DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

THIRD MEETING
OF THE
SECRETARY'S ADVISORY COMMITTEE
ON
AUTOMATED PERSONAL DATA SYSTEMS

Linden Hill Hotel
Bethesda, Maryland
Saturday, June 17, 1972

The meeting was reconvened at 9:30 a.m., Dr. France Grommers, Chairman, presiding.
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MR. MARTIN: Good morning.

I don't know if the word has filtered to everyone, but it would not be inappropriate to say that the reason Jane Hardaway has not been at this meeting is because she has just been appointed Commissioner of Personnel of the State of Tennessee and that new responsibility and the implications of assuming them precluded her coming. She was very, very regretful because she intended to have an absolutely unblemished attendance record.

We had a message yesterday by telephone from Sheila Smythe from some incommunicado location where the top management of Blue Cross and Blue Shield have been for several days wrestling with some high-level corporate business that Sheila had expected without fail would be consummated by the end of yesterday, thereby enabling her to come down last night and make her presentation omitted last time because of her inability to attend due to illness. Instead she is wrestling with Blue Cross Blue Shield corporate matters somewhere. I don't know where.

We haven't been able to reach her by phone to find out. So we are again going to have to get at the identifier issues without her presentation relative to the ANSI proposals.

You have all had the ANSI proposal, at least as a proposal, with the sort of argumentation or supporting material relative to it. What you have not had and hopefully will some day here, and might this morning, if Harry White shows up -- I
know he isn't here yet; he was invited and we kind of expected he'd be here -- is the process which the ANSI Task Force went through to arrive at its proposal which included the consideration of alternatives, such as the birth number, a unique number issued on birth to each person born in the United States by each of the fifty States, such as fingerprints, such as voice prints, and perhaps other alternatives. These alternatives were all found -- compared to the Social Security number -- more wanting than the Social Security number.

As you will recall from your study of the ANSI proposal, the Social Security number, by the criteria applied by the ANSI Task Force, is not an ideal identifier for a number of reasons.

Dr. Grommers will present our first speaker this morning.

DR. GROMMERS: Good morning, everyone. We are going to have as our business this morning Mr. Friedman who is going to present for you some of the problems and the costs in the system's changeover that he thinks the Social Security Administration might have to go through if one should change from using the number as an identifier. He will tell you something about the file structure and what other kinds of information is in the Social Security file, and in general be able to answer some of your questions directed to the Social Security files themselves.

And Walter will talk to the point of whether or not
you need an identifier, what other technical methods might be
developed in the absence of a universal standard identifier, more
or less the con to Sheila's pro, if we had had her give it.

You have all read the ANSI proposal, and you have all
read the discussion by the Social Security Task Force on this.
You have also probably read Secretary Richardson's report to
the Ervin Committee on the question indicating some of the
Department's reservations about the Social Security number
being used as it is being used and, on the other hand, some of
its advantages.

As Mr. Siemiller will notice, we are right on time
this morning, starting at 9:30, as clearly scheduled. We are
going to try to break up about 2:00 o'clock. So that we are not
going to have a lunch break, nor a coffee break, but we are com-
bining them both at 11:00 o'clock, or thereabouts, and we will
have sandwiches and coffee and a kind of brunch without eggs
at that time, so that we can get through all the business that
we need to get through.

Mainly this is going to consist of reports that you
all gave to me last night which have been typed and which will
be distributed to you all. You will have a chance to read them
after these reports and these questions are finished, and then
I think we will devote the rest of the morning to batting around
what we are going to do for the report and for the next five
months.
Without further ado, Mr. George Friedman.

MR. SIEMILLER: I must say you just destroyed my incentive for taking up a collection and buying the Chairman a watch.

MR. FRIEDMAN: What the Chairman didn't say was that I was prepared to be a spectator, and I found out that I am not only on a panel but have to give a specific address. So I'd appreciate it if you'd interrupt me at any time, and it might be easier for me to answer any questions you have.

Mr. Martin suggested I spend a few minutes in describing the procedure for establishing the Social Security number. I might indicate that we have over 200 million Social Security numbers on file. Over 100 million of those are continually active, being reported by over 4.5 million employers.

The numbers assignment procedure is undergoing a change. With respect to the public, it really is perhaps transparent to them. With respect to Social Security, it is a rather meaningful change at the present time. It doesn't have any bearing on the number or the identifier.

What generally happens is an individual will get hold of an application for a Social Security number. Basically these are the very young today, on first entrance to the employment market.

The form, if you are somewhat familiar with it, requires the spelling out of information that is necessary for us
to enable us at a later date, should the individual forget his number or lose his card -- enable us to funnel through the files to determine what the individual's number originally was when issued to him.

The form does require the name. For a married woman, they want her maiden name. They'd like other names that they were known by over the past years. The date of birth is very vital. The mother's maiden name and the father's name -- all of this is necessary to verify that this is the same individual that we previously gave an account number to in the event he comes back and says, "I don't have a number," or doesn't tell us he had a number. We look to see if we ever gave him a number in advance.

We come up hunting through this huge file. The file of names, by the way, though account numbers have been issued to over 200 million people, is over 300 million people because you have every name change, for example the married woman who may have married a number of times, the anglicizations in the file -- all are in the file and all are examined in order to determine the original number issued.

The forms are directed to our district offices.

In the past, the district offices would send forms in to us for what we call screening, to determine if a number was issued previously. When we assured them that we couldn't find the number by spending a lot of time and effort hunting through
a very large alpha file -- it isn't purely alphabetical but Soundex, equivalent to the consonants in the name. They were issuing the account numbers over the counter to individuals and mailing them to the district offices. They couldn't issue them over the counter except if a man would come in with a child two or three years old, under 13, and who had never worked, they'd give him the number immediately.

Sometime ago the decision was reached that we would not issue numbers over the counter; all the numbers would be screened through Baltimore regardless of age. This is for the period of transition. We are using the numbers out in the district offices for the very young but hopefully in the next few months all individuals who are looking for a job, going to the employment market for the first time, their record will be sent to Baltimore for screening.

In Baltimore the record will be converted to magnetic tape data. The cards will be prepared by machine and mailed out directly to the individual.

Dave also asked me to mention what are the implications in the relationships between the account number and the claim number.

Back around 1939 when we first started to make payment for Social Security, we didn't have a universal number assignment in the form that we have today. Today virtually 95 percent of the people will have Social Security numbers, or 90
percent -- I'm guessing. In the days of punch card processing, any time you issued an account number and set up a file of punch cards and other documentary data, you had to handle them even though the record was not going to be used for twenty or thirty years and it was very, very expensive. So at that time the decision was made to issue numbers only to people who were working. Many people were not covered under the Social Security laws in those days, and the question didn't come up to give numbers to those people and we didn't do that.

In the early days of the war years, we got involved in issuing numbers to Civil Service, Federal agencies -- it was in the fifties, I think -- to Internal Revenue. The number became a much more universal identifier. And Social Security, as you know, still maintained that the number couldn't be used for anything other than Social Security purposes. We never tell anybody, "Don't use a Social Security number," any employer or organization -- that is their option. But the costs of trying to aid the employer in the use of that number, the overwhelming costs of assisting these people in the use of the number for their own business is something we shied away from because it was a very costly item.

Directions are changing. You can see this coming down the road.

But why the claim number? When you made payments, you made it to the husband and wife jointly. The wife didn't
have a number. Or the individual died and you had an involve-
ment of woman and children. The children didn't have a number.
This was a punch card process.

So the decision at that time was made that since
you are sending out a check, since the basic payment of the
benefit was geared to the wage earner to begin with, that we
could use the wage earner's Social Security number for the claim
identifier. But what we did was add a letter to the number.

The Social Security number was "A." That is the in-
dividual himself, the wage earner himself. The wife, if the
husband is still living, is associated with the letter "B."
An "AB" in our file indicates a husband and wife if they are
both living. "C" indicates children. Every payment is geared
to the Social Security number of the wage earner.

In the years gone by, we got into huge complications.
For instance, women working had earnings records of their own.
It is nothing to have millions of payments out here in which the
benefit payment made is a combination of the husband's earnings
and the wife's earnings. We use both numbers. We will have
her number with an "A," the husband's number with an "A." If
she is a widow or a wife, it doesn't matter. We have to associate
both numbers in order to come up with the benefit payment.

When you hear about a benefit increase, that we are
giving a 10 percent or 5 percent increase in Social Security
benefits, it becomes a very major problem. You must combine
these records. You have maximums. You have reductions because of early retirement which are not susceptible to a straight across-the-board benefit increase of a percentage.

We still operate with a claim number, and if you can issue one check you'd better issue it under one number. The Treasury operates from a number we give them on a tape. We give them a tape and they issue a check for benefit payments on the tape.

Any questions on the number itself, the structure of the number, the name?

MR. SIEMILLER: Is that also true with Railroad Retirement?

MR. FRIEDMAN: Railroad Retirement started out by using a set of numbers of their own using the 9-digit number that we have. A number of years ago the number of people entering the labor market in the railroads decreased so they dropped it and now get numbers directly from the Social Security office and the procedure is identical. We don't differentiate. The company for which they are working is entered on the form.

Any other questions on the number or name structure?

MR. SIEMILLER: If the number becomes dead because the party has passed on, is it ever used again?

MR. FRIEDMAN: At the moment there are no thoughts on that. The 9-digit number enables you to issue numbers to 999 million people. Eventually, when the total number system is
used up, there is nothing to prevent us from starting all over again and reissuing the numbers. But we are only up to today a little over the 200 million numbers issued, so we are a long way from it and we will all be gone -- not the young ones around here, hopefully -- at the time we go back to reusing these again. So there isn't any problem. The number is very, very large.

I was also asked about check digits. After the war, if I recall -- perhaps Mr. Carlson knows more specifically about it -- the IBM announced the ability to create and develop a check digit with a key punch machine, and it seemingly, on the face of it, looked like a pretty good idea, except we had a problem.

One, we didn't know how to reach all the people who had Social Security numbers, and by then there must have been somewhere in the area of 110 or 120 million people who had Social Security numbers. We don't maintain an address for people who have Social Security numbers. We do maintain an address for the people to whom we mail checks, for the people who are on health insurance. Very generally they are the same individuals -- there are a few differences. So we have an address file for somewhere in the neighborhood of 27 million people but not for the rest of the people. There is no way to reach them.

Today you are punching in the area of about 150 million items a year. One extra digit punching posed a real problem to us, the cost of that.

Second was the merits of the extra digit punching.
The third issue was that for Social Security purposes and use as we saw it then -- and I don't think it has changed too much at the present time, though there are times in which a check digit would be useful -- it wasn't really a too desirable thing in terms of the cost situation.

For one, the employers when they submitted their number and name -- the forms come in. Today we do a large volume optical-scanning job, and the rest we key punch. If the employer made a mistake in entering the digit, there is nothing the girl could do about it. And in many, many cases, the number may be perfectly good and it still isn't a good useful item for posting and updating a record because the name would be wrong.

Now, one of the first things we do after the key punching operation and balancing of the employer's totals and money, is to go through a huge sort and a big update of the file. During the update we match on the account number and name. We match on six letters of the surname, and initials if the letters of the surname do not match. We don't have all the initials. You must remember the system started in 1936 and it was a punch card system, and you were forced to make decisions for utilizing 80 columns in the cards. And we didn't have initials in the cards in those days. There were other reasons. You ended up with an initial that was erroneous and the rest was good and the item would kick out and you'd end up with an enormous cost for
initials.

But today we have picked up initials from as many sources as we can. We will match on the Social Security number six letters of the surname, and if the surname does not match because one letter, only one letter was wrong, and the transposition of two adjacent ones and the initials match and the account number matches, we will make the assumption this is a good viable item to be updated. We have tested this out and checked out over many, many years and found it to be a satisfactory thing.

DR. GROMMERS: Mr. Friedman, how many items would not have to jibe for you to consider the applicant was a different person with a similar name?

MR. FRIEDMAN: If the account number differs in any way whatsoever --

DR. GROMMERS: Suppose somebody is now applying for an account number and you are going to check and see whether he has already got one.

MR. FRIEDMAN: We check to see if he has already got one. The screening operation involves this: We go back to the Soundex file, which is for all intents and purposes an alphabetic file. We will go to this file. We will check on the Soundex code the first name. And we will pick up potential numbers -- potential numbers. You could end up with a Joseph A. Smith, hundreds of them. We check the date of birth. The
date of birth has some minor tolerances like the month and day will be identical but the year could be off a year. We will take these potential numbers and take the new application that has come in, go back to the file of the original applications and look at every one of those in your hand and check the mother's maiden name and the father's given name. If the mother's maiden name and the father's given name match, and the Soundex name and the date of birth and the given name all jibe, then we say, "We have a good match." If we don't do that, we cannot say this is the individual number or you will end up posting earnings to somebody else's account.

DR. GROMMERS: So you give him a new number?

MR. FRIEDMAN: We give him a new number. But if he is a working man and we have reason to believe he has been working, we spend an awful lot of money hunting through that file. We send these back to the district office. They get the individual for an interview. What happens is a man who wants to change the identifying data, there isn't any way in the world you are going to beat him.

Personally, I think this is in a real minority. If he is setting up a second record, he is going to get much less Social Security benefits. What is the purpose on his part of setting up a second record?

Remember, the whole thing has been geared to the Social Security program, not the use of this for credit purposes
or any other purposes. The setting up of a second record is a detriment to the individual. We do a lot of hunting around a claim time to look for multiple records.

DR. GROMMERS: How do you do that?

MR. FRIEDMAN: One of the things you do, when a man enters and files for a claim, we will ask him to give us every single number he has ever gotten. In the very early days of the program we didn't do this screening. This goes back to '36 or '37 and we didn't do this screening and multiples have been established, and I would say most of the multiples in the file go back to those very, very early years.

We will then take this application and we will take all the numbers he gives us, and we will associate the earnings records before we make a computation of the individual's benefits.

But in the many years that have transpired, we have unearthed duplicates. How do you unearth it? When you enter a new strip in the file -- some of these girls are very alert who work in the files. I know they don't do this, but there used to be a pitcher for the Cincinnati Reds when I was a kid, Pete Jablonski, and all of a sudden I never saw "Jablonski" any more but found Appleton, and if I am sound on it, "Appleton is a pretty close approximation of the word "Jablonski" in Polish. I think "jabloy" or something of the sort is "apple" in Polish.
Some of our girls are pretty smart about this. They have an idea of the many anglicizations, the "Guisseppi Verdi - Joe Green" type. And they look for these things and hunt for these things. And during the years of the whole data processing in the files, they are alert and looking, and when they find multiples they cross-reference them.

So we unearth approximately two percent of the claims processed each day, roughly in the order of 15,000 a day -- we will pick up multiples that the individual never told us about. And as the result of many years of working in the files, or through other means, basically I would say the girls working through the files became alert to the existence of a multiple.

Most of these go back to the very, very early days.

DR. GROMMERS: You started to tell us if you found something like this and say the mother's maiden name was different but everything else jibed, you'd say this was a different person but bring them in for an interview. What would you do at the interview?

MR. FRIEDMAN: Well, the people in our district office try to probe the individual. They try to get a birth certificate. As a result of the recent year or two of concern about the use of the Social Security number, the district office people have been instructed to be very, very alert and very, very critical of all requests for Social Security numbers from individuals who they have any doubts about. A foreign entry in
the country is one thing, but an individual who should have been
in the labor market, should have had a number through the years,
they are going to insist they want some kind of evidence that
this is the individual who was actually requesting the Social
Security number, and the birth certificate is the first thing
they will look for.

DR. GROMMERS: Anything else?

MR. FRIEDMAN: There are other things. Al, would
you happen to know some of the other things they are looking
for? Marriage certificates.

MR. GUOLO: They will explore whatever is available
in the community including going to the court house and pursuing
any leads after discussing with the applicant where he may have
been working -- check church and court records and so on. They
are going to a good deal of effort under the tightening-up pro-
cEDURE that George mentioned that has been in effect in the
last year or two.

MR. FRIEDMAN: And this tightening -- the screws are
being applied all the way through. And I would say many of the
multiples issued or most of them were issued in the early years
of the program. I also personally feel that the person who is
coming in deliberately to falsify identification has to be in a
minority. With this tightening up, I think we can flush these
out.

MR. SIEMILLER: How great is your problem on the
southern borders with the wetbacks and so on slipping across
the border with a new identity all the time?

MR. FRIEDMAN: The Spanish name is a difficult one
for us but it is a matter of hunting them down and checking
them out.

MR. SIEMILLER: I am told in El Paso they have been
having quite a real problem, that they have run into an extra-
ordinarily large number of them in the last couple of years.

MR. FRIEDMAN: It wouldn't surprise me that this woul
be a much greater problem than you would find in a stable work
force. Again this is an opinion -- this is not a Social Securi
viewpoint but an opinion -- I wonder how much money and effort
do you spend to flush out those. And I must say in my opinion
there is no advantage to the working man to try to get another
number. In the very early days, some people had the bright
idea if they had more funds they'd get double claims, but this
isn't the way it works. In fact, he is bound to get less money
than anything else.

I just raise the issue to you: How much do you want
to spend to get to the point where you have infinite considera-
tion and detail to eliminate the possible handful that might
deliberately try to defraud somebody.

Yes, sir.

