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Telecom - NII

DRAFT of 4/28/95

MEMORANDUM FOR THE VICE PRESIDENT

FROM: The National Information Infrastructure (NII) Legislative Task Force

SUBJECT: School/Library Connections to the National Information Infrastructure -- Action

Issue. The purpose of this paper is to define the Administration's principles for a program to connect all of the Nation's schools/libraries to the NII and to recommend a plan for action. The Snowe-Rockefeller amendment, as proposed for inclusion in S. 652, is evaluated along with five separate approaches for financing a connections program. During the next few weeks we will have opportunities to make suggestions to improve the Snowe-Rockefeller amendment. This paper suggests a number of potential improvements that will make the amendment conform with the Administration's connections principles.

Background. Last year, S.1822 contained a provision similar, but broader, than Snowe-Rockefeller requiring connection and discounted line rates to schools, libraries, health care facilities, and other institutions designated by the Federal Communications Commission (FCC). Senators Snowe and Rockefeller adopted the same concept from S.1822 and narrowed the eligible entities. The Snowe-Rockefeller amendment was approved by the Senate Commerce Committee by a vote of 10-8. In reviewing S.652, CBO technical budget staff conclude that receipts collected under the Universal Service Fund (USF) should be reclassified as taxes. OMB technical budget staff agree with this evaluation. If USF receipts are scored as taxes, S.652 may need to be referred to the Senate Finance Committee. Also, insofar as tax bills need to originate in the House, Senate passage of the bill could be complicated.

Principles for Connections. Over the past two weeks, members of the NII legislative task force met to discuss parameters for an NII connections program. The consensus of the group is that the Administration's program should include:

- o Scope. Connections to all the classrooms in the 130,000 K-12 public and non-profit schools (including parochial schools), and all 9,000 public libraries. Federal funding should cover external connections to schools and libraries and connections to their internal instructional rooms. Only 3 percent of instructional rooms currently have connections. Note that this definition of scope does not include hospitals, clinics, or institutions of higher education. These organizations are not included because many of them either already have connections or have the means to get connected.
- o Targeting. Since sufficient funds are not available to connect all of the schools and libraries, the program should ideally target schools in priority order measured in terms of need. Grant awards should be set relative to cost of connection. Our preferred approach for dividing the money among the states is Title I of the Elementary and Secondary Education Act of 1965, as amended.
- o Coverage. Federal funds should be used only for telecommunications connections and line charges (as opposed to personal computers and associated equipment and

software). Ideally, the states will cover half of the cost of the line discount and all of the computer and associated equipment costs. Our research indicates that schools generally have computing resources (often outdated) but are unable to cover the substantial initial expense of external connections and internal wiring.

- o Performance Partnership with the States. The program should be configured as a Performance Partnership with states, with a set of Federal standards that define what types of investments are appropriate for Federal funds. Under this program, States would certify that their distribution of funds conforms to Federal standards/definitions of need and other factors. Grants would be technology neutral and Federal funds could be used for both wireless and traditional wired connection solutions.

The Snowe-Rockefeller Amendment to S.652.

Scope:	Expands the definition of who may contribute to the Universal Service Fund and expands the definition of grantees to schools, libraries, <u>and hospitals.</u>
Targeting:	Does not specify a needs/cost test.
Coverage:	Provides for initial hook-ups and monthly charges at cost. Note that there are no funds provided for equipment such as personal computers/printers. Does not specify a local match.
Connection:	Subsidizes initial connection to schools and monthly rates thereafter, but does not address inside wiring. Does not provide for acquisition of equipment.
Execution:	Details left up to the FCC. The bill requires carriers to connect schools <u>at cost.</u> Where cost is higher than is affordable, the difference is covered by a subsidy provided through the USF. The total cost of this program depends completely on how the FCC defines Universal Service as it applies to schools in the implementing regulations.

Suggested Changes to Snowe-Rockefeller. The Snowe-Rockefeller amendment meets the Administration's principles for a connections program with a few important exceptions. With your concurrence we plan to suggest these changes to Snowe-Rockefeller at an appropriate time:

- a. Create a new Universal Service Fund mechanism to subsidize initial connections to schools and classrooms. (Snowe-Rockefeller is ambiguous on payments for internal wiring.)
- b. Target recipients by need and cost to connect. Address concerns about rate increases by defining allowable incremental cost.
- c. Require states or localities to match the value of the assistance provided.
- d. Contributions made by the telephone companies under this provision should be capped at \$400 million per year. This provision should expire in 5 years.

It is our opinion that these amendments would clarify the scope of the connections program. They would establish a set of criteria for targeting Federal funds to schools that need them most, and ensure that schools that do receive funding are committed to making their connections useful to their students by requiring a local match of the Federal contribution. This local match could be spread over a number of years.

Program Financing Options. Our research indicates that an investment of \$400 million by the Federal Government each year for 5 years (total investment of \$2 billion) starting in FY 1997 would fund connections to most of the schools that cannot afford the initial cost of external connections and inside wiring. Below are several options for raising the necessary revenue to offset this expenditure:

1. Universal Service Fund. Expand the Universal Service Fund and cap at a pre-established level (an annual program level of \$400 million could provide \$10,000 to 40,000 schools/libraries per year.) Since CBO plans to score the entire USF as a tax, the similar scoring of this new portion of the Fund may receive less attention. While scoring the entire USF as a tax has no budgetary impact (as receipts offset expenditures), critics of the Fund may use this new characterization as a tax to try to reduce or eliminate the USF.
2. Revise FCC Tariff Schedule to Assist Schools. Direct the FCC through legislation to develop a special reduced tariff schedule for schools and libraries. The purpose of this reduced tariff schedule would be to lower the cost of initial connections and monthly line charges. This tariff schedule would not be associated with the USF. It is unclear at this time if this type of tariff schedule would be classified as a tax. One problem with this option is that it could be viewed as a transparent attempt to avoid the scoring problems associated with the USF. Additionally, this option could be characterized as "regulatory" in a de-regulatory bill.
3. Direct Appropriation. Propose a connections program in the FY 1997 President's Budget (at a funding level of \$400 million), but this would require reducing funds already allocated to other programs in FY 1997, which would be extremely difficult.
4. Increase Telephone Line Tax. Increase the Federal long-distance telephone tax from 3% to 3.5%. This tax increase would yield revenues of about \$500 million annually.
5. Spectrum Royalty User Fee. Assess a phased-in 4 percent fee on the gross revenues of firms that use the radio spectrum to conduct their business (1% in FY 1997, 2% in FY 1998, 3% in FY 1999, and 4% in FY 2000). Revenue estimates for this proposal are \$4.8 billion over 5 years. Under the spectrum royalty fee proposal, all current licenses for commercial radio and television broadcasting, satellite transmission, cellular radio services, and paging services, would be subject to an annual royalty fee. Governmental or non-profit entities would be exempt from the fee. Of this revenue, \$2 billion could be used for a connections program.
6. Additional Expansion of FCC Auction Authority. Propose new auction authority for the FCC and designate revenues from that auction for the connections program. The Administration would probably need to propose auction of spectrum designated for high-definition television (as well as other spectrum) to realize \$2 billion in revenues over 5 years.

Recommendation. The Task Force recommends support of the Snowe-Rockefeller option with the changes described above to bring that option into conformance with the Administration's principles. The Task Force has drafted the necessary fixes for transmission to the Hill at an appropriate time. Irrespective of the potential problems associated with designation of the Universal Service Fund as a tax, we recommend pursuing this option for financing the connections program.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

MEMORANDUM TO THE PRESIDENT

FROM: Alice M. Rivlin *AMR*
RE: The Domenici Budget Plan
DATE: April 28, 1995

This memorandum is designed to give you a summary of the contents and implications of Senator Domenici's pending proposal to balance the budget by 2002. He plans to find \$1.4 trillion in savings over the next 7 years.

Because our analysis is based only on our best guess of what's in the plan, learned through news reports and Domenici's remarks, it is certain to change when Domenici releases the details, tentatively scheduled for no earlier than May 8. We also expect the May 8 version to leave many questions unanswered and to change over the ensuing weeks and months.

Domenici uses CBO economic assumptions and CBO estimates of spending on entitlements, deposit insurance, and other mandatory programs. Because CBO is slightly less optimistic about the economy than we are, Domenici needs to find more savings to reach a balanced budget by 2002 than he would have if he had used our estimates.

For his discretionary spending baseline, Domenici differs from both OMB and CBO. Under our baseline, we assume the total amount of spending allowed by law through 1998 -- that is, a freeze at the 1995 level -- and increases for inflation thereafter. Domenici makes separate assumptions for defense and non-defense discretionary spending. For defense, he assumes the Clinton defense program for 1996-2000, as modified by 1995 congressional action. For non-defense, he assumes a freeze at the 1995 enacted level -- that is, without an adjustment for inflation.

To calculate the magnitude of Domenici's savings, we used our baseline. On this basis, we believe that Domenici will try to save a total of \$1.4 billion in the following ways:

- \$250 billion from Medicare;
- \$160 billion from Medicaid;

- perhaps another \$240 billion from other entitlements; and
- \$537 billion from discretionary spending.

The following is a more detailed analysis of what the cuts mean in the major categories:

I. Medicare -- \$250 billion

The \$250 billion in savings, depending on the mix of policies, could amount to a 20 percent cut by 2002. Those savings also imply an annual growth rate of 6 percent over the next 7 years, compared to the 9.3 percent growth rate projected in your fiscal 1996 budget.

These cuts are larger than those included in your Health Security Act (\$223 billion in Medicare savings over 7 years). Moreover, they are not offset by benefit increases, such as the Medicare prescription drug benefit, expanded coverage, and long-term care included in the Health Security Act.

We have no reliable information about the policies Domenici would propose to generate \$250 billion in savings. We think he may characterize these savings as coming from a "cap" that would cut the rate of growth from 9 to 6 percent. In the absence of specific policies, one way to look at these savings is to treat them as asking each of the 39.8 million Medicare beneficiaries to bear part of the burden. Using this analysis, the cuts are equivalent to \$6,275 per Medicare beneficiary over 1996-2002.

In reality, a large share of cuts likely would fall on providers, who would then shift costs to business, with small business bearing the brunt of that shift. Lower Medicare payments to hospitals, physicians, and other providers could disproportionately harm rural hospitals.

II. Medicaid -- \$160 billion

The Medicaid cuts are even more devastating to the program than are the Medicare cuts, and would hit the most vulnerable of Americans. The \$160 billion figure implies a cut of 33 percent in 2002. To reach a savings target of this magnitude would require a drastic reduction in both eligibility for coverage and the scope of covered services.

Of the known policy options to reach this target, all of which barely add up to \$160 billion, \$30 billion worth of them would eliminate coverage for 900,000 medically-needy adults and 225,000 in other populations.

The proposals could take the form of a block grant, with a 5-6 percent cap on growth. To offset the reduction in federal funding, States that wanted to maintain their current level of services would have to absorb the bulk of these cuts or reduce coverage and benefits.

III. Other Entitlements -- \$240 billion

Domenici's budget may call for 7-year savings of \$240 billion from entitlements -- an astonishingly tall order. Indeed, we could not reach this figure ourselves after adding up every proposal we had heard of or that we could generate.

More specifically, Domenici's budget may call for cuts in the following categories:

Welfare:

Domenici's budget is likely to include about \$60 billion in cuts, slightly less than in the House-passed bill. The likely components of such cuts include the following:

- **AFDC and JOBS:** Poor families will face benefit cuts of up to 14 percent of their AFDC benefit payment because capped spending levels will not be adequate to cover current benefits. This means that poor families will drop further below the poverty level. People in States with economic downturns or recessions could lose even more help as more people lose jobs and come onto the welfare rolls and compete for the same fixed dollars.
- **Food Stamps:** A \$23 billion cut, matching that of the House, would mean that more than 2 million recipients would lose all benefits and virtually everyone else -- including 14 million children and 2 million elderly -- would receive fewer benefits.
- **Child Nutrition:** USDA estimates that such cuts would eliminate the meals served in 185,000 family day care homes. Denying children in family day care homes a modest subsidy for meals will drive family day care homes out of the program, and deny children access to healthy meals.
- **SSI:** A strategy to find the savings might include cutting 20 percent of all disabled children from the rolls and cutting the value of the benefits for children who come onto the rolls in the future by about 25 percent.

EITC:

A \$15 billion reduction in the EITC, which makes work pay and lifts low-wage workers out of poverty, would cut benefits to working people by 10 percent.

Student loans:

Domenici could follow Senator Gregg's \$11 billion proposal, finding his savings primarily by eliminating the Federal subsidy of interest payments on guaranteed and direct loans for 2.4 million graduate/professional students between 1996 and 2000 while they are in school, and for 15.6 million students during the 6-month grace period after leaving school. A graduate student who borrows \$8,500 a year for 3 years (the maximum amount) would have to pay:

- \$4,400 more, due to the lost in-school interest subsidy, and
- \$1,200 more, due to the lost grace period.

