we probably know enough in this gross
21 cut that we have taken to begin the breakup and do at least what
22 Willis has done in terms of his inputs, both in terms of giving
23 a certain overview of that area in terms of the considerations
24 we understand at this point in time, and in making certain ob-
25 servations, raising certain issues and questions about those

dh-7

1 areas and in bringing them back to sort of a full body, sort of
2 saying this is where this particular group of people see this
3 area right now and that way sort of split up the work.

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1 DR. GROMMERS: You suggesting, maybe, split up
2 tomorrow?

3 MR. DOBBS: I have no objection to that.

4 MS. COX: I am just curious to know how much we are
5 to pay attention to the charter that was given us which says,
6 "On December 1st, submit one or more written reports containing
7 the notices and recommendations described in area three."

8 There, some functions are outlined. Whoever wrote
9 this up makes it clear that other functions can come up, but
10 here is some that they are definitely asking for and that -- I
11 mean, are we under any obligation to try to follow the charter?

12 DR. GROMMERS: Can you speak to that, Dave?

13 MS. COX: Somebody must have put some thought into
14 writing out this charter before they assigned -- selected a
15 committee to work on these functions which are analysis of harm-
16 ful consequences, safeguards, policies and practice, redress of
17 harmful consequences.

18 MR. MARTIN: When you ask, "Are you under some obli-
19 gation to respond to the charter," an answer to that is yes,
20 but I am not sure it is very helpful.

21 The charter's main purpose, I suppose, is to set
22 some outer limits to the inquiry. At one point in time, as you
23 all know from having read carefully all the terms that have
24 been sent to you, the only issue --

25 MS. COX: Sent to us, but not handed to us.

JM 2

1 MR. MARTIN: The only issue in some people's minds
2 for such a group to consider has been what should the Depart-
3 ment's policy be with respect to the use of the social security
4 number; or somewhat more narrowly stated, more specifically
5 stated, should the Department of Health, Education and -- what
6 should be the response of the Department of Health, Education
7 and Welfare to the proposed standard for individual identifica-
8 tion developed by the American National Standards Institute's
9 task force. As I sought to explain at our last meeting, the
10 processes which lead to the creation of this committee in
11 effect came to the recognition that an answer by HEW to the
12 question, "What should be its response to the ANSI proposal?",
13 does not begin to address the range of issues that are in
14 people's minds, that are of concern to the Department, and that
15 are clearly, from the discussions that you have all engaged in,
16 in your minds.

17 So that raises the need -- raised the need to state
18 a charter or a scope of submatter for the committee that was
19 broader than what HEW should do about the ANSI proposal. The
20 charter does not go as far as it might in enlarging that scope.
21 It seeks to focus on automated data systems, recognizing, as I
22 think I said last time, that there is -- there are in some ways
23 no analytical bases on which to distinguish automated data from
24 non-automated data. It does scope out organizational data, and
25 someone is responsible to Harry White's suggestion earlier that

1 we might be interested in considering the implications of in-
2 formation systems for information about corporations or
3 organizations might have been, oh, but wouldn't that have been
4 running us past the scope of our concern?

5 Aren't we concerned with personal data? I thought
6 it was interesting that none of you did that. I do not know
7 whether that is because you did not feel that that is the
8 scope that the committee should be related to or whether you
9 didn't catch that Harry was, in his proposal, offering you the
10 possibility of going beyond the scope of the charter as it is
11 now fixed.

12 Within the scope of the charter --

13 MS. COX: In a way I would say it is much narrower
14 than things we have discussed. It is talking about an assump-
15 tion, a data bank, and use of social security number pretty
16 much, as assumed, don't you think in here?

17 MR. MARTIN: Say that again, Ms. Cox.

18 MS. COX: This assumes there is nothing much we can
19 do. The social security number is being used extensively, and
20 now, how can we safeguard it and put limitations on it?

21 MR. MARTIN: If that is your reading of the charter,
22 let me say that is certainly not what is intended by the lan-
23 guage in the charter. The charter is an invitation for the
24 committee to arrive at any posture it chooses to, any visit it
25 cares to, on the view of the ANSI identifier on the social

1 security number. A range of options for the committee would be
2 to say, "Mr. Secretary, we think you should do everything in
3 your power to outlaw the use of the social security number
4 outside the Federal Government or outside of HEW or outside of
5 the Social Security Administration

6 You could clearly, it seems to me, recommend restric-
7 tions on the use of the social security number or, alternatively,
8 you could say, "Continue to do nothing, Mr. Secretary, and
9 let's just see what happens. We are prepared to ride with that
10 kind of a posture."

11 Or, you could say, "The social security number
12 should explicitly be permitted for . . .," and list the certain
13 number of uses and ban all others.

14 The charter seeks to assume nothing about where you
15 will come out. It simply puts on your plate the need to carve
16 that piece of meat and decide how you are going to include it.

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1 DR. GROMMERS: Joe?

2 DR. WEIZENBAUM: I am about to speak in favor of
3 splitting up into smaller groups. I don't really care about
4 tomorrow or -- but certainly the interim between this meeting
5 and the next one, I hope.

6 As I see a division here, I perceive my own personal
7 need to persuade my committee colleagues to certain points of
8 view. I occasionally try to do that in one- or two-minute
9 speeches that always get too long. But that's not a very
10 effective means of doing that, I think.

11 I see that the group sort of naturally breaks up into
12 a number of subgroups. I am sure there are many more than the
13 ones I have listed.

14 In any case there is certainly a group of what you
15 might call Cassandras, the people who voice warnings all the
16 time, and those in turn with respect to two quite different
17 issues: One with respect to information technology as such and
18 the other one with respect to the issue of centralization, the
19 violation of states' rights and things of that kind.

20 Then, undoubtedly, we have among us, although they
21 have been strangely silent, the optimists who believe that the
22 way things have been going is quite all right, they ought to
23 go further that way, and in the interest of efficiency and there
24 really isn't anything harmful and so on and so forth.

25 I would like to hear their arguments and be perhaps

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1 persuaded, although I think I would find it difficult --

2 (Laughter.)

3 DR. WEIZENBAUM: I think a format that we might adopt,
4 and I think I would recommend it, is that, say, those of us,
5 and I will include that -- myself into that subgroup, who do have
6 very considerable fears about information technology, large
7 data banks and all that that we have been talking about, that
8 that includes the question of the social security number and
9 so on, that we attempt, say between now and the next meeting,
10 if that's at all physically possible, to generate an argument,
11 quite detailed argument, not one that can be presented in a
12 minute or two that we attempt to document that argument, and
13 that we then bring that argument in effect as witnesses to this
14 -- to the committee, that at the same time other people who
15 feel they wish to persuade their colleagues on the committee
16 to other points of views do the same thing, whether these people
17 are political persuasions, technological, whatever.

18 For example, I said the question of states' rights
19 versus centralization; the whole business of federalization,
20 their views on this group. I think the members of this group
21 have been chosen because they represent some sort of expertise,
22 not necessarily computer expertise, but whatever.

23 If they were not here we would probably call them as wit-
24 nesses. For example, if Arthur Miller were not a member of this
25 committee, we would call him as a witness, give him a chance to

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1 speak to us for an hour or so, and then we would try to digest
2 what he told us.

