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THE PRESIDENT HAS SEEN
2-22-99

THE WHITE HOUSE
WASHINGTON

February 22, 1999

MR. PRESIDENT:

The attached Neal Lane memo forwards an innovative proposal by John Young and Norm Augustine -- who head your Committee of Advisors on Science and Technology (PCAST) -- to establish a private-sector laboratory to conduct needed R&D into national information infrastructure protection.

Your advisers believe the proposal is worth considering. Neal Lane and Dick Clarke/NSC plan to work with NEC, OMB, the National Science and Technology Council, and the VP's office over the next few months to review the idea and report back to you with recommendations by the end of July.

If you approve, please sign the attached letters (Tab A), in which you thank Messrs. Young and Augustine for their proposal and let them know your advisers are looking at it.

Phil Caplan Phil
Sean Maloney

PHOTOCOPY
WJC HANDWRITING

2/12

NSTC
National Science and Technology Council
PCAST
President's Committee of Advisors on Science and Technology

ROUTING SLIP

DATE February 11, 1999

TO: DEPARTMENT	TO: NAME
	P. Caplan

FROM: Joan P. Porter, Executive Secretary
(202) 456-6100 (phone) (202) 456-6026 (fax) email: jporter@ostp.eop.gov
Room 435 OEOB, Washington, D.C. 20502

Action ✓ Approval ___ Call Me ___ Concurrence ___ File ___ Information ___

Investigate and Advise ___ Note and Forward ___ Note and Return ___ Per Request ___

Per Phone Conversation ___ Recommendation ___ See Me ___ Signature ___

Circulate ___

COMMENTS:

DAN - PLEASE REVIEW PETUS + LETTERS REVISE AS APPROPRIATE PH

2-12-99
log into system?

2/12

Sean.

Can you take a look at the letters, then send them to Dan to prepare? Thanks

Phil

THE WHITE HOUSE

WASHINGTON

February 10, 1999

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE Neal

SUBJECT: Response to a Proposal to Create a Laboratory for National Information Infrastructure Protection

Purpose

To respond to a letter from your Committee of Advisors on Science and Technology (PCAST) that proposes the creation of a new laboratory for national information infrastructure protection.

Background

John Young and Norm Augustine have sent a letter on behalf of PCAST asking you to establish a not-for-profit laboratory (funded at up to $100 million per year) to develop the R&D needed to protect the nation's information infrastructure. PCAST believes that such a laboratory, located in the private sector but with some government oversight, is the quickest and most effective way to develop and disseminate information infrastructure protection technology.

The PCAST proposal is a promising idea, but I believe our thinking would benefit from further analysis to address several important questions before a final decision is made:

- What is the level of private sector support for such a laboratory?
- How would the laboratory attract, and retain, the best talent from the private sector?
- Would the laboratory perform its own R&D or contract with the private sector for it?
- What benchmarks should we use in evaluating the laboratory?
- Should we establish a new laboratory while we are at the same time trying to consolidate other federal laboratories?
- What are the funding implications of the laboratory?

Your response thanks PCAST for its proposal and states that we will study the concept further and provide our assessment by July 31. My office will work with the National Science and Technology Council, NSC, OMB, OVP, and NEC to review the proposal and concerns outlined above.

RECOMMENDATION

That you sign the proposed letters at Tab A.

Attachments:
Tab A: Proposed Presidential Response to PCAST
Tab B: PCAST Letter to the President (December 10, 1998)
Tab C: PCAST Member List

cc: Vice President
Chief of Staff

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S COMMITTEE OF ADVISORS ON SCIENCE AND TECHNOLOGY
WASHINGTON, D.C. 20502

December 10, 1998

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

'99 FEB 12 AM9:24

You have made the protection of critical infrastructure a high priority, especially our interconnected electronic network which underpins our nation's monetary, national security, air traffic control, telecommunications, law enforcement, energy distribution and other such critical systems. Achieving this goal will require gaining a systematic understanding of information infrastructure vulnerabilities and developing and deploying new technology, equipment, software and procedures. We recommend the government establish and contract with a new not-for-profit laboratory, the Laboratory for National Information Infrastructure Protection (LNIIP), to create and disseminate the necessary knowledge to protect our information infrastructure. This technical organization in the private sector but with certain government oversight will complement the operational capability of the Department of Justice National Infrastructure Protection Center, created by PDD-63.

The new LNIIP should be governed by an interdependent board of directors drawn from leaders of the telecommunications, software and information technology industries and their customers, as well as from academia. The purpose of the Laboratory would be to conduct research and develop technology that would protect our critical information and communications systems from penetration and damage by hostile foreign national or subnational groups, organized crime, determined hackers, and from natural instabilities, internal design weaknesses or human failings that can cause major disruption of highly complex, nonlinear networks. This effort would include the development of a broad understanding of the robustness and resilience of such complex systems and would involve creation of means to assure graceful degradation under stress.