Farm Programs:

Domenici probably will save \$15 billion by reducing target CCC prices by 3 percent a year. Producers of wheat, rice, and cotton -- the crops most heavily subsidized -- would feel the impact of these cuts more than would others. About 40,000-50,000 farms -- principally in the North-Central States, the Southern Plains States, and the Mississippi Delta States -- could slide into a financially precarious position.

Civil Service Retirement:

Domenici could include two House-passed civil service proposals, which would save \$16 billion in total. One bases the retirement annuity on the salary average over the highest 5 years of pay; the other increases employee contributions by 2.5 percent of base pay over three years.

Veterans:

Domenici could save \$7 billion from veterans programs by extending OBRA 1993 provisions.

IV. Discretionary spending -- \$537 billion

Your budget cuts discretionary programs by almost \$200 billion over 7 years. Domenici is talking about cuts that are deeper by about 20 percent -- truly massive in scope.

In conducting our analysis, we assumed that even in the current environment, political considerations will rule certain categories of cuts "off the table." These include the Justice Department; Federal Emergency Management Agency; Judiciary; FAA operations; such Treasury Department agencies as the IRS, Customs Services, Bureau of Alcohol, Tobacco, and Firearms, and Secret Service; such Commerce Department activities as the 2000 Census and NOAA emergency warning activities; such Labor Department activities as the Bureau of Labor Statistics and Unemployment Insurance administrative costs; and *administrative costs* related to the Social Security Administration, VA benefits, and Medicare.

Assuming that such programs are protected, remaining programs would face cuts of about 30 percent.

Attached, you will find examples of what Domenici's cuts would imply for important programs.

Attachment

Education

Domenici's cuts would have a devastating impact on Federal education programs that expand educational opportunity for all Americans, but particularly for those individuals from disadvantaged backgrounds.

- Under Goals 2000, in which 46 States and 5 territories now participate, about 9,000 fewer schools would receive the seed money they need to implement comprehensive reforms.
- For the poorest students and communities, such cuts in Title I could drastically cut assistance to over 6 million elementary and secondary school students, or, given the way States now use these resources, deprive over 1.2 million educationally disadvantaged children of special services to meet challenging academic standards.
- More than half a million students would lose their Pell Grants, and the awards to remaining students would be substantially reduced. The maximum Pell award, given to the lowest-income students, would fall from \$2,340 to \$1,610.

National Service

Domenici's cuts would mean that unmet community needs such as illiteracy, immunization, and victim assistance would not be addressed and thousands of people in need of assistance would not be helped. This program has proven its value. For instance:

- In New York City, 100 AmeriCorps Cadets have helped to significantly reduce crime and disorder in public swimming pools and parks.
- In Houston, 100 AmeriCorps Members serving with SERVE HOUSTON in Houston, Texas, created youth activities "clubhouses" inside three apartment buildings in a gang-ridden neighborhood.

Head Start

Domenici's cuts could mean that 120,000 to 230,000 children could be dropped from Head Start. Alternatively, the cuts could mean decreases in teacher salaries and in the comprehensive services and referrals that are now an important part of the program.

WIC

Domenici's cuts, coupled with the rising cost of food, could eliminate services for 3 million individuals, including all post-partum women and two-thirds of eligible children ages 1-4. Some States might reduce the size of the WIC package in order to cut less deeply into the caseload.

Labor

Even assuming that Congress spares the Summer Jobs program from elimination, Domenici's cuts would wipe out about 185,000 summer work opportunities each summer.

- A third of summer jobs held by black youth and one-fourth of summer jobs held by Hispanic youth come from the Summer Jobs program, giving some of these youth their first exposure to the labor market.
- For many large cities, such as New York, Los Angeles, New Orleans, and Atlanta, Summer Jobs employs thousands of youth who have no other job opportunities.

Housing

Domenici's cuts would devastate HUD's low-income housing programs, including those for elderly and disabled.

- The 5 million low-income households now receiving Federal housing assistance would fall by almost a third.
- More poor families would face homelessness and have to double up with relatives or other poor families.

Veterans

Domenici's cuts would eliminate 63,000 positions and close VA hospitals, outpatient clinics and nursing homes.

- VA would treat 488,000 fewer inpatients, handle 11.4 million fewer outpatient visits, and manage 14,000 fewer nursing home care episodes a year.

- The sum of these cuts are the equivalent of closing 70 of the 172 VA Medical Centers.

NASA

Domenici's cuts would require either:

- phase-out of the Nation's capability for human space exploration, including the Space Station and the shuttle, leaving a gaping hole in the Nation's future in space; or
- phase-out of much of NASA's science activities, including at least Mission to Planet Earth and part of Planetary science activity.

NSF

Domenici's cuts would require dramatic changes in our system of basic and applied biomedical and behavior research, financed by the Federal Government and carried out primarily by researchers in universities across the nation. These cuts:

- are the equivalent of eliminating the National Cancer Institute and the National Heart, Lung, and Blood Institute; and
- would result in the elimination of thousands of research grants to study AIDS, breast cancer, heart disease, stroke, and women's health.

Interior

Even the complete elimination of the National Park Service would not provide the savings adequate to cover Domenici's cuts. By eliminating the Park Service, the cuts would:

- deny Americans the nearly 280 million visitor-days a year that they would have enjoyed in 1996; and
- impose a financial hardship on communities dependent upon park visitation for recreation related income in States like California, Arizona, Florida, Alaska, New Mexico, Wyoming, Montana, Tennessee, Maine, and Massachusetts.

Coast Guard

Domenici's cuts would allow many thousands of illegal aliens -- 60,000 of whom the Coast Guard interdicted in 1994 -- to reach U.S. shores, and allow drug smugglers to pursue more aggressively sea-routes for moving drugs in the U.S. The cuts would:

- force the Coast Guard to lay up ships and airplanes used for alien migrant interdiction, drug interdiction, fisheries law enforcement and search and rescue; and
- curtail the operating hours of remaining ships and planes.

Environment

Deep reductions in Superfund cleanups could result in as many as 125 fewer hazardous waste removal actions and 30 fewer cleanups each year and a crippling of EPA's ability to respond to emergency oil spill releases:

- Citizens living near hazardous waste sites would unnecessarily be put at continued public health and environmental risk due to delay in cleaning up these sites.
- California, New Jersey, New York, Pennsylvania, Michigan, and Massachusetts could be most affected.

May 15

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Murphy -

Meade

Canada, etc

Skaifer

~~hiz~~ - Computer

S.I.

(140) SECRETARY RUBIN, 622-0049 (J)
(180) SECRETARY BROWN, 482-5880
(160) SECRETARY REICH, 219-8213
(180) AMBASSADOR KANTOR, 5-3204
(180) DIRECTOR RIVLIN, 5-4742
(180) LEON PANETTA, 6-6798
(180) BO CUTTER, 6-5355 (M)
(180) GENE SPERLING, 6-2620
(180) MARTIN RALLY, 5-5046
(180) PERSKINE BOWLES, 6-1961
(180) MARK GEARAN, 6-2640
(180) PAT GRIFFIN, 6-2230
(180) KITTY HIGGINS, 6-7072
(180) HAROLD ICKES, 6-2459
(180) MIKE MCCURRY, 6-5611
(180) MACK MCLARTY, 6-1915
(180) MACK QUINN, 6-2326
(180) CAROL RASCO, 6-2216
(180) DOUG SOSNIK, 6-5686
(180) GEORGE STEPHANOPOULOS, 6-7105
(180) JOSEPH STIGLITZ, 5-5036

Telecom - NII

From: Eric D. Wolff (WOLFF_E)
To: schwartz_m
Date: Tuesday, June 13, 1995 5:22 pm
Subject: VP meeting with NII Advisory Council

According to Kristin in the VP's office, the meeting will consist of the following:

1. NII Advisory Council Members tell about the work they've been doing -- the NIIAC is moving toward producing a final report by the end of the year
2. The two NIIAC co-chairs will give a summary
3. Open up meeting to a discussion with the VP about the NII

Overall, this meeting is expected to be very informal. The VP has never met with this group before, but wanted to to show his interest in their actions/outcomes. Also, the VP views this as a listening/learning session.

**NTIA/OAS
FAX****UNITED STATES DEPARTMENT OF
COMMERCE**National Telecommunications and
Information Administration
Room 4899, HCH Building

Telecom-NII

cc: [signature]

TO: Joe Stiglitz, Marius Schwartz	
FROM: David E. Gardner Office of the Assistant Secretary	FAX: (202) 482-1635
	PHONE: (202) 482-1551
DATE: May 4, 1995	

Please distribute the attached newsletter to the person/s listed above.

Thank you,

David Gardner
NTIA/ Office of the Assistant Secretary



NII Update

Room 4892, HCH Building, Washington, DC 20230; Voice 202.482.1835, Fax 202.482.0979, E-mail: dgardner@ntia.doc.gov

Wednesday, May 3

A summary of NTIA and NII events and news

NTIA Speaks...

Michele Farquhar May 2-5

Bernie McGulre

Speak at the White House
Conference on Aging
(Washington, DC)

Dick Parlow May 4

Speaks at the University
Symposium at Univ. Of Cal.
(San Diego, CA)

Larry Irving May 4

Laura Breedon
Speak at "Ties that Bind," a
conference on community
networking
(Cupertino, CA)

Michele Farquhar May 9

Participates on a panel at NCTA
conference
(Dallas, TX)

Event Schedule

National Electronic Open Meeting

Meeting on "People and Their
Governments in the Information
Age" runs from May 1-14.

Information Infrastructure Task Force (IITF) Meeting

First public meeting of the IITF
concentrates on technological
demonstrations May 18

Quotable...

"So I think we must consider new ways to build a great network for knowledge--not just a broadcast system, but one that employs every means of sending and storing information that the individual can use. Think of the lives that this would change."

President Lyndon B. Johnson,
November 8, 1967

NTIA On-Line

NTIA's on-line resources include:
dial-up access: 202.482.1199 at
speeds up to 14,400 baud.
Internet access points:
ftp.ntia.doc.gov, gopher.ntia.doc.
gov, and http://www.ntia.doc.gov.

Brown Kicks Off Nat'l. Electronic Open Meeting *Meeting on People and Their Governments held May 1-14*

With an official welcome message, Secretary of Commerce Ronald H. Brown launched the National Electronic Open Meeting on "People and Their Governments in the Information Age" which will run until Sunday, May 14. "Through this National Open Meeting, we hope to spur public discussion and vigorous debate on how government can improve delivery of services and benefits, and availability of information; and increase citizen participation in our democratic process using information technologies," Sec. Brown said. The Meeting offers Americans the opportunity to participate in an unprecedented national dialogue about the use of information technology by Federal, State, Local, and Tribal governments. The Meeting features five discussion groups that are moderated by experts on the following topics: services, benefits, information, participatory democracy, and technology. In order to participate in the Meeting, a person must use a computer with a modem or with access to the Internet (e-mail, newsgroups, World Wide Web).

In addition, the Meeting can be accessed free of charge through over 400 public access sites, including 114 Kinko's Copy Centers, in all but one of the 50 states. Public access sites are institutions that have volunteered to make their Internet facilities available free of charge to the public who would like to participate in the Meeting. To determine the public access site closest to you, call 800.881.6842 or 703.487.4087. Those with Internet access may participate by 1) pointing your World Wide Web browser to <http://meeting.fedworld.gov>, 2) sending a blank message to info@meeting.fedworld.gov, 3) using an Internet provider or online service such as America Online or Compuserve, or 4) dialing 800.779.3272 using a computer with a modem.

Brown and Irving Comment on Telecom. Bills

Secretary of Commerce Ronald H. Brown announced this afternoon that the House telecommunications reform bill, introduced today by Chairmen Fields and Bliley, would fall short of achieving real competition by unleashing monopolies before competition exists in the marketplace. The bill would deregulate cable operators prematurely, resulting in cable rate increases for millions of Americans, Sec. Brown said. In addition, the bill lifts restrictions on RBOC entry into long-distance without ensuring fair competition in the local loop. Sec. Brown also expressed the Administration's willingness to work with both the House and Senate, and other interested parties to enact a telecommunications bill this year which promotes competition, consumer welfare, investment, and reduced government regulation.

This morning Assistant Commerce Secretary Larry Irving and Assistant Attorney General Anne Bingaman testified on the Senate telecommunications reform bill, S. 652, before the Senate Judiciary Subcommittee on Antitrust, Monopolies, and Business Rights chaired by Sen. Thurmond. In his testimony, Irving called for "legislation that will open all telecommunications markets to vigorous competition; produce clear, flexible, and limited government regulations to ensure that such competition is robust and fair; and link the introduction of new products and services to producer initiative and consumer demand." Irving said the Administration would support "legislation that protects consumers from monopolistic practices and promotes maximum competition." In his analysis of S. 652, Irving concluded that the bill could cause both telephone and cable rates to increase, and would lead to less competition in the telecommunications and media industries. For more information, please call Roanne Robinson at 202.482.0516.

cc: JBS
EW

DRAFT 2/12/95 9:45 p.m.

MEMORANDUM FOR The Vice President

THROUGH Greg Simon

CC: Jack Quinn
Steve Richetti

SUBJECT NII Workplan

Attached for your review is a NII Workplan that has been reviewed by your inter-agency group. It is, I hope, a useful start at formulating a coordinated, Administration approach.