3 He is one of us and we should give him the chance to
4 try to persuade us, if that's the right word, as a witness.
5 That is what I recommend.

6 As I say I suggest that -- myself, I would like to
7 be a member of a small group. I can identify the colleagues
8 that I would choose to be members of the group as well, to worry
9 about -- to attempt to make the kinds of arguments that we con-
10 stantly allude to.

11 For example, the answer to your question, well, what
12 is so dangerous about all this stuff and so on. To systemati-
13 cally try to write this down with this committee, not the general
14 public, as an audience and to actually try to get some arguments
15 going here in order to begin and merely to begin to attempt to
16 arrive at a consensus that we can finally translate into policy
17 recommendations to the secretary in December.

18 I think if we don't start pretty soon we are not
19 going to get there.

20 MR. IMPARA: I think that's a very good idea, Joe.
21 We have been talking about breaking up into smaller groups. It
22 occurred to me while you were talking there is no reason for us
23 to maintain the consistency of groups from meeting to meeting.

24 There is a need for us to plan some kind of schedule
25 between now and December so we can get our work done. I think,

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1 whoever wrote the agenda for this meeting, perhaps gave us some
2 guidelines there, Joe.

3 There are six questions about which we are to hear
4 testimony, if you will, and then come to, hopefully some con-
5 clusion. Now if we could break up into some small groups at
6 this meeting and prepare the detailed papers, pro and con, to
7 these questions to be presented at the next meeting, which
8 would generate additional questions like -- once we have come
9 to some consensus on the needs, pro or con, for a unique or
10 individual identifier, that leads to the next question of
11 security, of transmittal, a whole variety of follow-on questions

12 At each different meeting we could break up into
13 different small groups and prepare the necessary papers for
14 presentation at the subsequent meeting.

15 Is this a rational thing that would go along with
16 what you are saying, Joe?

17 DR. WEIZENBAUM: It's certainly -- I perceive it
18 to be consistent with what I am saying, sure. I am a little
19 bit afraid of answering questions.

20 There are a number of questions listed on the
21 agenda. I strongly believe that people who frame questions
22 have highly constrain the -- at least the form of the answers
23 and have often the answers themselves that can be given.

24 I would prefer to take two or three or four of my
25 colleagues here and to attempt to hammer out a very cogent.

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1 argument, hopefully a very cogent argument, in any case to
2 create a situation in any case at the very end when it comes
3 to November and December, unless the others can demonstrate
4 that they have defeated our argument, they better make recom-
5 mendations consistent with those arguments and then let's --
6 let us use our -- the talents that are here to the maximum
7 extent possible.

8 DR. GROMMERS: Would you suggest some other topic?
9 You suggested one and that is the enumeration of the harmful
10 consequences, essentially. What are some others?

11 DR. WEIZENBAUM: No. No. I didn't say enumeration
12 of harmful consequences. That's sort of relatively easy and
13 I think missed the point.

14 I really do think an argument has to be made. I
15 believe that we all -- that we all have a lot of learning to
16 do and from each other, as I said earlier, if Arthur Miller
17 were not a member of this committee we would go out and seek
18 him and try to learn from him very quickly.

19 I think we should be in a mood for awhile of teaching
20 each other and arguing with each other. Not in just one minute
21 speeches but actually make presentations and argue.

22 Now, I think the point of view that I would want to
23 represent -- not usefully, not always, but for the present
24 purpose is the point of view of -- is the view that there are a
25 number of fairly subtle dangers that we should be aware of,

jr 6

1 that there are all sorts of underlying assumptions that people
2 who design data systems make that ought to be explicated and
3 challenged, and possibly some of them are of such a serious
4 nature that unless they can be challenged that the data system
5 ought not to be built or ought not to be built in that way, and
6 so on.

7 That's the kinds of group I am -- I would like to
8 be a member of even if I am alone. I hope I won't be.

9 As I said earlier, I know Mr. Gallati, for example,
10 I have seen that, I think I am correct, is worried about, so
11 to speak, the federal impersonalism, that is the federal govern-
12 ment, in effect, taking over what he, perhaps, believes.

13 He is here to speak for himself, of course, to be
14 the function of states and so on. Apparently, he sees certain
15 dangers in that. I must say I agree with you.

16 I am not sure I am stating your view correctly.

17 MR. GALLATI: You stated my viewpoint quite correctly.

18 DR. WEIZENBAUM: Okay. Perhaps, there ought to be
19 a subgroup that worriers about the impact of federalization under
20 the rubric of federal data systems. And to make arguments
21 against it if that's how they feel, and I think they do, at
22 least Mr. Gallati does.

23 I am sure there are other people here, suppose there
24 are other people here, who believe that only federalization and
25 centralization and only the kinds of efficiency that can be

1 done -- that can be achieved by the maximum exploitation of
2 technological means can save us from coming welfare and health
3 care disaster.

4 Those people ought to get together and see if they
5 can persuade the rest of us that that's the case.

6 What will happen is, hopefully, in July and September
7 -- July, August, and September we will have some drag-out knock-
8 down fights that should be very interesting on the record and
9 out of that kind of conflict a consensus or possibly a bipolar
10 consensus, two widely different points of view might emerge.
11 And out of these should come a set or possibly two or three
12 sets of recommendations to the secretary.

13 Along the way in the attempt to persuade each other
14 and in the attempt to counter the arguments of our adversaries,
15 it may turn out that we will need more evidence.

16 Okay. Rather than say while we really ought to look
17 at such and such a system, just a priori, why not determine
18 the need for additional evidence from the arguments that in fact
19 get mounted.

20 DR. GROMMERS: And have these other people come in
21 then --

22 DR. WEIZENBAUM: As we need them.

23 DR. GROMMERS: Speak to the group or the small
24 committee?

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dh-1

1 DR. WEIZENBAUM: If a small committee feels it needs
2 an expert consultant, so to speak, to speak to it privately, very
3 well. If they want the expert to speak to the whole group, very
4 well. If they feel they need to do a field trip to look at
5 some computer systems in Oklahoma City, let them do that.
6 Whatever.

7 MR. ARONOFF: To do what you're suggesting, and I
8 think it's -- I think you're right, don't really have to take
9 as much time as you might think.

10 A subcommittee tends to work faster, but really, you
11 could have at your next scheduled meeting one day in which the
12 subcommittees meet.

13 What you're talking about is preparing arguments,
14 many of which you have thought out in advance at least in the
15 group that you're talking about, and dictate something and have
16 it ready. In effect, you then feed it to the group at large
17 the next day.

18 DR. WEIZENBAUM: No. No. Apparently, your work
19 habits are much better than mine.

20 (Laughter)

21 DR. WEIZENBAUM: I can't do that. Maybe that's just
22 a personal thing, but what I actually had in mind is possibly
23 tomorrow, get going tomorrow with Guy Dobbs -- I would nominate
24 him as a member of the subcommittee of which I am a member because
25 I see a shared ideology here. That's the reason.

dh-2

1 Similarly with Arthur Miller and perhaps Layman Allen,
2 for example, although I don't want to steal all the talent --
3 that's not true. I do want to steal all the talent.

