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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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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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P R O C E E D I N G S

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

1 know he isn't here yet; he was invited and we kind of expected  
2 he'd be here -- is the process which the ANSI Task Force went  
3 through to arrive at its proposal which included the considera-  
4 tion of alternatives, such as the birth number, a unique number  
5 issued on birth to each person born in the United States by each  
6 of the fifty States, such as fingerprints, such as voice prints,  
7 and perhaps other alternatives. These alternatives were all  
8 found -- compared to the Social Security number -- more wanting  
9 than the Social Security number.

10 As you will recall from your study of the ANSI pro-  
11 posal, the Social Security number, by the criteria applied by  
12 the ANSI Task Force, is not an ideal identifier for a number of  
13 reasons.

14 Dr. Grommers will present our first speaker this  
15 morning.

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

25 And Walter will talk to the point of whether or not

1 you need an identifier, what other technical methods might be  
2 developed in the absence of a universal standard identifier, more  
3 or less the con to Sheila's pro, if we had had her give it.

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

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

19           Mainly this is going to consist of reports that you  
20 all gave to me last night which have been typed and which will  
21 be distributed to you all. You will have a chance to read them  
22 after these reports and these questions are finished, and then  
23 I think we will devote the rest of the morning to batting around  
24 what we are going to do for the report and for the next five  
25 months.

1 Without further ado, Mr. George Friedman.

2 MR. SIEMILLER: I must say you just destroyed my in-  
3 centive for taking up a collection and buying the Chairman a  
4 watch.

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

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

15 The numbers assignment procedure is undergoing a  
16 change. With respect to the public, it really is perhaps trans-  
17 parent to them. With respect to Social Security, it is a rather  
18 meaningful change at the present time. It doesn't have any bear-  
19 ing on the number or the identifier.

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

24 The form, if you are somewhat familiar with it, re-  
25 quires the spelling out of information that is necessary for us

1 to enable us at a later date, should the individual forget his  
2 number or lose his card -- enable us to funnel through the files  
3 to determine what the individual's number originally was when  
4 issued to him.

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

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

21 The forms are directed to our district offices.

22 In the past, the district offices would send forms  
23 in to us for what we call screening, to determine if a number was  
24 issued previously. When we assured them that we couldn't find  
25 the number by spending a lot of time and effort hunting through

1 a very large alpha file -- it isn't purely alphabetical but  
2 Soundex, equivalent to the consonants in the name. They were  
3 issuing the account numbers over the counter to individuals and  
4 mailing them to the district offices. They couldn't issue them  
5 over the counter except if a man would come in with a child two  
6 or three years old, under 13, and who had never worked, they'd  
7 give him the number immediately.

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

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

19           Dave also asked me to mention what are the implica-  
20 tions in the relationships between the account number and the  
21 claim number.

22           Back around 1939 when we first started to make pay-  
23 ment for Social Security, we didn't have a universal number  
24 assignment in the form that we have today. Today virtually 95  
percent of the people will have Social Security numbers, or 90



1 percent -- I'm guessing. In the days of punch card processing,  
2 any time you issued an account number and set up a file of  
3 punch cards and other documentary data, you had to handle them  
4 even though the record was not going to be used for twenty or  
5 thirty years and it was very, very expensive. So at that time  
6 the decision was made to issue numbers only to people who were  
7 working. Many people were not covered under the Social Security  
8 laws in those days, and the question didn't come up to give  
9 numbers to those people and we didn't do that.

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

22 Directions are changing. You can see this coming dow-  
23 the road.

24 But why the claim number? When you made payments,  
25 you made it to the husband and wife jointly. The wife didn't

1 have a number. Or the individual died and you had an involve-  
2 ment of woman and children. The children didn't have a number.  
3 This was a punch card process.

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

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

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

23 When you hear about a benefit increase, that we are  
24 giving a 10 percent or 5 percent increase in Social Security  
25 benefits, it becomes a very major problem. You must combine

1 these records. You have maximums. You have reductions because  
2 of early retirement which are not susceptible to a straight  
3 across-the-board benefit increase of a percentage.

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

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

11 MR. SIEMILLER: Is that also true with Railroad Re-  
12 tirement?

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

20 Any other questions on the number or name structure?

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

23 MR. FRIEDMAN: At the moment there are no thoughts on  
24 that. The 9-digit number enables you to issue numbers to 999  
25 million people. Eventually, when the total number system is

1 used up, there is nothing to prevent us from starting all over  
2 again and reissuing the numbers. But we are only up to today a  
3 little over the 200 million numbers issued, so we are a long way  
4 from it and we will all be gone -- not the young ones around  
5 here, hopefully -- at the time we go back to reusing these again.  
6 So there isn't any problem. The number is very, very large.

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

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

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

25 Second was the merits of the extra digit punching.

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

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

14           Now, one of the first things we do after the key  
15 punching operation and balancing of the employer's totals and  
16 money, is to go through a huge sort and a big update of the file.  
17 During the update we match on the account number and name. We  
18 match on six letters of the surname, and initials if the letters  
19 of the surname do not match. We don't have all the initials.  
20 You must remember the system started in 1936 and it was a punch  
21 card system, and you were forced to make decisions for utilizing  
22 80 columns in the cards. And we didn't have initials in the  
23 cards in those days. There were other reasons. You ended up  
24 with an initial that was erroneous and the rest was good and the  
25 item would kick out and you'd end up with an enormous cost for

1 initials.

2 But today we have picked up initials from as many  
3 sources as we can. We will match on the Social Security number  
4 six letters of the surname, and if the surname does not match  
5 because one letter, only one letter was wrong, and the transpo-  
6 sition of two adjacent ones and the initials match and the  
7 account number matches, we will make the assumption this is a  
8 good viable item to be updated. We have tested this out and  
9 checked out over many, many years and found it to be a satisfac-  
10 tory thing.

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

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

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

19 MR. FRIEDMAN: We check to see if he has already got  
20 one. The screening operation involves this: We go back to the  
21 Soundex file, which is for all intents and purposes an alpha-  
22 betic file. We will go to this file. We will check on the  
23 Soundex code the first name. And we will pick up potential  
24 numbers -- potential numbers. You could end up with a Joseph  
25 A. Smith, hundreds of them. We check the date of birth. The

1 date of birth has some minor tolerances like the month and day  
2 will be identical but the year could be off a year. We will  
3 take these potential numbers and take the new application that  
4 has come in, go back to the file of the original applications  
5 and look at every one of those in your hand and check the mother's  
6 maiden name and the father's given name. If the mother's maiden  
7 name and the father's given name match, and the Soundex name and  
8 the date of birth and the given name all jibe, then we say, "We  
9 have a good match." If we don't do that, we cannot say this is  
10 the individual number or you will end up posting earnings to  
11 somebody else's account.

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

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

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

24 Remember, the whole thing has been geared to the  
25 Social Security program, not the use of this for credit purposes

1 or any other purposes. The setting up of a second record is  
2 a detriment to the individual. We do a lot of hunting around a  
3 claim time to look for multiple records.

4 DR. GROMMERS: How do you do that?

5 MR. FRIEDMAN: One of the things you do, when a man  
6 enters and files for a claim, we will ask him to give us every  
7 single number he has ever gotten. In the very early days of the  
8 program we didn't do this screening. This goes back to '36 or  
9 '37 and we didn't do this screening and multiples have been  
10 established, and I would say most of the multiples in the file  
11 go back to those very, very early years.

12 We will then take this application and we will take  
13 all the numbers he gives us, and we will associate the earnings  
14 records before we make a computation of the individual's bene-  
15 fits.

16 But in the many years that have transpired, we have  
17 unearthed duplicates. How do you unearth it? When you enter  
18 a new strip in the file -- some of these girls are very alert  
19 who work in the files. I know they don't do this, but there  
20 used to be a pitcher for the Cincinnati Reds when I was a kid,  
21 Pete Jablonski, and all of a sudden I never saw "Jablonski"  
22 any more but found Appleton, and if I am sound on it, "Appleton  
23 is a pretty close approximation of the word "Jablonski" in  
24 Polish. I think "jabloy" or something of the sort is "apple"  
25 in Polish.