It is not, however, sufficient. This memorandum, with very limited circulation, will set forth suggestions as to (i) the key NII priorities for you personally, (ii) the means by which you should demonstrate leadership on these issues, and (iii) the process you should use to ensure that your interests are best served.

I. Your Key Priorities

The NII Workplan sets out three basic priorities, which involve a large set of Administration activities. Your own involvement should be concentrated almost exclusively in the following issue areas:

1. Opening Markets/Serving Consumers

-- Cable Act: Protecting consumers from monopolies while considering legislative changes that would, in fact, spur real competition, which will bring lower prices, more choices and higher quality.

-- Local Telephone Markets: Opening the local exchange in order to bring to consumers the advantages (noted above) that flowed from opening the long-distance market

-- Foreign Ownership: Using reform of Section 310 to open foreign markets, thus boosting exports and creating more jobs for Americans.

2. Connecting Americans to the NII

-- The Challenge: Demonstrating how the private sector and government can work in partnership to connect all classrooms, libraries, hospitals and clinics by the year 2000. This is a very visible

challenge and it must be pursued with vigor in all fora. We need to decide very soon whether we will press for inclusion in the telecom legislation.

-- Preserving Public Broadcasting: Fulfilling the American tradition of universal service to education, while preparing our children for the challenges of global competition.

3. **Re-inventing Government** (to the extent that it involves information technology)

An appropriate response to this list is that it is too long. It is not too short.

II. **Demonstrating Leadership**

Newt Gingrich is going to visit schools in New Jersey to demonstrate new learning techniques resulting from information technology. That's a good use of his time.

We have concentrated too much on your role as policy-maker and/or presenter of policy (although those are critical roles). We cannot ignore the bully pulpit. We must ensure that you are the visible national leader who connects the idea of information technology with people's lives.

We cannot allow ourselves to be outflanked by politicians who rail against government but who don't understand the power of real competition to improve consumer lives, create jobs and boost the availability of social applications. Nor can we allow fuzzy and warm photos to obscure the real impact of draconian cutbacks in, for example, CPB.

I believe you need to take this message on the road -- to schools and libraries particularly.

III. **Process**

I recommend that, during the week of February 20th, you should gather Jack, Greg, Steve, myself (and Reed Hundt, if appropriate) to discuss this memorandum, the NII Workplan and the political ramifications of NII activities.

Once you decide upon your priorities, we have to know who, on a day-to-day basis, is following through for you -- especially on the message. But that can be done once you are satisfied that the basic priorities for your own activities have been established and that we are striking the right balance between policy creation and message outreach.

DRAFT 2/12/95 9:45 p.m.

NII Workplan

I. Goals

The National Information Infrastructure will connect Americans to their future. It will spur innovation and provide U.S. consumers with the benefits of real competition: lower prices, higher quality and more choice among an increasing array of information products and services.

Construction of the National, and Global, Information Infrastructure will assist Americans and create jobs by opening competitive markets, both at home and abroad; by providing all Americans with the tools they need, especially education and training, to achieve a higher standard of living for themselves and their families; and by the re-invention of less costly, more effective and more responsive government at all levels.

The promise of the NII is, in reality, the promise of a re-invigorated and more prosperous nation -- successful in the arena of global competition and adapting to the increasing pace of technological innovation -- that engages the abilities and fulfills the information requirements of every American.

II. Priorities of Federal Action

To achieve these goals, the Clinton Administration has, and will continue, to:

1. Open markets, both at home and abroad, in order (i) to create a framework of real competition that will spur U.S. competitiveness through access to new markets and new means of productivity; (ii) to create U.S. jobs; and (iii) to provide consumers with the benefits of lower prices, higher quality and more choice.
2. Connect Americans to the emerging NII, especially by linking classrooms and libraries.
3. Establish the federal government as a model of less costly, more effective and more responsive government.

III. Barriers to Success

In each priority area, and in the other important ways, the Administration will work towards the goal of the NII/GII by confronting barriers to innovation.

Barriers are circumstances (both real and imagined) that block the benefits of real competition or, in the case of re-inventing government, that blind governments to the possibility of more effective and more responsive action.

One barrier to achievement of our first priority -- opening foreign and domestic markets -- comes from the fears of regulated businesses that simultaneously embrace and fear the advent of real competition. These businesses -- providing cable, long-distance and local telephone services -- know that their long-term prosperity depends on competitive success in an open marketplace. But they fear that the process of un-doing the regulatory structure of the past may tilt the playing field of the future.

The first barrier to confront, then, is the difference between legitimate fears of market participants and the scrambling for competitive advantage. And that can be done, in large part, by adherence to simple principles that will benefit competitive markets -- and not just one or more competitors: Competition is preferable to monopoly; monopoly power must never be confused with competition; and, to provide concrete benefits to Americans, competition must be real, not imagined or illusory.

Barriers in the marketplace are not limited, of course, just to the current structure of regulation. In pursuing our priorities, the Clinton Administration will look carefully at the different stages of market activity: From early research & development, where insufficient incentives exist for investment in long-term, high-risk R&D; through private investment, which requires a continuation of sound macro-economic policy and targeted incentives, to issues of market structure, which require vigorous enforcement of the antitrust laws in addition to the reformation of regulation; to artificial constraints on demand, which may arise from simple lack of information about the power of information technology.

Barriers can exist in the public sector as well. Our second priority -- connecting Americans to the NII -- requires an adequate supply of public goods, most notably schools and libraries. This nation has a long tradition of universal service; sometimes provided through community-base institutions, like schools and libraries; sometimes provided directly to individuals, like basic telephone service. That tradition must, however, evolve to meet the changing world of new information technology. That is why the President and Vice President have called on private industry to work in partnership with the federal, state and local governments to ensure that by the year 2000 every classroom, library, hospital and clinic in the United States is connected to the NII.

Our third priority -- a more effective and responsive government -- offers government itself the chance to work better by the use of information technology and offer the federal government, through the Vice President's leadership, the opportunity to serve as a model for governments across the country and around

the world.

IV. The Job of the Federal Government

In each of these areas of emphasis, the federal government has a critical role to play. Governments can -- and must -- open markets. Governments can -- and must -- continue the American tradition of universal service. Governments can -- and must -- re-invent their own operations.

Most of all, government can -- and must -- get out of the way. In a world of global competition and rapidly advancing technology, the job of government is to break down barriers and create opportunities -- and then let Americans take full advantage of the opportunities provided by the information age.

Government must confront barriers as effectively as it knows how. That means using every tool at its disposal, ranging from the bully pulpit of national leadership, to regulatory reform, to federal legislative action, to working with state and local governments to enlisting the private sector in voluntary action. It means acting with speed and flexibility to achieve the goals of the NII.

V. Action Items

The promise of the NII/GII can only be achieved if we take meaningful action in several key areas, including international policy, information policy, applications, and telecommunications policy.

A. International Action Items

International actions directly further the priority of opening markets abroad. They also help support in an international context the priorities of connecting people to social uses of information infrastructures and they provide an opportunity for the federal government to demonstrate world leadership in the use of information technology to re-invent government.

Much has already been done. From the Vice President's articulation of the Buenos Aires principles in 1994, through their discussion at APEC and the communique issued at the Hemispheric Summit, the basic agenda for the GII has gathered momentum.

Key action items for 1995 include:

- The G-7 Ministerial on the Information Society
- Review of Foreign Ownership Restrictions both in regulatory and legislative fora (and relationship to market access)

-- Satellite issues

-- Intelsat/Inmarsat (and relation to market access

-- WRC 95

-- Review of Space Launch Policy (e.g., quotas)

-- Review of role of multi-lateral institutions

B. Information Policy Issues

Information policy issues are critical to the creation of open, competitive markets in which sufficient incentives will exist to encourage the free flow of content. Information infrastructure would be of little use, of course, if it entailed just the construction of conduits or information appliances. Fundamental to the idea of an NII is the simple fact that people want to be able to send and receive content -- and want to be able to keep personal or business information private. The protection of content is, therefore, a critical element of the Administration's first priority.

Government's use of information is, as well, the cornerstone of the Administration's third priority -- the use of information technology to re-invent government.

Much has already been done. The Administration has emphasized internationally the importance of the flow of content, free from artificial restraints or quota. Domestically, the Administration has issued for comment a "green paper" proposing the ways that our intellectual property should be modified in light of the increasing use of digital technology. Other activities also serve to emphasize the importance of privacy and security.

The key action items for 1995 include:

Intellectual Property Rights

-- Final review and publication of the IPR recommendations as an Administration "white paper"

Privacy

-- Publication of "Privacy Guidelines"

-- Consideration of Creation of Privacy Office/Commission

- Seek voluntary adherence by business organizations to Administration's proposed privacy guidelines
- Check for consistency between IITF's privacy proposal and other Administration proposals (e.g., INS) before sending the proposal to the Hill

Government Information

- Define core set of information all agencies should have on-line
 - Well-publicized training initiative
 - Include access to government information in public outreach campaign
 - Provide measurements of how much information and how much use has come from information that we have put on-line
 - Public display of government on-line efforts (possibly future IITF meeting)
- Security
- Promote Public Key Infrastructures
 - Set Forth Defensive Strategy for Addressing Security Issues
 - Publish NII Security Plan

C. Applications

In 1994, the Administration described the benefits of NII applications, identified some of the ongoing programs or initiatives to promote these applications, and identified some of the barriers to use of these applications. In 1995, the Administration will continue its work by addressing a series of challenges.

Development and diffusion of applications are central to the Administration's second priority: Connecting Americans to the emerging NII, especially by linking classrooms and libraries.

Successful prosecution of that goal includes: (i) ensuring that senior Administration officials are responsible for resolving barriers to the realization of the NII and its applications, (ii) focusing agency attention on the relationship

between the NII and their core missions, (iii) developing concrete goals and milestones for the accomplishment of NII-related tasks as part of Administration initiatives, (iv) working with "communities of interest" that have special interest in some types of NII applications, and (v) working to ensure that agencies have people with the relevant skills, both at the policy and operational levels, to promote and use the NII.

Key action items for 1995 include:

- Emphasizing K-12 Elementary Schools and Libraries as a priority in meeting the Vice President's goal of linking classrooms, libraries, hospitals and clinics to the NII by the year 2000,
- Working with Fortune 500 companies to promote corporate "Adopt-a-School" and similar programs
- Rolling out of the Technology Learning Challenge
- Promoting "train the trainers" approach
- Rallying around TIAAP --- providing models
- Creating an Education/Libraries Action Plan (Farquar)

D. Telecommunications Policy Issues -- Telecom Legislation

The NII is much more than telecommunications but, because of the legacy of regulatory structures derived in the main from the Communications Act of 1934, the promotion of real competition in the telecommunications markets is a critical ingredient of the first priority: Opening domestic markets in order (i) to create a framework of real competition that will spur U.S. competitiveness through access to new markets and new means of productivity; (ii) to create U.S. jobs; and (iii) to provide consumers with the benefits of lower prices, higher quality and more choice.

The Administration will work in 1995, as it worked in 1994, towards the successful passage of bi-partisan telecommunications legislation.

Critical priorities for the Administration in pursuing telecommunications legislation include the following sets of issues:

- Telephony
- Opening markets to real competition

- Ensuring that de-regulation does not boost consumer phone bills
- Ensuring the expert participation of the Department of Justice
- Opposing procedures that would invite litigation and/or delay competition needlessly
- Supporting the general idea of price caps if correctly implemented (and note how states are using them), but do not support federal preemption of state choice, which runs risk of raising rates if applied to basic telephony

-- Cable

- Protecting consumers from unregulated monopoly pricing. We are prepared to consider the impact of new services provided in properly defined product and geographic markets
- Permitting the FCC's 214 process to go forward
- Prohibiting telco in-region acquisition of cable, with review after five years to see if competitive markets exist, because we believe telcos and cable systems shouldn't be able to buy each other out until they start competing
- Careful consideration of the problems faced by rural systems
- Consideration of auctioning off the right to provide service to the lowest bidder

Regulatory Flexibility

- Careful consideration of concepts similar to the Administration's "Title VII: proposal"

Universal Service

- Support universal service provisions with consideration of (i) multiple carriers of last resort and (ii) state preemption.
- Consider legislative means needed to meet the goal of linking classrooms, libraries, hospitals and clinics by the year 2000.

Mass Media

- Consider current restrictions on cross-ownership

PBS

- Support PBS, but support changes in PBS

VI. Inter-Agency Coordination

Effective accomplishment of the Administration's priorities will require focus, disciplined action, and an agenda that consistently monitors and measures our progress.

A. FOCUS

An important means of focusing attention is, of course, agreement upon and implementation of this NII workplan. Toward that end, the workplan should be implemented through the IITF, which is the premiere means by which the Administration coordinates the NII-activities of its constituent parts.

B. DISCIPLINED ACTION

We must insist upon effective Inter-Agency Action and coordination of existing Vehicles (including, e.g., IITF, NIIAC, Public Education Campaign) including emphasizing the importance of NII activities within the Administration.