PROFESSOR MILLER: I would agree with you about that
We have had other examples of spending a kilobuck to save a
penny. But there are other motivations today for that --

MR. FRIEDMAN: I understand that. That is the reason you are here. I am addressing myself to it from the Social Security point of view.

PROFESSOR MILLER: But that is connected. You people are ferreting out multiples when the incentive to create a multiple is not of your own doing.

For example, now that the Social Security number is the tax identification number, there is a non-Social Security objective for getting a multiple.

MR. FRIEDMAN: Yes.

PROFESSOR MILLER: And the cost of finding the multiple is our back and not the IRS's back.

MR. FRIEDMAN: Yes.

PROFESSOR MILLER: That leads to the same motivation of how much multiple checking you do, if any, for IRS.

MR. FRIEDMAN: We furnish them our numbers. We cross-exchange files to the extent of helping them eliminate this particular thing.

PROFESSOR MILLER: Okay. So already you are expending SS money for IRS objectives.

MR. FRIEDMAN: Well, that is one side of the coin. There is another side of the coin. If that individual is filing and working, using a wrong number, then my Social Security records are wrong to the extent that the employer is using the wrong
number to file for him and I am setting up and maintaining two
earnings records. So I am doing it for myself.

So we are really a recipient of the benefits of IRS
coming to us and saying, "Check this for us because this
doesn't match the file you gave us." It also isn't matching
our file. So really I would have a lot of difficulty determinin
this is a cost for IRS. I think it's a cost for Social Secur

PROFESSOR MILLER: All right, let's go one step
further, the Bank Secrecy Act, under which bank accounts now
must be maintained under tax identification or Social Security
number -- and in the vast majority of cases it is the same.

In many of those instances, there is no Social Secur
benefit whatsoever, because there is no income on the commerci
or checking account or the straight transfer of funds.

MR. FRIEDMAN: Yes.

PROFESSOR MILLER: I guess I am thinking -- because
I haven't thought about it before -- out loud about two things:
First, the potential incentive to create a multiple because of
legislation of this type; and second, the potential increased
cost to you in situations in which you really can't find a
benefit to SS.

MR. FRIEDMAN: Again I am not expressing necessaril
Bob Ball's views and opinions on it, but I have been in this
business a long time and I would say I could probably contrive
some benefits for Social Security from many of these systems,
from many of these outside uses. On the other hand, I'd be really erroneous and totally incorrect in saying that there isn't some potential for additional cost to Social Security.

But you could make a pretty good case on most situations that it will redound to the benefit of the Social Security program to have no multiples, and that some money spent to minimize and to eliminate multiples -- we were spending a lot of money to eliminate and minimize multiples for many, many years before the number started to become a universal number. Why? We are anxious to pay the individual all the benefits he was entitled to. Because he was ignorant or didn't know enough in the early days of the program or his wife walked in and doesn't remember his numbers, doesn't know his numbers -- we felt it incumbent upon us to find and put together all the numbers that individual has so he can get the proper benefit.

If we are going to do that and spend that money, then I think it's incumbent upon us to see that we don't issue multiples.

PROFESSOR MILLER: I agree. I would only say from a personal perspective that the objective you state is 100 percent justifiable, understandable, and commendable. The justifications today are a little less powerful.

MR. FRIEDMAN: I would have to agree. I would have to agree. And I don't particularly know what the direction is of the Administration or the Congress, but there is room for
additional funds from the Congress if you move to a greater use of the number to support the additional costs.

I personally feel that when you move -- and you can pretty well identify with a little effort and study some of the additional costs that would develop from the use of the Social Security number. Let's take an example that may be a little inaccurate.

On the movement towards issuing numbers to children at birth or first day of school, age six, for twenty years or perhaps fifteen years we'd be carrying those records entirely unnecessarily for purposes of Social Security.

You can put a handle on that. Today because we are operating with the computer, those issues I raised of the punch cards, the need to handle a massive paper file, became less and less consequential, but there is some residual cost.

What are the residual costs? And I think they are not only residual but positive.

If we gave him a number at the age of six, at the age of eighteen when he gets to his job and he says, "I lost my card," we have to hunt for that number. So there is some real merit to supplementing the Social Security's cost for these things. This is my personal opinion.

But I could also again say that by issuing a number at a very early age, I know one thing for sure, that when the man goes to work for the first time or the girl goes to work
for the first time, we'd better find a number for him. We don't issue him a second number at that time. And by getting in the information at an early age we may minimize that small number of multiples. And we do issue multiples today. It is bound to happen.

MR. CARLSON: May I pursue the path I thought Arthur was going on for awhile: How many other agencies do you have this interchange with, other than IRS?

MR. FRIEDMAN: The military and Civil Service. Those come to mind.

MR. CARLSON: Are there any non-government agencies with whom you have that agreement?

MR. FRIEDMAN: No, just government. But what do we do? With Internal Revenue we interchange files. The military reports their Social Security benefits and they use the Social Security number. They used to use the Army identification number but now use Social Security. So we are interchanging information with them.

With the State agencies, for example, we do, too.

MR. GENTILE: Do I understand correctly that you are required by statute to verify the Social Security number in some cases by Federal law, for example in IRS?

MR. FRIEDMAN: I don't think it is spelled out. Again, I don't think it is spelled out by statute that we must verify for them, but it is spelled out by statute that they will use
the Social Security number. It is really necessary for us to help them so they use the right number.

MR. GENTILE: Okay. And in the cases where it is not spelled out in statutes that they would use the number, who would make the decision in SSA as to whether or not it is a valid application.

MR. FRIEDMAN: Well, the rule on that is anybody who wants to use a Social Security number -- we have a stock phrase -- and I may have it in my folder here some place. In fact, I do. If you are interested we can dig it out. We have a stock phrase which goes to this point. The Social Security will not tell you to use or not use the Social Security number, but we will not undertake to do work for you in connection with the Social Security. So if you decide you want to have a Social Security record-keeping system, the procedure is for you to deal with your employee to get the number from the employee. We will not give you the number. We will not make any identification. The business is between you and the employee.

On the other hand, if the employee doesn't have the number, then he has business with our district office and then we furnish him the information.

So the relationship is not with the employer who is using the Social Security number but the relationship is with the individual who is being asked by the employer to use the number. If he refuses to give the number to the employer, we have no
involvement in this issue at all.

DR. GROMMERS: You really were talking to another point, though, weren't you? Say a bank wants to use a Social-Security-number-based system, who do they deal with?

MR. FRIEDMAN: If you open a bank account and the bank asks you --

MR. GENTILE: I was dealing more with the validation. If there is a massive validation -- for instance, I understand Michigan schools applied for validation en mass. How would you address that?

MR. FRIEDMAN: There is a program under way today in connection with the SRS -- that is the Social Rehabilitation program -- in which we will probably end up by issuing numbers to all welfare beneficiaries. That program, when it finally gels and when the decisions are made, we will take whatever files they have, validate the numbers they have, and the remaining ones -- those people will be going into the district office to make out applications.

Now, if we don't do this validation, the state could well turn around to all the people they have on welfare and say, "En mass go in and get numbers by Social Security."

We save a pile of money by this validation because for every individual who has a number, it is a lot cheaper to machine validate it -- we do it by computer -- and notify the state. Otherwise we end up with these people coming in to the office
and ending up with a manual search.

DR. GROMMERS: Will you do it for banks under the new Banking Act?

MR. FRIEDMAN: No, we don't do it for banks. The only programs I know in process of development and discussion are the welfare agencies. We are doing a five-state study today for five States -- Delaware, part of Georgia, Virginia -- this will be extended unquestionably. And we have done a validation for the five states. We have determined which numbers are good. These are welfare people.

DR. GROMMERS: How could we find out to whom in Social Security the banking industry -- say the First National Bank of Boston would have to address itself to find out if Social Security would validate their system.

MR. FRIEDMAN: We wouldn't do it. We wouldn't do it. I can tell you right now because I will answer the letter -- my staff will -- we will not do it. Under the present regulations and rules we will not do it. And I can tell you right now because it violates Regulation 1 which says we will not disclose information to anybody other than what is prescribed by law.

DR. GROMMERS: Which is what? Federal agencies?

MR. FRIEDMAN: Federal agencies, spelled out, like IRS the military.

PROFESSOR MILLER: The existing regulations in the Bank Secrecy Act simply require the bank to procure the SS number
It puts no obligation on the bank to validate the number. However, the number is then reported to IRS and IRS would come and make the request for validation.

MR. FRIEDMAN: That is right. That is absolutely correct.

PROFESSOR MILLER: But I must say that if I were in the Mafia, there is enough pay in the joint so that the Bank Secrecy Act might create an incentive on my part to try for multiple, although your tightened procedures, as I understand them, would make it difficult for me.

MR. FRIEDMAN: It is costly for us to tighten it but we feel it is desirable and necessary to do it, and we are really spending a lot of effort and time in tightening it.

DR. GROMMER: Just one last question. Is there a law that says you have the obligation to ask one for his birth certificate when he is applying for a Social Security number or any of these other things?

MR. FRIEDMAN: There is no law that says that you have to supply it, and I don't know just what the legalistic aspects of this are, but we are required and permitted to get identification. It doesn't spell out what form that identification is.

PROFESSOR WEIZENBAUM: What is the annual cost, can you estimate, of your posting operation?

MR. FRIEDMAN: Let me tell you this: From the time
a 941 -- that is the tax return form -- is received in Baltimore
to the time it is posted to the record, it costs four cents per
line item to post that individual's record. This includes the
key punching, the sample verification, the balancing, the veri-
fication, and it includes the cost of the posting operation. It
doesn't include the fall-out where the number and name is wrong.
For everyone that falls out -- my figures are a few years old
so, give and take improvements in the system and the escalation
in the operating costs, I would say I am pretty close, within a
few mills of the cost -- a small percentage -- it costs us about
a quarter a number if there is a fall-out, if the account
number or the name is wrong. We have to go through a series on
the computer and in many cases manual checks to get a good
number. We do pick up 80 to 85 percent of the bad reports right
in Social Security in Baltimore. The remaining ones we mail out
to the employer and say, "You gave us the wrong information.
Take a look at your employee's Social Security card and see what
is written on it and give us the correct information."

PROFESSOR WEISENBAUM: I am not sure in there. You
have a tax form in there I don't know about.

MR. FRIEDMAN: It is a form made out by the employer
where he lists every person working for him, the name, Social
Security number, and the amount of money he paid them in the
last quarter.

PROFESSOR WEIZENBAUM: So it's on the average of 16
cents a year for every employed person.

MR. FRIEDMAN: Provided the individual had four quarters of earnings. Many of them don't get four quarters. They end up with their maximum in three quarters or two quarters. So it runs somewhat less than your 16 cents. To maintain a Social Security record, this maintenance includes all operations not including the cost spent by Internal Revenue to collect the cash.

PROFESSOR WEIZENBAUM: So it's somewhere between 10 and 16 cents. And how many such people do you have? I am trying to get the annual cost of the operation.

MR. FRIEDMAN: Let me give you this: Last year we posted 340 million line items.

PROFESSOR WEIZENBAUM: At four cents each?

MR. FRIEDMAN: Approximately four cents each. I will take a ten percent error on that and the total load may be one or two figures. I didn't take a look at the cost figures. I didn't expect this. I came in here real cold. But I am close enough to stake myself out on that.

PROFESSOR WEIZENBAUM: We don't care about $1 million or $2 million, one way or the other.

MR. FRIEDMAN: Normally we ask our budget office to supply these figures.

MR. SIEMILLER: In the early days of Railroad Retirement, because of the activities of the employer in persecuting
those that belonged to the trade union movement, there was a
group of workers in the nation known as boomers and they worked
in this round house or this back shop under one name and went
down a hundred miles to the next one and had another name.
And when the early, at least, Railroad Retirement forms came out
they asked the individuals, "Where did you work and under what
name did you work?" which gets into the multiple numbers game
that you'd have.

Now, my question is back to Social Security -- and I
base it on my knowledge of the former -- do you get requests
for retirement benefits in which the person making the request
will say, "I worked for Joe Blow and my Social Security number
there was so and so, and I worked here and had another number.

Do you get that sort of thing?

MR. FRIEDMAN: When you walk in to file for Social
Security benefits -- and I am sure the same thing applies for
Railroad Retirement benefits -- the systems are very, very
similar. And incidentally, that is a very complicated program,
the Railroad Retirement program. They have some real top-notch
people over there. They are very good.

MR. SIEMILLER: I have been under it all my life. I
know something about it.

MR. FRIEDMAN: I hope what I said is reflected in your
experience with them.

PROFESSOR MILLER: Under what number?
MR. SIEMILLER: I have used the same one.

(Laughter.)

MR. FRIEDMAN: One of the things they ask you when you file for the claim is to give them every number under which you ever worked.

MR. SIEMILLER: And name?

MR. FRIEDMAN: Number and name. And that is reflected on the form. And if you say, "Well, I had another number but I don't remember what that number was but it was under that name," we look for it before we even begin to process the record. So the burden is on you when you come in to tell them everything about your devious past. And if you give them that information, we hunt it down to look and unearth every number.

In addition, as I think I mentioned earlier, we do pick up two percent additional numbers for people.

MR. SIEMILLER: I am back to Mexican nationals, is the reason for the request for the information.

In applications for Social Security, do you run into these that come in and say, "I worked in El Paso and my name and number was so forth, and I worked in some other place in Texas across the border and I had a different number."

Do you find that, or do you know?

MR. FRIEDMAN: Let me give you an idea of the procedure of the issuance of a number that I didn't cover earlier. When an individual walks into a Social Security office and says
"I want a Social Security number," and they ask, "Did you ever have a number before?" and he says, Yes," now, if he remembers the number, what they will do is send that information in on the teletype system to us and we do a matching job, computer match, and we will pick up and tell them the number previously given to that individual and then they will only issue them a duplicat card. But if they come in and say, "I don't remember the number we spend a lot of time and effort looking for that number under any name he ever said he had or said he used. And the more information he gives us about himself, the better chances we have of finding that.

MR. SIEMILLER: But my question is when he comes for benefits. Actually, he is coming across the border. He wants to hide the fact that he is an illegal entrant into the United States but he wants to work here. He gets caught and he is sent back. And then he tries it a different way and he comes in.

We have had quite a bit of trouble with that in recent years, these illegal immigrants coming across and working and taking jobs that we in the trade union movement don't think they should take, that we would have.

But then the individual does build up quite a bit of work time in the United States. If you combine all of these, his earnings under Social Security when he is ready to retire, he would have benefits coming, but because of using the different numbers it is not all in one place.
MR. FRIEDMAN: He gets less benefit. That is all I can say.

MR. SIEMILLER: Well, in the application for benefits does a Mexican national ever get honest and tell you what he did and ask you to combine the total?

MR. FRIEDMAN: I can't really answer that because this is usually an action out in the district office and I wouldn't see this.

MR. SIEMILLER: This is what I was trying to get at.

MR. FRIEDMAN: If he gets honest, I wonder what the penalties for his honesty might be. But I really can't answer that one.

MR. SIEMILLER: You couldn't do much except deny him benefits.

MR. FRIEDMAN: It is an idea and I wasn't aware of it.

DR. GROMMERS: Do you have another question?

Mr. Friedman wants to tell us more things, I think.

MR. GENTILE: I have one question. I just learned here today that the Social Security Administration links its files with IRS. The bank links its files with IRS. And IRS links its files with State revenue files. Does the Social Security Administration feel any obligation to investigate, before validating files, who else that second party might be linking with?

MR. FRIEDMAN: It is very difficult. I really can't
address myself to that. We don't -- we have agreements with IRS with respect to what they are permitted to do or not to do. But under IRS's laws, I think -- subject to some verification -- we will furnish IRS information as required by statute or by regulation. I believe IRS has their own set of statutes and regulations and once we give IRS the information, I don't really know what the IRS regulation is with respect to validation of an individual's privacy.

I don't really believe, though, that we would not give IRS information with respect to a Social Security beneficiary, and for them to give that information to anybody who wants that information. I don't think they have that opportunity to do that.

Now, what they need for policing tax collection is one thing. But to give Social Security information to other individuals who may be requesting it, I believe -- and this is again subject to some verification -- I believe they are as bound by the regulation not to give Social Security as we are.

Al, do you know?

MR. GUOLO: They have similar laws to Social Security's with regard to confidentiality. Under the Executive Orders we were expected and mandated to give other agencies the numbers, and so forth, including IRS and Civil Service and some of the others we mentioned. They are also under similar confidentiality requirements as we are and the presumption is this would not be
released as it would not be released from our organization.

I agree with George, if we had some indication it was being done, and question IRS or Civil Service.

MR. FRIEDMAN: We have done this in connection with other government agencies in connection with the use of statistical data.

Incidentally, Census' regulations with respect to divulging information are fantastic. They are really very difficult.

DR. BURGESS: When you pass those files on, do the rules of confidentiality originate with you?

MR. FRIEDMAN: With us. Where, for example, in developing a table, a cell is so small that somebody could look at that cell and say, "This applies to that locality and I know that employer or individual there," we will not supply him that information. And our statistical office double-checks to see what they are doing with that information. So they are very carefully restricted.

DR. BURGESS: No, I mean on the personal data, not the aggregate data. Do the rules of confidentiality that would be exercised by agencies linked to Social Security Administration files originate with the Social Security Administration, or do those rules originate with the custodial agency?