1           Some of our girls are pretty smart about this. They  
2 have an idea of the many anglicizations, the "Guisseppe Verdi -  
3 Joe Green" type. And they look for these things and hunt for  
4 these things. And during the years of the whole data processing  
5 in the files, they are alert and looking, and when they find  
6 multiples they cross-reference them.

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

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

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

19           MR. FRIEDMAN: Well, the people in our district offic  
20 try to probe the individual. They try to get a birth certifi-  
21 cate. As a result of the recent year or two of concern about  
22 the use of the Social Security number, the district office  
23 people have been instructed to be very, very alert and very,  
24 very critical of all requests for Social Security numbers from  
25 individuals who they have any doubts about. A foreign entry in

1 the country is one thing, but an individual who should have been  
2 in the labor market, should have had a number through the years,  
3 they are going to insist they want some kind of evidence that  
4 this is the individual who was actually requesting the Social  
5 Security number, and the birth certificate is the first thing  
6 they will look for.

7 DR. GROMMERS: Anything else?

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

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

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

MR. SIEMILLER: How great is your problem on the

1 southern borders with the wetbacks and so on slipping across  
2 the border with a new identity all the time?

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

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

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

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

23 Yes, sir.

24 PROFESSOR MILLER: I would agree with you about that  
25 We have had other examples of spending a kilobuck to save a

1 penny. But there are other motivations today for that --

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

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

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

11 MR. FRIEDMAN: Yes.

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

14 MR. FRIEDMAN: Yes.

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

17 MR. FRIEDMAN: We furnish them our numbers. We cross-  
18 exchange files to the extent of helping them eliminate this par-  
19 ticular thing.

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

22 MR. FRIEDMAN: Well, that is one side of the coin.  
23 There is another side of the coin. If that individual is filing  
24 and working, using a wrong number, then my Social Security records  
25 are wrong to the extent that the employer is using the wrong

1 number to file for him and I am setting up and maintaining two  
2 earnings records. So I am doing it for myself.

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

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

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

15 MR. FRIEDMAN: Yes.

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

22 MR. FRIEDMAN: Again I am not expressing necessaril  
23 Bob Ball's views and opinions on it, but I have been in this  
24 business a long time and I would say I could probably contrive  
25 some benefits for Social Security from many of these systems,

1 from many of these outside uses. On the other hand, I'd be  
2 really erroneous and totally incorrect in saying that there  
3 isn't some potential for additional cost to Social Security.

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

16 If we are going to do that and spend that money, then  
17 I think it's incumbent upon us to see that we don't issue mul-  
18 tiples.

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

23 MR. FRIEDMAN: I would have to agree. I would have  
24 to agree. And I don't particularly know what the direction is  
25 of the Administration or the Congress, but there is room for

1 additional funds from the Congress if you move to a greater  
2 use of the number to support the additional costs.

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

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

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

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

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

23 But I could also again say that by issuing a number  
24 at a very early age, I know one thing for sure, that when the  
25 man goes to work for the first time or the girl goes to work

1 for the first time, we'd better find a number for him. We don't  
2 issue him a second number at that time. And by getting in the  
3 information at an early age we may minimize that small number  
4 of multiples. And we do issue multiples today. It is bound to  
5 happen.

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

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

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

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

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

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

23 MR. FRIEDMAN: I don't think it is spelled out. Again  
24 I don't think it is spelled out by statute that we must verify  
25 for them, but it is spelled out by statute that they will use



1 the Social Security number. It is really necessary for us to  
2 help them so they use the right number.

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

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

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

22 So the relationship is not with the employer who is  
23 using the Social Security number but the relationship is with the  
24 individual who is being asked by the employer to use the number.  
25 If he refuses to give the number to the employer, we have no

1 involvement in this issue at all.

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

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

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

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

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

22 We save a pile of money by this validation because for  
23 every individual who has a number, it is a lot cheaper to machine  
24 validate it -- we do it by computer -- and notify the state.

25 Otherwise we end up with these people coming in to the office

1 and ending up with a manual search.

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

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

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

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

21 DR. GROMMERS: Which is what? Federal agencies?

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

24 PROFESSOR MILLER: The existing regulations in the  
25 Bank Secrecy Act simply require the bank to procure the SS number

1 It puts no obligation on the bank to validate the number. How-  
2 ever, the number is then reported to IRS and IRS would come and  
3 make the request for validation.

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

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

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

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

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

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

MR. FRIEDMAN: Let me tell you this: From the time

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

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

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

25 PROFESSOR WEIZENBAUM: So it's on the average of 16

1 cents a year for every employed person.

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

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

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

14 PROFESSOR WEIZENBAUM: At four cents each?

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

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

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

24 MR. SIEMILLER: In the early days of Railroad Retirement,  
25 ment, because of the activities of the employer in persecuting

1 those that belonged to the trade union movement, there was a  
2 group of workers in the nation known as boomers and they worked  
3 in this round house or this back shop under one name and went  
4 down a hundred miles to the next one and had another name.  
5 And when the early, at least, Railroad Retirement forms came out  
6 they asked the individuals, 'Where did you work and under what  
7 name did you work?' which gets into the multiple numbers game  
8 that you'd have.

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

14 Do you get that sort of thing?

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

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

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

25 PROFESSOR MILLER: Under what number?

1 MR. SIEMILLER: I have used the same one.

2 (Laughter.)

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

6 MR. SIEMILLER: And name?

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

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

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

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

22 Do you find that, or do you know?

23 MR. FRIEDMAN: Let me give you an idea of the pro-  
24 cedure of the issuance of a number that I didn't cover earlier.

25 When an individual walks into a Social Security office and says



1 "I want a Social Security number," and they ask, "Did you ever  
2 have a number before?" and he says, Yes," now, if he remembers  
3 the number, what they will do is send that information in on the  
4 teletype system to us and we do a matching job, computer match,  
5 and we will pick up and tell them the number previously given  
6 to that individual and then they will only issue them a duplicat  
7 card. But if they come in and say, "I don't remember the number  
8 we spend a lot of time and effort looking for that number under  
9 any name he ever said he had or said he used. And the more in-  
10 formation he gives us about himself, the better chances we  
11 have of finding that.

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

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

21 But then the individual does build up quite a bit of  
22 work time in the United States. If you combine all of these,  
23 his earnings under Social Security when he is ready to retire,  
24 he would have benefits coming, but because of using the differen  
25 numbers it is not all in one place.

1 MR. FRIEDMAN: He gets less benefit. That is all I  
2 can say.

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

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

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

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

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

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

16 DR. GROMMERS: Do you have another question?

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

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

25 MR. FRIEDMAN: It is very difficult. I really can't

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

9 I don't really believe, though, that we would not  
10 give IRS information with respect to a Social Security benefi-  
11 ciary, and for them to give that information to anybody who  
12 wants that information. I don't think they have that opportunity  
13 to do that.

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

19 Al, do you know?

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

1 released as it would not be released from our organization.

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

4 MR. FRIEDMAN: We have done this in connection with  
5 other government agencies in connection with the use of statis-  
6 tical data.

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

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

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

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

24 MR. FRIEDMAN: Social Security by law spells out  
25 that the release of certain information is confidential, and this

1 would originate with Social Security. I don't know the specifics,  
2 but I can't conceive of any other governmental agency getting  
3 information from Social Security and violating what is required  
4 as a confidentiality for Social Security. I can't conceive  
5 of any agency writing restrictions less than Social Security's.