Among the tasks to be coordinated on an inter-agency basis are:

- Increasing the Priority of NII Activities within Agencies of the Federal Government
- Message Development and Delivery
 - Sharpening Differences
 - Personalizing the Impacts
 - "Speakers' Bureau"
- Business Outreach
- Public Interest Outreach
- Legislative Outreach
- State and Local Government Outreach

Effective coordination will require inter-agency consultation on a regular basis, perhaps daily by telephone and weekly in person, in order to chart the course of progress of various work items.

C. AGENDA

- Using this Workplan as a starting point, the Administration should conduct regular reviews of progress attained towards the key action items
- Coordination will be enhanced through the construction (and updating) of an NII timeline

OFFICE OF THE VICE PRESIDENT
WASHINGTON

February 17, 1995

MEMORANDUM FOR THE TELECOMMUNICATIONS BREAKFAST GROUP

FROM: GREG SIMON

SUBJECT: NII WORKPLAN

<u>Distribution</u>		<u>Phone</u>	<u>Fax</u>
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01/17/95

10:25

202 456 7132

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Telecomm - N11

cc: SB
EW

FAX TRANSMISSION

**NATIONAL ECONOMIC COUNCIL
THE WHITE HOUSE**

TO: Distro

PHONE: _____ FAX: _____

FROM: **Tom Kalil**

PHONE: 202-456-2801 FAX: 202-456-2223

DATE: 17 JAN TIME: 1000

PAGES TO FOLLOW: 1

Please return comments
by C.O.B. Thursday, 19 JAN.

DRAFT**MEMORANDUM**

To: Vice President Gore

From: Tom Kalil

Re: NII "performance agreements"

Date: January 14, 1995

In the coming year, the Administration must address the following challenges with respect to its NII agenda:

The Administration has identified a number of barriers to the realization of the NII and its applications. For example, health care applications are being stymied by state licensure, which prevents a doctor in one state from providing remote consultation to a patient in another state. We need to ensure that there are senior Administration officials who are responsible for solving these barriers.

Most agencies have not devoted sufficient high-level attention to the NII and its impact on their core missions. There are innovators and NII "champions" scattered throughout the federal government, but they often lack high-level support

Our NII Advisory Council has recommended that we do a better job of developing concrete goals and milestones for the accomplishment of NII-related tasks.

One mechanism for making progress on these challenges is to require the heads of the relevant agencies (or in some instances, inter-agency entities) to submit an NII "performance agreement", detailing the steps that the agencies intends to take to promote the NII and its applications. These agreements would be reviewed by both you and the IITF.

An agency performance agreement might address:

Putting more information on-line;

Implementing the recommendations of the NPR Information Technology report;

Changing the way core programs are administered so as to promote the NII and its applications (e.g. use Department of Education professional development program to train teachers to integrate technology into the curricula); and

The elimination of barriers to the NII and its applications.

cc: Greg Simon
Elaine Kamarck



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Telecomm - NII
CC: STS
EW

DEC 23 1994

ADMINISTRATOR
OFFICE OF
INFORMATION AND
REGULATORY AFFAIRS

MEMORANDUM FOR THE INFORMATION INFRASTRUCTURE TASK FORCE

FROM: Sally Katzen
Chair, Information Policy Committee

SUBJECT: Publication of Revised Draft Privacy Principles

I am pleased to enclose for your review the revised draft "Privacy Principles for Providing and Using Personal Information on the NII," and an associated Commentary, prepared by the Privacy Working Group. This draft represents the best efforts of the Working Group to accommodate the views of 30 commentators who responded to the May 25, 1994, publication of the draft principles (59 *Federal Register* 27205).

The NII Advisory Council is meeting on January 26, 1994. Rather than have the Council comment on our earlier (now obsolete) draft, we would like them to focus on our latest thoughts. As a result, we would have to make the enclosed draft public through a *Federal Register* publication in early January. Obviously, we do not want to release the document unless you have first had an opportunity to review it.

The most significant change from the first draft is the emphasis on adequate notice to information providers by users of the information. The Working Group sees appropriate notice about how information will be used as an important way to ensure that information providers have a meaningful opportunity to decide whether and how to provide information. The Group asserts that information provided with this consent should only be used for purposes listed in the notice or reasonably within the individual's contemplation or sphere of consent at the time the information was provided.

The Commentary recognizes that the Principles cannot be uniformly applied in all cases, a concern voiced by many of the business commentators. The Working Group reaffirms that individuals should take responsibility for understanding the nature of the electronic environment and the consequences of participating in it. However, the Commentary makes clear that the character of the transaction and the seriousness of its consequences to the individual will define the obligations of the respective parties.

Finally, the Redress Principle has been changed to state that individuals ought to be able to amend not just inaccuracies, as in the previous draft, but any characteristic of the information which might cause harm, such as completeness or relevance.

Please contact Maya Bernstein on 202-395-3785 by January 4, 1994, if you have comments on or any objection to publishing the enclosed draft for public comment.

Attachment

**PRIVACY AND THE NATIONAL INFORMATION
INFRASTRUCTURE**

**PRINCIPLES FOR PROVIDING AND USING PERSONAL
INFORMATION**

**SUBMITTED TO THE INFORMATION
INFRASTRUCTURE TASK FORCE BY THE**

**INFORMATION POLICY COMMITTEE'S WORKING GROUP ON PRIVACY IN THE NATIONAL
INFORMATION INFRASTRUCTURE**

DECEMBER 6, 1994

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PRIVACY AND THE NATIONAL INFORMATION INFRASTRUCTURE

PRINCIPLES FOR PROVIDING AND USING PERSONAL INFORMATION

Preamble

The United States is committed to building a National Information Infrastructure (NII) to meet the information needs of its citizens. This infrastructure, created by advances in technology, is expanding the level of interactivity, enhancing communication, and allowing easier access to services. As a result, many more users are discovering new, previously unimagined uses for personal information. In this environment, we are challenged to develop new principles to guide participants in the NII in the fair use of personal information.

Traditional fair information practices, developed in the age of paper records, must be adapted to this new environment where information and communications are sent and received over networks on which users have very different capabilities, objectives and perspectives. Specifically, new principles must acknowledge that all members of our society (government, industry, and individual citizens), share responsibility for ensuring the fair treatment of individuals in the use of personal information, whether on paper or in electronic form. Moreover, the principles should recognize that the interactive nature of the NII will empower individuals to participate in protecting information about themselves. The new principles should also make it clear that this is an *active* responsibility requiring openness about the process, a commitment to fairness and accountability, and continued attention to security. Finally, principles must recognize the need to educate all participants about the new information infrastructure and how it will affect their lives.

These "Principles for Providing and Using Personal Information" recognize the changing roles of government and industry in information collection and use. Thus, they are intended to be equally applicable to public and private entities that collect and use personal information. However, these Principles are not intended to address all information uses and protection concerns for each segment of the economy or function of government. Rather, they should provide the framework from which specialized principles can be developed as needed.

I. General Principles for All NII Participants

Participants in the NII rely upon the privacy, integrity, and quality of the personal information it contains. Therefore, all participants in the NII should use whatever means are appropriate to ensure that personal information in the NII meets these standards.

A. Information Privacy Principle:

An individual's reasonable expectation of privacy regarding access to and use of his or her personal information should be assured.

B. Information Integrity Principle:

Personal information should not be improperly altered or destroyed

C. Information Quality Principle

Personal information should be accurate, timely, complete, and relevant for the purpose for which it is provided and used

II. Principles for Users of Personal Information

A. Acquisition and Use Principles:

Users of personal information should recognize and respect the privacy interests that individuals have in the use of personal information. They should:

1. Assess the impact on privacy of current or planned activities in deciding whether to obtain or use personal information.
2. Obtain and keep only information that could be reasonably expected to support current or planned activities and use the information only for those or compatible uses.

B. Notice Principle:

Individuals need to be able to make an informed decision about providing personal information. Therefore, those who collect information directly from the individual should provide adequate, relevant information about:

1. Why they are collecting the information;
2. What the information is expected to be used for;
3. What steps will be taken to protect its confidentiality, integrity, and quality;
4. The consequences of providing or withholding information; and
5. Any rights of redress.

C. Protection Principle:

Users of personal information should take reasonable steps to prevent the information they have from being disclosed or altered improperly. Such users should:

Use appropriate managerial and technical controls to protect the confidentiality and integrity of personal information.

D. Fairness Principle:

Individuals provide personal information on the assumption that it will be used in accordance with the notice provided by collectors. Therefore, users of personal information should:

Enable individuals to limit the use of their personal information if the intended use is incompatible with the notice provided by collectors.

E. Education Principle:

The full effect of the NII on the use of personal information is not readily apparent, and individuals may not recognize how their lives may be affected by networked information. Therefore, information users should:

Educate themselves, their employees, and the public about how personal information is obtained, sent, stored, processed, and protected, and how these activities affect individuals and society.

III. Principles for Individuals who Provide Personal Information

A. Awareness Principle:

While information collectors have a responsibility to inform individuals why they want personal information, individuals also have a responsibility to understand the consequences of providing personal information to others. Therefore, individuals should obtain adequate, relevant information about:

1. Why the information is being collected;
2. What the information is expected to be used for;
3. What steps will be taken to protect its confidentiality, integrity, and quality;

4. The consequences of providing or withholding information; and
5. Any rights of redress.

B. Redress Principles:

Individuals should be protected from harm caused by the improper disclosure or use of personal information. They should also be protected from harm caused by decisions based on personal information that is not accurate, timely, complete, or relevant for the purpose for which it is used. Therefore, individuals should, as appropriate:

1. Have the means to obtain their personal information and the opportunity to correct information that could harm them;
2. Have notice and a means of redress if harmed by an improper disclosure or use of personal information, or if harmed by a decision based on personal information that is not accurate, timely, complete, or relevant for the purpose for which it is used.

Commentary on the Principles

Preamble

1. The National Information Infrastructure ("NII"), with its promise of a seamless web of communications networks, computers, databases, and consumer electronics, heralds the arrival of the information age. The ability to obtain, process, send, and store information at an acceptable cost has never been greater, and continuing advances in computer and telecommunications technologies will result in ever-increasing creation and use of information.

2. The NII promises enormous benefits. To name just a few, the NII holds forth the possibility of greater citizen participation in deliberative democracy, advances in medical treatment and research, and quick verification of critical information such as a gun purchaser's criminal record. These benefits, however, do not come without a cost: the loss of privacy. Privacy in this context means "information privacy," an individual's claim to control the terms under which personal information -- information identifiable to a living individual -- is obtained, disclosed and used.¹

3. Two converging trends -- one social, the other technological -- lead to an increased risk to privacy in the evolving NII. As a social trend, individuals will use the NII to communicate, order goods and services, and obtain information. But, unlike paying cash to buy a magazine, using the NII for such purposes will generate data documenting the transaction that can be easily stored, retrieved, analyzed, and reused. Indeed, NII transactional data may reveal who communicated with whom, when, and for how long; and who bought what, for what price. Significantly, this type of personal information -- transactional data -- is automatically generated, in electronic form, and is therefore especially cheap to store and process.

4. The technological trend is that the capabilities of hardware, software, and communications networks are continually increasing, allowing information to be used in ways that were previously impossible or economically impractical. For example, before the NII, in order to build a profile of an individual who had lived in various states, one would have to travel from state to state and search public records for information on the individual. This process would have required filling out forms, paying fees, and waiting in line for record searches at local, state, and federal agencies such as the departments of motor vehicles, deed record offices, electoral commissions, and county record offices. Although one could manually compile a personal profile in this manner, it would be a time-consuming and costly exercise, one that would not be undertaken unless the offsetting reward were considerable. In sharp contrast, today, as more and more personal information appears on-line, such a profile can be built in a matter of minutes, at minimal cost.

¹ Although information identifiable to a deceased individual may implicate equally important privacy interests, it generally raises a different set of issues and concerns outside the scope of the Principles.

5. In sum, these two converging trends guarantee that as the NII evolves, more personal information will be generated and more will be done with that information. Here lies the increased risk to privacy. This risk must be addressed not only to secure the value of privacy for individuals, but also to ensure that the NII will achieve its full potential. Unless this is done, individuals may choose not to participate in the NII for fear that the costs to their privacy will outweigh the benefits. The adoption of fair information principles is a critical first step in addressing this concern.

6. Although guidance can be found from a variety of existing fair information principles and practices, these need to be adapted to accommodate the evolving information environment.² This changing environment presents new concerns:

(a) No longer do governments alone obtain and use large amounts of personal information; the private sector now rivals the government in obtaining and using personal information. New principles would thus be incomplete unless they applied to both the governmental and private sectors.

(b) The NII promises true interactivity. Individuals will become active participants who, by using the NII, will create volumes of data containing the content of communications as well as transactional data.

(c) The transport vehicles for personal information -- the networks -- are vulnerable to abuse; thus, the security of the network itself is critical to the NII's future success.

(d) The rapidly evolving information environment makes it difficult to apply traditional ethical rules, even ones that are well understood and accepted when dealing with tangible records and documents. Consider, for example, how an individual who would never trespass onto someone's home might rationalize cracking into someone's computer as an intellectual exercise. In addition, today's information environment may present questions about the use of personal information that traditional rules do not even address.