4 But for us to get together to formulate an agenda for
5 ourselves, which as you say, should be a lot easier just because
6 we're a very small group, and then in the interval between this
7 meeting and the next meeting for us to do some homework, first
8 of all, and then for us to actually physically get together, not
9 with the whole group, just the small group.

10 I think it would take more than a day or two. And
11 then come up with a 10 page document or however many pages it
12 takes, and at the same time have other groups with different
13 points of view and with different concerns do the same thing if
14 at all possible, and then schedule sort of a staggered set of
15 discussions on those reports which presumably will by that time
16 have been mailed out to the entire membership itself.

17 MR. ARONOFF: You're saying it will take more than one
18 meeting among yourselves to come to any kind of A) consensus
19 and B) get it down on paper?

20 DR. WEIZENBAUM: I don't know. It would certainly
21 take more than one day.

22 DR. GROMMERS: You're really suggesting that position
23 papers be prepared?

24 DR. WEIZENBAUM: Exactly. That's a good word, yes.
25 I perceive there are, in fact, conflicting positions

dh-3 1 represented at this table, in this room, including some posi-
2 tions, by the way, that deserve to be heard that don't come from
3 members of the committee. In fact, Mr. Boyd stated a position
4 or implied a position. I believe that position is arguable both
5 ways.

6 Okay. Now we heard a brief presentation. Perhaps
7 the position should be explicated and presented, and so on.

8 DR. GROMMERS: I also deduct from what you're saying
9 you would like to take advantage of the expert testimony that
10 we already have here and choose those positions to be presented
11 that we already represent.

12 DR. WEIZENBAUM: Yes.

13 DR. GROMMERS: At least at the start?

14 DR. WEIZENBAUM: At least explicate them to each other
15 and see just what differences there are. You know, perhaps --
16 I don't believe this, but it could easily be -- that if we
17 started this process in a month or two, we could find we all
18 agree and that we're ready to write a single policy recommenda-
19 tion for the Secretary.

20 We don't know that isn't the case. I don't know,
21 for example, how much sympathy there is in this room for Mr.
22 Gallati's position with respect to the states versus the Federal
23 Government. I just don't know. Hardly anyone has responded to
24 that concern.

MR. DE WEESE: It seems to me that there could be a

dh-4 1 discussion about states and local regulations in this session
2 -- I mean state and local Federal regulations. I take excep-
3 tion with your idea of having all those people who are in favor
4 of privacy arguing against all those people whom you seem to ,
5 think are not in favor of privacy.

6 I think that would be a foolish exercise.

7 DR. WEIZENBAUM: I didn't say that I think the re-
8 port will show. I said that the optimists seem to be strangely
9 silent. I meant the people who believe that technology will
10 solve all problems and possibly as I said that we have to push
11 for efficiency, whatever the cost.

12 I said that I didn't hear such voices here if you re-
13 member that.

14 MR. DE WEESE: Yes. I don't think you will ever find
15 a person who is the operator of any information system, come in
16 here and tell us that he isn't concerned about personal privacy.
17 I think what you will find as we look at different representative
18 information systems, the idea is to decide whether the controls
19 that this person has come up with will, in fact, protect privacy.

20 As far as the philosophical arguments on both sides,

21 --

22 MR. DOBBS: It turned out that's not clear, I take
23 it. I went through an exercise since I was here. I have a stu-
24 dent, in one of my classes who happens to be an instructor at
25 one of the colleges. It turns out he just happened to be adres-

dh-5 1 sing this issue of privacy and confidentiality in one of his
2 classes with a group of young people, about your age.

3 My hypothesis to him was that in fact, those students
4 faced with this very deep issue would argue that the price that
5 they're paying in terms of privacy, etc, and invasion of con-
6 fidentiality, have as the benefits of technology, was too severe
7 a one, if you guess the gist of the argument.

8 In fact, when -- he came back with an answer that su-
9 prised me: About 75 to 85 percent of the students in that very
10 limited sample of 80 students were willing to pay the price,
11 were willing to give up a good deal of their privacy as we under-
12 stand it for the sake of the kind of progress and benefits they
13 believed that are reported by those systems and those technologi-

14 I think Joe's point is maybe well taken.

15 DR. WEIZENBAUM: Let me be very harsh about it. I
16 talked about persuasion and also the word education, let's edu-
17 cate each other. I'm quite convinced that there are a number of
18 terribly important points, points that should serve as a found-
19 ation for whatever policy the Secretary ultimately implements
20 that it be well understood around this table,
21 understood, or sufficiently well understood around this table.

22 I would like to have the opportunity to bring these
23 points out explicitly, to argue about them, and for them, and
24 to see -- and to attempt to bring those points to an understand-
25 ing on the part of everyone here.

dh-6

1 Okay. As I -- The only other example I think of is
2 this business about local versus global autonomy. I'm sure
3 there are points about that I don't understand.

4 I would like to be persuaded as to their validity,
5 such that when we get together to write a policy recommendation,
6 I know what I'm doing. I know whether to write a dissent, sign
7 it, resign from the committee --

8 DR. GROMMERS: This seems to be talking about the
9 communications system that would use the data we have here, at
10 least.

11 DR. WEIZENBAUM: I have said enough.

12 MR. GENTILE: I wanted to react to that statement. I
13 think of paramount concern is your definition of what is the
14 problem, Joe. You address the point that we must be aware of
15 the subtle dangers in data systems, Federal imperialism.

16 Those are very high level, and I might suggest philo-
17 sophical discussions that have been going on for centuries. I
18 think they will always go on and there is definitely a need
19 and a place for them.

20 My question is, though, right now this month, and
21 the next few months, there is a major system about to be de-
22 signed and completed, there are systems in every one of our
23 50 states, in our businesses that could be impacted by some
24 situation which is not as high level a concern as Federalism
25 and states' rights, for example, and I think that it would be

dh-7 1 a mistake for this committee to address the philosophical issues
2 at the expense of some real hard, down to the point specifics.

3 I do not propose that we can overlook or neglect
4 facing the bigger issues, but I think to do it at the expense
5 of some very concrete recommendations on policy would be a
end #24 6 mistake.

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1 DR. WEIZENBAUM: Well, Look, I think you're making
2 my point. If I may say so, and with all appropriate politeness
3 and humbly and so on. You don't understand. That is the
4 point. I would like you to understand.

5 It may be that we can come to agree by December that
6 the section as Mr. Martin said, that the section should devote
7 very considerable energy to the stopping of the trend of using
8 the social security number and that we make recommendations to
9 use some other system to make whatever data linkage we believe
10 to be necessary, technically possible, at some expense.

11 It may very well be that the solution, if we come up
12 with the solution at all, that that solution would be enormously
13 expensive in money and for that matter, in time. It might, for
14 example, delay the installation of Mr. Boyd's system and it might
15 very well cost another 40 or 50 million dollars beyond the mil-
16 lion he is going to expend to install the system.

17 I'm talking realistic figures. It may involve a delay
18 of another 2 years and be an additional expense of, say, \$50
19 million to implement that..

20 Now if we seriously believe that such a policy recom-
21 mendation is valid, than that ought to be the policy of the
22 section, okay, then we should say so and we should have -- we
23 should have the arguments to support it and we should, first of
24 all, come to understanding what those complications are ourselves

I hear you saying that while there are all sorts of ..

dh-2

1 philosophical or ideological issues here that we have to go
2 ahead. Well, if you don't have an explicit philosophy, and an ex
3 plicit ideology then you have an implicit one. That is, if
4 one which you're not aware of. You have got to become aware of
5 it.