6 DR. BURGESS: What about the State government?

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

12 DR. BURGESS: Because of your regulation.

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

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

22 Okay. That is 35.08.

23 However, inside the Internal Revenue Code itself --  
24 and I think it's Section 64.01 -- there is an extensive provi-  
25 sion for tax data sharing with the States, often accomplished by

1 magnetic tape, in which various agreements are worked out between  
2 IRS and State taxing agencies for the exchange of data. I under-  
3 stand that is now going on in more than 40 States, 25 of which  
4 are done on a computer basis.

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

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

12 I don't know.

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

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

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

19 Al, do you know about any changes?

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

22 PROFESSOR MILLER: Understand it is just a question.

23 MR. FRIEDMAN: I know, but we are curious and when I  
24 get back I will have some of the boys look into it. We have a  
25 continuing contact with IRS, and whether we will get the correct

1 answer from them or not I don't know, but we will take a stab  
2 at it.

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

5 MR. FRIEDMAN: Yes.

6 MR. ANGLERO: At what level is that done?

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

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

1 interchange.

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

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

7 Let's take a situation where the woman is on welfare.  
8 She has a number of kids. One of the kids becomes 18. That  
9 benefit structure for the family will change. We will notify  
10 the State that this is now a new benefit for the individual. We  
11 haveno knowledge of income in our own files. We don't give them  
12 earnings information. We only give them benefit information,  
13 not earnings information.

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

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



1 today.

2 MR. ANGLERO: Do you think that the information that  
3 is available or at least exists in the Social Security Adminis-  
4 tration has any contents that could help the States or local  
5 governments in their managerial or social planning. Is there  
6 any information that may help and that is not available for  
7 them?

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

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

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

23 Do you happen to know of anything else, Al?

24 MR. GUOLO: No, I don't.

25 DR. GROMMERS: Jerry.

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

5 MR. FRIEDMAN: It does not include any statistical  
6 use made of the data. It does not include the use of that in-  
7 formation for the subsequent processes like the computation of  
8 benefit payment. That is a separate thing.

9 That four cents is from the conversion of the paper  
10 up through the point at which a new master tape is updated. We  
11 rewrite the master tape each quarter with the current informati  
12 It does not include the use of that master tape for searching o  
13 information, which is done daily to pay benefits or to respond  
14 to requests for earnings information.

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

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

24 MR. DAVEY: I understand.

25 MR. FRIEDMAN: I have some feel for some of the other

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

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

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

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

24 We were asked if we could get a flyer out to in-  
25 dividuals so that they would know that this stamp plan, food

1 stamp plan, exists, could we do it? We said, "We mail out  
2 26, 27 million checks each month. We will just get Internal  
3 Revenue to stuff it into the envelope. It is a real freebee."

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

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

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

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

12           (Laughter.)

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

15           MR. FRIEDMAN: The mere inability to contact the  
16 200 million people in this country, to get them to make the for  
17 out and get the form in, and to assign numbers to them -- this  
18 a monumental problem. For Social Security it is a monumental  
19 problem.

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

25           So we'd be operating with two numbering systems for

1 a long time to come, with a cross reference. But you have well  
2 over 4.5 million employers who also are using the Social Security  
3 number to report. Do you think you are going to get back to  
4 them and tell them to change their accounting system?

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

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

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

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

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

23 MR. FRIEDMAN: I really can't understand it myself.  
24 But there are a lot of consulting firms -- I hope nobody is too  
25 sensitive -- who have picked up a few dollars, sizable amounts,

1 for coming up with new numbering system ideas.

2 MR. DOBBS: I understand.

3 (Laughter.)

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

5 The name that ANSI recommends poses problems for  
6 the employers. It would pose a problem for us. Insurmountable?  
7 Nothing is insurmountable. If you want something done and there  
8 is a real need for it and a desire to spend the money and do it,  
9 you can do that.

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

13 MR. FRIEDMAN: Not the number.

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

16 MR. FRIEDMAN: It would be a major operating change.  
17 We are a big, huge operation. We have almost a quarter of a  
18 million magnetic tape files in the file. We mount and remount  
19 15,000 reels a day on an average -- somewhere around that --  
20 15,000 reels a day. We have all kinds of record files. The  
21 name structures vary from a 6-letter name to a full name. You  
22 have a name file, for example, which you must send to Treasury  
23 to go on an individual check. He wants that name spelled out  
24 exactly.

25 When we went to the health insurance system, we had

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

10 DR. BURGESS: Which one was the drunk?

11 (Laughter.)

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

16 DR. GROMMERS: Not really.

17 MR. FRIEDMAN: Really the sex information on the  
18 benefit file was originally entered in the punch card form  
19 purely for statistical purposes, not for operational purposes.  
20 And many, many years ago that sex was entered into the punch  
21 card and never used again in the data processing system. And  
22 the cards were then carried over into a data processing com-  
23 puterized system as is with no attempt to validate the sex and  
24 it was never used except for that initial use in statistical  
25 purposes. And unfortunately there were some errors in the sex,

1 in keying way back. I suppose some of it develops even today.

2 It is not a payment issue.

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

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

13 (Laughter.)

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

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

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



1 their record-keeping system.

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

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

12 We try to use whatever information they have, and we  
13 are glad to get their magnetic tape and we make a lot of allow-  
14 ances. We have standards we ask them to abide by but if the  
15 employer is a large employer and says, "Will you take this," we  
16 will take it. We have a hundred different modifications on  
17 what the employer sends us to help in the magnetic tape report-  
18 ing.

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

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

23 MR. ANGLERO: I would like to know: In the Social  
24 Security system, as the custodian of this system, one of the  
25 unique identifiers -- quotations -- have you ever any idea of

1 what is the impression in terms of the possible users and where  
2 they come from to take the information that is taken through  
3 or represented to the Social Security Administration from dif-  
4 ferent, I'll say in this case, levels of income, in this case  
5 specifically?

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

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

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

15 MR. ANGLERO: From low-income people basically.

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

22 I don't know of any requests, even, for income from  
23 us at all. I would see these. If we ever get any of these,  
24 they are automatically turned down even without -- it would have  
25 to be an unusual case to come to my attention. They usually fee

1 into our office. They are handled automatically out in the  
2 operations. They turn them down. I know of no such thing, of  
3 anybody asking for earnings information.

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

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

8 MR. FRIEDMAN: Yes.

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

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

16 MR. ANGLERO: But H.R. 1 would be different.

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

23 DR. GROMMERS: What I'd like to suggest right now is  
24 to have Mr. Friedman off the hook for a moment and have Walter  
25 present what he was going to present.

1 MR. FRIEDMAN: I really didn't feel I was on the hook,  
2 honestly.

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

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

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

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

25 Within the ANSI framework there is a committee called

1 X-3, and its concern is computers and information processing.

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

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

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

18 And to the limited extent that that code has now, in  
19 the six or seven years since its adoption, become the design  
20 standard for all kinds of equipment which have to do with  
21 computer-related information and interchange, it did very much  
22 the same thing in connection with optical characteristic  
23 recognition standards, and what in effect is being proposed here  
24 in this proposed standard under discussion is to invent a standard  
25 in place of all other approaches to the same objective, and by

1 so doing hopefully regularize the methodology that will be used,  
2 the techniques that will be used, and in fact the actual codes  
3 themselves that will be used for the benefit of the nation  
4 through the reduction in cost which will occur in the processing  
5 of individual identification.

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

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

17 The principal design feature behind that was if you  
18 want to say what hour of the day, what minute of the day, what  
19 second of the day, what microsecond of the day, you could ex-  
20 tend the code down at the low end of significance and have a  
21 continuum of time designations.

22 There was some argument while it was being put to-  
23 gether of designating which century, but that fell by the way-  
24 side.

25 Now, it has also had some success in working on names

1 of organizations. It is working and will continue to work on  
2 such things as names of products, matters of that sort. It has  
3 made several studies of identification of terminology within  
4 accounting systems and transaction systems and things of that  
5 sort.