7. These "Principles for Providing and Using Personal Information" (the "Principles") attempt to create a new set of principles responsive to this new information environment. The Principles attempt to provide meaningful guidance on this new information environment and attempt to strike a balance between abstract concepts and a detailed code. They are intended to guide all NII participants and should also be used by those who are drafting laws and regulations, creating industry codes of fair information practices, and designing private sector and government programs that use personal information.

8. The limitations inherent in any such principles must be recognized. As made clear in the Preamble, the Principles do not have the force of law; they are not designed to produce

² See Advisory Committee on Automated Personal Data Systems, *Records, Computers and the Rights of Citizens* (Washington, D.C., Department of Health, Education, and Welfare, 1973); as well as The Organisation for Economic Co-operation and Development Guidelines issued in 1980.

specific answers to all possible questions; and they are not designed to single-handedly govern the various sectors that use personal information. The Principles should be interpreted and applied as a whole, and pragmatically and reasonably. Where an overly mechanical application of the Principles would be particularly unwarranted, phrases with the words "appropriate" or "reasonable" appear in the text. This flexibility built into the Principles to address hard or unexpected cases does not mean that the Principles need not be adhered to rigorously.

9. Moreover, the Principles are intended to be in accord with current international guidelines regarding the use of personal information and thus should support the ongoing development of the Global Information Infrastructure.

10. Finally, adherence to the Principles will cultivate the trust between individuals and information users so crucial to the successful evolution of the NII.

I. General Principles for All NII Participants

Participants in the NII rely upon the privacy, integrity, and quality of the personal information it contains. Therefore, all participants in the NII should use whatever means are appropriate to ensure that personal information in the NII meets these standards.

11. Three fundamental principles should guide all NII participants. These three principles -- information privacy, information integrity, and information quality -- identify the fundamental requirements necessary for the proper use of personal information, and in turn the successful implementation of the NII.

I.A. Information Privacy Principle:

An individual's reasonable expectation of privacy regarding access to and use of his or her personal information should be assured.

12. If the NII is to flourish, an individual's reasonable expectation of information privacy should be ensured. A reasonable expectation of information privacy is an expectation subjectively held by the individual and deemed objectively reasonable by society. Of course, not all subjectively held expectations will be honored as reasonable. For example, an individual who posts an unencrypted personal message on a bulletin board for public postings cannot reasonably expect that personal message to be read only by the addressee.

13. What counts as a reasonable expectation of privacy under the Principles is not intended to be identical to what counts as a reasonable expectation of privacy under the Fourth Amendment of the United States Constitution. Accordingly, judicial interpretations of what counts as a reasonable privacy expectation under the Fourth Amendment should not inhibit NII participants from applying the Principles in a manner more protective of privacy.

I.B. Information Integrity Principle:

Personal information should not be improperly altered or destroyed.

14. NII participants should be able to rely on the integrity of the personal information it contains. Thus, personal information should be protected against unauthorized alteration or destruction.

I.C. Information Quality Principle

Personal information should be accurate, timely, complete, and relevant for the purpose for which it is provided and used

15. Finally, personal information should have sufficient quality to be relied upon. This means that personal information should be accurate, timely, complete, and relevant for the purpose for which it is provided and used.

II. Principles for Users of Personal Information

II.A. Acquisition and Use Principles:

Users of personal information should recognize and respect the privacy interests that individuals have in the use of personal information. They should:

- 1. Assess the impact on privacy of current or planned activities in deciding whether to obtain or use personal information.*
- 2. Obtain and keep only information that could be reasonably expected to support current or planned activities and use the information only for those or compatible uses.*

16. The benefit of information lies in its use, but therein lies an often unconsidered cost: the threat to information privacy. A critical characteristic of privacy is that once it is lost, it can rarely be restored. Consider, for example, the extent to which the inappropriate release of sensitive medical information could ever be rectified by public apology.

17. Given this characteristic, privacy should not be addressed as a mere afterthought, after personal information has been obtained. Rather, information users should explicitly consider the impact on privacy in the very process of deciding whether to obtain or use personal information in the first place. In assessing this impact, information users should gauge not just the effect their activities may have on the individuals about whom personal information is

obtained. They should also consider other factors, such as public opinion and market forces, that may provide guidance on the appropriateness of any given activity.

18. After assessing the impact on information privacy, an information user may conclude that it is appropriate to obtain and use personal information in pursuit of a current activity or a planned activity. A planned activity is one that is clearly contemplated by the information user, with the present intent to pursue such activity in the future. In such cases, the information user should obtain only that information reasonably expected to support those activities. Although information storage costs decrease continually, it is inappropriate to collect volumes of personal information simply because some of the information may, in the future, prove to be of some unanticipated value. Also, personal information that has served its purpose and can no longer be reasonably expected to support any current or planned activities should not be kept.

19. Finally, information users should use the personal information they have obtained only for current or planned activities or for compatible uses. A compatible use is a use of personal information that was within the individual's reasonable contemplation or sphere of consent when the information was collected. The scope of this consent depends principally on the notice provided by the information collector pursuant to the Notice Principle (II.B) and obtained by the individual pursuant to the Awareness Principle (III.A). Without this compatible use limitation, personal information may be used in ways that violate the understanding and consent under which the information was provided by the individual. This may subject the individual to unintended and undesired consequences, which will discourage further use of the NII.

II.B. Notice Principle:

Individuals need to be able to make an informed decision about providing personal information. Therefore, those who collect information directly from the individual should provide adequate, relevant information about:

- 1. Why they are collecting the information;*
- 2. What the information is expected to be used for;*
- 3. What steps will be taken to protect its confidentiality, integrity, and quality;*
- 4. The consequences of providing or withholding information; and*
- 5. Any rights of redress.*

20. Personal information can be obtained in one of two ways: it can be either collected directly from the individual or acquired from some secondary source. By necessity, the

principles governing these two different methods of obtaining personal information must differ. While notice obligations can be placed on all those who collect information directly from the individual, they cannot be imposed uniformly on entities that have no such direct relationship. If all recipients of personal information were required to notify every individual about whom they receive data, the exchange of personal information would become prohibitively burdensome, and many of the benefits of the NII would be lost. However, if such users intend to use the information for uses not compatible with the understanding and consent of the individual, individuals must be given the ability to limit such use (see II.D, the Fairness Principle). Accordingly, notice obligations apply only to those who collect personal information directly from the individual and any users who want to use the data for incompatible uses.

21. This requirement specifically applies to all parties who collect transactional data generated as a byproduct of an individual's participation in the NII. Such parties include not only the party principally transacting with the individual in order to provide some product or service but also to those transaction facilitators such as communication providers and electronic payment providers who help consummate these transactions. For example, if an individual purchases flowers with a credit card through an on-line shopping mall accessed via modem, the Notice Principle applies to all parties who collect transactional data related to the purchase; not only to the florist, but also to the telephone and credit card companies.

22. In sum, all parties who collect personal information directly from the individual--whether they are the party principally transacting with the individual or are merely a transaction facilitator--should provide a notice that will adequately inform the individual about what the information is expected to be used for, including current and planned activities, and expected disclosures to third parties.

23. By providing notice, information collectors afford the individual a meaningful opportunity to exercise judgment in accordance with the Awareness Principle (III.A). Together, the Notice Principle and the Awareness Principle highlight the interactive nature of the NII and how responsibility must be shared between those who collect personal information and those who provide it. The importance of providing this notice cannot be overstated, however, since the terms of the notice determine the scope of the individual's consent, which must be respected by all subsequent users of that information.

24. Having said this, it is important to realize that what counts as adequate, relevant information to satisfy the Notice Principle depends on the circumstances surrounding the collection of information. In some cases, a particular use of personal information will be so clearly contemplated by the individual that providing formal notice is not necessary. For example, if an individual's name and address is collected by a pizza operator over the telephone simply to deliver the right pizza to the right person at the right address, no elaborate notice or disclaimer need precede taking the individual's order. However, should the pizza operator use the information in a manner not clearly contemplated by the individual--for example, to create and sell a list of consumers of pizzas containing fatty ingredients to health

insurance companies--then some form of notice should be provided. In other cases, not every one of the components of the Notice Principle will need to be conveyed. For example, a long distance carrier that uses transactional data generated as part of a telecommunications transaction only to route calls and create accurate billings might need only provide notice of its data security practices.

25. While the Notice Principle indicates what might constitute the elements of adequate notice, it does not prescribe a particular form for that notice. Rather, the goal of the Principle is to ensure that the individual has sufficient information to make an informed decision. Thus the drafters of notices should be creative about informing in ways that will help the individual achieve this goal.

26 Finally, although the Notice Principle requires information collectors to inform individuals what steps will be taken to protect personal information, they are not required to provide overly technical descriptions of such security measures. Indeed, such descriptions might be unwelcome or unhelpful to the individual. Furthermore, they may be counterproductive since widespread disclosure of the technical security measures might expose system vulnerabilities, in conflict with the Protection Principle (II.C).

II.C. Protection Principle:

Users of personal information should take reasonable steps to prevent the information they have from being disclosed or altered improperly. Such users should:

Use appropriate managerial and technical controls to protect the confidentiality and integrity of personal information.

24. On the NII, personal information is maintained in a networked environment, an environment that poses tremendous risk of unauthorized access, disclosure, alteration, and destruction. Both insiders and outsiders may gain access to information they have no right to see, or make hard-to-detect changes in data that will then be relied upon in making decisions that may have profound effects.

25. For example, our national health care system expects to become an intensive participant in the NII. Through the NII, a hospital in a remote locale will be able to send x-rays for review by a renowned radiologist at a teaching hospital in another part of the country. The benefits to the patient are obvious. Yet, such benefits will not be reaped if individuals refuse to send such sensitive data because they fear that the NII lacks safeguards needed to ensure that sensitive medical data will remain confidential and unaltered.

26. In deciding what controls are appropriate, information users should recognize that personal information should be protected in a manner commensurate with the harm that might occur if it were improperly disclosed or altered. Also, personal information collected directly

from the individual should be protected in accordance with the information provided to the individual pursuant to the Notice Principle (II.B).

27. Finally, technical controls alone cannot provide adequate protection of personal information. Although technical safeguards are well-suited to protect against unauthorized outsiders, they are less well suited to protect against insiders who may be able to alter or delete data improperly without breaching any technical access controls. Therefore, to protect personal information, information users should adopt a multi-faceted approach that includes both managerial and technical solutions. One management technique, for example, could strive to create an organizational culture in which individuals learn about fair information practices and adopt these practices as the norm.

II.D. Fairness Principle:

Individuals provide personal information on the assumption that it will be used in accordance with the notice provided by collectors. Therefore, users of personal information should:

Enable individuals to limit the use of their personal information if the intended use is incompatible with the notice provided by collectors.

28. Two principles work together to ensure the fair use of information in the NII. The Acquisition and Use Principle (III.A.2) requires information users to use personal information only for current or planned activities or for compatible uses. In conjunction with this principle, the Fairness Principle requires users to enable individuals to limit *incompatible* uses of personal information. Juxtaposed, these two principles highlight again the interactive and interrelated relationships on the NII, which require participants to share the power and responsibility for the proper use of personal information.

29. An incompatible use occurs when personal information is used in a way neither reasonably contemplated nor consented to by the individual when the information was collected. As explained earlier, the scope of this consent depends principally on the notice provided by the information collector pursuant to the Notice Principle (II.B) and obtained by the individual pursuant to the Awareness Principle (III.A).

30. An incompatible use is not necessarily a harmful use; in fact, it may be extremely beneficial to the individual and society. For example, society may benefit when researchers and statisticians use previously collected personal information to determine the cause of a potentially fatal disease such as cancer.

31. On the other hand, without some limitation, information use may know no boundaries. Without a Fairness Principle, personal information provided under the terms disclosed and obtained pursuant to the Notice (II.B) and Awareness (III.A) Principles may be used in ways

that violate those terms and thus go beyond the individual's understanding and consent. To guard against this result, before information is used in an incompatible manner, such use should be communicated to the individual and his or her explicit or implicit consent obtained. The nature of the incompatible use will determine whether such consent should be explicit or implicit. In some cases, the consequences to an individual may be so significant that the prospective data user should proceed only after the individual has specifically opted into the use by explicitly agreeing. In other cases, a notice offering the individual the ability to opt out of the use within a certain specified time may be adequate. It is the responsibility of the data user to ensure that the individual is able to prevent such incompatible use. Implicit in this principle is the idea that the original data collector will convey to every new user information about the original notice.

32. Having said this, it must be recognized that the Fairness Principle cannot be applied uniformly in every setting. There are some incompatible uses that will have no effect on the individual's information privacy interest. Research and Statistical studies may be an example. Obtaining the consent of the individual to participate in such studies will add cost and administrative complexity to the process without affecting the individual's information privacy interests. In other cases, the information is for a significant public need that would be thwarted by giving the individual a chance to limit its use, and society recognizes the need and authorizes the use in a highly formal, open way (typically in legislation). An example would be the collection of data to support a law enforcement investigation where obtaining a suspect's consent to a new use of what has become investigatory data would be unlikely and even asking for such consent could be potentially counterproductive to the investigation. Nevertheless, given the interactive possibilities that the NII offers, data users should be creative about finding ways to satisfy the Fairness Principle.