6 I take this committee very, very seriously. If it
7 were the intention of HEW to hire a bunch of expert consultants
8 and ask them the question how do we do what we intended to do
9 all the time anyway, okay then, that is not this committee, as
10 I read the charter.

11 MR. GENTILE: Well, let me react to that. This is
12 why I said earlier it's very important that we make certain
13 assumptions on certain legislation or types of legislation that
14 would likely be enacted.

15 Now, I do not think it's within the scope of this
16 committee to make a policy or should it be the purpose of this
17 committee to write a policy that will be obsolete by legis-
18 lation that has been considered in several committees by people
19 who were much closer to being representative of the general pub-
20 lic than we are, namely the committees of Congress.

21 My fear is that if we do take this broader approach
22 and it's in disagreement with something that Congress has approved
23 and has, after many years of study, what would be the worth of
24 that paper?

25 DR. WEIZENBAUM: The alternative is that we -- that

dh-3

1 our function is essentially to ratify what Congress has already
2 decided or is now deciding. I don't take that to be the func-
3 tion of this committee. I think this committee is perhaps the
4 only chance that the Secretary has to get a critique, to get
5 fresh policy recommendations if they're needed, and I think they
6 are.

7 He does not need simply a rationale. I suppose he
8 does not need, and does not want simply a rationale of what
9 Congress is now doing or intends to do, or a slight modification
10 thereof.

11 DR. GROMMERS: The way of proceeding that might get
12 us over the suggestions that have been made today, we might
13 take, either model legislation like someone has already pre-
14 pared, or the bill which is now in committee or some other sug-
15 gestion that we might have a reaction to that as a committee,
16 either to modify it, or to make it more like what we would like
17 to see. We could deduce from that what our policy recommenda-
18 tions would be to the Secretary and we could do this by writing
19 papers specifically directed to the model bill, or papers that
20 we're speaking about.

21 MR. IMPARA: Yes, but in terms of that, Mr. Boyd is
22 operating not partially, but under some constraint, which is
23 the Executive Order of 1943, which says certain things about the
24 use of social security numbers for Federal programs.

25 It would be very rational, I believe, for this commit-

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1 tee to recommend to the Secretary to have a policy related to
2 that Executive Order. Either he can go and ask the President
3 to rescind that executive order and make it a much more restric-
4 tive policy regarding the social security act numbers, he can
5 maintain the current executive order but restructure the use
6 of the social security act number to within the Federal Govern-
7 ment, or he can expand it to say social security act number can
8 be utilized outside of the Federal Government for the purpose of
9 identification which would be basically adoption of it and see
10 recommendations.

11 Within that framework then, if we could come to some
12 closure on that, then we could recommend safeguards relative if
13 if safeguards are necessary, assuming we do not recommend re-
14 structuring of that policy, and go on from there.

15 DR. WEIZENBAUM: Of course the social security number
16 question is --

17 MR. IMPARA: Or anything --

18 DR. WEIZENBAUM: -- is only one question. I'm com-
19 pletely persuaded that question can not be answered outside of
20 its context, is provided by systems such as the one Mr. Boyd
21 described and other systems that already exist. It has to be
22 answered in that context, it seems, to me.

23 DR. GROMMERS: Are you all familiar with what Prof-
24 essor Miller is thinking about in terms of a FCC-type of reg-
25 ulatory agency in looking at the computer as as a utility?

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1 Would that be a suitable thing to react to?

2 MR. DE WEESE: I think so, definitely.

3 MR. GENTILE: A regulatory agency?

4 DR. GROMMERS: Yes. Professor miller and I -- since
5 he's not here, I hesitate to mention it yet, as I can't be that
6 specific.

7 He has had some thoughts about this and he has draf-
8 ted -- or has been thinking about, he just said, some model
9 legislation that would go along that line, setting up such a
10 committee and indicating some of the things that it would have
11 to regulate. Would you all be interested in taking that as the
12 central organized legislative form that we could react to that
13 is the content of that?

14 Or would you suggest something else?

15 MS. KANE: Just speaking for Professor Miller, there
16 is no existing draft he has in hand of how you set up a regula-
17 tory agency. When he was talking about draft statutes, they
18 were not as specific with regard to the regulatory agency.

19 That thought is basically explicated in his book just
20 on -- thoughts about why you want a regulatory agency or why
21 you don't, and what might do, and whether you want one setup
22 under the existing agency, or whether you want an independent
23 agency, questions of that nature.

24 I don't know if you're trying to take it in with your
25 original suggestion which is to take a pose of draft legislation

dh-6 1 and so criticize it, or make recommendations for it, if that
2 really comes under it.

3 There is no draft legislation to look at. All you're
4 doing is toying with the idea of whether or not an agency is the
5 correct means of approaching the problem as opposed to some
6 other sort of solution. I'm not really sure.

7 MR. DOBBS: That sort of thing seems to become some-
8 thing like a discussion about policy.

9 MS. KANE: That's true.

10 MR. ARONOFF: Isn't it possible to -- first of all,
11 I don't want Joe either resigning from the committee or picket-
12 ing the committee yet.

13 (Laughter)

14 MR. ARONOFF: Why not let Joe do what he wants to do
15 first? All of the people involved in the computer business
16 then they start talking to the layman end up saying, but you
17 don't understand.

18 Okay. It should be their job to sit down and make us
19 understand. We may reject it. By the way, I personally would
20 not want to serve on your committee. I wouldn't want to be
21 brainwashed that quickly.

22 (Laughter)

23 MR. ARONOFF: I would rather than react to you and
24 ask you questions on it as I would ask any other witness. I
25 think you should come as a witness in this subcommittee that is

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1 going to be formed and try to persuade this committee, can you
2 scare the hell out of us the way you're scared?

3 Fine. That's one thing that can be done, the chair-
4 man can let the subgroup meeting and report back at a given time.
5 I don't think you ought to have too terribly much time in that
6 you're a busy man and committees only work in my mind when
7 they're given a specific reporting time.

8 DR. WEIZENBAUM: I suggested the next meeting, for
9 example?

10 MR. ARONOFF: That's fine.

11 MS. CROSS: Is there something that would come out of
12 that committee report that is not present in your writings?
13 Is there something brand new we would be brainwashed to?

14 DR. WEIZENBAUM: I take exception to the word "brain-
15 washing." Unfortunately, I have no such washing machine. Yes.
16 I think the writing that some of us have done individually is
17 scattered, for one thing. It addresses itself to an audience
18 very much larger and generally speaking, very different from
19 this committee and consequently, is rather unfocused and there-
20 fore not terribly useful.

21 You know, we have some rather specific questions,
22 and I think some question that in fact have never been asked
23 before, either, in quite the form in which they ought to be
24 asked here, or with quite the urgency, I feel.

MS. COX: I would like to ask, just a little clarif-

dh-8 1 ication. Are you proposing that you have your small group work
2 on the impact of automatic personnel data system, and you cover
3 the issue of social security number, interlinkage, confidential,
4 regular measures, and give your opinion of that and then of ano-
5 ther group doing the same thing to counteract with you?