MR. FRIEDMAN: Social Security by law spells out that the release of certain information is confidential, and this
would originate with Social Security. I don't know the specifics, but I can't conceive of any other governmental agency getting information from Social Security and violating what is required as a confidentiality for Social Security. I can't conceive of any agency writing restrictions less than Social Security's.

DR. BURGESS: What about the State government?

MR. FRIEDMAN: The State government only gets information with respect to unemployment compensation. We did this originally -- they were under Social Security in the early days -- so we wouldn't end up with two huge situations. And they are just as restrictive with that information as we are.

DR. BURGESS: Because of your regulation.

MR. FRIEDMAN: Yes. And they can only use it for unemployment compensation.

PROFESSOR MILLER: But there is another loop, and I think this is what John was talking about. I repeat again the statute I cited two days ago, Title 44, Section 35.08 requires that any information you get in confidence and pass over to IRS, IRS must apply the same confidentiality level imposed by the originating agency, even though its own confidence structure may be different and less stringent.

Okay. That is 35.08.

However, inside the Internal Revenue Code itself -- and I think it's Section 64.01 -- there is an extensive provision for tax data sharing with the States, often accomplished by
magnetic tape, in which various agreements are worked out between
IRS and State taxing agencies for the exchange of data. I under-
stand that is now going on in more than 40 States, 25 of which
are done on a computer basis.

I just raise the question: When you ship data over
to IRS under your Regulation 1, in theory IRS is to honor Regu-
lation 1 under 35.08 of Title 44. On the other hand, it is
obliged by its own statutes to pass data on to the States.

Question: Do they in fact honor Regulation 1 or do
they feel impelled by their own 64.01 to pass your data on to
the States?

I don't know.

MR. FRIEDMAN: I don't know either; I guarantee that.

PROFESSOR MILLER: I wonder if they know. Because I
was shocked to find the other day that 35.08 is not a very well-
known statute.

MR. FRIEDMAN: I am totally unfamiliar with what
their regulations would be, totally.

Al, do you know about any changes?

MR. GUOLO: No, but this is a very interesting
question, and we will look into it.

PROFESSOR MILLER: Understand it is just a question.

MR. FRIEDMAN: I know, but we are curious and when I
get back I will have some of the boys look into it. We have a
continuing contact with IRS, and whether we will get the correct
answer from them or not I don't know, but we will take a stab at it.

MR. ANGLERO: You mentioned before that you got some exchange of information with SRS.

MR. FRIEDMAN: Yes.

MR. ANGLERO: At what level is that done?

MR. FRIEDMAN: We exchange information with SRS under this condition: When an individual gets Social Security benefits, since welfare is related to the sources of incomes, they use the Social Security benefit amount as an offset in their payments. To what extent the offset applies I don't know, and it may vary from State to State. I don't know just what the offset is. But we furnish individual States the benefit amount that we pay Social Security recipients now, each month. We are constantly changing benefits for individuals.

As we change the benefit for an individual we notify the State that the individual is getting a greater benefit or a lesser benefit. When we have a benefit increase, such as we may have in the next few months, we will have to notify all the States with which we interchange information and tell them now, "The following people you have indicated to us are on welfare, who are getting Social Security benefits; this is now their new benefit amount." And this is a continuing program. It used to be done manually for many, many years, and for the last few years it has been done through the medium of a computer tape.
interchange.

MR. ANGLERO: Is there any interchange in terms of the income?

MR. FRIEDMAN: No, we have no knowledge of income. All we know is that we are paying an individual so much Social Security benefits.

Let's take a situation where the woman is on welfare. She has a number of kids. One of the kids becomes 18. That benefit structure for the family will change. We will notify the State that this is now a new benefit for the individual. We have no knowledge of income in our own files. We don't give them earnings information. We only give them benefit information, not earnings information.

MR. ANGLERO: Do you think with the new system of H.R. 1 --

MR. FRIEDMAN: I not only think, I know, if H.R. 1 passes we will unquestionably get involved in furnishing earnings information that we receive from the individual employer. Because that is spelled out in H.R. 1 that we will do this. If H.R. 1 passes as it stands today, part of the validation process will be to pick off the earnings information for anybody that is on welfare and notify whoever is running the system -- the family assistance program, if that is the State, or whoever is administering it -- of the earnings. But that is not the situation today. That is only in the House bill and we don't do that
today.

MR. ANGLERO: Do you think that the information that is available or at least exists in the Social Security Administration has any contents that could help the States or local governments in their managerial or social planning. Is there any information that may help and that is not available for them?

MR. FRIEDMAN: I can only again lean on Regulation 1 which says I cannot divulge information in the Social Security files for any other purposes other than Social Security purposes or what is prescribed by law.

So the situation you raise is something that if it falls into the reporting of the State, or their workers for Social Security purposes, yes. But if it isn't for Social Security purposes, there is no vehicle for giving them that information.

I don't know if I have answered your question, but I know of no situation today where we would furnish information to the State for any other purpose other than for Social Security purposes, or for this welfare interchange of information that I mentioned earlier for the beneficiary amounts. That is the only ones I am aware of.

Do you happen to know of anything else, Al?

MR. GUOLO: No, I don't.

DR. GROMMERS: Jerry.
MR. DAVEY: Could we go back to the costs for just a moment. You indicated it costs four cents per line item. Is this primarily the conversion cost or does this include the cost of maintaining that record on the file and reports and the like?

MR. FRIEDMAN: It does not include any statistical use made of the data. It does not include the use of that information for the subsequent processes like the computation of benefit payment. That is a separate thing.

That four cents is from the conversion of the paper up through the point at which a new master tape is updated. We rewrite the master tape each quarter with the current information, which is done daily to pay benefits or to respond to requests for earnings information.

MR. DAVEY: Could you give me any other convenient breakdown for the operational costs beyond that point?

MR. FRIEDMAN: I will tell you, anything I give you in the nature of a guess, and if you really want to get some additional costs, I'd ask you to do me a favor. Ask Al what you want and he can get to our budget shop and he can give you the official Social Security figures. My cost figures that I quote to you are those I am familiar with because they involve the processing of the records.

MR. DAVEY: I understand.

MR. FRIEDMAN: I have some feel for some of the oth
costs, too, but if we are going to get involved in the costs at
a meeting of this kind, I think it ought to come through the
official cost source, and Al has contact with them. I have,
too, but Al is sitting here as a regular. So if you want that,
I think it would be best to do that.

Those costs are available, by the way. But costs of
this nature are not available: What would it cost to convert
your file? Don't talk about it. I don't know.

Just picture, if somebody decided they had a differer
numbering system, the cost to contact the national population.
The stamp cost alone, it is 8 cents apiece to -- in the first
place, you have to get them a form. We don't know how to
reach them, so you'd have to get each individual to do what they
did in the early days in 1936, go in the Post Office and get
a form, make out the form and send it in. At 8 cents apiece,
200 million population, that is $16 million right there. That
is the form alone.

I will tell you a story. We got involved doing a
favor to some other agency -- we haven't done it yet. One thing
they wanted to do was get some material out to our beneficiaries
notifying them of some opportunities for getting food stamps.
The program hasn't gelled. Decisions haven't been made. So I'd
just rather tell it in general.

We were asked if we could get a flyer out to in-
dividuals so that they would know that this stamp plan, food
stamp plan, exists, could we do it? We said, "We mail out 26, 27 million checks each month. We will just get Internal Revenue to stuff it into the envelope. It is a real freebee."

Somebody told me the Post Office raised bloody murder because we defrauded them of 8 cents apiece for a separate mailing. First class mail is a money-maker for them.

I think 8 cents times 25 or 26 million is a sizable chunk of dough.

DR. GROMMERS: We wanted to hear the rest of what you planned to say.

MR. FRIEDMAN: I didn't plan to say anything.

(Laughter.)

DR. GROMMERS: I am sure we will have a lot more questions about what you say next.

MR. FRIEDMAN: The mere inability to contact the 200 million people in this country, to get them to make the form out and get the form in, and to assign numbers to them -- this is a monumental problem. For Social Security it is a monumental problem.

In addition to that, you'd have to cross-reference the existing numbering system to the new one. There is no way that I can conceive that you can set up a brand new numbering system and not make an attempt to associate all the records you have on file with the new numbering system. Am I right?

So we'd be operating with two numbering systems for
a long time to come, with a cross reference. But you have well
over 4.5 million employers who also are using the Social Security
number to report. Do you think you are going to get back to
them and tell them to change their accounting system?

I think it would be a monumental undertaking and I
don't really understand why somebody wants to change the number-
ing system. I haven't found that out. Maybe somebody here can
tell me why you want to change it.

MR. GENTILE: Why do you feel it has been suggested?

MR. FRIEDMAN: I have seen any number of proposals.
One proposal is why don't you issue new Social Security numbers
and incorporate the date of birth in the numbering system?
That is a disaster -- well, the kid mightn't object, but I can
just visualize a middle-aged woman walking in and telling some-
body, "Here's my Social Security number," and he knows how old
she is."

We have seen any number of plans and proposals to
change the structure of the Social Security number. That is the
only reason I mention that.

MR. DOBBS: What is the motivation of the people who
have suggested the change? What have they suggested the benefit
might be?

MR. FRIEDMAN: I really can't understand it myself.
But there are a lot of consulting firms -- I hope nobody is too
sensitive -- who have picked up a few dollars, sizable amounts,
for coming up with new numbering system ideas.

MR. DOBBS: I understand.

(Laughter.)

MR. FRIEDMAN: I am on dangerous ground, I know.

The name that ANSI recommends poses problems for
the employers. It would pose a problem for us. Insurmountable?

Nothing is insurmountable. If you want something done and there
is a real need for it and a desire to spend the money and do it,
you can do that.

MR. CARLSON: I think a partial answer to Guy's
question is that the ANSI standard does in fact propose a change
which would impact --

MR. FRIEDMAN: Not the number.

MR. DOBBS: It poses a change in terms of identifi-
cation.

MR. FRIEDMAN: It would be a major operating change.

We are a big, huge operation. We have almost a quarter of a
million magnetic tape files in the file. We mount and remount
15,000 reels a day on an average -- somewhere around that --
15,000 reels a day. We have all kinds of record files. The
name structures vary from a 6-letter name to a full name. You
have a name file, for example, which you must send to Treasury
to go on an individual check. He wants that name spelled out
exactly.

When we went to the health insurance system, we had
some problems because we picked the name -- we have two different names on our master files for paying benefits. One is the name field that is written on the check; another one that facilitates data processing. But the check-writing name is the way the individual sees it on his check. We got a number of letters back. We got a nasty one from a Mary Smith because the Ph.D. behind her name had been omitted, because the town drunk was also a Mary Smith and that is the way they differentiated between the two. So we had to issue her a new card.

DR. BURGESS: Which one was the drunk?

(Laughter.)

MR. FRIEDMAN: We had some very funny situations in the card. At the time we issued some 20 million cards to people entitled to health insurance, and originally -- I am digressing. I am just wasting time.

DR. GROMMERS: Not really.

MR. FRIEDMAN: Really the sex information on the benefit file was originally entered in the punch card form purely for statistical purposes, not for operational purposes. And many, many years ago that sex was entered into the punch card and never used again in the data processing system. And the cards were then carried over into a data processing computerized system as is with no attempt to validate the sex and it was never used except for that initial use in statistical purposes. And unfortunately there were some errors in the sex,
in keying way back. I suppose some of it develops even today.

It is not a payment issue.

Well, I got the darndest bright idea at the time we were issuing the health insurance cards that if we put the sex on the card it would serve as an identifier so with the husband and wife -- they both have the same Social Security number; one is an "A" and one is a "B" -- it would help distinguish in case they made a mistake when they went into the hospital.

I am sorry we ever did it, because we had some errors on the sex and got some nasty letters back. One was funny. One was from a guy over 80. He said, "It is all academic the fact that you have got me female, but please correct it."

(Laughter.)

Anyhow, the cost of changing even the name field for Social Security would be a real big process, a real costly process. I can't give you a fix on the money. I don't know what it would be. But I can tell you without any qualms it would be very costly.

I am also telling you that you'd have a hell of a lot more trouble with the employers than you would with Social Security to get them to change.

It is a very, very monumental thing to get something like 4.8 million employers regularly reporting taxes to use a number and name in their payment structure, for W-2's -- to get them to change their file structure, their sorting sequences,
their record-keeping system.

I think ANSI is whistling Dixie, if I may say, to try to make that kind of a change. They'd have to have a real compelling reason to do it. Personally it doesn't make any difference to Social Security whether it is a standardized name today or not. We get the reports in. We key it or scan it and we process it. We pick the information we want from the scanner. We have some edits. We arrange the data.

The employers -- we try to impinge upon their record-keeping system as little as we possibly can. Many employers send this magnetic tape.

We try to use whatever information they have, and we are glad to get their magnetic tape and we make a lot of allowances. We have standards we ask them to abide by but if the employer is a large employer and says, "Will you take this," we will take it. We have a hundred different modifications on what the employer sends us to help in the magnetic tape reporting.

Did you have anything else you'd like me to talk about?

I have used up an hour-and-a-quarter of everybody else's time here.

MR. ANGLERO: I would like to know: In the Social Security system, as the custodian of this system, one of the unique identifiers -- quotations -- have you ever any idea of
what is the impression in terms of the possible users and where they come from to take the information that is taken through or represented to the Social Security Administration from different, I'll say in this case, levels of income, in this case specifically?

I get this from what we talked of before, H.R. 1 now, SRS, and from many other sources. You may get some direct or indirect feeling that people want to know what is happening in this.

Do you get the same kinds of approaches from other segments of society?

MR. FRIEDMAN: I am not so sure I really understand the question properly, but if you are asking me are we getting pressures to release earnings information to other people --

MR. ANGLERO: From low-income people basically.

MR. FRIEDMAN: I know of none myself. We can't give it. We don't give it. We don't even give apparent information as to the whereabouts of their child if the child has disappeared. The best we will do is say, "Give us a letter and we will mail it to that child for you." We don't even give that kind of information out.

I don't know of any requests, even, for income from us at all. I would see these. If we ever get any of these, they are automatically turned down even without -- it would have to be an unusual case to come to my attention. They usually feel
into our office. They are handled automatically out in the
operations. They turn them down. I know of no such thing, of
anybody asking for earnings information.

We have sent people to jail for giving people infor-
mation from our files.

MR. ANGLERO: Let me put it this way, perhaps. You
have some kind of linkages of information with IRS.

MR. FRIEDMAN: Yes.

MR. ANGLERO: Okay. That covers all the people. But
you have now to do some kind of validation for SRS.

MR. FRIEDMAN: Only to that limited amount where we
are giving them the Social Security benefit amount. And I am
sure that is covered by law some place. Would you happen to be
familiar with this, Mr. Miller? I am sure this is covered by
law some place.

MR. ANGLERO: But H.R. I would be different.

MR. FRIEDMAN: That would be another thing. That
would become a matter of law then. If it becomes law, you'd be
furnishing it. If it doesn't become law, there is no way in
the world we could furnish it. It would have to become legal.
There would have to be a statute on the books for us to do that.
And I know of nothing other than the things we discussed here.

DR. GROMMERS: What I'd like to suggest right now is
to have Mr. Friedman off the hook for a moment and have Walter
present what he was going to present.
MR. FRIEDMAN: I really didn't feel I was on the hook, honestly.

DR. GROMMERS: And then have a panel of both gentlemen, where your questions can be directed to both of them, because Walter is going to bring out some points that in fact you were answering but the question hadn't yet been asked.

MR. FRIEDMAN: Will you excuse me for a couple of minutes. I will be back.

MR. CARLSON: I have been announced here as being con on the ANSI draft proposed standard, and I most assuredly am. I'd like to talk about my concerns from three points of view. I am going to simply summarize these points of view rather than explicate them, first from a procedural and administrative point of view within the standards-setting framework, some technical views, and some public policy viewpoints.

I could go on for a long time and explain the American National Standards Institute procedures, and in the process tell you far more than you want to know about the subject, but I must tell you, if you don't already appreciate it, that in the United States the standards, even though they are called American National Standards, are voluntary; there is no provision except within the Federal Government for mandatory promulgation and control of the use of standards as they are adopted.

Within the ANSI framework there is a committee called
X-3, and its concern is computers and information processing.

I spent very close to seven years of X-3's 12-year existence serving on that committee, so I have some feel for the way in which it originated and some feel for the way in which the standards-setting in this area that we are discussing here has come about.

The procedure within X-3 has been one that is almost unique in American Standards' operations. From almost the first day of the formation of X-3 back in 1960 or really 1961, it addressed the question of resolving design issues before there was a large de facto practice out in the marketplace or out in the field.

One of the most significant things it ever did in that respect was that it produced American Standard Code information for interchange, which was a 7-bit designation of letters, numerals, and control symbols of one kind or another for telecommunications, which was unlike any code then in existence.

And to the limited extent that that code has now, in the six or seven years since its adoption, become the design standard for all kinds of equipment which have to do with computer-related information and interchange, it did very much the same thing in connection with optical characteristic recognition standards, and what in effect is being proposed here in this proposed standard under discussion is to invent a standard in place of all other approaches to the same objective, and by
so doing hopefully regularize the methodology that will be used, the techniques that will be used, and in fact the actual codes themselves that will be used for the benefit of the nation through the reduction in cost which will occur in the processing of individual identification.