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

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

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

22 David, has the committee seen Senator Ervin's re-  
23 sponse?

24 MR. MARTIN: They were distributed previously.

25 MR. CARLSON: All right, so they are aware of that.

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

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

20           Now, some of the technical things from the procedural  
21 point of view, administrative point of view within X-3, the im-  
22 pression is very strong that the subcommittee overstepped the  
23 bounds of reasonability -- what did you say they were doing?  
24 Smoking opium -- no, you said whistling Dixie. So the attitude  
25 was that they were whistling Dixie and they'd better go back and  
whistle a more suitable tune.



1 Now, the technical questions that have arisen are  
2 many and I am not going to mention them all. But the whole  
3 matter of duplicates or multiples provides at least a minimal  
4 set of objections to arbitrary adoption of the Social Security  
5 number part of this and calling it unique.

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

16 But perhaps the most important thing that I find  
17 wrong with the standard is what has been wrong with so many  
18 standards that have come out of this area. The battle cry that  
19 I continued to use when I was on X-3 was that we were being  
20 presented with draft standards over and over again with no  
21 measure of economics in terms of cost, in terms of benefits.  
22 And here again is a proposed standard which argues simply from  
23 reason. It alludes to costs. It never defines them and it  
24 certainly never evaluates them. It never begins to place  
25 boundaries or even ranges on the cost implications.

1           And just to pick one that is being discussed here  
2 this morning, the cost to the Social Security system -- not  
3 only the Administration, but the employers and all of the other  
4 people who are an integral part of that system by the very  
5 nature of it -- has not been defined and should have been  
6 defined in the presentation of this standard, if it is really  
7 intended to cause that to happen, against the savings to the  
8 users. There are glowing statements in here about all the  
9 savings that would be derived by the people who would necessarily  
10 adhere to the unique identifier because it is available -- and  
11 we have been discussing around the table who a lot of those  
12 people are.

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

20           The social and public policy objections, of course,  
21 are old hat to all of you by now, but let me just illustrate  
22 to you how rapidly it comes to the fore when all you have to do  
23 is read the title of it, which is, "Identification of Individual  
24 for Information Interchange." And the resistance level that  
25 starts in all kinds of elements of our society to that whole

1 idea of information interchange when presented in this form of  
2 standardization is obvious. It has been articulated here in  
3 this committee many, many times. But the whole point is that it  
4 has not yet been evaluated in terms of how big it is, how many  
5 people are really involved, if you want to keep it in a politica  
6 sense, or if you are trying to arrive at a social cost in some  
7 economic sense, what are in fact the social costs of implementin  
8 information interchange through unique identification of in-  
9 dividuals?

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

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

24 DR. BURGESS: Could you elaborate on that?

25 MR. CARLSON: Let me take an example. Let's say the

1 social and political cost to the Secretary of HEW for the wide-  
2 spread use and perhaps misuse of the Social Security number is  
3 so great he can decide -- stay calm, Mr. Friedman -- he wants  
4 to start with a new code that he will then manage under the  
5 mandatory provisions of the SSA and IRS and whatever legal  
6 linkages occur; and that a new code will be reassigned to every-  
7 body who holds this, and will be managed within those systems.

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

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

19           Now, that is a comment to the committee.

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

25           Those are my comments.

1 DR. GROMMERS: Walter, I am still not quite clear:  
2 How would the privacy question be changed at all by issuing a  
3 new number that was mandatory?

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

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

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

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

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

22 MR. FRIEDMAN: It is a little more difficult than  
23 you indicate. For example, you try to get an automobile driver's  
24 license without giving them your Social Security number. You  
25 can't. You try to get credit without giving the credit agency

1 the Social Security number -- even though it has no value to  
2 them, ostensibly no value to them in the form of being able to  
3 use that information, we'll say, to use legally, to use the  
4 Social Security number in any way to go to the Social Security  
5 Administration to get information about earnings or whereabouts.

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

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

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

24 But it all redounds to the detriment of the image of  
25 SS.

1 MR. CARLSON: Yes, and this is really my argument,  
2 you see. I am postulating -- and I chose an extreme position  
3 just to dramatize what I am saying. I am postulating that this  
4 kind of thing that Arthur is talking about finally gets to a  
5 point where there is a public outcry demanding a change, de-  
6 manding protection from that kind of thing.

7 PROFESSOR MILLER: It will be an irrational cry.

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

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

19 MR. CARLSON: Well, this standard made all of those  
20 assumptions, that the benefits in terms of data processing costs  
21 to society of having a unique identifier were sufficiently great  
22 to overwhelm any problems which might arise through aggregation  
23 or from a privacy point of view or other forms of misuse. And  
24 that assumption, or that declaration, is made within the justi-  
25 fication sheet of the standards.

1 DR. BURGESS: But if a separate number were estab-  
2 lished under some even quasi-public authority, that wouldn't  
3 necessarily affect the Social Security Administration's con-  
4 tinuing use of the Social Security number.

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

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

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

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



1 what you shouldn't be afraid of.

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

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

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

19 DR. GROMMERS: What you are really describing is  
20 that the identifier is not just the objective data in the com-  
21 puter but also the process by which the identification is  
22 carried out.

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

25 MR. FRIEDMAN: To me the number is just a tool that

1 enables you to do a data processing job. It is not a basis for  
2 identification. It is an instrument of getting a job done.  
3 If you have to have some common denominator for getting a mass  
4 volume job done, you need a number. And if you have 25 people  
5 working for you, the name is good enough, but if you have 25,000  
6 working for you, you need more than a name because you have too  
7 many John Smiths, or something of the kind. But the number itse  
8 is merely a vehicle for enabling an automated process to operate  
9 And one numbering system is as good as another provided the  
10 numbering system minimizes the duplications, the errors, but I  
11 can't see that the number or the name is the instrument for  
12 eliminating fraud.

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

18           DR. GROMMERS: Or graft.

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

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

25           MR. FRIEDMAN: It is killing a fly with a sledge

1 hammer, you know.

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

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

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

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

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

23 You know, these numbers are used to process informa-  
24 tion. The information is then used by institutions to indulge  
25 and deprive people. And the institutions that use the informati

1 to indulge and deprive people sometimes indulge and deprive  
2 people on the highest standards of due process and --

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

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

11 MR. FRIEDMAN: Uh-huh.

12 DR. BURGESS: And I am further saying that as far as  
13 IRS is concerned or as far as the Social Security Administration  
14 is concerned, those indulgences and deprivations, for the last  
15 50 years or however long we are talking about, meets the highest  
16 standards of fairness; okay?

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

21 And the person who is deprived unfairly in his view,  
22 and perhaps unfairly in the view of everybody around this table,  
23 because the procedures that were invoked were not fair and were  
24 capricious, associates the capacity of that institution to deprive  
25 him because that institution has access to his Social Security

1 number.

2 MR. FRIEDMAN: I am not so sure I agree. I will tel  
3 you why. Let's take the Credit Bureau which has and uses the  
4 Social Security number as part of its credit process.

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

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

21 Now, leaving aside whether or not that program was  
22 done in a balanced and fair kind of way, the point is that it  
23 created public attitudes of a negative character about a large  
24 number of institutions that were not even directly associated  
25 with the presentation of the program.

1 I think the importance of that analogy to the point  
2 I am trying to make is that for every institution in the private  
3 sector that uses the Social Security number, for whatever pur-  
4 poses, and to the extent that people associate unfair treatment  
5 by these institutions, and to the extent they know that that  
6 institution's information system is based on a Social Security  
7 number, even though they know they don't go to the Social  
8 Security Administration to get the information, the net effect  
9 of that is to reduce confidence and trust in the Social Security  
10 Administration and in other agencies of the Federal Government.

11 And for that reason, one might want to include that  
12 kind of a cost, not just the monetary cost, but that kind of a  
13 cost in considering the widespread use of the Social Security  
14 number as an identifier.