II.E. Education Principle:

The full effect of the NII on the use of personal information is not readily apparent, and individuals may not recognize how their lives may be affected by networked information. Therefore, information users should:

Educate themselves, their employees, and the public about how personal information is obtained, sent, stored, processed, and protected, and how these activities affect individuals and society.

33. The Education Principle represents a significant addition to the traditional Code of Fair Information Practices. There are many uses of the NII for which individuals cannot rely completely on governmental or other organizational controls to protect their privacy. Although individuals often rely on such legal and institutional controls to protect their privacy, many people will engage in activity outside of these controls, especially as they engage in the informal exchange of information on the NII. Thus, individuals must be aware of the hazards

of providing personal information, and must make judgments about whether providing personal information is to their benefit.

34. Because it is important that information users appreciate how the NII affects information privacy, and that individuals understand the ways in which personal information can be used in this new environment, information users should participate in educating themselves and others about the handling and use of personal information in the evolving NII.

III. Principles for Individuals who Provide Personal Information

35. As previously noted, the NII will be interactive. Individuals will not be mere objects that are acted upon by the NII; rather, they will actively participate in using and shaping the new information technologies and environments. In such an essentially interactive realm, individuals should assume some responsibility for their participation in instances where they can affect that participation. For example, where individuals will have choices about whether and to what degree personal information should be disclosed, they should take an active role in deciding whether to disclose personal information in the first place, and under what terms. Of course, in certain cases, individuals have no choice whether to disclose personal information. For example, if the individual wants to execute a transaction on the NII, personal information in the form of transactional data will necessarily be generated. Or, the choice may exist in theory only. For example, an individual may be permitted not to disclose certain personal information, although exercising such choice will result in the denial of a benefit that they cannot give up to participate fully in society - e.g., obtaining a license to drive an automobile. If individuals are to be held responsible for making these choices, they must be given enough information by information collectors and users to make intelligent choices.

III.A. Awareness Principle:

While information collectors have a responsibility to inform individuals why they want personal information, individuals also have a responsibility to understand the consequences of providing personal information to others. Therefore, individuals should obtain adequate, relevant information about:

- 1. Why the information is being collected;*
- 2. What the information is expected to be used for;*
- 3. What steps will be taken to protect its confidentiality, integrity, and quality;*
- 4. The consequences of providing or withholding information; and*
- 5. Any rights of redress.*

36. The Awareness Principle, in conjunction specifically with the Notice Principle (II.B) and more broadly with the Education Principle (II.E), strives to cultivate an environment where individuals have been given the tools necessary to take responsibility over how personal information is disclosed and used.

37. Increasingly, individuals are being asked to surrender personal information about themselves. Sometimes the inquiry is straight-forward; for example, a bank may ask for personal information prior to processing a loan request. In such situations, the purpose for which the information is sought is clear -- to process the loan application. There may, however, be other uses that are not so obvious, such as using that information for a credit card solicitation.

38. Indeed, individuals regularly disclose personal information without being fully aware of the many ways in which that information may ultimately be used. For example, an individual who pays for medical services with a credit card may not recognize that he or she is creating transactional data that could reveal the individual's state of health. The Awareness Principle encourages individuals to learn about and take into consideration such consequences before participating in these kinds of transactions.

III.B. Redress Principles:

Individuals should be protected from harm caused by the improper disclosure or use of personal information. They should also be protected from harm caused by decisions based on personal information that is not accurate, timely, complete, or relevant for the purpose for which it is used. Therefore, individuals should, as appropriate:

- 1. Have the means to obtain their personal information and the opportunity to correct information that could harm them;*
- 2. Have notice and a means of redress if harmed by an improper disclosure or use of personal information, or if harmed by a decision based on personal information that is not accurate, timely, complete, or relevant for the purpose for which it is used.*

39. There will be times when individuals are harmed by the improper disclosure or use of personal information. Individuals will also be harmed by the use of personal information that lacks sufficient quality to ensure fairness in that use. It is therefore important to implement measures to avoid or limit that harm, as well as measures to provide relief should harm occur

42. Therefore, individuals should be able to obtain from information users, as appropriate, a copy of their personal information and have the opportunity to correct information about them that lacks sufficient quality to assure fairness in use and thus prevent potential harm. Whether this opportunity should be granted depends on the seriousness of the consequences to the

individual of the use of the information. Finally, appropriate forms of redress should be available for individuals who have been harmed by the improper disclosure or use of personal information, or by the use of personal information that lacks sufficient quality to be used fairly. The Principles envision various forms of redress including, but not limited to, mediation, arbitration, civil litigation, regulatory enforcement, and criminal prosecution, in various private, local, state, and federal forums with a goal of providing relief in the most cost-effective, efficient manner possible.

Appendix I. Principles for Providing and Using Information in the NII - Comparison of Original Version - April 29, 1994 - and Revised Version - December 6, 1994

I. General Principles for the National Information Infrastructure

Participants in the NII rely upon the privacy, integrity, and quality of the personal information it contains. Therefore, all participants in the NII should use whatever means are appropriate to ensure that personal information in the NII meets these standards.

A. Information Privacy Principle

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Individuals are entitled to a reasonable expectation of information privacy.	<i>An individual's reasonable expectation of privacy regarding access to and use of his or her personal information should be assured.</i>	Moves principle from abstract "expectation," to an assurance that is the responsibility of all participants.

B. Information Integrity Principles

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Participants in the NII rely upon the integrity of the information it contains. It is therefore the responsibility of all participants to ensure that integrity. In particular, participants in the NII should, to the extent reasonable: 1. Ensure that information is secure, using whatever means are appropriate; 2. Ensure that information is accurate, timely, complete, and relevant for the purpose for which it is given.	<i>Personal information should not be improperly altered or destroyed</i>	Principle has been revised to focus on traditional security definition of data integrity - guarding against improper alteration or destruction. Data quality attributes provisions have been moved to new principle: Information Quality Principle, below.

C. Information Quality Principle (NEW)

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Partly contained in Information Integrity Principle	<i>Personal information should be accurate, timely, complete, and relevant for the purpose for which it is provided and used</i>	New principle, but broken out of old Integrity Principle.

OLD II. nciple for Information Collectors (i.e. entities that collect personal information directly from the individual) - This principle has been deleted and its provisions moved to the Information Users Principles as the new "Notice Principle."

A. Collection Principle

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Before individuals make a decision to provide personal information, they need to know how it is intended to be used, how it will be protected, and what will happen if they provide or withhold the information. Therefore, collectors of this information should: Tell the individual why they are collecting the information, what they expect it will be used for, what steps they will take to protect its confidentiality and integrity, the consequences of providing or withholding information, and any rights of redress.	NA	Principle moved to and combined with the Principles for Information Users

New II. Principles for Information Users (i.e. Information Collectors and entities that obtain, process, send or store personal information)

A. Acquisition and Use Principles

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Users of personal information must recognize and respect the stake individuals have in the use of personal information. Therefore, users of personal information should: 1. Assess the impact on personal privacy of	<i>Users of personal information should recognize and respect the privacy interests that individuals have in the use of personal information. They should:</i>	The assessment in paragraph 1, ow precedes a decision to collect data, not merely the data collection itself. The original paragraph 3, placing responsibilities on

Final Draft as of December 6, 1994

- current or planned activities before obtaining or using personal information;
2. Obtain and keep only information that could reasonably be expected to support current or planned activities and use the information only for those or compatible purposes;
 3. Assure that personal information is as accurate, timely, complete and relevant as necessary for the intended use

1. *Assess the impact on privacy of current or planned activities in deciding whether to obtain or use personal information.*
2. *Obtain and keep only information that could be reasonably expected to support current or planned activities and use the information only for those or compatible uses.*

users to assure data quality has been moved to the Information Quality Principle in Section I to emphasize that this is a responsibility of all parties.

B. Notice Principle - This is a new principle for this section. It recognizes that notice is a critical element in the successful establishment of the Principles as a working set of guidelines. Adequate notice will ensure that information acquisition and usage occurs within the knowledge and consent of the individual who provides it. Because users may wish to use information for purposes that are incompatible with that knowledge and consent, the principle states that before such use can occur, the individual must be renotified and his or her consent obtained.

Original Version - April, 29, 1994

Originally contained in the "Collector Principle."

Revised Version - December 6, 1994

Individuals need to be able to make an informed decision about providing personal information. Therefore, those who collect information directly from the individual should provide adequate, relevant information about:

1. *Why they are collecting the information;*
2. *What the information is expected to be used for;*
3. *What steps will be taken to protect its confidentiality, integrity, and quality;*
4. *The consequences of providing or withholding information; and*
5. *Any rights of redress.*

Change

Moved from "Collector Principle" to emphasize responsibility of both collectors and certain users to inform individuals of the uses of their data and to obtain their knowledge and consent to such uses.

C. Protection Principle (renumbered as C.)

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Users of personal information must take reasonable steps to prevent the information they have from being disclosed or altered improperly. Such users should:	<i>Users of personal information should take reasonable steps to prevent the information they have from being disclosed or altered improperly. Such users should:</i>	Changes verb "must" to "should" for consistency with other wording throughout the Principles.
Use appropriate managerial and technical controls to protect the confidentiality and integrity of personal information.	<i>Use appropriate managerial and technical controls to protect the confidentiality and integrity of personal information.</i>	

D. Fairness Principles (This Principle has been moved up to emphasize the importance of users treating information providers fairly).

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
Because information is used to make decisions that affect individuals, those decisions should be fair. Information users should, as appropriate:	<i>Individuals provide personal information on the assumption that it will be used in accordance with the notice provided by collectors. Therefore, users of personal information should:</i>	The Principle has been simplified. It looks to the notice given under the Notice Principle as the determinant of when individuals should be given the ability to limit use of their personal information. The redress provisions of the original formulation have been incorporated into the Notice Principle above and to the Redress Principles in Section III. The Commentary provides guidance on what constitutes a "compatible" and "incompatible" use.
1. Provide individuals a reasonable means to obtain, review, and correct their own information; 2. Inform individuals about any final actions taken against them and provide individuals with means to redress harm resulting from improper use of personal information;	<i>Enable individuals to limit the use of their personal information if the intended use is incompatible with the notice provided by collectors.</i>	
Allow individuals to limit the use of their personal information if the intended use is incompatible with the original purpose for which it was collected, unless that use is authorized by law.		

E Education Principle

Original Version - April, 29, 1994	Revised Version - December 6, 1994	Change
The full effect of the NII on both data use and personal	<i>The full effect of the NII on the use of personal</i>	Expands education principle to include societal effects

privacy is not readily apparent, and individuals may not recognize how their lives can be affected by networked information. Therefore, information users should:

Educate themselves, their employees, and the public about how personal information is obtained, sent, stored and protected, and how these activities affect others.

information is not readily apparent, and individuals may not recognize how their lives may be affected by networked information. Therefore, information users should:

Educate themselves, their employees, and the public about how personal information is obtained, sent, stored, processed, and protected, and how these activities affect individuals and society.

given the potential effect of the NII on social structures and relationships.

III. Principles for Individuals who Provide Personal Information

A. Awareness Principles

Original Version - April, 29, 1994

While information collectors have a responsibility to tell individuals why they want information about them, individuals also have a responsibility to understand the consequences of providing personal information to others. Therefore, individuals should obtain adequate, relevant information about:

1. Planned primary and secondary uses of the information;
2. Any efforts that will be made to protect the confidentiality and integrity of the information;
3. Consequences for the individual of providing or withholding information;
4. Any rights of redress the individual has if harmed by improper use of the information.

Revised Version - December 6, 1994

While information collectors have a responsibility to inform individuals why they want personal information, individuals also have a responsibility to understand the consequences of providing personal information to others. Therefore, individuals should obtain adequate, relevant information about:

- 1. Why the information is being collected;*
- 2. What the information is expected to be used for;*
- 3. What steps will be taken to protect its confidentiality, integrity, and quality;*
- 4. The consequences of providing or withholding information; and*
- 5. Any rights of redress.*

Change

Description of what information individual should obtain to make informed decision to provide data has been simplified.

B. Redress Principles

Original Version - April, 29, 1994

Individuals should be protected from harm resulting from inaccurate or improperly used personal information. Therefore, individuals should, as appropriate:

1. Be given means to obtain their information and be provided opportunity to correct inaccurate information that could harm them;
2. Be informed of any final actions taken against them and what information was used as a basis for the decision;
3. Have a means of redress if harmed by an improper use of their personal information.

Revised Version - December 6, 1994

Individuals should be protected from harm caused by the improper disclosure or use of personal information. They should also be protected from harm caused by decisions based on personal information that is not accurate, timely, complete, or relevant for the purpose for which it is used. Therefore, individuals should, as appropriate:

1. *Have the means to obtain their personal information and the opportunity to correct information that could harm them;*
2. *Have notice and a means of redress if harmed by an improper disclosure or use of personal information, or if harmed by a decision based on personal information that is not accurate, timely, complete, or relevant for the purpose for which it is used.*

Change

Redress section has been rewritten to expand the scope of its provisions. Whereas original formulation restricted individuals ability to correct information that could harm them to only "inaccurate" information, revised draft includes any of the information quality attributes from the Information Quality Principle as a basis: e.g., incomplete information.