Now, the X-3-8 or the data element and standardization subcommittee of X-3 which Harry White chairs has been in existence since about 1965. It was not one of the early parts of this, and it has been set up to deal with data elements and codes for describing things, "things" being very generic.

It has successfully promulgated a code for designation of date. And you will find, if you look at the front sheet of the Standard 69-11-20, it says -- I guess it's on all the sheets -- that sheet was prepared in 1969, November 20, and it is determined that henceforth any computer machine-based designation of date will follow that pattern.

The principal design feature behind that was if you want to say what hour of the day, what minute of the day, what second of the day, what microsecond of the day, you could extend the code down at the low end of significance and have a continuum of time designations.

There was some argument while it was being put together of designating which century, but that fell by the wayside.

Now, it has also had some success in working on names
of organizations. It is working and will continue to work on such things as names of products, matters of that sort. It has made several studies of identification of terminology within accounting systems and transaction systems and things of that sort.

I cannot tell you personally where the initiation came from for the individual identifier except it is obvious as you look at this roster of things they have been looking at that they would look at the unique identification of individuals for data processing purposes.

Since the subcommittee -- and it was a subcommittee that put together this one and put it into the X-3 system, it has moved very sluggishly because of the obvious implications.

Among the things that have been done was a letter of inquiry that went to a number of organizations, a specific letter of inquiry. And what I think is relevant here is that the Secretary of HEW was asked to comment on this, and Senator Ervin was asked to respond on it. Senator Ervin has responded but the Secretary of HEW has not, and part of the work of this committee, of course, is to advise the Secretary on what his response shall be.

David, has the committee seen Senator Ervin's response?

MR. MARTIN: They were distributed previously.

MR. CARLSON: All right, so they are aware of that.
The status of this particular proposal within the upper echelons of X-3 is essentially that it is not going to go this way; that the subcommittee is in effect instructed to delete any implementation of the idea that there shall be one standard identifier, and to restrict itself to the procedural aspects of how you shall put numbers, that is, numerals, into a system which has an identification implication, such as: How do you deal with the gap between the three elements, the gaps between the three elements of the Social Security number? Is it a dash? Is it a space? Is it something else? Or if you are using an alphabetic identifier such as the name, do you put the last name first, and how do you deal with punctuation and matters of that sort -- specific technical details, so that a computer program, a computer data management system, can recognize specifically the details of whatever that coding mechanism is.

I cannot tell you specifically what the status is of this essentially rewriting of this standard, but at least the chairman of X-3 thinks that somewhere down in the system people are hard at work in rewriting this proposed standard.

Now, some of the technical things from the procedural point of view, administrative point of view within X-3, the impression is very strong that the subcommittee overstepped the bounds of reasonability -- what did you say they were doing? Smoking opium -- no, you said whistling Dixie. So the attitude was that they were whistling Dixie and they'd better go back and whistle a more suitable tune.
Now, the technical questions that have arisen are many and I am not going to mention them all. But the whole matter of duplicates or multiples provides at least a minimal set of objections to arbitrary adoption of the Social Security number part of this and calling it unique.

This whole matter of meaningful or significant code versus the meaningless or non-significant code, which was spelled out in the justification section of the proposal, is most inefficiently detailed and argued, because they almost completely destroy their own arguments between two different sections right within the standard itself on this whole question of you want to be unique and then you want something non-significant. And if you follow the trail of that reasoning, the thing has some difficult technical problems associated with it.

But perhaps the most important thing that I find wrong with the standard is what has been wrong with so many standards that have come out of this area. The battle cry that I continued to use when I was on X-3 was that we were being presented with draft standards over and over again with no measure of economics in terms of cost, in terms of benefits. And here again is a proposed standard which argues simply from reason. It alludes to costs. It never defines them and it certainly never evaluates them. It never begins to place boundaries or even ranges on the cost implications.
And just to pick one that is being discussed here this morning, the cost to the Social Security system -- not only the Administration, but the employers and all of the other people who are an integral part of that system by the very nature of it -- has not been defined and should have been defined in the presentation of this standard, if it is really intended to cause that to happen, against the savings to the users. There are glowing statements in here about all the savings that would be derived by the people who would necessarily adhere to the unique identifier because it is available -- and we have been discussing around the table who a lot of those people are.

And finally, the proposed standard has the technical deficiency of merging together the standard methodology question and the standard identifier question. And I think people have said enough about that, that at least the path is the one I have described to you, toward separation, presentation of standards methodologies or whatever you are doing, and then leave to some later discussion the standard identifier question.

The social and public policy objections, of course, are old hat to all of you by now, but let me just illustrate to you how rapidly it comes to the fore when all you have to do is read the title of it, which is, "Identification of Individual for Information Interchange." And the resistance level that starts in all kinds of elements of our society to that whole
idea of information interchange when presented in this form of standardization is obvious. It has been articulated here in this committee many, many times. But the whole point is that it has not yet been evaluated in terms of how big it is, how many people are really involved, if you want to keep it in a political sense, or if you are trying to arrive at a social cost in some economic sense, what are in fact the social costs of implementing information interchange through unique identification of individuals?

And finally I think that another public policy issue that I recommend to this committee for consideration which is not dealt with -- this standard is absolutely silent on -- is this whole question of the mandatory identification and the voluntary identification.

It could happen, without trying to shock the Social Security Administration or IRS or anybody else -- it could conceivably happen, at least in my mind, that a new code, this one or something like it, could be derived by those agencies who have a mandatory requirement for a unique identification and operated in such a way that the individuals who must voluntarily give it in other circumstances might find it difficult or even impossible, or at least have a very selective choice about the granting of the use of that code to those other organizations.

DR. BURGESS: Could you elaborate on that?

MR. CARLSON: Let me take an example. Let's say the
social and political cost to the Secretary of HEW for the wide-
spread use and perhaps misuse of the Social Security number is
so great he can decide -- stay calm, Mr. Friedman -- he wants
to start with a new code that he will then manage under the
mandatory provisions of the SSA and IRS and whatever legal
linkages occur; and that a new code will be reassigned to every-
body who holds this, and will be managed within those systems.

This destroys automatically, through lack of mainte-
nance, every one of the people who have come along and just
latched on to the Social Security number, because now the Social
Security number is no longer a maintained code, you see -- a very
effective way of changing the whole privacy issue, getting it off
his back.

Now, I don't know what the tens or hundreds or million
or billions of dollars on either side of an equation might be,
but I suggest that if you want to look at dramatic outcomes in
this whole question of privacy, that surely is one you can look
at.

Now, that is a comment to the committee.

The comment that I make to the proposed standard was
that it showed no sensitivity whatsoever to this distinction
between the mandatory use of unique identifiers and the volun-
tary provision of your code or whatever it may be, which I
believe is a fundamental defect.

Those are my comments.
DR. GROMMERS: Walter, I am still not quite clear:

How would the privacy question be changed at all by issuing a new number that was mandatory?

MR. CARLSON: I am saying that in the event that the Secretary of HEW felt that the Social Security number had become so pervasive, and was being used by so many agencies within this country as a means of collating, aggregating, and misusing information about individuals, because it was so convenient and so widespread, he might decide that it would be to his and the government's and the public's best advantage simply to make a change, to destroy the fabric of all these misuses.

DR. GROMMERS: But if a new number was issued and no other steps taken, you would have the same situation as obtains now.

MR. CARLSON: It would sure take a long time.

DR. GROMMERS: I don't quite see it. Suppose you gave everybody another number. All they would do would be to attach that number to the existing system.

MR. CARLSON: I understand that but they might also be given -- when they got that card they could be told, "Here are the legal mandatory entities who have a right to this number."

MR. FRIEDMAN: It is a little more difficult than you indicate. For example, you try to get an automobile driver's license without giving them your Social Security number. You can't. You try to get credit without giving the credit agency...
the Social Security number -- even though it has no value to
them, ostensibly no value to them in the form of being able to
use that information, we'll say, to use legally, to use the
Social Security number in any way to go to the Social Security
Administration to get information about earnings or whereabouts.

I remember an incident of somebody going in to get
some credit when they were buying some furniture. It happened
to be my daughter who was living in Washington. He said it
was in case she moves we can track her. I said, "You're kidding.
You will never get it from Social Security."

PROFESSOR MILLER: That is a very important point
because so many social institutions, both in the government and
private sector, try to justify use of the number by claims such
as that, which are completely false. In fact, in many cases
such as the battle over the Social Security number for driver
registration purposes, the official in the Motor Vehicle Regis-
tration office will state, "We have to have the number in order
to find out where you are in case you are involved in an acci-
dent, and we will get that from Social Security."

In a sense it is a white lie because they will really
get it from the National Driver Registry which is being maintain-
on Social Security number, or from one of the LEAA-type systems
which are structured.

But it all redounds to the detriment of the image of
MR. CARLSON: Yes, and this is really my argument, you see. I am postulating -- and I chose an extreme position just to dramatize what I am saying. I am postulating that this kind of thing that Arthur is talking about finally gets to a point where there is a public outcry demanding a change, demanding protection from that kind of thing.

PROFESSOR MILLER: It will be an irrational cry.

MR. CARLSON: There is no question if it arises it will be irrational and there will necessarily be this complete overhaul sort of thing. I have simply taken that position to point out to you that somewhere within that extreme position and where we are today there may have to be some new sets of practice found.

DR. BURGESS: Is the implication of this, these two points, that in view of the need and the social benefits that might accrue to society by having some unique identifier, that a separate unique identifier might be established independent of the Social Security number?

MR. CARLSON: Well, this standard made all of those assumptions, that the benefits in terms of data processing costs to society of having a unique identifier were sufficiently great to overwhelm any problems which might arise through aggregation or from a privacy point of view or other forms of misuse. And that assumption, or that declaration, is made within the justification sheet of the standards.
DR. BURGESS: But if a separate number were estab-
lished under some even quasi-public authority, that wouldn't
necessarily affect the Social Security Administration's con-
tinuing use of the Social Security number.

MR. FRIEDMAN: Well, there is a little problem with
that. In essence, I would have to say that it would appear that
there would be no effect on Social Security. But the minute
you hand another number to somebody you will have the very real
problem of that other number being the one reported instead of
the Social Security number.

And I really ask myself the question: What would be
the benefits of another numbering system? You have one. Prac-
tically everybody in the country has a Social Security number.

DR. BURGESS: The point Arthur makes and that you
have made that the Social Security Administration and the insti-
tutions of government generally take the brunt of increased dis-
trust because of the use of a number like that.

PROFESSOR MILLER: There may be other ways to solve
that problem. With all due respects to Walter, the scheme sound:
like smashing the computer because it might be abused. It
seems to me there are a wide range of relatively low-cost pro-
cedures that might be followed such as certain types of legis-
lation, tightening the linkages, and some reasonably broadly-
based public education campaigns about what the number is all
about and what it is used for and what it is not used for and
what you shouldn't be afraid of.

MR. FRIEDMAN: An example of what Arthur is saying about legislation is that H.R. 1 as I recall has a provision in there that it will be a criminal offense to get a multiple number, to deliberately falsify. This never existed before. How much effect is this going to have on the man who really wants to defraud? I don't know. I ask this question myself.

But nevertheless, we have never really exercised any real threats, any real muscle against a man who wants to abuse the system. And issuing another number to me -- if you are going to use this to violate privacy, changing the number isn't going to stop it. There are altogether many, many ways of doing it. And as you or somebody else said earlier, it won't take very long before the new number is used.

Why don't you take the name or any other identifying information? The number is just one identifying information. Let's change everybody's name all of a sudden. I don't think that is any different.

DR. GROMMERS: What you are really describing is that the identifier is not just the objective data in the computer but also the process by which the identification is carried out.

Your process of checking on those people is really part of the identifier.

MR. FRIEDMAN: To me the number is just a tool that
enables you to do a data processing job. It is not a basis for
identification. It is an instrument of getting a job done.
If you have to have some common denominator for getting a mass
volume job done, you need a number. And if you have 25 people
working for you, the name is good enough, but if you have 25,000
working for you, you need more than a name because you have too
many John Smiths, or something of the kind. But the number itself
is merely a vehicle for enabling an automated process to operate
And one numbering system is as good as another provided the
numbering system minimizes the duplications, the errors, but I
can't see that the number or the name is the instrument for
eliminating fraud.

Incidentally, neither are fingerprints in many ways
even though that is the most positive thing. If you want to
fraudulently do something with the fingerprint system you can
do it, cut off several fingers or one finger. We have had
cases like that.

DR. GROMMERS: Or graft.

MR. FRIEDMAN: Or graft. If you want to go to an
extreme, you can go to an extreme.

DR. BURGESS: Leaving aside the problems of fraud
for the moment, because I think I would agree with the implica-
tion of something said earlier, about how much are you going to
invest for that one percent?

MR. FRIEDMAN: It is killing a fly with a sledge
hammer, you know.

DR. BURGESS: Is it correct to interpret what you are saying that you have no concern for the wider use of the Social Security number as an identifier?

I mean it is quite clear, as you have said, that the Social Security Administration is not using it for that purpose in its technical sense, but that other institutions in society are. Are you saying that doesn't bother you?

MR. FRIEDMAN: Well, let me say this: I don't like to have Social Security pay for the uses other than for Social Security purposes. But I think paying for, the bearing it across -- there are other ways of licking that problem. But as long as you have a society in which practically everybody has a Social Security number, all right, why not use it? Let's then work on the cost issues. Let's purify it. Let's make it as tight as you can, because I don't think any other numbering system is going to be any better or any different.

So let's get the proper perspective on the costs and tighten up the uses of it.

DR. BURGESS: Let's talk for a minute about what those costs might be, because they may be more than monetary costs.

You know, these numbers are used to process information. The information is then used by institutions to indulge and deprive people. And the institutions that use the informati
to indulge and deprive people sometimes indulge and deprive
people on the highest standards of due process and --

MR. FRIEDMAN: Can I interrupt you to say it is not
the number that is depriving the people. It is the use somebod
is making of the number. The number itself isn't going to get
any information from Social Security.

DR. BURGESS: I understand that. I understand that.
All I am trying to say is that the number is used to process
information on the basis of which decisions are made that indul
and deprive people.

MR. FRIEDMAN: Uh-huh.

DR. BURGESS: And I am further saying that as far as
IRS is concerned or as far as the Social Security Administration
is concerned, those indulgences and deprivations, for the last
50 years or however long we are talking about, meets the highest
standards of fairness; okay?

On the other hand, there are institutions of society,
credit bureaus and so on, that use this same number as a basis
for processing information to make a decision that indulges and
deprives people.

And the person who is deprived unfairly in his view,
and perhaps unfairly in the view of everybody around this table,
because the procedures that were invoked were not fair and were
capricious, associates the capacity of that institution to depr
him because that institution has access to his Social Security
MR. FRIEDMAN: I am not so sure I agree. I will tell you why. Let's take the Credit Bureau which has and uses the Social Security number as part of its credit process.

DR. BURGESS: There is pretty good evidence from a number of sources -- and you can talk about that if you want to that when one institution of society like an agency of government behaves in a way or is portrayed as behaving in a way that violates expectations and norms, the negative feelings that people get toward that institution diffuse to other institutions.

And one important study that has been done on the impact of the Selling of the Pentagon, the TV program -- and the evidence from that study, just for example, suggests that not only do people's views of the believability and credibility of the Pentagon gone down significantly having viewed that program, but their belief in the efficacy and the credibility and trustworthiness of the Justice Department goes down, and the Justice Department wasn't even in the program. And their belief in the trustworthiness of other governmental institutions goes down as a result of that program.

Now, leaving aside whether or not that program was done in a balanced and fair kind of way, the point is that it created public attitudes of a negative character about a large number of institutions that were not even directly associated with the presentation of the program.
I think the importance of that analogy to the point I am trying to make is that for every institution in the privat sector that uses the Social Security number, for whatever pur- poses, and to the extent that people associate unfair treatment by these institutions, and to the extent they know that that institution's information system is based on a Social Security number, even though they know they don't go to the Social Security Administration to get the information, the net effect of that is to reduce confidence and trust in the Social Security Administration and in other agencies of the Federal Government. And for that reason, one might want to include that kind of a cost, not just the monetary cost, but that kind of a cost in considering the widespread use of the Social Security number as an identifier.

MR. FRIEDMAN: I would have to agree with what you have said. The only alternative that comes to my mind are myriads of numbering systems scattered throughout the country. That is an alternative. You could have a hundred different numbering systems --

DR. BURGESS: Or one other one.

DR. FRIEDMAN: Or one other one. But that one other one would immediately lead you to the same kind of conclusions.

DR. BURGESS: Except that other one wouldn't be affiliated with a governmental institution.

DR. FRIEDMAN: It is a possibility.
DR. GROMMERS: Could I get a clarification? I am still a little confused by this. If the Registrar of Motor Vehicles gets no benefit from having the Social Security number on there, why do they put it on there?

MR. FRIEDMAN: They want to have a record-keeping system. They had a choice of setting up their own numbering system or using a numbering system that already exists. And many of these organizations have gotten to the point, for whatever reasons they may have, of moving in a direction of taking a numbering system that exists.

Now, the motor vehicles are using Social Security numbers. Others are perhaps generating their own numbering system. I really don't know. Maybe somebody here can determine why they are using the Social Security numbering system, but the only one that comes to my mind is one of pure convenience.