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

20 DR. BURGESS: Or one other one.

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

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

25 DR. FRIEDMAN: It is a possibility.

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

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

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

16 PROFESSOR MILLER: The National Driving Register  
17 system.

18 MR. DAVEY: It goes beyond that.

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

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

25 DR. GROMMERS: Everybody had a driver registration

1 number -- they could have used that.

2 MR. DAVEY: Having gone through this and being one of  
3 the commercial enterprises which made a rational decision in  
4 1965 or '66 to use the Social Security number, it is primarily  
5 the secondary identifier. The idea is people are reluctant to  
6 give a string of information, their mother's maiden name, birth  
7 date, whatever it is. They feel it is more an invasion of  
8 privacy than giving a number, which is just a number. And as  
9 the banks started asking for Social Security numbers with which  
10 to report to Internal Revenue Service and so on, this became a  
11 number familiar to people and it was as much a part of the con-  
12 sumer's desire to be identified in the file -- again I say it is  
13 primarily a secondary identifier. You cannot minimize the prob-  
14 lems you have in large files or in large cities where you will  
15 have Smiths that just won't end, an R. Smith or J. Smith. And  
16 when everybody is moving around like they are in this country --  
17 20 percent of the population moves every year -- with the prob-  
18 lems of keeping track of where people are going, it's just a  
19 very, very convenient number to have along, even though you are  
20 not using the Social Security number or the Social Security  
21 Administration for anything else than a simple identifier.

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

23 MR. DAVEY: They do know this.

24 DR. GROMMERS: This is the first time I've heard  
that the Social Security Administration is not providing back-up.



1 MR. FRIEDMAN: Absolutely none.

2 DR. GROMMERS: This is the first time I've heard it.  
3 I don't pretend to be representative but --

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

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

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

23 MR. FRIEDMAN: I don't want to prolong debate on  
24 this issue but I raise the question that with the government,  
25 State, local and Federal, so involved in every aspect of what

1 society is doing, can you create another numbering system in  
2 which you separate the government entirely -- you will set up  
3 two numbers. One is for Social Security purely. How about all  
4 the other government agencies, State agencies, local agencies?  
5 I am wondering whether two numbers are going to serve your  
6 purpose any better than the one number of Social Security.  
7 Perhaps the solution would be to do a better job of publicizing  
8 that the Social Security number isn't being used, rather than  
9 create another number and shifting the onus to another place.  
10 I don't think another number is going to solve the problem you  
11 very validly raise. Sure, Social Security is --

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

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

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

23 MR. FRIEDMAN: No.

24 PROFESSOR MILLER: No, Treasury has said to the bank,  
25 "Keep records under the Social Security number." Why? Because

1 it is already the tax identification number, not for SS vali-  
2 dation.

3 DR. GROMMERS: But for IRS validation.

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

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

10 MR. DAVEY: They are going to use that for a re-  
11 porting mechanism to the Internal Revenue Service.

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

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

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

19 DR. GROMMERS: Am I not correct about this?

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

23 MR. FRIEDMAN: That is right.

24 PROFESSOR MILLER: I think what we are saying, knowing  
25 the number shouldn't open a file, and somehow we have to

1 communicate to people that just because others know your Social  
2 Security number doesn't mean that they are opening your file.

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

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

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

17 MR. FRIEDMAN: Did he lose?

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

21 DR. GROMMERS: But it may.

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

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

25 PROFESSOR MILLER: No, it doesn't really do anything

1 that IRS couldn't do before. It just makes it a hell of a lot  
2 easier for them to do it.

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

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

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

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

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

23 MR. DAVEY: Oh, no.

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

25 MR. DAVEY: No.

1 PROFESSOR MILLER: It is an organized information  
2 file that was never there before, that is there now by virtue  
3 of the Bank Secrecy Law.

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

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

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

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

15 PROFESSOR MILLER: All right, since we are on this,  
16 let me point out this, that under the Bank Secrecy Law regula-  
17 tions, the bank data created by the statute, and all of the re-  
18 ports created under the statute and automatically sent to IRS,  
19 are available to any governmental agency involved in an investi-  
20 gative or prosecutorial proceeding, which means that all of that  
21 data will be available to HEW under H. R. 1 or any of its  
22 successors.

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

25 PROFESSOR MILLER: Exactly.

1 MR. FRIEDMAN: It is a vehicle.

2 DR. GROMMERS: It just opens the tap.

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

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

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

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

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

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

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

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

1 That is a fact of life.

2 DR. BURGESS: The problem is the legislation and  
3 Jerry's point is a good one that this only facilitates the ex-  
4 change of information that has been statutorily authorized.

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

8 MR. DAVEY: That is not the case, because you have  
9 always got the name, and you can get the information on that.  
10 It is just more difficult to get it.

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

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

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

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

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

22 MR. DAVEY: Well, I --

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

(Whereupon, a recess was taken.)



1 DR. GROMMERS: We are about ready to begin.

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

6 (Whereupon, a short recess was taken.)

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

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

18 And the other small thing that I'd like to ask you  
19 to do: You have got another sheet called, "Questions to be  
20 Considered by the Committee," which has to do with the identi-  
21 fiers. If you would put your names on these sheets and check  
22 each part that you would like to see in fact occur -- in other  
23 words, if you'd like to see in the report some discussion on the  
24 need of the identifier or some discussion on what criteria are  
25 relevant, or if you would like to see the pros and cons of

1 Social Security number identifier in the report, just put a  
2 check on here.

3 MISS COX: I don't understand.

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

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

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

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

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

25 You have in your books a little calendar. Would you

1 cross out the dates you are not available for July and August  
2 meetings, and be sure you leave it on the table in the bank  
3 there so we can set up the next meeting in terms of the time  
4 that most of you are free.

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

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

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

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

24 We will probably modify our criteria. We will modify  
25 our data. And we will probably modify our recommendations a

1 number of times before we actually crystalize the report. And  
2 this is a lot of work.

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

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

11 I will start with Florence.

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

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

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

24 We propose pairing the benefits and disadvantages,  
25 since most benefits have disadvantages. And these we went over

1 and discussed at length.

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

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

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

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

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

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

25 DR. GROMMERS: Just to reiterate what Florence said,

1 because it is not in their outline, they are proposing to look  
2 at four systems, three HEW or HEW-related systems, and one a  
3 potential system for the future, H.R. 1, that part of it that is  
4 related to our business here.

5 John, do you want to speak?

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

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

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

23 We listed the recommendations which are in our out-  
24 line, and I won't go through those because you have that in the  
25 printed material. But I will go through the list of data and

1 information that we felt was necessary to pull together.

2 We would like a list of all or most all of the auto-  
3 mated personal data systems within HEW now, and about each of  
4 them, or a sample of them, we would like to know the extent of  
5 the sensitivity of the data stored, how much data are stored,  
6 links with other information systems, and how they are achieved  
7 electronically and how they are controlled and monitored, se-  
8 curity measures, the assignment of responsibility, who has re-  
9 sponsibility, who is the custodian, et cetera, who has access,  
10 how, why, how often is it restricted, how often is it used, and  
11 items of that magnitude.

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

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

19 We'd like to hear from Bob Gallati on NCIC and NYSIS,  
20 from Martin Shubik regarding his work on social indicators.  
21 We also recognize a need for a two-way communication with the  
22 general public. On the one hand, they can tell us what they  
23 feel are the ethics and the mores and the social attitudes re-  
24 garding privacy, so attorneys can then interpret that in legal  
25 instruments. And on the other hand, we can inform the general

1 public of a problem that we see, and we can also at the same  
2 time build a constituency that could help us implement some  
3 recommendations of the committee.

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

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

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

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

22         I think it was a very useful exercise for us to work  
23 backwards in this way, because I just don't understand how you  
24 could possibly develop your information needs and your criteria  
25 without knowing the problems or the issues that you wanted to



1 address. And by listing our recommendations, which are not  
2 recommendations that we are willing to live with, by the way, in  
3 the final form, we at least have clues as to the kinds of infor-  
4 mation that were needed and the criteria for evaluation.