6 DR. WEIZENBAUM: No. No. You were right up to the
7 point where you said, "and then another group do the same thing."
8 It's not quite clear to me what the same thing would be.

9 MS. COX: Well, they give their position papers, or
10 their position reaction to those.

11 DR. WEIZENBAUM: I don't know how to answer that
12 exactly. I think there are probably people in this room, as I
13 said earlier, who believe that everything is pretty much all
14 right. That there are technical solutions to the problems of
15 confidentiality and so on. They should make their argument.

16 Okay, if there are such people, they should make their
17 argument. In the meanwhile, I feel that we -- if I may say "we"
18 -- I think I have cohorts, that we, you know, sort of once and
19 for all at least make a start at trying to illuminate in a fairly
20 sharp low focused way, what we think those issues are with re-
21 spect to the specific task of this particular committee, not
22 for the general public.

23 Okay. And if we can, come up with some recommendation
24 in the recognition of the fact that we in fact, have to have a
25 welfare system, we in fact have to propose data one way or the

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1 other. We can just walk out on the problem. Then, if we
2 think that certain measures are in fact terribly dangerous or
3 potentially very harmful, we are worried, generally speaking,
4 than if we are not going to run away from the problem, then
5 what do we do?

6 MS. COX: I see a possibility, but I don't see where
7 the other committee members come in. You're assuming that a
8 lot of them won't agree with you. We don't know yet whether or
9 not we will agree with you.

10 DR. WEIZENBAUM: I hope they will agree with me ten
11 minutes after the presentation starts.

12 MS. COX: What about if the other committee members
13 agree with you?

14 DR. WEIZENBAUM: If that's the only problem of this
15 subcommittee, I suggest we reduce the size of the committee.

16 MS. COX: I don't see exactly what problem you're
17 putting forth. The impact of computers on society? That's the
18 title of your paper. I'm not able to delineate what you're going
19 to give a position paper on.

20 DR. WEIZENBAUM: I can't answer your question without

21 --

22 MS. COX: Working on it?

23 DR. WEIZENBAUM: Yes. Working on it. Prejudging or
24 determining what the report of the committee may be.

25 MS. COX: Are you going to cover the report of the

1 committee? What you think it should be? You don't mean that,
2 do you, the regulatory measures, and so on?

3 DR. WEIZENBAUM: I don't know. We haven't done the
4 work. I suspect that there is a confluence of opinion among
5 several people sitting around this table.

6 MS. COX: How are we going to find out whether there
7 is or not?

8 DR. WEIZENBAUM: I think I will get some volunteers to
9 participate with me on the small subcommittee.

10 DR. GROMMERS: Is there any objection to Professor
11 Weizenbaum making a committee to do what it is that he would
12 like to do in making a report to us?

13 MS. COX: I should think not, but --

14 DR. WEIZENBAUM: Then I invite others to form similar
15 committees if they have strong feelings about some other aspect
16 of the problem that we're thinking about.

17 MR. GENTILE: I think that's very fair and I would
18 like to volunteer to form or to work with another committee and
19 my --

20 DR. WEIZENBAUM: Now we're getting somewhere.

21 MR. GENTILE: -- hypothesis will be that while Joe
22 has the fear of data systems, increased federalization and higher
23 levels of concern, I have a fear that while we're thinking about
24 those things and not coming down to the nits and gnats of admin-
25 istrative policy that we're experiencing.

1 DR. GROMMERS: What will you make your position upon?

2 MR. GENTILE: The position would be that there is
3 another fear, and that is the fear of not making administrative
4 policies, and what happens by taking that attitude with that
5 approach, just letting things go as they are.

6 By way of documentation, I think it would require an
7 analysis of current operations, what is the extent of data banks,
8 personal data banks, throughout the country. I can get some of
9 this data from the other states, some perhaps from credit
10 bureaus, or a sample of the system.

11 DR. WEIZENBAUM: Excuse me. I must interject.

12 When I talked about federal imperialism, that is a
13 word I just coined a while ago, I was not expressing my own
14 fear. I was saying I think there are people in this room who
15 would think that to be an issue.

16 DR. GROMMERS: There seems to be two issues estab-
17 lished. One is that certain problems have occurred from doing
18 something technological, and there are others that accrue from
19 not doing anything, not taking a particular stance. We would
20 like to illustrate both of these.

21 Are there any other kinds of positions that we would
22 like to bring to the attention of the committee as a whole?

23 MR. ANGLERO: It has to be positions?

24 DR. GROMMERS: We are just talking about that at the
25 moment. I would suggest that any of you would want to work with

1 Mr. Gentile or Professor Weizenbaum on these two committees
2 speak to them about it.

3 MR. ARONOFF May I ask another question?

4 I do not think that everybody has to -- when some-
5 body has a strong opinion and wants to bring that opinion
6 either individually or through a committee to the committee at
7 large, I think they ought to be free to do so. I do not think
8 it is necessary for everybody to be channeled in advance into a
9 committee that is going to come out with a specific conclusion
10 or that they have to work on something. The committee at large
11 may still be able to function and do some quite useful things.
12 I, for one, hope I do not come in with any preconceived notions
13 and like to be persuaded to react to all kinds of reports from
14 other groups.

15 MR. ANGLERO: I want to react to both positions of
16 issues.

17 Sometimes I feel like someone visiting Puerto Rico.
18 I asked him, "Welcome, where are you living?" Okay? The guy is
19 just there. He looks like I am trying to get rid of him.

20 From the beginning of the first session of this
21 committee, it looks to me like we are trying to get rid of the
22 possibility, and we have not taken all the time to analyze the
23 problem. This is my impression. We have not tried to really
24 face or analyze the first question, the problem we have. The
25 basic issues we should analyze to define the problem, and here

1 we are trying to -- even getting to a -- to write position
2 papers or assume -- we can see -- excuse me, but it looks like
3 that position to defend so many points of view -- to get
4 simple substance. But, really, I think we have more than
5 experts in some fields here. We have some laymen here that
6 really are not experts in this field, one field or the other.

7 For me, education means to get some input to them to
8 be able to react to whatever it is, and the -- if we are going
9 to support in this aspect, I agree with Mr. Weizenbaum, the
10 secretary's position -- if we think he has one position
11 already. Probably, what he might have done is just make out a
12 task force from HEW and just prove his position, proselytize
13 his position, and deliver that papers.

14 I think when he decided, and when the social secur-
15 ity task force decided or recommended that there should be
16 some people from the outside, is to get a direct insight of
17 the program. The best way to get it is through us because we
18 will loose objectivity. We will not be able to vote if we are
19 -- sometimes come into this -- we have had no votes yet. But,
20 suppose sometime we got into this stage. We need to be some-
21 what cool in terms of our own impressions. We need to be cool
22 as to analyze by the merits any kind of position we might take.
23 I think that we need to -- and in this aspect I am not complete-
24 ly in favor with the issues and aspects of the program discussed
25 last time because they are not issues.

1 DR. GROMMERS: What you are really suggesting is that
2 we use our expertise to interpret and to understand better, but
3 not to take a preconceived position and bring in other people to
4 testify on the issues.