PROFESSOR MILLER: The National Driving Register system.

MR. DAVEY: It goes beyond that.

MR. FRIEDMAN: They want a universal number for all motor vehicles. I am saying it was convenient because people already had Social Security numbers.

PROFESSOR MILLER: That is part of it, but the Department of Transportation had already organized the National Driver Register service under SS.

DR. GROMMERS: Everybody had a driver registration
number -- they could have used that.

MR. DAVEY: Having gone through this and being one of the commercial enterprises which made a rational decision in 1965 or '66 to use the Social Security number, it is primarily the secondary identifier. The idea is people are reluctant to give a string of information, their mother's maiden name, birth date, whatever it is. They feel it is more an invasion of privacy than giving a number, which is just a number. And as the banks started asking for Social Security numbers with which to report to Internal Revenue Service and so on, this became a number familiar to people and it was as much a part of the consumer's desire to be identified in the file -- again I say it is primarily a secondary identifier. You cannot minimize the problems you have in large files or in large cities where you will have Smiths that just won't end, an R. Smith or J. Smith. And when everybody is moving around like they are in this country -- 20 percent of the population moves every year -- with the problems of keeping track of where people are going, it's just a very, very convenient number to have along, even though you are not using the Social Security number or the Social Security Administration for anything else than a simple identifier.

DR. GROMMERS: But the public doesn't know this.

MR. DAVEY: They do know this.

DR. GROMMERS: This is the first time I've heard that the Social Security Administration is not providing back-up.
MR. FRIEDMAN: Absolutely none.

DR. GROMMERS: This is the first time I've heard it.

I don't pretend to be representative but --

MR. FRIEDMAN: I think there is perhaps some merit to your point, but I will say this: Social Security is the fall guy today. If you use your approach, somebody else will be the fall guy tomorrow. So you will have two fall guys. I think you are shifting the burden from Social Security to somebody else.

DR. BURGESS: Maybe this isn't the place to argue that point, but there is a real value to having it if that other institution is not a public institution, and if it's true, as a lot of people have suggested, that people would prefer to give a number to giving a lot of other personal information that could be used as a string of identifiers. And incentives could then be invented to get those numbers diffused and assigned. Then that lack of confidence would not accrue to the government.

I would argue that that is the major problem in society, and we ought to be willing -- to just play a devil's advocate role, because I am not sure this position is one I would end up taking -- to include those kinds of costs in the assessment of the costs of continuing what we are doing against what we might do.

MR. FRIEDMAN: I don't want to prolong debate on this issue but I raise the question that with the government, State, local and Federal, so involved in every aspect of what
society is doing, can you create another numbering system in
which you separate the government entirely -- you will set up
two numbers. One is for Social Security purely. How about all
the other government agencies, State agencies, local agencies?
I am wondering whether two numbers are going to serve your
purpose any better than the one number of Social Security.
Perhaps the solution would be to do a better job of publicizing
that the Social Security number isn't being used, rather than
create another number and shifting the onus to another place.
I don't think another number is going to solve the problem you
very validly raise. Sure, Social Security is --

DR. GROMMERS: Can you ask about the Bank Security
Act? They are going on to the Social Security number but they
have their own numbers already.

MR. FRIEDMAN: I merely say in my opinion with every-
body having a Social Security number in their pockets, why
generate another number? And of course, the banks have to
report it to Internal Revenue which is the pervasive reason.

DR. GROMMERS: This is what I am getting to. If the
original reason was because it is convenient, doesn't the Bank
Security Act change that picture? I assume the banks do this to
get verification.

MR. FRIEDMAN: No.

PROFESSOR MILLER: No, Treasury has said to the bank,
"Keep records under the Social Security number." Why? Because
it is already the tax identification number, not for SS validation.

DR. GROMMERS: But for IRS validation.

PROFESSOR MILLER: Once the data goes to IRS they have the data organized in a more easy fashion to pursue the validation it has.

DR. GROMMERS: But the banks are now going to keep your number under Social Security numbers because after a few steps it gets validated by Social Security.

MR. DAVEY: They are going to use that for a reporting mechanism to the Internal Revenue Service.

PROFESSOR MILLER: I think they are shifting toward account number equaling Social Security number.

MR. DAVEY: But it hasn't happened yet.

PROFESSOR MILLER: But it hasn't happened nor has it happened that your check carries your Social Security number. It has been talked about and proposed. It didn't get put into the regulation.

DR. GROMMERS: Am I not correct about this?

PROFESSOR MILLER: You are correct, Frances, but I think you still have to divorce the fact that knowing the number doesn't open a file.

MR. FRIEDMAN: That is right.

PROFESSOR MILLER: I think what we are saying, knowing the number shouldn't open a file, and somehow we have to
communicate to people that just because others know your Social
Security number doesn't mean that they are opening your file.

I think we have also got to communicate to people
that just because somebody walks into your door and says, "I
have this Social Security number; open up a file to me," that
the holder of the record doesn't have to open up a file because
the requester comes in with a Social Security number.

This is what I meant when I said before that you hav
to tighten the linkage point. It is not so complex that the
average citizen can't understand it.

In your files you will find the Osterick case and
his brief. I mentioned Mr. Osterick at an earlier meeting who
took to the Supreme Court of Massachusetts the legality of the
Massachusetts Motor Vehicle Bureau extracting the Social Securi
number. And I think you will see the arguments laid out pro ar
con as to the legitimacy of what the Massachusetts --

MR. FRIEDMAN: Did he lose?

PROFESSOR MILLER: Yes, he lost, on this point basi-
cally that just having the number doesn't mean you are losing
any privacy.

DR. GROMMERS: But it may.

PROFESSOR MILLER: It may, if we permit people to ge
sloppy.

DR. GROMMERS: I mean under the Banking Act it does.

PROFESSOR MILLER: No, it doesn't really do anything
that IRS couldn't do before. It just makes it a hell of a lot easier for them to do it.

On the other hand, the real evil of the Bank Secrecy Act is not the Social Security number but forcing the banks to maintain records on people they were never forced to maintain them on for periods of time they were not obliged to maintain them before, creating what you call the attractive nuisance, the information pile sitting in the bank which is now an attractive source of information for snoopers and governmental officials operating outside the subpoena power. That is the evil of the Bank Secrecy Act. The use of the Social Security number greases the wheels, and arguably it makes more data available to IRS than they as a practical matter could have had before.

DR. GROMMERS: Was it legal? Was IRS getting back statements on everyone?

PROFESSOR MILLER: Oh, yes, subject only on the basis of subpoena, but the Congressional testimony is outrageous.

MR. DAVEY: They can go in on the spot and demand anything they want.

DR. GROMMERS: That I understand, but for an ordinary bank account that had $2,000 in it, was that automatically going to IRS?

MR. DAVEY: Oh, no.

DR. GROMMERS: But I presume it will be now.

MR. DAVEY: No.
PROFESSOR MILLER: It is an organized information file that was never there before, that is there now by virtue of the Bank Secrecy Law.

On the other hand, there are reports required by the Bank Secrecy Law that were never required before and that do go automatically to IRS. These are transfers. If you deposit or pull out $11,000 from your account, a form automatically will go to IRS.

MR. FRIEDMAN: Is that over $10,000 limit?

PROFESSOR MILLER: Yes. If it is non-domestic the limit drops to $5,000.

DR. GROMMERS: And I suggest when we get credit card money that it will be feasible that will all go automatically to IRS.

PROFESSOR MILLER: All right, since we are on this, let me point out this, that under the Bank Secrecy Law regulations, the bank data created by the statute, and all of the reports created under the statute and automatically sent to IRS, are available to any governmental agency involved in an investigative or prosecutorial proceeding, which means that all of that data will be available to HEW under H. R. 1 or any of its successors.

MR. DAVEY: And I say that the Social Security number is a very small portion of the impact of that over-all thing.

PROFESSOR MILLER: Exactly.
MR. FRIEDMAN: It is a vehicle.

DR. GROMMERS: It just opens the tap.

MR. DAVEY: It doesn't open the tap. The tap has been opened by the legislation.

MR. FRIEDMAN: If it wasn't the Social Security number it would be some other number.

DR. GROMMERS: But there is the point. It is a lot of energy before you get another number and the Social Security number is already there.

MR. FRIEDMAN: That is the reason they are using it.

PROFESSOR MILLER: That is the finger in the dike approach. The basic flaw is when one bunch of good guys put out H.R. 1 and another bunch of good guys put out the Bank Secrecy Law, they didn't talk to each other and didn't see the secondary effects of the relation of those two statutes.

DR. GROMMERS: It is the straw that broke the camel's back.

I think it is more than that it is convenient and I believe these are some of the things Joe was pointing out in the nature of data systems, when you are getting a sum of the parts that is bigger than the parts, the significance of a part is no longer just the part.

PROFESSOR MILLER: That is right. The combined effect of these two statutes is much greater than the draftsmen of either probably ever envisioned. But I am not casting a stone.
That is a fact of life.

DR. BURGESS: The problem is the legislation and Jerry's point is a good one that this only facilitates the exchange of information that has been statutorily authorized.

DR. GROMMERS: I think even more than that, that without it, the two pieces of legislation separately or together wouldn't have the same significance.

MR. DAVEY: That is not the case, because you have always got the name, and you can get the information on that.

It is just more difficult to get it.

DR. GROMMERS: Well, it is so much more difficult --

MR. DAVEY: It is not that much more difficult to get it.

DR. GROMMERS: Well, I believe that it is so much more difficult, and you believe it is not, so at least we have something we could get some information about. My feeling is it is the kind of difference that there is between smashing the atom and having the atoms attached together.

MR. DAVEY: Having had some experience I say it is not.

DR. GROMMERS: I have had some experience, too.

MR. DAVEY: Well, I --

DR. GROMMERS: I defer to your large experience but I think we'd better have some coffee.

(Whereupon, a recess was taken.)
DR. GROMMERS: We are about ready to begin.

I'd like to spend the first five minutes by having you all read through these other outlines, the ones you haven't seen, so we will have about five minutes of quiet for that purpose.

(Whereupon, a short recess was taken.)

DR. GROMMERS: I think all of you have perhaps had a chance to have looked at these and have reached some conclusions about them.

On the blackboard here -- John Gentile's group didn't list in quite that form the data that we wished to have collected and the criteria that they were using, and I have just put them on the blackboard here so that you could be looking at them while they were presenting, so you'd have a chance to compare those with what the other groups were asking for. That is the only reason that they are up there. It is not that they have been chosen or not chosen.

And the other small thing that I'd like to ask you to do: You have got another sheet called, "Questions to be Considered by the Committee," which has to do with the identifiers. If you would put your names on these sheets and check each part that you would like to see in fact occur -- in other words, if you'd like to see in the report some discussion on the need of the identifier or some discussion on what criteria are relevant, or if you would like to see the pros and cons of
Social Security number identifier in the report, just put a check on here.

MISS COX: I don't understand.

DR. GROMMERS: We need in our report to address the problem of the identifier. We have been charged by the Secretary to do so. We all in the group in previous meetings have discussed a lot of the pros and cons. A lot of No. 6, for example, was discussed today. Rather than have you all write out reports again as to what you want in the report, take this, which is the set of questions -- do you have the page I am speaking about?

MISS COX: Yes, but I have written all over it.

DR. GROMMERS: We will give you another one. And just put a check mark on each part that applies. For example, I personally might have the feeling I don't think we need to address in the report No. 1, so I definitely wouldn't check it. But I definitely feel we should consider in the report everything that is in 6, so I would just circle it.

In No. 3, for example, I might feel that we ought to discuss it but there is no need to discuss pros and cons in the report. And what we will do is compile all your pages here and get a perception of what you want in the report as of this time about the identifier, without having you discuss it today.

Now, the way we will work on this part -- let me just say one small piece of business here.

You have in your books a little calendar. Would you
cross out the dates you are not available for July and August meetings, and be sure you leave it on the table in the bank there so we can set up the next meeting in terms of the time that most of you are free.

PROFESSOR WEIZENBAUM: Do you have any additional copies of that?

DR. GROMMERS: Now, the purpose of our discussion today is not to decide what recommendations we are going to make to the Secretary in our report, but rather to decide what kind of work has to be done in any event, no matter what kind of report we write, in order that that work in fact gets done in time.

So that there shouldn't be any debate today on what the recommendations should be, whether we will recommend privacy or whether we will recommend right to know or access. However, the people who are going to present will mention those things insofar as they are necessary to explain why they chose the criteria and why they wanted to look at what data they wanted to look at.

And I'd like to ask you to limit your argument to what data we want to look at and what criteria we want to apply, rather than to discussing whether or not we should recommend Item A or Item B to the Secretary at this point.

We will probably modify our criteria. We will modify our data. And we will probably modify our recommendations a
number of times before we actually crystalize the report. And this is a lot of work.

Florence and John and Phil will each take ten minutes to present what the work of their committee has been, and they will do it very briefly.

Then each of you, as a committee member, feel free to present to any or all of these points when they are through. And you can disagree with them or you can agree with them. And what we will try to do is, by a quarter to 2:00, try to get some consensus as to what our work should be over the next six months.

I will start with Florence.

MS. GAYNOR: Again you have before you the outline of what our committee went into, and we, of course, used the outline that was passed out to us. And I think we were charged with the task of looking at the outline and coming up with a situation that we would like our group to address itself to.

As you see, we felt that Sections I, II and III of the outline were really descriptive sections, and therefore we thought that the staff could really help us in this area, in gathering the information.

On Section IV, V and VI-A, we thought they went together. And we thought we'd use a system of pairing, using the assumption of benefits and undesirable consequences.

We propose pairing the benefits and disadvantages, since most benefits have disadvantages. And these we went over
and discussed at length.

For Sections VI-B, VI-C and VII, we thought that this really constituted the real charge, in a sense, of the committee in general. And this had to do with the rights of privacy, really, or the protection of the consumer, and of course the management and operational people also.

We felt that we should look at some sample systems in order to really clarify in our minds if there was an invasion of privacy, were there any rights that are in effect today that we are not conscious of in relationship to the consumer itself.

So we felt that we would use the criteria that we have outlined on the pages -- and I don't think I have to go through those, unless you have any questions about them.

What we did, we did a little role-playing and put ourselves in the role of the consumer at the initial point of entry for collection of material, and also in relationship to the management itself.

We felt we could use these as a basis for looking at some sample systems, such as a research system which is funded by HEW, a service delivery system, which is also funded by HEW, and a case in point might be the migrant workers.

Also, we would like to use these criteria against the State-operated federally-funded system, and parts of H.R. 1 as a model of potential future automated systems.

DR. GROMMERS: Just to reiterate what Florence said,
because it is not in their outline, they are proposing to look at four systems, three HEW or HEW-related systems, and one a potential system for the future, H.R. 1, that part of it that is related to our business here.

John, do you want to speak?

MR. GENTILE: Our group took a slightly different approach. We felt that in order to get at the criteria and to get at the kind of information that we required, we ought to do a little role-playing and we just decided, "Let's pretend that we have to act now and come up with some recommendations," and this is what we did.

These are not obviously final recommendations, but we thought this would help us to define the scope. And we defined our scope as HEW systems and systems which interact with HEW systems. And we selected this as our scope because we felt the Secretary has a mandate and a responsibility in those areas, that these systems include files which are extremely sensitive; they are a very significant set of files by numbers of people; and it is something that the Secretary can do something about.

We did not limit our scope to addressing recommendations that the Secretary has authority to act on as the manager of HEW, but also recognized his role as a political leader.

We listed the recommendations which are in our outline, and I won't go through those because you have that in the printed material. But I will go through the list of data and
information that we felt was necessary to pull together.

We would like a list of all or most all of the automated personal data systems within HEW now, and about each of them, or a sample of them, we would like to know the extent of the sensitivity of the data stored, how much data are stored, links with other information systems, and how they are achieved electronically and how they are controlled and monitored, security measures, the assignment of responsibility, who has responsibility, who is the custodian, et cetera, who has access, how, why, how often is it restricted, how often is it used, and items of that magnitude.

We also felt that additional testimony would be useful from the private sector. We'd like to hear from consumer concerns like banks, credit card companies, insurance companies, retailers, even though we have one member on board the committee.

We mentioned we'd like to see a cost estimate of personal data systems which Jerry Davey has a proposal for a project on.

We'd like to hear from Bob Gallati on NCIC and NYSIS, from Martin Shubik regarding his work on social indicators. We also recognize a need for a two-way communication with the general public. On the one hand, they can tell us what they feel are the ethics and the mores and the social attitudes regarding privacy, so attorneys can then interpret that in legal instruments. And on the other hand, we can inform the general
public of a problem that we see, and we can also at the same
time build a constituency that could help us implement some
recommendations of the committee.

Along the line of communicating back to the general
public, we also suggested that we get the video tape, Judd
for the Defense, which has previously been mentioned.

Other harmful effects of automated personal data
banks -- we didn't feel that there was much documented on that,
and we thought perhaps a research project or a report from some-
one in the field who knew something about it would be helpful
to the group.

That is our list of data that we feel would be useful
to help support our recommendations which are the basic issues
that we would address.

Under the criteria, we did not list it quite in that
way. We called it by a little different name. But the chairman
was nice enough to put it in this format after reading what we
call our code of ethics or code of conduct, that we should
evaluate systems on the basis of the protection it provides for
the respondent, and how the controls and regulations are placed
upon systems, personal data systems, which are automated.