Information infrastructure issues affect the operations of virtually all elements of the private sector and the government. At present there is no technical organization dedicated to developing the knowledge and common technology base required to successfully address this problem and provide the basis for long term protection. The private sector does not have the incentive to develop the public knowledge and technology base required for the development of competing interoperable proprietary systems--thus federal support is needed. The justification for acquiring the needed knowledge and technology through government support of a new not-for-profit laboratory is that while most of the critical infrastructure lies outside the government, only the government is in a position to derive and make broadly available the information needed to assure the integrity of our nation's information network. Because of the complex relationships,

tight coupling between the government, information infrastructure providers and users is critical to the structure proposed to accomplish this coupling, as shown in the attached diagram.

Areas of LNIIP's technical program would include: (1) vulnerability detection and analysis; (2) security architectures and simulation systems; (3) encryption and authentication systems; (4) intrusion detection and warning systems; (5) system recovery; (6) component and software security assurance; (7) best practices for product evaluation; (8) training, and (9) human interface with complex systems. The Laboratory would also provide a linkage between government and industry and draw upon talent in academia for the purposes of: (a) serving as a clearinghouse for industry information and experience (with procedures that respect proprietary data); (b) setting and disseminating best practice information; and (c) carrying out training exercises and inspections to certify performance. The LNIIP would be concerned with creating knowledge, technology and tools; it would not be concerned with operations. We also believe that it is too ambitious to include in the baseline LNIIP charter other critical infrastructure vulnerabilities, i.e., vulnerability to terrorist chemical or biological attack, although these related considerations would necessarily play some role in the LNIIP technical program.

The LNIIP would focus on developing techniques for protection of the information infrastructure backbone; it would have the responsibility to interact with key functional areas both in government (notably defense, law enforcement, treasury, energy, transportation, and emergency services) and in the private sector (telecommunications, banking, power, airlines, manufacturing, et al). Thus, the functional industry groups and corresponding government agencies are the "clients" for the LNIIP product and must have a role in shaping the LNIIP work program.

How should the federal government accomplish coordination and oversight of the LNIIP program it sponsors while assuring that the needed close coupling with the private sector is maintained? We believe a federal council composed of those agencies that have an important interest in the information infrastructure problem is required. A federal coordinating committee acting on behalf of the council and composed of the Deputy Secretaries of Defense and Commerce and the Deputy Attorney General should provide effective management and oversight responsibility. We recommend that the Deputy Secretary of Defense chair the federal coordinating committee, although a rotating chair is an alternative.

We urge that funding for the LNIIP be placed in a budget line in the Executive Office of the President under the control of OMB and the federal coordinating committee. We recognize that this is an unusual approach; however, we believe that it is justified because circumstances dictate that government security and law enforcement set requirements for what ultimately will be the private sector's responsibility to implement its own information protection programs. A second choice might be to assign budgetary responsibility to the DOD in deference to its size, responsibility and R&D management experience. But such an assignment will cause concern both in the public and industry that DOD will wield undue influence in determining the type and degree of protection which is warranted and this approach is therefore not recommended.

Without a specific work plan it is difficult to set a budget for the LNIIP with precision. However, we believe that about $100 million per year would not be unreasonable after a start-up

period. This money would come primarily from the federal government, although we anticipate that significant funds and in-kind support would also come from industry.
Several independent groups have proposed the creation of a new information assurance technical organization such as we are recommending here. We have endorsed this step because we believe it is the quickest and most efficient way to develop and deploy information assurance technology. In particular, we believe it is preferable to allocating to agencies, through the critical infrastructure protection (CIP) process, all available funding for information infrastructure protection. There is a need for a centrally focused effort in the private sector to develop the needed technology as quickly as possible.

If you approve, OMB and OSTP will form a small working group from DOD, DOJ, and DOC, with inputs from others, to prepare a specific proposal for your consideration for inclusion in the FY2000 budget. The PCAST Security Panel will be available to advise this working group should that be desired.