5 MR. ANGLERO: In that way, yes. I think the exper-
6 tise will prepare us to understand better by adequate questioning
7 in any kind of hearing or any kind of presentation that they
8 might put into use.

9 DR. GROMMERS: We wear two hats: the one hat to
10 understand better and to communicate to the rest of the commit-
11 tee some understanding of what was being said, and the other hat
12 would be a very neutral one where we would make judgments later.

13 MR. ANGLERO: I wholeheartedly agree that judgment
14 needs to be made later.

15 DR. GROMMERS: Would you suggest some of the other
16 issues that you would like to see brought up?

17 MR. ANGLERO: There are so many things I would like
18 to know about the problem that this morning I brought one
19 because I do not feel myself educated in terms of -- or well-
20 informed in terms of what the information systems that are just
21 developed, that are existing, really are heading to. I cannot
22 see this.

23 DR. WEIZENBAUM: That is what my little subcommittee
24 is going to try to tell you. I do not see anything inconsistent
25 with what you have just said and with what I am proposing,

1 especially when you consider that I am proposing making a report
2 at the next meeting.

3 What I am proposing is not answering questions, but
4 providing a framework in which questions can be asked. One
5 framework, and I suspect, I hope, indeed, that there are
6 alternatives that other people will propose, you, for example,
7 that will make it possible for us to ask questions from very
8 different perspectives. That is what I am suggesting.

9 MR. ANGLERO: I feel that we have agreed in many
10 instances. Last time when you brought out that we should go
11 into issues instead of having this outlined, I agreed with that.
12 Now, when you say let's not answer specific questions, these are
13 just guidelines for me, like the charter, I -- for myself -- I
14 never took the charter assuming to be that I have to fulfill
15 that. Any there are did I take for myself that December 1, it has
16 to be prepared as a report. If we can find enough evidence and
17 convince whoever has to be convinced, the secretary in this
18 case, that to perform our duties and our task here, we need
19 more time in terms of -- in such a way to have a response to his
20 questions, well, we should do that.

21 DR. GROMMERS: Could I suggest we have a little bit
22 more input right at the moment, Mr. Kroll is here and Mr.
23 Naughton is here.

24 Perhaps we will come back to this issue with a clearer
25 idea of where we will go next.

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1 MR. MARTIN: May I say by way of introduction at
2 this phase of our meeting that a number of you expressed at the
3 last meeting the desire of getting a kind of handle on face to
4 face encounter with one or more automated personal data systems
5 and we talked about going out into the field, so to speak, and
6 seeing some systems.

7 We have still in mind the desirability for those of
8 you who are interested of going up to the Social Security
9 Administration and seeing that system.

10 In order to be responsive to the interests that you
11 expressed last time without being inefficient in taking time to
12 go a long distance we thought that since we are on the NIH
13 campus and since there are within the National Institutes of
14 Health a number of activities, a number of programs which give
15 rise to the need to establish automated personal data systems
16 that we could use our NIH campus resources to respond to your
17 interest.

18 So we have arranged to have Bernard Kroll and
19 Dr. Anthony J. J. Rourke, who has not yet arrived, but will be
20 along, each of whom are in programs with NIH, programmatic
21 activities at NIH that have had a need in the past to create
22 automated personal data systems describe to you within the
23 context of their program activities the systems which they have
24 had to bring into being.

1 is at the NIH Computer Center and we also have with us Joseph
2 Naughton, chief of that center, who will sort of fill out your
3 overview of these two systems in discussion here and also
4 through a trip to the NIH Computer Center with appropriate remarks
5 in a classroom down there which will accommodate us.

6 Word has just come that Dr. Rourke can't get here
7 as early as we hoped and he suggests that he meet us at the
8 Computer Center and make his presentation down here. The only
9 deficiency of it is that we won't have it on the record so if
10 you want to take notes of Dr. Rourke's presentation that will be
11 the only record we have of it.

12 With that let me proceed and introduce Bernard Kroll.

13 DR. KROLL: First of all, I would like to point out
14 the books that I passed around are samples of the forms that
15 we use in this large scale study that I have tried to describe
16 to you.

17 The three volumes together represent one set of
18 forms. I have some extra copies but these are very limited
19 because this phase of the study is essentially at an end and
20 additional printings have not been made.

21 MR. MARTIN: Mr. Kroll, could I ask you before you
22 get into the details to just give the committee a little
23 orientation in terms of the National Institute and so on.

24 DR. KROLL: The National Institutes as I assume
25 you have all been told already is a number of separate institute

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1 I happen to work for the Institute of Neurological Diseases and
2 Stroke.

3 Our particular interest in the area that is described
4 in this study or is encompassed in this study comes about
5 because of the great concern neurologists have had over the
6 years of the impact of pregnancy period and the delivery period
7 on neurological damage on the child later in life.

8 Many of the so-called subtle signs of neurological
9 damage, at least, it's felt were attributed to things which
10 happened during the pregnancy period and in the immediate
11 delivery period rather than due to, let's say, injury later
12 in life.

13 These could be as subtle as differentials in psycho-
14 logical scores and I hate to say intelligence but I suppose we
15 could say it was or just in the ability to function economically
16 and efficiently on a physical level. As a result of the inter-
17 est in the early '50s on the part of a number of neurologists,
18 they finally prevailed both on the congress and on NIH to
19 initiate a study which started in '59 and the purpose of this
20 study was to explore in detail information about women, their
21 social position, characteristics, financial position, anything
22 that could be obtained that somebody thought might be a clue to
23 the possible relationships that would be involved and to start
24 at the time when a woman first presented herself at a clinic for
25 pregnancy care and to follow her through her entire pregnancy

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1 period and examine just what was done to her, the tests she had,
2 the problems she had during pregnancy, to examine closely her
3 delivery, and actually I mean that literally, having an ob-
4 server at the delivery who will take notes and records and
5 include it in the material available as to just what happened
6 during the delivery and following the child until the child was
7 seven years of age.

8 The purpose behind this is to see if once and for
9 all you could relate on a perspective basis rather than
10 retrospective, the conditions that might have occurred during
11 pregnancy that could be determined to be involved neurologically
12 with those that happened to her at any time.

13 I am not going to try to attempt to cover the many;
14 many different things that were uncovered during this period or
15 discovered with it, but many of these have been published in
16 journals.

17 There is a new booklet that just came out dealing
18 with the pregnancies and the detailed amount of information con-
19 cerning this. However, all the forms that were involved are in
20 copy form available in those booklets I passed out.

21 I have many additional copies. As I said there
22 aren't many. If anyone wants an additional one for their own
23 use, I would be glad to give it to them. This fits the cate-
24 gory I think you are concerned with directly. It wasn't meant
25 to be a personal data file, to capture a woman's habits,

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1 family habits. But it does this, there is no question about it.

2 The file has, I would say, many thousands of items
3 of information concerning some 60,000 women, over a five year
4 period of intake and these women are being followed throughout
5 their entire history of pregnancy, they are followed after this
6 period because the child is being seen for seven years after
7 the time; therefore, additional information on the family's
8 location, what has happened to them, is a factor in this.

9 I would say that there is no question about the fact
10 that while this study is terminating within the next three or
11 four years in the sense the last data collection will be next
12 year, the last child was born in 1966 and if you follow the
13 seven years forward at the end of '72 and early '73, there will
14 be no more new information added to the system.