I think it was a very useful exercise for us to work
backwards in this way, because I just don't understand how you
could possibly develop your information needs and your criteria
without knowing the problems or the issues that you wanted to
address. And by listing our recommendations, which are not
recommendations that we are willing to live with, by the way, in
the final form, we at least have clues as to the kinds of infor-
mation that were needed and the criteria for evaluation.

Since I have not used up my ten minutes, I wonder if
any one of the committee would like to add to that.

If you will look through our recommendations, you
will find that there are two categories, on the first and second
page of the report. One is "Administrative Action," and the
other is "Statutory Action." And under each we make some speci-
fic recommendations that again we are not willing to live with
as a final document, but I think it is useful in recognizing
the scope and magnitude of the problem that we were interested
in addressing as a first pass.

Thank you very much.

MR. CARLSON: May I make one remark on that?

DR. GROMMERS: Surely.

MR. CARLSON: In view of some of the phraseology on
this particular sheet of paper, I think there should be very
serious care taken as to who sees these sheets of paper.

MISS COX: What do you mean?

MR. CARLSON: I can just imagine some of the state-
ments in the subgroup report appearing in the press.

MISS COX: It should say subcommittee draft, and the
DR. GROMMERS: As a matter of fact, it really shouldn't be anything because all you were asked to produce was a list of criteria.

DR. BURGESS: This paper self-destructs after three hours anyway.

(Laughter.)

DR. GROMMERS: And recycles.

MR. CARLSON: I do believe that is a serious consideration, John, in view of your setting up strawmen. The uninformed reader of this document would never know --

MR. GENTILE: I think if we just cross out "From" we will have solved the problem.

DR. GROMMERS: We will have to think about what we are going to do with them but ask you to give us these particular papers back at this time, and we will give them to you, because it might obviate the work of the committee if the press produced something like them and someone wished to obviate the work of the committee.

MR. CARLSON: You will get your communication with the public but not in quite the way you want it.

DR. GROMMERS: If the only implication was that we'd finished our work, that wouldn't be what we want to have communicated.

Thank you.

DR. BURGESS: Work Group 3 consists of Juan Anglero,
Layman Allen, Gertrude Cox, and Bob Gallati, and we started much the same way that John's group did. That is, we felt that any effort to talk about the scope of the report or criteria for evaluation or data needs was derivative of some statement of a problem and we largely agreed with the thematic outline that was presented, and from that came to a conclusion that the problem is a problem of privacy, and therefore what we are recommending here is that we consider defining our task in terms of privacy.

And in the first few pages, we try to suggest that there are other ways of looking at the problem, that is, it may be seen as a problem in electronic data processing. We try to reject that view.

We say that it might be considered as a problem in the common and unique personal identifier, and try to reject that view.

And we suggest, moreover, that the problem would be most productively viewed as a problem of privacy.

I think it is important to make explicit a value commitment that is in this statement, and that is, if we think of the problem of privacy as one that goes from an absolutist position on two ends of a continuum where the government has the right to collect any information it wants at one extreme, and government has no right to collect personal data, that we have taken a value position that says that the problem of
privacy is balancing societal needs against individual needs.

Then we developed a Declaration of Privacy which for our purposes ought to be read as a set of criteria for evaluating existing practices.

On page 4 begins the Declaration of Privacy which includes the explication of ten major rights. And those rights become a standard against which existing practices and anticipated future practices might be evaluated.

Secondly, on pages --

DR. GROMMERS: Might I interject? Therefore, they are the criteria?

DR. BURGESS: Yes.

On page 7 we list two additional sets of criteria by which existing practices might be evaluated, namely the kind of personal data that the data banks hold. And there we list three kinds: respondent data, informant data and direct observation data. And we suggest thirdly that the conditions under which data are obtained is an important criterion for evaluating existing practices and making recommendations with respect to guidelines for future practices.

And there those four conditions are arrayed on a continuum where the underlying notion is an issue of inducement, that is, what inducements are working at the time information is obtained, ranging from voluntary conditions where people give information because it is socially desirable, to the other
extreme, mandatory conditions, where they can literally be forced to give information.

Finally, I think what we have tried to do here is to identify provisionally the major actors in the system. And we invented an elegant but, we feel, useful word, which is subject to various interpretations depending on whether you go into a longy or a shorty.

But on page 3 we have tried to identify the major actors in the system as a privee, that is, the holder of a right, and the custodian, that is the holder of a duty, and recognizing that other actors might be identified, we feel that the evaluation we make ought to be carried out in terms of right holders and duty holders.

Finally, let me say that a very important point that is implicit in all of this that we have presented here, and one that I think we all feel in the committee ought to be something on which we reach agreement very early, is: What is the unit of analysis going to be for our efforts? And implicit in all of this is that the individual is the unit of analysis. That is, data systems are not the unit of analysis, identifiers are not units of analysis, but individuals, namely privees and custodians, and the rights that individuals have as privees become the unit of analysis for subsequent work by this committee.

DR. GROMMERS: Thank you very much, Phil.

Now, we will just open it for discussion to any one
of you on the other committees who wishes to present a point of view or make a point that hasn't been brought up, if you would like to do so.

ASSEMBLYMAN BAGLEY: Just one sentence. There is only one recognition in the three separate reports here of the so-called public's right to know, the openness of public records, vis-a-vis confidentiality. And when the final report is made, I am thinking of media, as you and I discussed -- I am thinking of media reaction. I am thinking of the media's reverse paranoia about the need for openness of records.

We have got to acknowledge that that is a social goal, a desirable goal, i.e., openness of records, and we have got to at least state, if nothing else by a preface, that by attempting to protect the right of privacy and confidentiality we mean not to demean the policy of open records. This has to be said; otherwise we will be accused of trying to close records.

DR. GROMMERS: What records would you want open to the public?

ASSEMBLYMAN BAGLEY: That would take half an hour.

DR. GROMMERS: Well, just one.

ASSEMBLYMAN BAGLEY: Normally in law -- you have the Open Records Act, a Federal act, in which information other than specific exceptions, such as most personal data, any final report, any type of record of an action or record of a recommendation is open.
I just say we have to recognize that so we are not accused of trying to tighten the screws.

DR. GROMMERS: In Phil's materials, those records which have to do with privacy should be treated differently than those which have to do with the group as a whole.

MR. DAVEY: Public records are records of all suits, judgments, and so forth.

DR. GROMMERS: Court records.

ASSEMBLYMAN BAGLEY: I am not speaking of court records.

DR. GROMMERS: No, Jerry is.

MR. DAVEY: His background, everything else.

MR. GENTILE: In addition to the application you mentioned, Jerry, for example in the State of Illinois, employee's salary is open to all people who would be interested.

MR. SIEMILLER: And expense accounts of legislators?

ASSEMBLYMAN BAGLEY: No way.

(Laughter.)

DR. BURGESS: Bill, one of the assumptions in the criteria stated as recommendations that we have provided, and I think John's group, too, is that these rights of privacy would be statutorily based. Therefore, existing statutes might constrain those rights to privacy as stated in the absolute way.

But the other thing I wanted to say -- and I think
this is a fundamental kind of point -- is that as far as this committee is concerned, it seemed to us on our committee that the case need not be made for the public's right to know -- not because the case isn't there to be made, but that existing trends in society, aided by social values and technology, are in the direction of providing and making available more and more information in more and more easily accessible ways.

Therefore, to affirm that case is simply to affirm what is going to happen unless some kind of social intervention occurs.

ASSEMBLYMAN BAGLEY: You don't have to meet the case. I say acknowledge its existence. Otherwise you will be accused of ignoring it.

DR. BURGESS: Yes.

MR. GENTILE: I might also add that our group looked at the recommendations and actions in another framework, too. We felt that there was some immediate need -- by "immediate," short run, which is less than a year -- for certain actions that might result in interim policy by the Secretary, even though that might at some time in the future be replaced by statutes if it is more appropriately handled that way, or it might result in executive orders.

But we recognize that in the absence of a very definite, positive step there is policy by default. And this troubled a number of us on our committee.
DR. GROMMERS: Jerry.

MR. DAVEY: There is also another point we discussed just briefly, and that is where the emphasis was placed. And I could express the view that we have a choice of kind of following through the Social Security number and using that kind of as a peg throughout all these other things that we are talking about. I think there would be a danger in doing this, because I feel we are talking about something much larger in scope than the Social Security number. I believe that the Social Security number question has to be asked, and I think that it needs to be answered. I think we need to respond to the Secretary with some recommendations. But I don't believe that it should be interwoven in all of the other aspects of privacy that we are talking about to the extent that that may cause the rest of the things to be thrown out.

And I think that we need to be very careful in the way in which things are structured so we don't kind of over-balance the use of the Social Security number and what it is we are trying to get at.

DR. GROMMERS: Apropos of that, Jerry, would you like to take a few moments now to talk about what particular contribution you thought you might be able to make to the data needs of the committee?

And while Jerry is doing that, could I ask for all those reports to come back so we can know that we have them
back? If you could give them all to Nancy --

PROFESSOR WEIZENBAUM: Before we do that, in the report of Group No. 3 -- whose is that?

DR. BURGESS: Layman and I and Gertrude and Anglero.

PROFESSOR WEIZENBAUM: On pages 7 and 8, you propose to make distinctions between data -- respondent data, informant data, and direct observation data. If you intend to break it down that way -- and I think it is a good and useful way -- I think you should add a fourth category which off the top of my head I call transaction data, data generated as a by-product of an individual's action without the individual's assistance.

For example, making a reservation on American Airlines generates a datum. And that datum needs to be protected in the same way as my informing someone that I made the reservation. I suggest that you add transaction data. And I did that on this piece of paper.

DR. BURGESS: I think we were thinking there as a direct observation datum that that is a kind of electronic surveillance when it is extracted, but it may be more useful to make it a --

PROFESSOR WEIZENBAUM: Yes, proposals for a check list. It is in fact going to be in my view a source of very considerable invasion of privacy.

SENATOR ARNOFF: Madam Chairman, would it be helpful that we have -- this may have been what you are getting at -- a
code of ethics within our own group here that nothing be dis-
cussed in terms of any recommendations, suggestions, and so
forth, with the press, and that everything that is discussed
around the table at this time still remains private?

DR. GROMMERS: I don't know. How do you all feel
about that? Certainly on the one hand we are making a record
of it which we need for our purposes. For another thing, the
rest of our meetings the press is going to be at.

SENATOR ARNOFF: I am talking about the reports you
have at this stage here.

MR. MARTIN: I think the only thing we are concerned
about is that the piece of paper we are concerned about is the
paper headed, "To Richardson, From the Committee," not depart
from this room unless we --

DR. BURGESS: I think that all subsequent work that
is done ought to just have a title on it and say "Draft" and
say "Not for distribution or quotation," and we should be per-
mitted to keep these. Because these are important documents
for us to have with us.

MRS. SILVER: Couldn't we just cross that out?

SENATOR ARONOFF: Just cross out the top of it.

DR. GROMMERS: We need legal counsel.

PROFESSOR ALLEN: It isn't legal counsel. It is
wisdom counsel.

MR. GENTILE: You just want to prohibit any such mock
drafts using the Secretary as addressee or the committee as the
writer of such a memo. That would avoid confusion. I think
it is going to get increasingly sensitive as we hone in on the
issues.

DR. GROMMERS: And we have got to write things for
our mutual --

MISS COX: But how can we write them and rethink
them if we don't have the paper? We don't have any copies.

DR. GROMMERS: You don't at the moment but you will
have one.

MR. CARLSON: You have two or three administrative
routes open to you. Under the provisions of the appointment of
this committee, as I understand it, you may conduct any number
of privileged meetings and communications with all the authority
of the Secretary behind you for such. I think there is one
provision that you have to be careful about, and that is that
under the Freedom of Information Act and some other things you
may very well have to make statements to the press. There is
already one story, of which you have a copy, which was published
in the technical press on the existence of this committee.

So I think the committee has the privilege and
probably the responsibility to determine what it wishes to be
a privileged document within the development of the committee's
recommendations, and what it would release when challenged.

The reason I raised the question earlier is that it
is my personal conviction after being through several of these things that documents being circulated here need to carry a statement which indicates a privileged study involving the committee's study and recommendations.

DR. GROMMERS: "For committee use only," or something like that.

MR. SIEMILLER: It doesn't make one bit of difference what you put into a document or into a meeting; if the press wants it, they will get it. If it comes out of the Cabinet and the White House, they get it. Jack Anderson gets it. Other people get it. So you are just wasting time going through these procedures that you have. There's a million drafts before you come to a final document. If it's part of the study that you are doing, identify it as such and quit worrying about it.

DR. GROMMERS: Well, will it be satisfactory just for each of us to write on the copy "Draft?"

MISS COX: We have already mentioned --

DR. GROMMERS: It is not us. That is not the point.

MISS COX: We have pledged not to reveal it.

DR. GROMMERS: There is no pledge not to reveal it.

We are a public advisory body and there is no reason we shouldn't reveal it, and furthermore there is a public record being made of our deliberations. The point is it looks like a finished copy and there is no date on it.

MR. SIEMILLER: Just write "Draft" on it and you are
perfectly safe as far as that goes. Scribble that first part of it out that is up there if you have any worry about that. But it is an exercise in futility when you get into this. You can get any information that you want out of any committee or out of anybody's computer or anything else if you want it and are willing to pay the price.

DR. GROMMERS: Yes, I am inclined to agree with you. It is just a question of energy.

MR. SIEMILLER: That is some people's forte, investigations.

(Simultaneous discussion.)

DR. GROMMERS: In consultation here we have decided that if you will all date it and write "Draft" on your copy and the title of the group, which is Group 2 --

MR. DAVEY: Group 1.

DR. GROMMERS: All right, Group 1. In other words, it says, "From: Secretary's Advisory Committee on Automated Personal Data Systems." Put "Group 1" after that and put the date.

MR. SIEMILLER: What is the date?

ASSEMBLYMAN BAGLEY: January 1, 1984.

(Laughter.)

MR. MARTIN: I'd like to make an observation in the wake of the discussion that was prompted by Walter Carlson's question and observation.
I hope the discussion was useful in sensitizing everybody to the fact that we are a public advisory body. The thing that Frances was referring to when she said, "There will be reporters at our next meeting" -- they may or may not be reporters at our next meeting. But the President issued an Executive Order earlier this week, which by its terms requires one of two things to be done in connection with the holding of any advisory committee meeting: Its notice of the meeting and its agenda must be published in the Federal Register. I have not yet seen the Executive Order. I don't know how much in advance of the meeting. Or, notice must be given to the press of the fact of the meeting.

The purpose of this requirement is to give the press and/or other members of the public the opportunity, if they care to, to (a) know of, and (b) in the face of that knowledge attend meetings.

So I think we talked last time about publicity and the fact that you as members may be approached by the press. I don't think there are any ways you can legislate good sense on the part of people being questioned by the press.

MR. SIEMILLER: Or by the answers people give, Dave.

MR. MARTIN: I hope it's been a useful discussion in sensitizing everybody to the fact that this is a public enterprise, and since you all have crystalizing notions of what you hope to be the impact of the work of this committee, you have a
basis for gauging what the consequence of your interaction with
the press might be in degrading the potential for effectiveness
of the committee by how you conduct yourself individually with
any member of the press.

MR. CARLSON: I am constrained to add one more com-
ment, David, and that is this is advisory to the Secretary and
I think everyone concerned has to be sensitive to potential
temarrassment for the Secretary.

MR. MARTIN: That certainly is part of what I meant
by degrading the opportunity for effectiveness.

MR. CARLSON: I just wanted to put it in plainer
language.

MR. MARTIN: Quite right.

DR. GROMMERS: Okay. Where is Jerry?

MR. DAVEY: Right here.

(Discussion off the record.)

DR. GROMMERS: Okay, Jerry. Jerry will speak very
briefly and will just outline what was on the board, and un-
fortunately got by accident there listed the data suggested by
Group 2. And among the data they were interested in having was
some pertinent information to changing the cost of the system.

MR. DAVEY: We have been talking at the last few
meetings a lot about the qualitative aspects of privacy. I
believe that makes sense to get some quantitative information
about some of these questions. And I have been involved with
a number of file-building exercises in operations of large systems, and I felt it might be helpful to use a few students at the University of Utah to help me gather some information which may be of use to the committee.

If you will look at any major project in data processing, normally there are two phases of it, looking at it in a very simplistic view. First there is the file-building stage and then the operational stage. And normally the file-building is very, very expensive. You may spend anywhere from 10 cents to $5 a record to convert these things. And if you are talking about files that result in millions of records, then this can be very, very expensive. And then, of course, there are the operations.

And I believe that the questions which can serve as building blocks, or the answers to the questions which can serve as building blocks, have to do primarily with file building, the cost of file building, the storage costs, and then access costs - how much does it cost to retrieve information -- and finally the costs of linking files together.

I believe that if we can do this in the next three months, that we will have some information on this. I think the kind of information we will be able to provide will be in graphic form where it will have "number of records" on the bottom and then say a dollar or unit cost going in this direction, so, for example, file-building costs could look something like that
nature (indicating on blackboard). And the same with the storage costs. They tend to be in the same direction, although there may be some discontinuity. So you get beyond the capability of a particular computer and you have to step up to another computer in order to provide that type of information.