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

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

15 Thank you very much.

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

17 DR. GROMMERS: Surely.

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

21 MISS COX: What do you mean?

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

24 MISS COX: It should say subcommittee draft, and the  
25 date?

1 DR. GROMMERS: As a matter of fact, it really shouldn't  
2 be anything because all you were asked to produce was a list of  
3 criteria.

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

6 (Laughter.)

7 DR. GROMMERS: And recycles.

8 MR. CARLSON: I do believe that is a serious con-  
9 sideration, John, in view of your setting up strawmen. The un-  
10 informed reader of this document would never know --

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

13 DR. GROMMERS: We will have to think about what we  
14 are going to do with them but ask you to give us these particu-  
15 lar papers back at this time, and we will give them to you, be-  
16 cause it might obviate the work of the committee if the press  
17 produced something like them and someone wished to obviate the  
18 work of the committee.

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

21 DR. GROMMERS: If the only implication was that we'd  
22 finished our work, that wouldn't be what we want to have com-  
23 municated.

24 Thank you.

25 DR. BURGESS: Work Group 3 consists of Juan Anglero,

1 Layman Allen, Gertrude Cox, and Bob Gallati, and we started much  
2 the same way that John's group did. That is, we felt that any  
3 effort to talk about the scope of the report or criteria for  
4 evaluation or data needs was derivative of some statement of a  
5 problem and we largely agreed with the thematic outline that  
6 was presented, and from that came to a conclusion that the prob-  
7 lem is a problem of privacy, and therefore what we are recom-  
8 mending here is that we consider defining our task in terms of  
9 privacy.

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

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

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

19 I think it is important to make explicit a value  
20 commitment that is in this statement, and that is, if we think  
21 of the problem of privacy as one that goes from an absolutist  
22 position on two ends of a continuum where the government has  
23 the right to collect any information it wants at one extreme,  
24 and government has no right to collect personal data, that we  
25 have taken a value position that says that the problem of

1 privacy is balancing societal needs against individual needs.

2 Then we developed a Declaration of Privacy which for  
3 our purposes ought to be read as a set of criteria for evalu-  
4 ating existing practices.

5 On page 4 begins the Declaration of Privacy which  
6 includes the explication of ten major rights. And those rights  
7 become a standard against which existing practices and antici-  
8 pated future practices might be evaluated.

9 Secondly, on pages --

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

12 DR. BURGESS: Yes.

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

21 And there those four conditions are arrayed on a  
22 continuum where the underlying notion is an issue of inducement,  
23 that is, what inducements are working at the time information  
24 is obtained, ranging from voluntary conditions where people give  
25 information because it is socially desirable, to the other

1 extreme, mandatory conditions, where they can literally be  
2 forced to give information.

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

8 But on page 3 we have tried to identify the major  
9 actors in the system as a privee, that is, the holder of a right,  
10 and the custodian, that is the holder of a duty, and recognizing  
11 that other actors might be identified, we feel that the evalua-  
12 tion we make ought to be carried out in terms of right holders  
13 and duty holders.

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

24 DR. GROMMERS: Thank you very much, Phil.

25 Now, we will just open it for discussion to any one

1 of you on the other committees who wishes to present a point  
2 of view or make a point that hasn't been brought up, if you  
3 would like to do so.

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

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

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

19 ASSEMBLYMAN BAGLEY: That would take half an hour.

20 DR. GROMMERS: Well, just one.

21 ASSEMBLYMAN BAGLEY: Normally in law -- you have the  
22 Open Records Act, a Federal act, in which information other than  
23 specific exceptions, such as most personal data, any final re-  
24 port, any type of record of an action or record of a recommenda-  
25 tion is open.

1 I just say we have to recognize that so we are not  
2 accused of trying to tighten the screws.

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

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

8 DR. GROMMERS: Court records.

9 ASSEMBLYMAN BAGLEY: I am not speaking of court  
10 records.

11 DR. GROMMERS: No, Jerry is.

12 MR. DAVEY: His background, everything else.

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

16 MR. SIEMILLER: And expense accounts of legislators?

17 ASSEMBLYMAN BAGLEY: No way.

18 (Laughter.)

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

25 But the other thing I wanted to say -- and I think

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

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

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

14 DR. BURGESS: Yes.

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

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



1 DR. GROMMERS: Jerry.

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

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

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

24 And while Jerry is doing that, could I ask for all  
25 those reports to come back so we can know that we have them

1 back? If you could give them all to Nancy --

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

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

5 PROFESSOR WEIZENBAUM: On pages 7 and 8, you propose  
6 to make distinctions between data -- respondent data, informant  
7 data, and direct observation data. If you intend to break it  
8 down that way -- and I think it is a good and useful way -- I  
9 think you should add a fourth category which off the top of my  
10 head I call transaction data, data generated as a by-product of  
11 an individual's action without the individual's assistance.  
12 For example, making a reservation on American Airlines generates  
13 a datum. And that datum needs to be protected in the same way  
14 as my informing someone that I made the reservation. I suggest  
15 that you add transaction data. And I did that on this piece of  
16 paper.

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

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

24 SENATOR ARNOFF: Madam Chairman, would it be helpful  
25 that we have -- this may have been what you are getting at -- a

1 code of ethics within our own group here that nothing be dis-  
2 cussed in terms of any recommendations, suggestions, and so  
3 forth, with the press, and that everything that is discussed  
4 around the table at this time still remains private?

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

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

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

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

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

21 SENATOR ARONOFF: Just cross out the top of it.

22 DR. GROMMERS: We need legal counsel.

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

25 MR. GENTILE: You just want to prohibit any such mock

1 drafts using the Secretary as addressee or the committee as the  
2 writer of such a memo. That would avoid confusion. I think  
3 it is going to get increasingly sensitive as we hone in on the  
4 issues.

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

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

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

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

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

25 The reason I raised the question earlier is that it

1 is my personal conviction after being through several of these  
2 things that documents being circulated here need to carry a  
3 statement which indicates a privileged study involving the  
4 committee's study and recommendations.

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

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

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

17 MISS COX: We have already mentioned --

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

19 MISS COX: We have pledged not to reveal it.

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

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

25 MR. SIEMILLER: Just write "Draft" on it and you are

1 perfectly safe as far as that goes. Scribble that first part  
2 of it out that is up there if you have any worry about that.  
3 But it is an exercise in futility when you get into this. You  
4 can get any information that you want out of any committee or  
5 out of anybody's computer or anything else if you want it and  
6 are willing to pay the price.

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

9 MR. SIEMILLER: That is some people's forte, investi-  
10 gations.

11 (Simultaneous discussion.)

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

15 MR. DAVEY: Group 1.

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

20 MR. SIEMILLER: What is the date?

21 ASSEMBLYMAN BAGLEY: January 1, 1984.

22 (Laughter.)

23 MR. MARTIN: I'd like to make an observation in the  
24 wake of the discussion that was prompted by Walter Carlson's  
25 question and observation.

1 I hope the discussion was useful in sensitizing every-  
2 body to the fact that we are a public advisory body. The thing  
3 that Frances was referring to when she said, "There will be re-  
4 porters at our next meeting" -- there may or may not be reporters  
5 at our next meeting. But the President issued an Executive Order  
6 earlier this week, which by its terms requires one of two  
7 things to be done in connection with the holding of any advisory  
8 committee meeting: Its notice of the meeting and its agenda must  
9 be published in the Federal Register. I have not yet seen the  
10 Executive Order. I don't know how much in advance of the meet-  
11 ing. Or, notice must be given to the press of the fact of the  
12 meeting.

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

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

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

22 MR. MARTIN: I hope it's been a useful discussion in  
23 sensitizing everybody to the fact that this is a public enter-  
24 prise, and since you all have crystalizing notions of what you  
25 hope to be the impact of the work of this committee, you have a

1 basis for gauging what the consequence of your interaction with  
2 the press might be in degrading the potential for effectiveness  
3 of the committee by how you conduct yourself individually with  
4 any member of the press.