15 However many people have had an interest in following
16 this population further, not our own institute but other insti-
17 tutes have been interested in this and it may develop at this
18 point yet.

19 People who are interested in -- let's say the cancer
20 institute, say that here is a population of children who is not
21 aware -- the information is known as to their birth pattern,
22 their procedures. They would like to know what is the possi-
23 bility of their, let's say, having any particular condition
24 that could be related in the cancer area, particularly leukemia
25 and other things.

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1 Also, as the adults become -- as the children become
2 adults in later years and start having children of their own,
3 will there be any repercussions that can be observed.

4 There is a lot of laboratory work going on those re-
5 lated to population data have this concern. I don't know quite
6 where to continue on this because this is a file as I said that
7 has some 60,000 women in it.

8 We have what we consider to be some 4,000 items of
9 data at least a third of which are personal in the sense they
10 relate to the woman or her child and the condition of the child
11 or the woman during her -- let's say her lifetime as she was
12 pregnant and not directly to medical information except the
13 entire purpose of this study was obviously to satisfy a medical
14 need and the problem of confidentiality and security obviously
15 is a very important one to us.

16 It was one of the first questions that came up in
17 '58 when this study was proposed and not yet started as to just
18 what is the level of confidentiality that must be offered to
19 each woman for herself and for her child at each of the 13 dif-
20 ferent institutions in the country, hospitals, where these
21 women will be coming in to have their babies.

22 Obviously, the doctor-patient relationship holds
23 and this makes it somewhat different than the commercial type
24 of operations that are involved where there isn't any such
25 license or the pattern of nondisclosure; but we were in the

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1 position of concern as to whether or not we should require a
2 specific, let's say, letter from each woman that she had to
3 sign as saying that she agreed to let the material be used for
4 the purposes concerned or was it enough that every single woman
5 who was to be enlisted in the study had carefully explained to
6 her exactly what the purpose of it was, that these were to be
7 medical records and were to be maintained as such for the pur-
8 pose of the study.

9 The solutions were not simple and I don't think we
10 ever really resolved it to where I could put it down on a piece
11 of paper.

12 We essentially solved it in one way: that when
13 hospitals were taking a sample of patients and we are not taking
14 the entire population by any means, if a woman was selected in
15 a sample she was told specifically that she would be in a study
16 and was asked specifically to indicate that she would be a mem-
17 ber of it and would agree to release the information from the
18 hospital records and from the special records such as the ones
19 you have in your hand that are study records necessary to col-
20 lect the data and that while no specific promise of confiden-
21 tiality was offered to her, they were -- it was offered as a
22 medical study to be used only for medical purposes on a general
23 basis.

24 When the -- let's say the hospital took a hundred
25 percent of the clinic patients and where this could not quite

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1 occur the same way the record in its entirety, including all of
2 the forms that were needed for the study, were made by actual
3 vote of the hospital -- of the hospital authorities involved,
4 a part of the hospital record whether they were truly hospital
5 records or not.

6 They might have been -- there are forms in there that
7 are genetic forms, there are forms designed for other purposes.
8 In this way we were receiving for research purposes a copy of
9 the hospital record and therefore could not -- could essentially
10 turn to the doctor-patient relationship for, let's say, the
11 confidentiality levels.

12 Only twice in the history of the study, and this
13 goes back to 1959 when the first records were collected, until
14 the present time, was this thing ever challenged.

15 In both cases I would have to say thankfully, suc-
16 cessfully defended by the institutes. Once where a group of
17 private physicians doing their own research but who knew of the
18 study asked for their own purposes, the right to have the names
19 and addresses of individuals with certain conditions so that
20 they could follow up on these women themselves for research
21 they were doing, and this was denied on the ground that the
22 best we could do would be to refer them to the hospitals con-
23 cerned and have them discuss this with them and set up a study
24 with them, that we could not use the federal records for this
25 purpose.

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1 The only other time was -- that any lawyers were in-
2 volved anyway, was a woman at a given institution felt that the
3 observation during labor and delivery was annoying to her and
4 caused her child to have problems that the child shouldn't have
5 had and the lawyers involved, who on her side, let's say, essen-
6 tially planning to sue, it hoped, etc., insisted on having access
7 to our records without going to the court for subpoena or any-
8 thing else on the ground, those with public records and under
9 the public disclosure laws.

10 This was referred up through the legal channels and
11 denied and it was finally agreed that any access to any of our
12 records would have to come through any of the local hospitals,
13 since they were their records, and we could not do this.

14 Now, we do disseminate the information widely to
15 medical schools, to other research places, but never with the
16 name or identification or initials that would represent, let's
17 say, individual women. We have disseminated two kinds of files.

18 I should by the way, point out that nobody has ever
19 asked us for the entire file for 60,000 women. This is a monster
20 that only Jim Naughton's system can handle. I won't say it's
21 the only one, but it would take a tremendous operation to work
22 with this efficiently.

23 You would need, in terms of computer tapes, the master
24 record takes fourteen tapes and they're packed quite densely.

25 The point is individuals have asked for information about

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1 patients of type X without having the names or anything else
2 because they're interested in the relationship between items of
3 data.

4 With certain restrictions, those data have been made
5 available freely to research centers, particularly those col-
6 lected with 90, collection of data and on a general basis the
7 information available with -- associated with name has only been
8 made available back to the same institutions from which the
9 patients came.

10 They had the records to start with and we were giv-
11 ing them a machine readable copy of what they had in their own
12 file.

13 There is one other area of confidentiality of a par-
14 ticular sensitive nature that you might be interested in. This
15 is because of the nature of the study -- it deals with adopted
16 children. There are two different levels of concern here.

17 One is for states which, of course, absolutely forbid
18 the -- anyone in their state to pass on information concerning
19 the original parents or the current adoptive parents. No record
20 is permitted that allows those to be put together, any way.

21 For those states, Virginia is one of them, it was im-
22 possible to do anything with the child and you could see the
23 obvious reason we were concerned.

24 The whole purpose of our study was to look at the
25 prenatal area and compare it to the post natal area. For any

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1 child adopted and foster home information could not be contin-
2 ued until the child was 7 years of age, the record is lost. We
3 have lost a part of our sample, obviously. In some states, we
4 were able to work out the agreement because the -- it all de-
5 pended on whether the law was in the constitution or whether it
6 was in a resolution or a legislative act that could be modified.

7 In no case, however, do we in our own system of any-
8 where on the computer both names so they could be identified and
9 in fact, our own personnel records, the records that are in our
10 office building, the records that would have the information
11 about the mother, the original mother of the child, have been
12 blacked out.

13 Actually, what has been done, the original record has
14 been xeroxed with a cover over the top of the original name on
15 each form just leaving the key number, the code number present
16 and those, the only record that is in the file. The original
17 records are in a locked area that only one person has access to
18 and that person himself cannot open it without the permission of
19 the chief of the branch involved, apparently, the reasearch
20 branch.

21 And even then, you couldn't get anything because all
22 that is in there is the original mother's record, it doesn't
23 have any take over to the child's mother. You would have to
24 go to the computer to get that.