We will be looking primarily at systems that are dedicated systems, dedicated to a particular function and not systems that are primarily time sharing so you have many, many applications on the same computer.

Also, the access costs, and then the costs of linking files.

Now, for example, the file-building costs -- in building credit files, for example, we could do this quite readily for about 10 cents a record, which would include going to banks, going to retailers, going to various sources of information, microfilming that information, keypunching it, merging, sort it, and putting it in a file.

On the other hand, if we were to go through a folder information and try to edit out and pick out the information which would go into it, the costs soar tremendously. It could get as high as a dollar or dollar-and-a-half for some files I have seen.

Storage costs, for example, for storing a hundred-character record, would be on the order of between 50 cents and a dollar a year, at least as far as the credit is concerned.
And the access cost could be on the order of 40 or 50 cents.

Now, the costs of linking files -- I think when Jerry Boyd was talking about the Social Security, he indicated that once the bit is stored in the Social Security Administration then that information could go to the Internal Revenue Service and it could go very quickly, and it could be somewhere on the order of a cost differential of 100 to 1, you know, a few pennies as compared to $15 or $20 to investigate that type of information on a basis.

I believe that this type of information is very, very vital to the kind of things which we are talking about, and will have some impact on what is practical and the recommendations that we can make.

DR. GROMMERS: Phil.

DR. BURGESS: On file building, that includes the collection and reduction?

MR. DAVEY: Yes.

DR. BURGESS: And storage costs, would that include like the cost of the machine and operators and the general overhead costs?

MR. DAVEY: It is primarily breaking it down into storage, whether it is on magnetic type or discs or whatever type of thing. There is an arbitrary breakdown as to how much of the computer you are using for storage as compared with how
much for access.

MR. CARLSON: Did I hear you correctly you are emphasizing the machine cost as opposed to programming costs?

MR. DAVEY: No, that will be included also.

MR. CARLSON: For example, file building will include the file design and programming efforts and so on?

MR. DAVEY: No, it will not be included in that area. It would include sources from various types of things, whether it is from discs, files that you pick up, applications, or tapes. And normally it would include the costs of getting the information from a tape and getting it into the right file format. And in the case of what we were doing before, it would also include the cost of providing that information on a regular basis thereafter, say on a repeating basis.

MR. CARLSON: All right. Then may I merely suggest that above that whole thing there be drawn above it that there be a labor intensive portion of it.

MR. DAVEY: Yes, but that will be broken out. It can either be a part of the file building or a part of some other things.

MR. CARLSON: I think it ought to be made a separate item, because what we are finding as we go into these is that that now begins to overwhelm all operating costs even.

DR. GROMMERS: Walter, what IBM data would be available to speak to this?
MR. CARLSON: There are really none. As a matter of practice, IBM has not been able to collect this kind of information from the customers.

DR. GROMMERS: But it must have it for its own computer.

MR. CARLSON: It has it for its own computers, and the reason I have just brought this last point up is that in some of our current activities, especially where we are dealing with quite large files, we find that the labor cost of just programming the system, programming the application to get it on, is not less than 30 times the annual operating cost.

DR. GROMMERS: Gee, the last figure I heard was 14 to 1.

DR. BURGESS: That was yesterday.

MR. CARLSON: A recent survey has shown not less than 30 times.

DR. GROMMERS: Joe, do you know whether we could get this kind of information from the MAC system?

PROFESSOR WEIZENBAUM: There has been a fairly intensive effort over some years to monitor the system. And I think that some information like this must be available. I wouldn't have it because I haven't been interested in this, but it has to be remembered that the computers at MIT generally, and MAC in particular, have different purposes from the kinds of computers that we are probably talking about.
Nevertheless, I think some of the data gathered there would be relevant.

DR. GROMMERS: Because they made some effort to bill for the discs and file storage.

PROFESSOR WEIZENBAUM: I will look into that and see what is available.

DR. GROMMERS: And Jerry, I was wondering, what do you plan to study?

DR. WEIZENBAUM: By the way, at NIH -- no, every good manager of a Heads-Up computer center has monitoring programs and monitors his operations and should have figures of this kind. So for example, the young man we talked to some weeks ago at NIH, and other such people in the government who are probably very accessible to you or to this committee, might be asked between now and the next meeting, for example, just what they have.

MR. DOBBS: There is plenty available. I can bring you a stack that relates to all of it. The problem is I don't know if you know what it means. It is not the data -- we have data like this on a hundred customers.

DR. GROMMERS: You are saying you don't know what it means, what you have got, or you don't know what the output of this would mean?

MR. DOBBS: Both.

DR. GROMMERS: Could you elaborate on that?
MR. DOBBS: I am saying I think that I have the same kind of data that Jerry proposes to collect. I think some of it is available from other sources and maybe Jerry just didn't get to the part of describing what it was we were going to do with that data after we had it, that is, what kind of significance it has.

MISS COX: Wouldn't there be value in bringing it together? You wouldn't take it from just one system.

DR. GROMMERS: That was going to be my next question to Jerry: What systems do you propose to look at?

MR. DAVEY: I know of four or five systems where I have been involved in the design of the systems and the operations and know the costs of these things and they will be used as check points to get general curves.

DR. GROMMERS: Could you list them for us?

MR. DAVEY: I'd rather just say them: Credit Data Corporation, the Mormon Church and some of its activities, and genealogical files and the membership files, and then some proposals I have been involved with as far as law enforcement systems and also some hospital systems.

DR. GROMMERS: For credit data, for example, how large is the file, just to get an idea of what size file we are talking about?

MR. DAVEY: About 30 million.

DR. GROMMERS: You'd be able to access the cost
structure, the cost accounting structure, of that.

MR. DAVEY: I know what it was.

DR. GROMMERS: Yes.

DR. BURGESS: It seems to me the value of doing something like this is to build a simulation so that one could manipulate file-building costs and storage costs and access costs or modes.

MR. DAVEY: It is primarily --

DR. BURGESS: To see what the impact of recommenda-
tions would be.

MR. DAVEY: It is to see what certain recommendations mean. We were talking this morning about the Social Security number, what would happen if we released that.

DR. GROMMERS: I can't imagine IBM wouldn't have that.

MR. BURGESS: Are there scale problems that would change the nature of a model?

MR. DAVEY: Yes. It is an educated guess in lots of cases on lots of these things, but an educated guess is better than none.

MR. DOBBS: Again, Jerry, it is -- Joe said it -- the distinction between information and data.

MR. DAVEY: Yes.

MR. DOBBS: And I think it is the case that we have got an awful lot of data. We have got a model that we do
exactly that with. We play these parameters based on empirical
data we have gathered over a long time. We still don't know
what it means and we cannot make for the most part rational
business decisions, much less this kind of decision, on the
basis of what we seem.

DR. GROMMERS: By which you mean Xerox.

MR. DOBBS: Yes.

DR. BURGESS: Why not?

MR. DOBBS: Because of several things. Number one, the environment is shifting so very, very rapidly under us, the technological environment, the programming environment, the whole system environment. Those things change very radically based on the way in which in fact the files get used.

MR. DAVEY: That is absolutely correct.

DR. BURGESS: That may vary a great deal.

MR. DOBBS: Oh, it better, you know.

MR. DAVEY: The model I will use is the one I am most familiar with, and that is for the credit type of thing which will go from a half-million to a couple million records, and that model I can get precisely on this type of thing.

MR. DOBBS: Sure, but can you extrapolate from that one to an H.R. I type model?

MR. DAVEY: I don't know, but I think it gives an order of magnitude to some of the costs we are talking about. I have indicated the difference between a 10 cent cost, a 25
cent cost, and a dollar cost is very significant, and when we are talking about orders of magnitudes of the things we are talking about, I think that information is valuable. And where you have a feeling for this and I have a feeling for this, I don't believe most of the group here does have a feeling for what the relative costs are on the thing. And that is what I am after more than anything else.

MR. CARLSON: At the risk of developing a reputation for gratuitous suggestions to the Advisory Committee, I think what you have done is simply build the structure for a set of evaluations which really ought to go on within the agencies involved.

MR. DAVEY: Oh, absolutely.

MR. CARLSON: I think this committee rather than constituting itself as a systems analysis group, should really formulate a set of alternatives and turn it over to the SSA or to HEW under the H.R. 1 provision or whatever circumstances.

MR. DAVEY: I think this is very true, but I believe that we can come up with some data in two or three months' time which will be very helpful.

MR. CARLSON: I think you'd lose that time. I would much rather see you use the committee's time to pose the questions --

MR. DAVEY: But the committee is not doing this. I am doing this with an outside group.
MR. CARLSON: I am simply saying in response to Guy's question, though, that if you took the initiative here and now today within this structure that you formulated or with some additions to it and then said, "Here are the kinds of things that we want SSA or this one or NIH or whoever to appraise and report back to the committee," then some real progress might be made.

MR. DAVEY: I have some doubts as to the response time on some of these.

MR. SIEMILLER: You need something to judge what is done in house, and this will give you a guideline to go by.

MR. CARLSON: I say put them in parallel.

DR. GROMMERS: We don't really need to make a decision and that is not the function of the committee to make such a decision. We wanted to present this. We want a lot of other data-gathering activities which we also want to talk about, but we wanted to bring this particular one to your attention at this time.

I believe what Guy is saying is that if we want it, he can give us Xerox-type data -- he can give us projections made on Xerox-type data, and we could probably get it from four or five other sources, and it might be more useful to have an analysis of that, rather than going out and getting new data. I don't know.

SENATOR ARONOFF: I tend to disagree, Madam Chairman.
We have a suggestion that it isn't going to cost the committee any of its own time, where somebody is going to go out and do a particular job. Now, if somebody else wants to add to that, fine. But we did have as a very serious presentation one member of the committee, Joe, who put up, "Here is something that could be done."

And we had a suggestion here that was semi-sarcastic as to something else that could be done this morning, but nobody has really said, "And the cost of this would be X."

Now, what Jerry is doing here is saying, "If for no other reason than to say what something like this costs, it is valuable, and I am willing to take my time to submit it to the committee."

So let him do it.

DR. GROMMERS: That is not quite what he is saying. He is requesting funds for a research project to look into that, and that is a little different thing.

And the second thing is that it is not clear to anybody that in fact the output of that response would be what it is purported to be, that it is useful.

MISS COX: It seems that is useful.

DR. GROMMERS: Something like that would be useful but this isn't something we want to discuss here in the committee and decide.

MR. DOBBS: On Stan's point, if you mean reasonable
enough information on which to base a set of decisions and/or recommendations in terms of cost implications, it is not clear to me at all. And I doubt very seriously that out of such an exercise we would in fact have that kind of information.

MR. DAVEY: I think it would point to areas where we needed more precise information.

MR. DOBBS: Yes, but you'd have nothing to predict that in fact.

DR. GROMMERS: One shouldn't go into this with the idea you will. It just isn't that simple a question and I don't think this committee is in a position to make a judgment on that in ten minutes. When you are looking for a research project in the outside world, these projects are carefully reviewed and I don't think it is fair to ask a committee like this. We are not asking you this. We are simply presenting this as something for you to think about here.

And I'd like to go on to some of the other research types of data collecting that the committee needs to be looking at.

Did you want to say something?

MR. MARTIN: I just wanted to ask Jerry whether this cost analysis would be related in the systems that you are going to look at to the over-all cost and the nature of the activity to which these costs are related.

MR. DAVEY: Yes.
DR. GROMMERS: How would you do that?

MR. DAVEY: These can be used as building blocks to get specific answers to things.

DR. GROMMERS: It is really not the case, though, that because it costs 10 cents or 4 cents in Social Security, with a 360 computer system or whatever they have, that you can project. It is really not the case that you can project those costs, as you know, I'm sure.

MR. DAVEY: Yes, I know very well on certain types of things.

I think that we will be able to tell -- if somebody says we are going to have a large file that I can get a minimum cost as to what is involved in the file-building and a minimum cost as to what will happen in this thing, that doesn't give any leeway as far as efficiency or anything else, or lack of efficiency that may go into this whole procedure. But I think it would serve as a very useful tutorial type of information to have for most of the members of the committee so they get some kind of a feeling for what some of these costs are and what they range.

DR. BURGESS: If Guy has a simulation, why wouldn't some manipulations of this --

MR. DOBBS: Before we do that, Jerry, if you wish to accomplish that, I believe there is available an Auerbach report which in fact has done that.
MR. DAVEY: I am not talking about that type of information. I am talking about a working system, and I use credit as a precise example of what this costs all the way out.

MISS COX: It seems to me Jerry is presenting us an objective approach as to how to look at information and the relative cost, that would be most valuable to the committee. I mean it is an objective way, and we are approaching so many of these with individuals knowing a great deal in such a subjective way.

MR. DOBBS: It is quantifiable, which I'd like to distinguish from necessarily being objective.

MISS COX: It tells us the items that must be taken into consideration.

Now, some of you know this perfectly well.

DR. BURGESS: We know the items. The question now is what are the sensitivities in one to a change in the other? And if you have a simulation which exists, I don't see why we couldn't get a sense of the orders of magnitude of change by several passes through that.

MR. DOBBS: We have three, and that is because the nature of the sensitivities are such that we have to run all three of them to make sure.

MR. DAVEY: The purpose of this is not to figure out how much money you can make by going into a particular type of
business, which has to be very, very precise. But I think again
within an order of magnitude --

DR. GROMMERS: You also notice an order of magnitude, for example, from Social Security.

MISS COX: Some know it.

DR. GROMMERS: He mentioned this morning it was
4 cents per line item and 25 cents every time they have a fall-
out. You have one estimate-- it is more than an estimate. You
have got cost data.

MR. DAVEY: We have got cost data on several systems
of this nature, and that will be part of the results, so we
will know, "Here there are some definite systems," and extrapo-
late from these.

DR. GROMMERS: Anyway, it is 2:00 o'clock and I'd
like to thank Jerry very much for presenting this, and I'd like
to go back to the other questions of what the committee is going
to do for the next month and the next six months in light of
what the report has to consider and has to accomplish.

And if you look at all three of the reports and look
to see what there is in common among them, all of the reports
suggest that we ought to look at at least some systems in HEW
in the light of some criteria.

I think if we could agree at this meeting on three
systems, at least, and on some of the criteria, we could then
have part of the committee work on some form that we could be
using to investigate these systems that would give us a way of comparing them.

MISS COX: We have two forms that have been proposed of what to look at as you look at these systems, very definite forms.

DR. GROMMERS: By "form" I was being extremely concrete. I mean: Are you going to take a questionnaire out with you when you go and look at a system; and if so, what questions will you ask? That is what I mean by "forms."

MISS COX: Yes.

DR. GROMMERS: Which we don't have here.

MISS COX: We have pretty much that type of thing.

DR. GROMMERS: We have the information that would go into such a form. That is why I say some of us on the committee will have to design that form and have to test it if we are actually going to go out and do field work.

MISS COX: It is just a question of putting these in question form. This is the kind of information you are going to get whether you are talking to them and asking a question, or whether you give them a paper and ask them to fill it out.

DR. GROMMERS: You have had a lot of experience with this kind of work and you know that questions sometimes get misinterpreted, and that the answers are not --

MISS COX: Oh, that has to be clarified. I mean that is a detail that has to be clarified, how you ask the questions.
DR. GROMMERS: That is what I was speaking about by "forms."

MISS COX: That has to be clarified, but we want to know: What are they doing on dissemination? What are they doing on purging? And just what are they doing is the thing it seems we discussed a great deal.

DR. GROMMERS: Would you like to make a recommendation as to which things one should look at in which systems?

MR. DeWEESE: We keep asking the staff to produce a list of the functions that HEW operates or funds, and we never seem to get to the point where we get feedback on that.

DR. GROMMERS: All right. We can ask David about that. What I am trying to get out of this committee at this time as it is already 2:00 o'clock is at least something we could do. There will probably be some impossibility of getting all information about all systems, but if we look at what is common to all the reports and we at least start to work on a few that we all agree we want to know about, we can then spread the rest of the work out later.

There is some question about these forms.

MISS COX: It wouldn't be too much to take these two reports and combine them and make out an actual two-page questionnaire, that these are the things we want specifically answered according to the two committees.

DR. BURGESS: We listed in our report, Frances, the
Social Security Administration data bank and the Medicare data bank.

DR. GROMMERS: What page is that on?


DR. GROMMERS: Will you all look at page 9.

DR. BURGESS: And the Vocational Rehabilitation data bank.

DR. GROMMERS: And Florence -- in their report they have added the migrant worker data bank.

MISS COX: We discussed that but we thought we could get a good deal from that.

DR. GROMMERS: I could only speak for Arthur. I know he wants to get more information than what was presented. And Florence's group also had listed -- they wanted to look at a research data bank.

DR. BURGESS: May I make a concrete suggestion, that the staff prepare information on procedures, codes of ethics, statutory authorizations, executive orders, et cetera, related to the Social Security Administration data bank, number one; the Medicare-Medicaid data banks, number two; the migrant workers data bank, number three; and the Vocational Rehabilitation data bank, number four.

That would be four very different kinds of data banks in the sense that the kind of data that go in, as well as the kinds of services that are provided and the conditions under
which people are given personal information vary.

DR. GROMMERS: Florence.