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

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

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

13 MR. MARTIN: Quite right.

14 DR. GROMMERS: Okay. Where is Jerry?

15 MR. DAVEY: Right here.

16 (Discussion off the record.)

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

22 MR. DAVEY: We have been talking at the last few  
23 meetings a lot about the qualitative aspects of privacy. I  
24 believe that makes sense to get some quantitative information  
25 about some of these questions. And I have been involved with



1 a number of file-building exercises in operations of large  
2 systems, and I felt it might be helpful to use a few students  
3 at the University of Utah to help me gather some information  
4 which may be of use to the committee.

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

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

20 I believe that if we can do this in the next three  
21 months, that we will have some information on this. I think the  
22 kind of information we will be able to provide will be in graphic  
23 form where it will have "number of records" on the bottom and  
24 then say a dollar or unit cost going in this direction, so, for  
25 example, file-building costs could look something like that

1 nature (indicating on blackboard). And the same with the storage  
2 costs. They tend to be in the same direction, although there  
3 may be some discontinuity. So you get beyond the capability of  
4 a particular computer and you have to step up to another computer  
5 in order to provide that type of information.

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

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

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

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

23 Storage costs, for example, for storing a hundred-  
24 character record, would be on the order of between 50 cents  
25 and a dollar a year, at least as far as the credit is concerned.

1                   And the access cost could be on the order of 40 or 50  
2 cents.

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

11                   I believe that this type of information is very, very  
12 vital to the kind of things which we are talking about, and  
13 will have some impact on what is practical and the recommenda-  
14 tions that we can make.

15                   DR. GROMMERS: Phil.

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

18                   MR. DAVEY: Yes..

19                   DR. BURGESS: And storage costs, would that include  
20 like the cost of the machine and operators and the general over-  
21 head costs?

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

1 much for access.

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

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

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

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

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

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

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

24 DR. GROMMERS: Walter, what IBM data would be  
25 available to speak to this?

1 MR. CARLSON: There are really none. As a matter of  
2 practice, IBM has not been able to collect this kind of informa-  
3 tion from the customers.

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

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

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

14 DR. BURGESS: That was yesterday.

15 MR. CARLSON: A recent survey has shown not less than  
16 30 times.

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

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

1                   Nevertheless, I think some of the data gathered  
2 there would be relevant.

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

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

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

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

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

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

24                   MR. DOBBS: Both.

25                   DR. GROMMERS: Could you elaborate on that?

1 MR. DOBBS: I am saying I think that I have the same  
2 kind of data that Jerry proposes to collect. I think some of it  
3 is available from other sources and maybe Jerry just didn't get  
4 to the part of describing what it was we were going to do  
5 with that data after we had it, that is, what kind of signifi-  
6 cance it has.

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

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

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

15 DR. GROMMERS: Could you list ~~them~~ for us?

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

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

24 MR. DAVEY: About 30 million.

25 DR. GROMMERS: You'd be able to access the cost

1 structure, the cost accounting structure, of that.

2 MR. DAVEY: I know what it was.

3 DR. GROMMERS: Yes.

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

8 MR. DAVEY: It is primarily --

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

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

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

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

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

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

23 MR. DAVEY: Yes.

24 MR. DOBBS: And I think it is the case that we have  
25 got an awful lot of data. We have got a model that we do



1 exactly that with. We play these parameters based on empirical  
2 data we have gathered over a long time. We still don't know  
3 what it means and we cannot make for the most part rational  
4 business decisions, much less this kind of decision, on the  
5 basis of what we seem.

6 DR. GROMMERS: By which you mean Xerox.

7 MR. DOBBS: Yes.

8 DR. BURGESS: Why not?

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

14 MR. DAVEY: That is absolutely correct.

15 DR. BURGESS: That may vary a great deal.

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

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

21 MR. DOBBS: Sure, but can you extrapolate from that  
22 one to an H.R. 1 type model?

23 MR. DAVEY: I don't know, but I think it gives an  
24 order of magnitude to some of the costs we are talking about.  
25 I have indicated the difference between a 10 cent cost, a 25

1 cent cost, and a dollar cost is very significant, and when we  
2 are talking about orders of magnitudes of the things we are  
3 talking about, I think that information is valuable. And where  
4 you have a feeling for this and I have a feeling for this, I  
5 don't believe most of the group here does have a feeling for  
6 what the relative costs are on the thing. And that is what I am  
7 after more than anything else.

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

13 MR. DAVEY: Oh, absolutely.

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

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

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

24 MR. DAVEY: But the committee is not doing this. I  
25 am doing this with an outside group.

1 MR. CARLSON: I am simply saying in response to Guy's  
2 question, though, that if you took the initiative here and now  
3 today within this structure that you formulated or with some  
4 additions to it and then said, "Here are the kinds of things  
5 that we want SSA or this one or NIH or whoever to appraise and  
6 report back to the committee," then some real progress might be  
7 made.

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

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

12 MR. CARLSON: I say put them in parallel.

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

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

25 SENATOR ARONOFF: I tend to disagree, Madam Chairman.

1 We have a suggestion that it isn't going to cost the committee  
2 any of its own time, where somebody is going to go out and do  
3 a particular job. Now, if somebody else wants to add to that,  
4 fine. But we did have as a very serious presentation one  
5 member of the committee, Joe, who put up, "Here is something  
6 that could be done."

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

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

14 So let him do it.

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

18 And the second thing is that it is not clear to any-  
19 body that in fact the output of that response would be what it  
20 is purported to be, that it is useful.

21 MISS COX: It seems that is useful.

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

25 MR. DOBBS: On Stan's point, if you mean reasonable

1 enough information on which to base a set of decisions and/or  
2 recommendations in terms of cost implications, it is not clear  
3 to me at all. And I doubt very seriously that out of such an  
4 exercise we would in fact have that kind of information.

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

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

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

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

20 Did you want to say something?

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

25 MR. DAVEY: Yes.

1 DR. GROMMERS: How would you do that?

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

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

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

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

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

23 MR. DOBBS: Before we do that, Jerry, if you wish  
24 to accomplish that, I believe there is available an Auerbach  
25 report which in fact has done that.

1 MR. DAVEY: I am not talking about that type of in-  
2 formation. I am talking about a working system, and I use  
3 credit as a precise example of what this costs all the way on  
4 out.

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

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

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

15 Now, some of you know this perfectly well.

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

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

24 MR. DAVEY: The purpose of this is not to figure out  
25 how much money you can make by going into a particular type of

1 business, which has to be very, very precise. But I think again  
2 within an order of magnitude --

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

5 MISS COX: Some know it.

6 DR. GROMMERS: He mentioned this morning it was  
7 4 cents per line item and 25 cents every time they have a fall-  
8 out. You have one estimate-- it is more than an estimate. You  
9 have got cost data.

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

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

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

23 I think if we could agree at this meeting on three  
24 systems, at least, and on some of the criteria, we could then  
25 have part of the committee work on some form that we could be



1 using to investigate these systems that would give us a way of  
2 comparing them.

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

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

10 MISS COX: Yes.

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

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

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

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

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

24 MISS COX: Oh, that has to be clarified. I mean that  
25 is a detail that has to be clarified, how you ask the questions.

1 DR. GROMMERS: That is what I was speaking about  
2 by "forms."

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

7 DR. GROMMERS: Would you like to make a recommenda-  
8 tion as to which things one should look at in which systems?

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

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

20 There is some question about these forms.

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

25 DR. BURGESS: We listed in our report, Frances, the

1 Social Security Administration data bank and the Medicare data  
2 bank.

3 DR. GROMMERS: What page is that on?

4 DR. BURGESS: Page 9.

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

6 DR. BURGESS: And the Vocational Rehabilitation data  
7 bank.

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

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

12 DR. GROMMERS: I could only speak for Arthur. I  
13 know he wants to get more information than what was presented.

14 And Florence's group also had listed -- they wanted  
15 to look at a research data bank.

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

23 That would be four very different kinds of data banks  
24 in the sense that the kind of data that go in, as well as the  
25 kinds of services that are provided and the conditions under

1 which people are given personal information vary.