25 The point is this was an area in which there was a

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1 specific concern about confidentiality that could be extremely
2 poor, both from a legal and practical point of view. In the
3 solution we have adopted to handle it, the crossing over of
4 the record was essential. I don't know how you could continue
5 the study as far as these people were concerned if you didn't
6 have the ability to continue the mother's record and the child's
7 record together.

8 Yet, the overriding importance of protecting both the
9 child and the adoptive parents and the original parents still
10 have to be maintained. This was the method we had chosen to do
11 so.

12 I think we were well aware of this being our primary
13 purpose, and our secondary purpose, as important as it is, was
14 to do the research.

15 I'm not going to speak to some of the things I heard
16 this afternoon here, but maybe later on, we will be able to, in
17 the context.

18 This is about all I have to say unless anybody has any
19 questions.

20 MR. DOBBS: To what extent do you think that the em-
21 phasis in this particular context on confidentiality is a result
22 of the historical kind of doctor-patient relationship rather
23 than the concern about how the system would work?

24 Do you understand what I'm saying?

25 DR. KROLL: Yes. I think it was completely as a re-

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1 sult of this. Back in 1958, computers and the personnel data
2 file was in its infancy. The problem existed but once it
3 becomes enough so the mistakes can become universal instead of
4 trivial, or in small areas, no one was concerned.

5 There was no real concern except in two areas:

6 The patient-doctor relationship and secondly, the
7 concern for the validity and, let's say, useful necessity of the
8 study which would only be best obtained if we could offer the
9 individual who was giving us the information sufficient confi-
10 dentiality so we would get it real answers.

11 We asked things, for example, not who was your husband
12 but who was the father of the baby boy. You start with the
13 assumption you can do genetic studies on the baby boys of this
14 group because the mother and the father are the same. If they're
15 not, you have destroyed your whole hypothesis and the study
16 isn't worth anything.

17 MR. DOBBS: The second question was, you pointed out
18 other instructions are given to see the need for the data in
19 that what you have got is a captive sample which can be extrap-
20 olated for other purposes. It wasn't clear to me where you see
21 yourself putting yourself in a position to furnish this material
22 to other institutions.

23

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1 DR. KROLL: Frankly, we have not made an opinion on
2 this. We don't know how to handle it. We, ourselves, do not
3 feel we are in a position to say to another institute, "No, you
4 can't have the data," but we are also not in a position to say,
5 "Yes, we can release it to you because It wasn't obtained for
6 that purpose.

7 There is a strong feeling that the data should not
8 be released to someone else, even within the institutes, when
9 the purpose of collecting the data was not for this purpose,
10 without asking each individual woman or the child, even if the
11 child is old enough to be at this age soon, when they are
12 interested.

13 MR. DOBBS: That is with the assumption that, of
14 course, there is the requirement for the unique -- for the
15 association of the patient with the --

16 DR. KROLL: The assumption is that they want to go
17 back and see if the child is still alive -- if it -- let's say
18 the young man or the adult or the woman involved today
19 examined again to see if they have certain problems. Obviously,
20 this is the real intent. We just don't know how to answer that
21 part of it.

22 MR. GALLATI: You never felt any need to use a
23 social security number at all?

24 DR. KROLL: First of all, no one used it then. We
25 felt the need for it. We found other ways around our problem.

1 The need was in terms of the ability to follow up during the
2 seven years. There was no need during the early period when the
3 woman was pregnant. She was a captive audience. She was coming
4 in and had no choice. In time her baby would be delivered
5 whether she wanted it to or not. Once the baby was born, mobil-
6 ity existed, and there were times when we tried to consider
7 this. We found there were two factors that bothered us.

8 One was that the social security administration,
9 while they would be willing, if we had the number, to send out
10 a letter for us asking the person to contact us, would not do
11 anything directly to help us get any information. This is part
12 of their own security level. This would be a very cumbersome
13 method for us to use, and we decided it was not worth the use.

14 The second problem was that the -- we did not have
15 the information on these -- at least half of the population and
16 cost of getting it was not worth the gain. We tried other
17 methods that were more suitable from our point of view.

18 MR. GALLATI: What you are saying is now you would
19 get the social security number and file under the social secur-
20 ity number?

21 DR. KROLL: I don't know. There are concerns --
22 without having more of the use of the social security number,
23 I don't know if I would want to.

24 The only reason for that would be to make record
25 linkages to other data. I don't think we would have enough

1 benefit from that for it to be worth it.

2 MR. DOBBS: I am assuming that from the research
3 point of view, there has been a fairly high yield from this
4 data.

5 DR. KROLL: We believe so.

6 MR. DOBBS: One of the questions that I would be
7 interested in: would you have any feel for -- assuming that
8 other institutes could, in fact, get a comparable yield based
9 on this data; about how much would it save them in terms of
10 this specific --

11 DR. KROLL: It is a population they could not
12 develop. This population cost over 80 million dollars to
13 develop.

14 MR. DOBBS: It is not only the money, but it's
15 impossible, in a sense, to gain --

16 DR. KROLL: Yes. They would have to spend the years
17 and time to gather it and put it into a file they could use.

18 MR. DE WEESE: I am confused about something. In
19 1972, there is not going to be any more information coming into
20 the system?

21 DR. KROLL: No new information.

22 MR. DE WEESE: At that point, couldn't you seal the
23 files on a name search basis and give it to anyone you want?

24 DR. KROLL: We do this now?

25 MR. DE WEESE: Isn't that what the other people want?

1 DR. KROLL: No. They want the ability to go back to
2 the person and get information they are interested in.

3 For example, you can see the utility of, let's say,
4 taking a sample of the children born in this group and examin-
5 ing them for allergies, as an example, and then going back into
6 their pregnancy history, and the history of the mother and what
7 shots she got, and what she did to have some relation to why
8 this child may have allergies today.

9 MR. DOBBS: To make additional contacts for gather-
10 ing data which was not explicit?

11 DR. KROLL: Exactly. As I said, no one has yet
12 determined exactly how this should be done or if it is worth
13 doing with the restrictions that you may have to put on it.

14 DR. GROMMERS: Just to clarify a point, you did not
15 feel a need for the social security number?

16 DR. KROLL: We were able to, since we are not making
17 any record linkages to other data, our sole purpose for the use
18 of the social security number would have been to get the bene-
19 fit of their system in locating a woman who has moved away from
20 the area she lived in so we could follow the child.

21 Thank you.

22 DR. GROMMERS: Thank you very much.

23 MR. MARTIN: We might break now and stroll in a
24 leisurely fashion to building 12.

25 Joe Naughton, for one, director of the NIH computer

1 system, and Nancy Kleeman, for another that I know of, know
2 where that building is, not far away.

3 We will resume there in about fifteen or twenty
4 minutes.

5 Dr. Rourke should have arrived by then, and even if
6 he has not, Joe will be with us, and we will have a presenta-
7 tion by Dr. Rourke, and Joe, hopefully in that order, but
8 perhaps in reverse order, and a tour of the center.

9 Following that we will come back here for pre-prandial
10 refreshment and dinner.

11 DR. WEIZENBAUM: How do you spell that?

12 (Whereupon, at 4:50 p.m., the hearing was adjourned,
13 to reconvene pursuant to recall the following morning, May 19,
14 1972.)

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