Original paragraphs 2 and 3, stating that individuals should be informed of "final actions" taken against them and have a means of redress if harmed by improper uses of their personal information has been consolidated into one new paragraph. The "informed of any final actions" thought has been discarded because of the difficulty of arriving at an adequate definition of what constitutes a "final action." Instead, it has been replaced with a provision for "notice and means of redress" for improper disclosures of information, or for use of data that lacks sufficient quality as explained by the Information Quality Principle.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

ADMINISTRATOR
OFFICE OF
INFORMATION AND
REGULATORY AFFAIRS

DEC 23 1994

MEMORANDUM FOR THE INFORMATION INFRASTRUCTURE TASK FORCE

FROM: Sally Katzen *Sally Katzen*
Chair, NII Security Issues Forum

SUBJECT: NII Security Tenets

The attached draft "Security Tenets for the NII" has been developed by the NII Security Issues Forum. This document articulates security fundamentals that the NII should be able to provide for its participants and users. I would like to issue these draft Tenets for public comment on January 20, 1995. Therefore, your comments are requested no later than January 13, 1995. A non-response will be considered approval.

A related document being developed by the Forum is the "NII Security Plan," which will incorporate the Tenets. Without public confidence that information will go when and where it is supposed to go, and nowhere else, the NII will not support health, education, commerce, and other public services. The Security Plan will evaluate the security needs of NII participants, both public and private, and recommend solutions. I anticipate issuing a draft of this Plan for your approval in February 1995, and subsequently issuing a draft for public comment.

Should you have any questions regarding these documents or the work of the Forum, please contact Barbara Guttman at (202) 395-3785. Written comments may be submitted by fax to (202) 395-5167 or by e-mail to guttman_b@a1.eop.gov.

Attachment

NII SECURITY TENETS
DRAFT OF DECEMBER 1994

Security is a critical component of the NII. NII participants must have confidence that the NII is a trustworthy, reliable system, or they will not use it.

NII security includes the integrity, confidentiality, and availability of the NII and of the information in the NII. In general, people who use the NII want to know that their information goes where and when they want it to, and nowhere else. From this general proposition flow five security tenets that the NII should support for the people who use it:

- 1) the ability to control who sees (or cannot see) their information and under what terms;
- 2) the ability to know who they are communicating with and that information received comes from whom it says it is from;
- 3) the ability to know that information stored or transmitted is unaltered;
- 4) the ability to know when information and communication services will (or will not) be available; and
- 5) the ability to block unwanted information or intrusions.

Two conditions attach to these security tenets:

- 1) None of these tenets is absolute. For each tenet there may be valid societal reasons -- such as an emergency or a need to protect another's rights -- that cause the tenet to be conditioned in some manner.
- 2) Each tenet requires NII participants to take responsibility for establishing the terms and conditions under which they will exchange information. The distributed and empowering nature of this technology demands a greater level of responsibility among all participants. Education of NII participants is thus a critical task.



Telecommunications Infrastructure

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Communications
and Information
Washington, D.C. 20230

CC: JS

November 9, 1994

Dear Colleague,

The National Telecommunications and Information Administration (NTIA) and the Universal Service Working Group of the Information Infrastructure Task Force (IITF) request your participation in an electronic, Virtual Conference that will be held during the week of November 14-18, 1994.

The Virtual Conference represents a landmark effort to broaden participation in the development of the nation's telecommunications policies and demonstrate the power of networking technology, culminating a year-long effort to gather information and opinions about the issues of universal service and open access with respect to telecommunications and information networks.

The Conference is part of the Administration's initiative to promote the development of a National Information Infrastructure (NII) and Global Information Infrastructure (GII). It will be conducted entirely through electronic networks--using the Internet, dial-up bulletin board access, public information service providers, and commercial service providers. We are seeking to facilitate nationwide access by encouraging public institutions to make their computer facilities available to the public during the week of the conference.

During the week of November 14-18, 1994, NTIA will create a series of electronic discussion groups. Each topic will have an Internet mailing list and USENET newsgroup devoted to discussion of each area. Attendees will be able to participate in two ways: by replying to the host in a short response that will be included in the formal proceedings of the conference, and by engaging in unmoderated discussion on the mailing list and newsgroup. Topics will include:

- *Redefining Universal Service and Open Access:* What is the minimum "basket" of telecommunications or information services or capabilities that all Americans should be able to obtain today? Which services or capabilities, if any, should be available to all Americans on an optional basis? What is the relationship between universal service and open access?
- *Affordability and Availability:* Who lacks telecommunications services and why? Should training in the use of more advanced network services be available to all who wish it? Who should pay for such training? How can rural concerns and inner city concerns best be accommodated under a new universal service concept? How can government balance the need for universal service with the benefits of a competitive environment for the telecommunications industry?

- *Intellectual Property*: Does the traditional legal framework for intellectual property work with digital technology? What are the respective roles of the government and the private sector in determining how authors and others who hold intellectual property rights are reimbursed? Does the current legal framework for intellectual property rights help or hinder accessibility to telecommunications and information networks?
- *Privacy*: What potential is there for the telecommunications and information networks to compromise personal privacy? To what extent will perceptions of reduced privacy hinder widespread, seamless access to the telecommunications and information networks?
- *Interoperability*: What is the relationship between interoperability and the concepts of universal service and open access? What are the respective roles of the marketplace and the government in determining standards and protocols for interoperability? What lessons can be learned from past efforts in standards setting, both domestically and internationally?
- *Universal Service and Open Access for Individuals with Disabilities*: What is the current state of access to telecommunications and information services for the disabled? How can such services help the disabled participate more fully in society? What design concepts for the disabled are transferable to all users to improve overall network functionality?

Participants in the Virtual Conference are encouraged to review the following two documents recently issued by the NTIA and the Universal Service Working Group: (1) *NII Field Hearings on Universal Service and Open Access: America Speaks Out*; and (2) *Notice of Inquiry (NOI) on Universal Service and Open Access Issues* (written comments in response to the NOI are being received by NTIA and should be filed on or before December 14, 1994, to receive full consideration). Both documents already are available through NTIA's IITF Gopher Serve at iitf.doc.gov, dial in to (202) 501-1920, and NTIA's Bulletin Board Service at (202) 482-1199, ntiabbs.ntia.doc.gov (telnet, gopher or world-wide web).

The Conference will start at 9:00 a.m. Eastern Standard Time (EST) on November 14, and conclude at 11:59 p.m. EST on November 18, 1994. During this time period, the Conference will be open for comments 24 hours a day.

Additional information about the Virtual Conference may be found on the Conference Gopher: gopher-virtconf.ntia.doc.gov. This information can also be e-mailed directly to you; send a message to info@virtconf.ntia.doc.gov and you will receive an automatic reply.

For technical assistance, please contact Charles Franz at (202) 482-1835 (cf Franz@ntia.doc.gov). For general information or to receive a "Public Access Point" registration form, please contact Tatia Williams at (202) 482-1551 (twilliams@ntia.doc.gov). Fax inquiries should be directed to (202) 482-1635.

I strongly encourage your participation in the Virtual Conference.

With warm regards,



Larry Irving

**NTIA/OAS
FAX**

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for
Communications and Information
Room 4899, HCH Bldg
Washington, D.C. 20230

TO: IITF Members	FAX:
	PHONE:
FROM: Larry Irving Office of the Assistant Secretary	FAX: (202) 482-1635
	PHONE: (202) 482-1551
DATE: 11-9-94	PAGES: This + 3 Page(s)

MESSAGE

*Telecommunications
Infrastructure*

**THE NATIONAL TELECOMMUNICATIONS AND INFORMATION
ADMINISTRATION (NTIA)
and the
UNIVERSAL SERVICE WORKING GROUP
OF THE INFORMATION INFRASTRUCTURE TASK FORCE (IITF)**

announces a

**VIRTUAL PUBLIC CONFERENCE ON "UNIVERSAL SERVICE AND
OPEN ACCESS TO THE TELECOMMUNICATIONS NETWORK"**

November 14-18, 1994

Background

In a landmark effort to broaden participation in the development of the nation's telecommunication policies and demonstrate the power of networking technology, the National Telecommunications and Information Administration (NTIA) and the Universal Service Working Group of the Information Infrastructure Task Force (IITF) will host an electronic, Virtual Conference the week of November 14-18, 1994.

The Virtual Conference will culminate a year-long effort by the Administration to gather information and opinions about the issue of universal service and open access as it relates to telecommunications and information resources. Building upon previous field hearings conducted by NTIA and the Universal Service Working Group on this subject, the Conference will allow public input to be expanded beyond geographic constraints.

The Conference also is part of the Clinton Administration's initiative to promote the development of a National Information Infrastructure (NII). The Administration's document entitled the *National Information Infrastructure: Agenda for Action*, released on September 15, 1993, describes the benefits of networking technology and the potential for using the NII to create an electronic commons. The report includes the Administration's goals of extending universal service to the telecommunications network and using the NII to conduct government business.

To demonstrate these concepts, this conference is being conducted entirely through electronic networks--using the Internet, dial-up bulletin board access, public information service providers, and commercial service providers. Although most attendees will use their own computers, NTIA and the Universal Service Working Group are providing nationwide access by encouraging public institutions to make their computer facilities available to the public during the week of the conference.

Information collected during this conference and all of the previous field hearings is being incorporated into the Administration's on-going policy deliberations and may result in a report to Congress and the Federal Communications Commission (FCC).

How the Conference Will Be Conducted

During the week of November 14-18, 1994, NTIA will create a series of electronic mail discussion groups. Each topic will have an Internet mailing list and USENET newsgroup devoted specifically to discussion of each relatively narrow area. Each topic will be hosted by an expert in the field, who will begin each day's discussion. Attendees will be able to participate in two ways: by replying to the host in a short response that will be considered for inclusion in the formal proceedings of the conference, and by engaging in unmoderated discussion on the mailing list and newsgroup. This two-tiered system will promote an active and open discussion. Topics will include:

- *Redefining Universal Service and Open Access:* What is the minimum "basket" of basic services or capabilities that all Americans should be able to obtain today? Which services or capabilities, if any, should be available to all Americans on an optional basis? What is the proper relationship between universal service and open access?
- *Affordability and Availability:* Who lacks basic telecommunications service, and why? For more advanced services, should training be available to all who wish it? Who should pay for such training? How can rural concerns and inner city concerns be balanced by a modern concept of universal service? How can government balance the need to provide universal service with the need to allow a competitive environment for the telecommunications industry?
- *Intellectual Property:* Does the traditional legal framework for intellectual property work with digital technology? What are the respective roles of the government and the private sector in determining how creators are reimbursed? Does the current legal framework of intellectual property help or hinder the goal of open access to the telecommunications network?
- *Privacy:* What potential is there for the telecommunications network to compromise personal privacy? To what extent will perceptions of reduced privacy hinder open access to the telecommunications network?
- *Interoperability:* How important is the concept of interoperability to the goals of universal service and open access? What is the respective role of the market and the government in determining standards and protocols for interoperability? What lessons can we learn from past efforts at standards setting, both domestically and internationally?
- *Universal Service and Open Access for Individuals with Disabilities:* What is the current state of access and service for the disabled? How can telecommunications help the disabled participate more fully in society? What design concepts for the disabled are transferable to all users to improve overall network functionality?

Additional information about the Virtual Conference, including instructions on how to join a topic, may be found on the Conference Gopher: gopher-virtconf.ntia.doc.gov. This information can also be e-mailed directly to you; send a message to info@virtconf.ntia.doc.gov and you will receive an automatic reply.

Participants are encouraged to review the NTIA/Universal Service Working Group's relevant documents and post comments and suggestions. These documents include: *NII Field Hearings on Universal Service and Open Access: America Speaks Out*; and *Notice of Inquiry (NOI) on Universal Service and Open Access Issues* (written comments in response to this NOI are being received by NTIA and should be filed on or before December 14, 1994, to receive full consideration). These documents already are available through NTIA's IITF Gopher Server at iitf.doc.gov, dial in to (202) 501-1920, and NTIA's Bulletin Board Service at (202) 482-1199, ntiabbs.ntia.doc.gov (telnet, gopher or world-wide web).

Call for "Public Access Points"

The Administration recognizes that not all citizens have access to, or experience using, computers and the Internet. Therefore, libraries and universities, as well as state and local governments, are encouraged to make their facilities available to the public. Providing these public gateways will demonstrate the power of networking and allow access to those who might not otherwise be able to participate.

If your institution is interested in participating as a "public access point," please see the attached registration form.

For Further Information

For technical assistance, please contact Charles Franz at (202) 482-1835 (cfranz@ntia.doc.gov). For general information, please contact Roanne Robinson at (202) 482-1551 (rrobinson@ntia.doc.gov). Fax inquiries should be directed to (202) 482-1635.

The National Telecommunications and Information Administration (NTIA) serves as the President's principal advisor on telecommunications policies pertaining to the nation's economic and technological advancement and to the regulation of the telecommunications industry.