Sincerely,

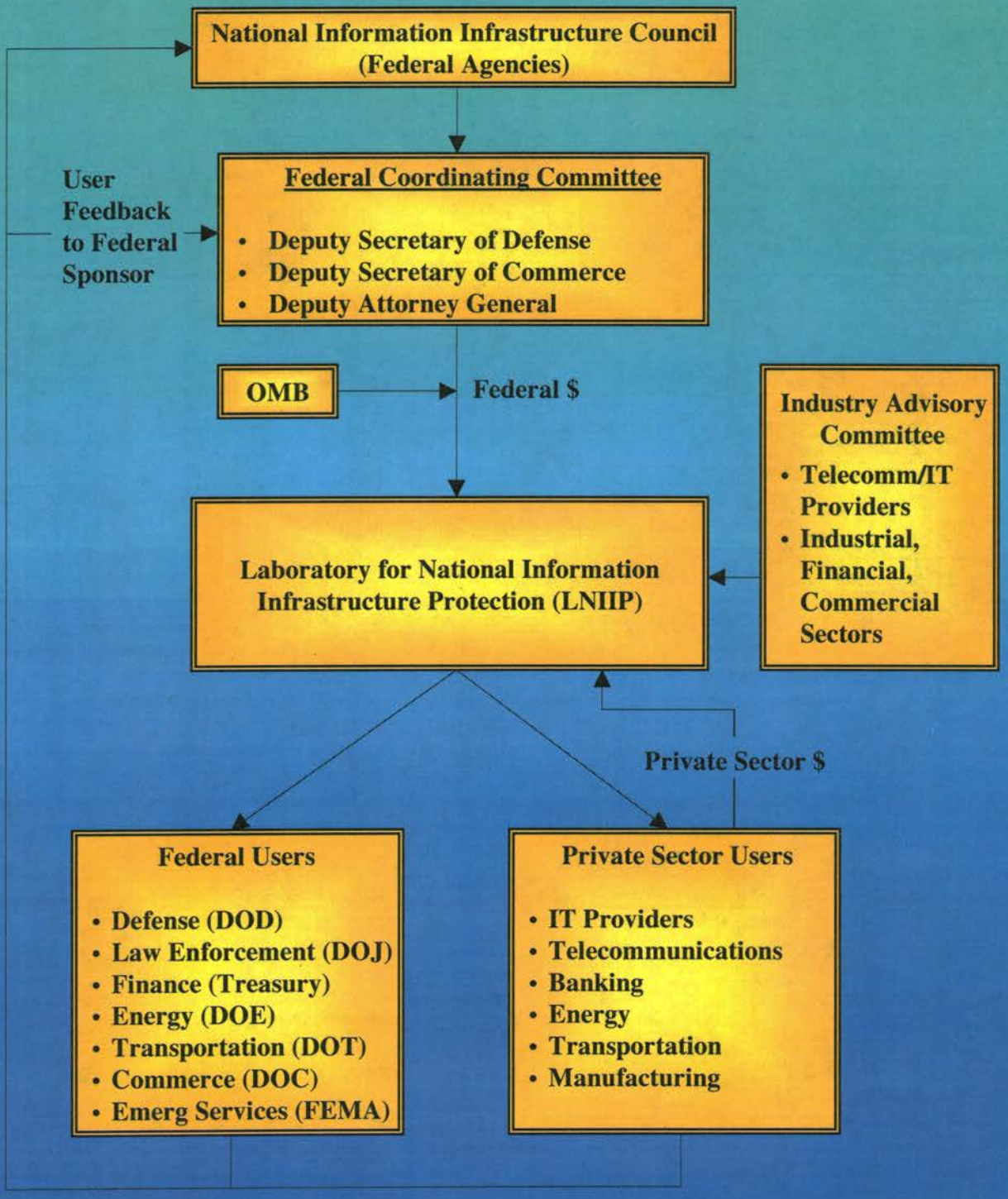
John Young
Co-Chairman
PCAST

Norman R. Augustine
Chairman
Security Panel

Attachments: Proposed LNIIP Flowchart

PCAST SECURITY PANEL WORKING PAPER

Proposed Management Organization for the Laboratory for National Information Infrastructure Protection



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EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S COMMITTEE OF ADVISORS ON SCIENCE AND TECHNOLOGY
WASHINGTON, D.C. 20502

'99 FEB 12 AM9:24

February 11, 1999

MEMORANDUM FOR PHILLIP M. CAPLAN
ASSISTANT TO THE PRESIDENT AND STAFF
SECRETARY

FROM: JOAN P. PORTER
EXECUTIVE SECRETARY

SUBJECT: President's Committee of Advisors on Science and Technology (PCAST) Letter on the Laboratory for National Information Infrastructure Protection

Attached is PCAST's letter of December 10, 1998, to the President concerning establishment of a laboratory to address national information infrastructure protection. (TAB I) The letter, signed by PCAST Chair John Young and by Norman Augustine, is accompanied by an ACTION memorandum from Neal Lane to the President. Dr. Lane's memorandum advises the President that PCAST's proposal is an innovative and promising one, but that further analysis is warranted before a laboratory is established. (TAB II) He proposes that he and Richard Clarke work with the National Science and Technology Council, the National Security Council (NSC), the National Economic Council, the Office of Management and Budget (OMB), and Office of the Vice President, over the next 5 months to perform a careful review of the PCAST proposal before a decision on establishment of the laboratory is made.

Attached to Dr. Lane's memorandum to the President are draft responses from the President to Mr. Young and Mr. Augustine indicating that Dr. Lane and Mr. Clarke will coordinate a review of the proposal. The proposed response letters have been cleared with Mr. Mark Montgomery, NSC, and with Ms. Margaret Evans, OMB.

I will be pleased to provide the responses to Mr. Young and Mr. Augustine when ready, or please copy our office, as appropriate. Please call me at x66101 or e-mail at Jporter@ospt.eop.gov, if you need further information.

Attachments

TAB I: PCAST letter, December 10, 1998
TAB II: ACTION memorandum from Dr. Lane to the President and proposed responses from the President to Messrs. Young and Augustine