MS. GAYNOR: I think also we should include really a research system that is funded by HEW. This gets us out into really a private context --

MISS COX: Independent research.

DR. GROMMERS: What were your four again? Let me put them on the board -- I don't have them here -- so we can look at them. At least we will get the committee to work on it. Not those, the four that Florence has on her list.

MS. GAYNOR: A research system funded by HEW, an independent agency like a university.

DR. GROMMERS: Which is also mentioned on page 9 of the other report.

MS. GAYNOR: A service delivery system funded by HEW.

DR. GROMMERS: Would Medicare be that?

MS. GAYNOR: Probably. I had suggested a service delivery system funded by HEW. That would be the migrant workers.

MR. MARTIN: But not operated, is that what you are saying?

DR. GROMMERS: Yes, not operated.

MS. GAYNOR: Then a State-operated system that is Federally funded.

MR. MARTIN: Are you saying No. 2 again in a differ-
MS. GAYNOR: No, State-operated. States have grants from the Federal Government for certain systems. We'd like to look at that.

MR. MARTIN: I am trying to get a distinction between this and this (indicating). Do you want this service delivery system to be other than a State delivery system?

MS. GAYNOR: Yes.

MR. MARTIN: What? State? County?

MS. GAYNOR: No.

DR. BURGESS: Are you talking about different levels of service and non-service delivery, with a four-cell matrix?

MS. GAYNOR: I am trying to cut across all systems --

MS. ELLIOTT: But the migrant system is State-operated.

MS. GAYNOR: All right. It could be Medicare.

MISS COX: We had that down.

DR. GROMMERS: In other words, we are really looking to see who has got the data and what kind of confidentiality controls are they if they are located in different authorities.

DR. BURGESS: May I make a suggestion. We had reports. The purpose of the reports was to establish criteria. Now we are having a group session and going through the same thing again.

DR. GROMMERS: No, no.

DR. BURGESS: Do we agree what the criteria are?

DR. GROMMERS: These are not criteria.
DR. BURGESS: Those are criteria for selecting data systems.

DR. GROMMERS: No.

DR. BURGESS: Then what are they if they aren't? You are talking about levels at which the systems are offered and whether they provide services.

DR. GROMMERS: The criteria were not for selecting the list. The criteria were for evaluating whatever you selected. It is just terminology. The criteria that I was speaking about were the criteria for which to evaluate whether what you looked at was good or bad, to put a value on what you looked at.

DR. BURGESS: We were talking about a sampling problem, Frances.

DR. GROMMERS: We are talking about what to look at and you'd use different criteria to determine what to look at. I didn't speak to those criteria at all.

DR. BURGESS: All I am saying is you are asking the question about what are the criteria for sampling existing data systems.

DR. GROMMERS: No, that is not the question we are asking.

DR. BURGESS: Well, what is it? What are those if they are not criteria for sampling?

DR. GROMMERS: Those are criteria for sampling but I am not asking for that.
DR. BURGESS: Well, what are you asking for?

MR. GENTILE: She is defining criteria in a different way. It might be easier, Madam Chairman, to just name the system that you want to look at.

DR. GROMMERS: You are missing the word "evaluate."

This happens to be the four systems that Florence's group wanted to look at.

MISS COX: We don't have a copy of that.

DR. GROMMERS: That is why we are putting them on the board for you.

MISS COX: When I gave the report I said they were not included in the report. The fourth was part of H.R. 1.

DR. GROMMERS: Now your group has another set and the two sets overlap.

MISS COX: It looks like the same type of classification.

MS. GAYNOR: That is what she is trying to bring out, that there is a common theme in the three reports.

DR. BURGESS: I am saying let's talk about the common theme.

MR. SIEMILLER: All you have to do is write a definition for criteria and you can put it in or put it out.

DR. GROMMERS: We are not at this point talking about criteria at all. We are just talking about what data you want to be looked at for whatever reason.
MR. MARTIN: Is the thought to have presentations on these at the next meeting?

DR. GROMMERS: No, these are suggestions for systems to be spoken to in the report.

MR. MARTIN: But this is data that is wanted? In what form is the data wanted?

DR. GROMMERS: You are ahead of me.

MR. MARTIN: Oh, I'm sorry.

Now, if we can get back to --

MS. ELLIOTT: May I make a suggestion?

DR. GROMMERS: Sure.

MS. ELLIOTT: I think this might be a very useful manner of selecting four systems to be studied in depth. I wonder whether it would be possible, using this method of selecting them, to end up with four systems that would be really very similar in their operations. And so it brings to mind an alternate method of selecting them which would be to try to develop a classification system based on inherent features of the system. One example which was mentioned yesterday would have to do with really the identifier which is a number which must be linked to others. There must be other criteria. The point is that for this purpose you might want to seek the most differing types of information systems to address in depth.

DR. GROMMERS: The problem is nobody knows what these are.
MS. ELLIOTT: That might be a problem you might give to the staff.

DR. BURGESS: We have already done that. We spent a day doing that. We spent a day developing considerations about the different kinds of data, the different kinds of legislative authorities, and the different levels of government at which they operate, and the different levels of society at which they deliver services. Those become three criteria which gives you nine possible kinds of data banks from which we select one in each cell.

DR. GROMMERS: So in other words, one way has already been taken to look through it which we wish to do in order to get started. And what we will finally end up looking at may be a little different, depending upon what turns out.

Okay, Phil, you mentioned you picked out five out of yours, of which three are the same. So what you really want to do -- you take this list, maybe not H.R. 1 --

DR. BURGESS: Look, I have got to go. Let me just write something on the board and if people don't like it, okay. I mean our report and John's report are saying exactly the same thing. And what I am trying to say is that you have got a problem of nesting, whether you have got a research data bank or a service delivery data bank. And then you have got a problem about whether that is controlled at the Federal level or at the State level, and whether the service is delivered at the Federal
level or at the State level (indicating on blackboard) which
gives you a matrix or a set of cells into which you locate a
data bank that we want to look at to examine the way in which
these questions that were raised are treated.

So for the research at the State level where service
is delivered at the State level, you have got the migratory
workers' data bank as I understood the presentation.

At the Federal, service delivered at the Federal
level, we have the Social Security Administration data bank.

At the State level where service is delivered to the
State level and it is controlled at the State level -- what do
you have there?

MR. GENTILE: Aid to Families with Dependent Children.

DR. BURGESS: Right, the AFDC data bank.

Then all we have to go through and fill in what data
banks we are going to look at by these cells because our re-
ports agree that these are the criteria that we ought to use to --
in the absence of concrete knowledge, about how confidential
data banks operate, these are the variables we think will account
for some variance in the way they operate.

DR. GROMMERS: The other groups did look at it and
took a different cut and were looking at other variables, and
that is why they came up with another set. So I was looking
for which overlapped.

DR. BURGESS: Those are the overlaps (indicating).
MR. GENTILE: Florence, if we added a fifth one, we'd be happy.

DR. GROMMERS: I am just trying to get consensus of our group so we can work together. It is immaterial to me what way we decide, but I feel everybody should have a chance to get his point of view represented in our work.

MISS COX: If we just add "private" on that we have got the whole picture, and that will include yours, Florence, and yours, too, John.

DR. GROMMERS: Now, the point of H.R. 1, which doesn't need to be decided today -- this was Arthur's point and it really doesn't fall anywhere in this way of looking at which sets we choose. And Arthur had mentioned, if you will remember, at the first or the second meeting that H.R. 1 was a potential system; it didn't exist yet. And if we used it as a model we could look at it and modify it in an idealistic way and we could use that to analyze and also set up some model which could then be taken over by other agencies.

Therefore, that is a different kind of purpose and could be used or not.

MISS COX: And Gallati's one is a special one, too, in the State.

DR. GROMMERS: Yes.

MR. GALLATI: He has given us the details on that.

DR. GROMMERS: The reason that group mentioned him
was that it was an example of a data system set up the way Joe
described yesterday as a security system and they wanted to know
whether it worked or not.

MISS COX: Yes.

DR. GROMMERS: We don't need to study that unless
you would like to.

Now, if we agree that these ones that you have got on
here are the ones that we would at least like to look at, then
I think we can set up some ways of looking at them with staff,
right?

MR. MARTIN: You certainly can.

DR. GROMMERS: And what I presume that you would like
to have looked at in these data systems is at least everything
that is pertinent to what is in here, all these reports taken
together.

MISS COX: And of course the information asked for.

DR. BURGES: In other words, we want to divide data
banks up by purpose, level of control, and level of service de-
delivery?

DR. GROMMERS: I am sure you'd be the first to agree
we have to study as a committee, and maybe subcommittees, how we
in fact look at them in order to be the most efficient and get
the most data out in the right amount of time so that the data
is comparable across systems. But at least we can have staff
help getting us set up and we can perhaps form a subcommittee to
work on this over the next couple of weeks.

But as far as content of systems, if we at least
look at these and try to get a list, at least of all the HEW
systems, as you were suggesting, we can perhaps do that for our
committee purposes.

MR. DeWEES: I don't think it is necessary. I
thought at the time if I had that list I could set up the
criteria and pick out my five systems, but now we have an idea
of the five systems I don't think there is a need for a massive
list and description.

DR. GROMMERS: Is everybody happy with these?

SENATOR ARONOFF: You are not talking about physi-
cally going around and looking at these?

DR. GROMMERS: Yes.

MISS COX: Not necessarily.

DR. BURGESS: I think we can decide that. My per-
sonal suggestion on that is that we ought to request people to
come in. We may want to look at some in operation, but --

DR. GROMMERS: For example, we can ask them for the
program listings and sample printout of five sample files with
names deleted or something.

SENATOR ARONOFF: The only thing I said that is from
my personal point of view, once I have seen one I have seen
them all in terms of whether it would really be meaningful to me.
I can't look at a system and really be of any help to the
committee.

DR. GROMMERS: You are probably thinking of looking at paper, but, for example, having Mr. Friedman here and John here and asking them questions is really looking at the system.

SENATOR ARONOFF: Right. That is why I asked if you were talking about physically --

MR. SIEMILLER: The physical equipment is all going to look the same.

SENATOR ARONOFF: That is what I meant.

DR. BURGESS: It is all blue.

DR. GROMMERS: But site visit it.

SENATOR ARONOFF: And ask the people there.

DR. GROMMERS: We might decide to do this by getting the people here. For example, David has already talked to the Social Security people and they can set up a panel for us.

David said we could set up a panel at Social Security so that some group or some subgroup of this committee, plus staff or whoever, a consultant or whoever we wanted, could actually go to where the people are that are making the kinds of decisions that we are going to be wanting to know.

MISS COX: That is personal. The first point is to get what you want to know, and there is close agreement on that, between these reports.

DR. GROMMERS: In other words, if we pull together everything that is in these three reports --
MISS COX: And putting it in a questionnaire form.

DR. GROMMERS: What I am asking you is: Is everybody satisfied with this? Have all your views been sufficiently expressed in one of these three reports that you don't feel there is anything drastically lacking? It is your effort as well as the advisory committee as a corporate body.

MR. DeWEESE: There is one other thing. I think we are all concerned about the current statutes, and I guess you'd say regulations that are in operation now. And I think that is the kind of staff work that has to be done for us. In other words, we don't want to have to dig it out for ourselves.

DR. GROMMERS: Yes, the staff can definitely provide that for us. We can direct staff to produce this for us.

MR. MARTIN: What I hear you saying suggests to me the following way in which we might serve up these systems to you. See if you like it. If not, suggest modifications.

One, staff will prepare some kind of an overview introduction to the system. Take the migrant system yesterday. Instead of having it just with that data form, sort of cold, there will be an introduction to the system in writing which you would have enough in advance of your encounter with the people so you'd have a sense of what it is all about before you hear from the people, and a presentation by the relevant people on all the issues you are concerned with which gives you a chance to interact with them, and if it's relevant or necessary
do it on site so you have access to whatever physical characteristics or people that would be too many to assemble, as in the case of Social Security, on site to do it.

MISS COX: As a slight change in that, our committee, too, and I think the consensus here is that we have, before you ask the groups, the different data banks to present it, what we wanted presented outlined for them. Then if we don't understand we either ask them questions here or in a small group with them, or another thing that Arthur has been hitting at, actually seeing one in detail. We may need to go to one and look at it -- somebody, not all of us -- and then in your situation everyone of these need to be reviewed, what protection you have, to see the legal aspects of it -- have the legal people look at it, and if that is not strong enough from a legal standpoint or if this isn't strong enough, try to formulate some legal recommendations. If this aspect is important, have the legal people go after it and fix it because none of the rest of us, except the legal people, can do it.

I mean there -- okay. It's agreeing, almost. I just reversed two items. And I think we felt that strongly in our committee.

DR. GROMMERS: Did you want to say something else?

MR. MARTIN: I might comment I am delighted that the committee wants to do this type of thing. To get a little feedback for you, I think the process in which the committee has been
engaged, of interfacing in an active way with people who are
involved in the design and operation of these systems, is
already impacting for change. I think people's perception of
what they are doing is altered by the encounter with the com-
mittee, the question back and forth. And I think over time
what one can hope for is that whatever specific recommendations
the committee may wish to give to the Secretary for him to take
certain action, some of which presumably will have to be actually
taken by people in the HEW organization -- that by the time those
recommendations come to the Secretary, are transmitted as sort
of requests for action by the people in the HEW organizations,
that all, in a sense, by your interaction with some of those
people, have prepared the ground for the seed of your recommen-
dations to grow prosperously in. And that is already happening.

DR. GROMMERS: I was going to get into this after-
ward because I wanted to talk with you about your views about
having hearings, and David jumped the gun a little bit, telling
you about this particular aspect of what was in fact happening
during our work here.

What I see the committee's work as doing -- yes, we
are going to have a report but we are going to have to have a
report anyway, and there seems to be developing a very inter-
esting by-product of the work of this committee which I think
we can actually aggrandize by being aware that it is happening.
And the fact that we are meeting with people is going to have
an effect, regardless of whether we write a report or not, so we should be very careful as to whom we actually interact with, and keep that in mind when we are deciding what people we wish to have present to us and what systems we desire to look at.

And what is your feeling about hearings? This will have to be set up in the next month, probably.

The conventions are in July. We didn't have the dates. Does anybody know the dates?

MR. DAVEY: I think the hearings will play a very vital role in trying to get our feelings across, and I am all for them.

DR. GROMMERS: Do we have a consensus or something of this sort?

DR. BURGESS: On the list I gave you I included some suggestions. I'd like to hear from some appropriate person in the American Psychological Association, somebody from the Institute for Social Research at Michigan who has responsibilities for the survey work they do, and those kinds of people. I think we could spend time -- but I think it is very important to spread out those experiences among different kinds of operations and not have them all clustered.

DR. GROMMERS: Would you think about that, you specifically, and give us some feedback.

Stan.

SENATOR ARONOFF: If what you are saying is true,
then hearings serve the very valuable purpose in and of themselves making people aware that this group is operating in the privacy area which then lends more credence to the report that you are ultimately going to write and helps guarantee that it doesn't end up in the wastebasket.

DR. GROMMERS: Do you all have any feelings about how many hearings and when? Would you just like us to work on that as a staff?

MR. DAVEY: Yes.

DR. GROMMERS: But could I see a vote of this great quorum?

MR. SIEMILLER: That is one of the faults of your meetings, that you lose the quorum. It is the old Commie way of running a union meeting, was to chase everybody out and put your opinion over.

DR. GROMMERS: They were very effective.

MR. SIEMILLER: Yes, they were, if that is your desire and aim.

SENATOR ARONOFF: I think you can ask the question the other way. Is there anybody who objects to hearings?

MR. SIEMILLER: I think hearings are necessary.

SENATOR ARONOFF: I think there is a growing consensus that hearings are helpful.

DR. BURGESS: I'd like to hear from somebody in the Peace Corps because they have very extensive personal data.
And also in ACTION, which the Peace Corps is also in -- they have a thing called University Year in Action which collects extensive data on individuals.

And then I'd also like to hear from somebody in the Office of Economic Opportunity. OEO has begun a program called Executive Ombudsman, which is funded at both the State and local level to develop ombudsman systems for citizens. And I know for a fact that those systems collect extensive data and they are not protected, and some of them are maintained on computer files. And I think that here is a very good case of something that is beginning to happen more and more, the ombudsman kind of function, and very politically damaging kinds of data get into those systems.

DR. GROMMERS: Can you get us names?

DR. BURGESS: I will try.

SENATOR ARONOFF: This may be the most difficult kind of person to get, but some place along the line you want to hear from some people who in one manner or another have been offended by the automated personal data system.

You run a risk when you do that of getting kooks, but by hearing only from all of the high expert people and not hearing anything from the average person that you are trying to protect, I think we are missing part of the boat of this committee.

MR. SIEMILLER: Like the victim in Judd for the Defense.
SENATOR ARONOFF: Both from the standpoint of hearing from him but also communicating to him.

MR. SIEMILLER: Somebody who got bad information in his file and lost his wife and mistress and home and then committed suicide. How do you get him?

DR. GROMMERS: All right. Do we have enough to work on while you are gone?

MR. MARTIN: I think so.

DR. GROMMERS: David is happy. Is there any other business? Otherwise we will adjourn.

Don't forget to leave us your calendars. And thank you very much for your patience.

(Whereupon, at 2:35 p.m., the meeting was adjourned.)