2 DR. GROMMERS: Florence.

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

6 MISS COX: Independent research.

7 DR. GROMMERS: What were your four again? Let me  
8 put them on the board -- I don't have them here -- so we can  
9 look at them. At least we will get the committee to work on it.

10 Not those, the four that Florence has on her list.

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

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

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

16 DR. GROMMERS: Would Medicare be that?

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

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

21 DR. GROMMERS: Yes, not operated.

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

24 MR. MARTIN: Are you saying No. 2 again in a dif-  
25 ferent way?

1 MS. GAYNOR: No, State-operated. States have grants  
2 from the Federal Government for certain systems. We'd like to  
3 look at that.

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

7 MS. GAYNOR: Yes.

8 MR. MARTIN: What? State? County?

9 MS. GAYNOR: No.

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

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

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

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

15 MISS COX: We had that down.

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

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

23 DR. GROMMERS: No, no.

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

25 DR. GROMMERS: These are not criteria.

1 DR. BURGESS: Those are criteria for selecting data  
2 systems.

3 DR. GROMMERS: No.

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

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

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

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

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

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

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

24 DR. GROMMERS: Those are criteria for sampling but  
25 I am not asking for that.

1 DR. BURGESS: Well, what are you asking for?

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

5 DR. GROMMERS: You are missing the word "evaluate."  
6 This happens to be the four systems that Florence's group wanted  
7 to look at.

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

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

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

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

15 MISS COX: It looks like the same type of classifica-  
16 tion.

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

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

21 MR. SIEMILLER: All you have to do is write a defi-  
22 nition for criteria and you can put it in or put it out.

23 DR. GROMMERS: We are not at this point talking about  
24 criteria at all. We are just talking about what data you want  
25 to be looked at for whatever reason.

1 MR. MARTIN: Is the thought to have presentations on  
2 these at the next meeting?

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

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

7 DR. GROMMERS: You are ahead of me.

8 MR. MARTIN: Oh, I'm sorry.

9 Now, if we can get back to --

10 MS. ELLIOTT: May I make a suggestion?

11 DR. GROMMERS: Sure.

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

24 DR. GROMMERS: The problem is nobody knows what  
25 these are.



1. MS. ELLIOTT: That might be a problem you might give  
2 to the staff.

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

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

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

18 DR. BURGESS: Look, I have got to go. Let me just  
19 write something on the board and if people don't like it, okay.  
20 I mean our report and John's report are saying exactly the same  
21 thing. And what I am trying to say is that you have got a  
22 problem of nesting, whether you have got a research data bank or  
23 a service delivery data bank. And then you have got a problem  
24 about whether that is controlled at the Federal level or at the  
25 State level, and whether the service is delivered at the Federal

1 level or at the State level (indicating on blackboard) which  
2 gives you a matrix or a set of cells into which you locate a  
3 data bank that we want to look at to examine the way in which  
4 these questions that were raised are treated.

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

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

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

13 MR. GENTILE: Aid to Families with Dependent Children.

14 DR. BURGESS: Right, the AFDC data bank.

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

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

25 DR. BURGESS: Those are the overlaps (indicating).

1 MR. GENTILE: Florence, if we added a fifth one, we'd  
2 be happy.

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

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

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

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

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

23 DR. GROMMERS: Yes.

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

25 DR. GROMMERS: The reason that group mentioned him

1 was that it was an example of a data system set up the way Joe  
2 described yesterday as a security system and they wanted to know  
3 whether it worked or not.

4 MISS COX: Yes.

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

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

11 MR. MARTIN: You certainly can.

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

16 MISS COX: And of course the information asked for.

17 DR. BURGESS: In other words, we want to divide data  
18 banks up by purpose, level of control, and level of service de-  
19 livery?

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

1 work on this over the next couple of weeks.

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

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

11 DR. GROMMERS: Is everybody happy with these?

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

14 DR. GROMMERS: Yes.

15 MISS COX: Not necessarily.

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

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

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

1 committee.

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

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

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

9 SENATOR ARONOFF: That is what I meant.

10 DR. BURGESS: It is all blue.

11 DR. GROMMERS: But site visit it.

12 SENATOR ARONOFF: And ask the people there.

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

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

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

24 DR. GROMMERS: In other words, if we pull together  
25 everything that is in these three reports --

1           MISS COX: And putting it in a questionnaire form.

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

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

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

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

17           One, staff will prepare some kind of an overview  
18 introduction to the system. Take the migrant system yesterday.  
19 Instead of having it just with that data form, sort of cold,  
20 there will be an introduction to the system in writing which  
21 you would have enough in advance of your encounter with the  
22 people so you'd have a sense of what it is all about before you  
23 hear from the people, and a presentation by the relevant people  
24 on all the issues you are concerned with which gives you a  
25 chance to interact with them, and if it's relevant or necessary

1 do it on site so you have access to whatever physical charac-  
2 teristics or people that would be too many to assemble, as in  
3 the case of Social Security, on site to do it.

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

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

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

23 MR. MARTIN: I might comment I am delighted that the  
24 committee wants to do this type of thing. To get a little feed-  
25 back for you, I think the process in which the committee has been



1 engaged, of interfacing in an active way with people who are  
2 involved in the design and operation of these systems, is  
3 already impacting for change. I think people's perception of  
4 what they are doing is altered by the encounter with the com-  
5 mittee, the question back and forth. And I think over time  
6 what one can hope for is that whatever specific recommendations  
7 the committee may wish to give to the Secretary for him to take  
8 certain action, some of which presumably will have to be actually  
9 taken by people in the HEW organization -- that by the time those  
10 recommendations come to the Secretary, are transmitted as sort  
11 of requests for action by the people in the HEW organizations,  
12 that all, in a sense, by your interaction with some of those  
13 people, have prepared the ground for the seed of your recommen-  
14 dations to grow prosperously in. And that is already happening.

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

20 What I see the committee's work as doing -- yes, we  
21 are going to have a report but we are going to have to have a  
22 report anyway, and there seems to be developing a very inter-  
23 esting by-product of the work of this committee which I think  
24 we can actually aggrandize by being aware that it is happening.  
25 And the fact that we are meeting with people is going to have

1 an effect, regardless of whether we write a report or not, so  
2 we should be very careful as to whom we actually interact with,  
3 and keep that in mind when we are deciding what people we wish  
4 to have present to us and what systems we desire to look at.

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

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

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

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

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

22 DR. GROMMERS: Would you think about that, you speci-  
23 fically, and give us some feedback.

24 Stan.

25 SENATOR ARONOFF: If what you are saying is true,

1 then hearings serve the very valuable purpose in and of them-  
2 selves making people aware that this group is operating in the  
3 privacy area which then lends more credence to the report that  
4 you are ultimately going to write and helps guarantee that it  
5 doesn't end up in the wastebasket.

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

9 MR. DAVEY: Yes.

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

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

16 DR. GROMMERS: They were very effective.

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

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

21 MR. SIEMILLER: I think hearings are necessary.

22 SENATOR ARONOFF: I think there is a growing con-  
23 sensus that hearings are helpful.

24 DR. BURGESS: I'd like to hear from somebody in the  
25 Peace Corps because they have very extensive personal data.

1 And also in ACTION, which the Peace Corps is also in -- they  
2 have a thing called University Year in Action which collects  
3 extensive data on individuals.

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

14 DR. GROMMERS: Can you get us names?

15 DR. BURGESS: I will try.

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

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

24 MR. SIEMILLER: Like the victim in Judd for the  
25 Defense.

1           SENATOR ARONOFF: Both from the standpoint of hearing  
2 from him but also communicating to him.

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

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

8           MR. MARTIN: I think so.

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

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

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