10/20/94

REGISTRATION FORM FOR "PUBLIC ACCESS POINTS"

The National Telecommunications and Information Administration (NTIA) and the Universal Service Working Group of the Information Infrastructure Task Force (IITF) are hosting an electronic Virtual Conference on the topics of universal service and open access to the telecommunications network. The Conference will be accessible by the public via Internet mailing lists and network newsgroups.

To broaden the reach of the Conference, the Administration is encouraging public institutions to provide the general public a generic e-mail or newsgroup account to access the Conference Internet mailing lists. This will allow citizens to read and respond to on-going discussions on various topics.

Site Responsibilities

While every attempt will be made to make the general public aware of this conference, "public access points" (sites) will be responsible for all local publicity, as well as technical and logistical support. Sites are encouraged to display the conference announcement and make copies available to the public. Sites may wish to develop an additional announcement stating their intent to serve as a public access point, hours of operation and a local contact person, who can instruct local citizens on how to participate. Sites are encouraged to download the relevant documents outlined in the announcement and make hard copies available for the public to review prior to the conference.

In addition, since sites will be providing NTIA with anonymous e-mail accounts, sites may wish to encourage individual conference participants to provide their name, organization, and address at the end of their comments.

Site Registration

Please complete the registration form and e-mail the form to rrobinson@ntia.doc.gov by November 4, 1994. Registration will allow us to contact you with updated conference information.

"PUBLIC ACCESS POINT" REGISTRATION FORM

Contact Name: _____

Organization: _____

Address: _____

City: _____

State, Zip: _____

Phone & Fax: _____

E-mail Address: _____



IITF COMMITTEE REPORT

November 10, 1994

NII Interagency Grant Program: The Telecommunications Policy Committee and the Committee on Applications and Technology are working to develop a database of sources of Federal funding for technology-related projects. This compilation will serve as a tool to coordinate intergovernmental efforts on the NII. Please submit electronically or on disk your agency's funded grant programs to the IITF Secretariat by Friday, December 2. If you have any questions, please contact Tatia Williams at 202/482-1551 or twilliams@ntia.doc.gov.

NII Advisory Council: The next meeting of the NII Advisory Council will be held in the Department of Commerce Auditorium on Tuesday, December 6 from 8:30 a.m. to 4:30 p.m. The tentative agenda includes a discussion of intellectual property, education, electronic commerce, and universal access principles, and a discussion of Global Information Infrastructure (GII) issues. The Mega-Projects (Vision and Applications, Universal Access, and Privacy, Security and Intellectual Property) will meet in non-public session on Monday, December 5.

Virtual Public Conference on Universal Service and Open Access: The Universal Service Working Group and the National Telecommunications and Information Administration (NTIA) will co-sponsor a Virtual Public Conference, "Universal Service and Open Access to the Telecommunications Network." The Conference will be held the week of November 14-18, 1994. It is the last in a series of public field hearings held across the United States by the Universal Service Working Group addressing universal service and open access issues. For additional information, please contact Tatia Williams at 202/482-1551 or twilliams@ntia.doc.gov. Your participation is encouraged.

Telecommunications Policy Committee

The Telecommunications Policy Committee (TPC) met on October 24 at the Department of Commerce. The Committee heard a status report from each Working Group, as well as the NII Advisory Council. Assistant Secretary Larry Irving asked TPC Committee members to submit recommendations for the 1995 IITF Work Plan. Members were also reminded to submit their agencies' information on technology-related grants to the IITF Secretariat by December 2, 1994.

This is the twelfth monthly Information Infrastructure Task Force (IITF) Committee Report produced by the NII Secretariat at the National Telecommunications and Information Administration (NTIA) at the Department of Commerce. Please submit Committee and Working Group approved minutes of meetings, schedules of upcoming events, and any information regarding the IITF Committee Report to Yvette Barrett, 202/482-1835 (office), 202/482-0979 (fax) or ybarrett@ntia.doc.gov (e-mail).

Information regarding the IITF Gopher Server should be submitted to Charles Franz at NTIA either via e-mail (cfranz@ntia.doc.gov) or floppy disk in Word Perfect or ASCII formats. The IITF Gopher Server can be accessed through the Internet by pointing your Gopher Client to iitf.doc.gov or by telnet to [iitf.doc.gov](tel://iitf.doc.gov) and login as gopher. Access is also available at the same address for World-Wide Web (WWW) clients. Dial-up access by modem is available at 202/501-1920.

During the second half of the meeting, Edward O. Fritts, President and CEO, and John Abel, Executive V.P.-Operations, of the National Association of Broadcasters, addressed the Committee and members of the public. The multi-image presentation focused on the myriad of uses of digital communication. Digital communication encompasses digital pipelines, such as direct broadcast satellite services, wireless communications, cable, and telephone companies. Mr. Abel discussed digital communication's many benefits such as the broadcasting capacity of the pipelines utilizing digitized data. He stated that technology is paving the road for better equipment and services, but the cost and inconvenience of replacing old equipment directly affects the operability of a system of digital data. He added that technology is ahead of policy, but it is the technologies that mandate the policies.

On Thursday, November 17, from 10:00 a.m. to 12:00 p.m., in Room 4830 of the Department of Commerce, the TPC will hold its November meeting and host members of the computer industry to address their industry's role in the Global Information Infrastructure (GII). In order to register, please contact Tatia Williams at 202-482-1551 or twilliams@ntia.doc.gov.

The Legislative Drafting Task Force meets frequently to discuss strategies for the next Congressional session. The Legislative Drafting Task Force will continue to work with members of both the House and Senate in the next Congress in an effort to bring more competition to the telecommunications market.

The week of November 14-18 the Universal Service Working Group along with NTIA will hold a first of its kind "virtual conference" on universal service and open access issues. The conference is being conducted entirely through electronic networks--using the Internet, dial-up bulletin board access, public information service providers, and commercial service providers. Government and general public participation is strongly encouraged. For more information, please contact Tatia Williams at 202-482-1551 or twilliams@ntia.doc.gov.

The next Universal Service Working Group meeting will be on December 15, 1994 in Room 1617 M-4 of the Department of Commerce.

The Reliability and Vulnerability Working (RVWG) is primarily focusing on finalizing a Plan of Action (POA) for accomplishing the tasks set forth in its Terms of Reference. Nine specific actions have been identified in the POA. Each of the four RVWG subgroups have been assigned two to three specific actions to address. The subgroups are in the process of defining key steps or milestones and are identifying key organizations to lead or play supporting roles in accomplishing the actions.

The RVWG informs other organizations, such as the President's National Security Telecommunications Advisory Committee's NII Task Force, of its activities. Members of the RVWG also participated in issue development for the NII Symposium, co-sponsored by the NSTAC and the Office of Science and Technology Policy, that was held October 17-19, 1994 at the Naval War College in Newport, RI.

The next RVWG meeting will be held on December 1, 1994 in the National Coordinating Center for Telecommunications, Defense Information Systems Agency Headquarters Building, Second Floor, 701 S. Courthouse Road, Arlington, Virginia.

The RVWG chairman, Dr. David Signori, Deputy Director, DISA will host the meeting.

The International Telecommunications Policy Working Group has contributed to the preparation of the Global Information Infrastructure Agenda for Cooperation, which is expected to be released in early 1995. The Working Group is also participating in the IITF review of a draft text of the Agenda.

The Agenda for Cooperation expands on the five GII principles of private investment, competition, open access, flexible regulatory environment and universal service, as the essential foundation for the GII. It also addresses the critical policy issues related to information content and the benefits of new technologies and applications that will be possible over the GII. The Agenda will serve as the Administration's platform to engage other governments in a constructive process to ensure the development of the GII to the mutual benefit of all countries.

The next meeting of the International Working Group will be held within the next month.

Information Policy Committee

The Information Policy Committee (IPC) last met on November 7, 1994, to hear progress reports from its Working Groups and to be briefed on the activities of the NII Security Issues Forum. The IPC includes the Government Information Working Group, the Intellectual Property Rights Working Group, and the Privacy Working Group.

The Privacy Working Group has proposed revisions to the 1973 Code of Fair Information Practices in order to update it for the electronic era. The revisions will form the basis for actions, policies, and legislation to protect the privacy of individuals while allowing for the reasonable flow of information. These proposed revisions, in the form of a Statement of Principles for Providing and Using Personal Information, have been approved by the IITF. They were submitted to the NIIAC and released for public comment. The IPC discussed a revised version of the Principles at its November 7 meeting.

The Intellectual Property Rights Working Group released a draft report regarding the effect of the National Information Infrastructure on intellectual property rights on July 7, 1994. Public hearings on the draft report were held September 14, 1994, in Chicago, September 16, 1994, in Los Angeles, and September 22 and 23, 1994, in Washington, D.C. in order to solicit public comment on the report and to initiate a dialogue on the importance of intellectual property rights in the context of the NII. The comment period closed on October 26, 1994, and over 150 written comments were received.

The Working Group is also sponsoring a Conference on Fair Use. This Conference will bring together copyright owner and user groups to develop voluntary guidelines for fair use of copyrighted works by educators and libraries in the NII environment. Such guidelines were developed in the 1970s for a copyright world dominated by paper and should be updated for use in the electronic information age. The Conference has divided into three subcommittees on Library Uses, K-12 Uses, and University Uses. The next full meeting of the Conference will be held December 2, 1994 in Washington, D.C.

NII Security Issues Forum

The NII Security Issues Forum coordinates security efforts -- defined as confidentiality, integrity, and availability -- across the IITF. Sally Katzen, chair, held the seventh meeting of the Forum on Thursday, October 27, 1994. The agenda included: (1) overview of strategy for additional public meetings, (2) report on the public meeting on information security in the computer, software, and entertainment industries, and (3) progress reports from participants on various information security projects.

The next meeting of the NII Security Issues Forum is Thursday, December 1, 1994, from 1:00 - 2:00 p.m. in the Eisenhower Room of the White House Conference Center.

In coordination with the NII Advisory Council Mega-Project III on Security, Intellectual Property, and Privacy, a series of meetings between government officials and representatives from the private sector has been proposed. The second meeting, scheduled for the morning of Wednesday, December 7, 1994, will address information security in the finance and insurance sectors. The third meeting, scheduled for the morning of Thursday, December 8, 1994, will address information security for health and education. Both meetings will be held in Washington, D.C.

The NII Security Issues Forum is also developing "NII Security Principles," a training proposal for government information systems security managers, and is evaluating the adequacy of existing criminal and civil statutes for use in the NII.

Security of Federal Automated Information Systems: Appendix III of OMB Circular A-130, "Security of Federal Automated Information Systems," was issued in 1985. It requires Federal agencies to establish computer security programs and defines a minimum set of controls to be incorporated into those programs. Since then, newer technology requires that security controls be updated. Based on an NPR recommendation, OMB plans to issue for agency comment a revised Appendix this fall.

Committee on Applications and Technology

The Committee on Applications and Technology met at the National Institute of Standards and Technology on October 27, 1994. At the meeting, Ms. Bonnie Bracey, Arlington County Public Schools, gave a talk on NII education applications entitled "Breaking the Barriers in Education." The next CAT meeting will be December 14, 1994, at the Department of State.

NII Awards: In collaboration with over 50 private and public sector organizations including the IITF, the National Infostructure Campaign is recognizing applications that powerfully demonstrate capabilities of the information infrastructure. The awards are intended to encourage broader use of the NII. At the meeting, CAT participants were invited to contribute to the judging process.

NII Virtual Library: Dr. Arati Prabhakar, CAT Chair, announced plans for an NII Virtual Library. This project will provide a World Wide Web server which people can use to research NII activities in both government and the private sector. CAT participants are encouraged to submit ideas for development and use of the NII Virtual Library.

FY 1996 Applications Highlights: On October 24, the report "Highlights of National Information Infrastructure Applications Activities" was transmitted to Alice Rivlin, Director of the Office of Management and Budget. CAT participants assisted in preparing this report by submitting key policy and programmatic initiatives that support the Administration's goals in advancing the development and deployment of the NII. The CAT expects to publish at an appropriate time a document based on this report to inform the public of the scope and range of the Administration's NII investments and efforts.

The Technology Policy Working Group (TPWG), chaired by Duane Adams, held a meeting on November 1. Its next meeting is scheduled for November 30.

NII Services Architecture: The TPWG's Report "Services and the National Information Infrastructure," was approved by the IITF.

Advanced Digital Video: The draft report "Advanced Digital Video and the National Information Infrastructure" was reviewed and approved by CAT.

Standards Process: The TPWG participated in working meetings of the American National Standards Institute Information Infrastructure Standards Panel.

Roadmap Project: The National Research Council initiated activities on its TPWG contract to map NII deployment.

The Health Information and Applications Working Group (HIAWG) met with the national Security Telecommunications Advisory Council to discuss emergency services and how the NII might be used to support emergency communications. A subgroup has been established to investigate NII applications for emergency services and disasters. The group will look into using Health and Human Services networks, as well as Department of Defense networks.

Roadmap Project: The roadmap project for health care has three focuses: telemedicine; consumer information; and standards, including medical records. A plan is expected to be completed in November, and will be presented to the CAT in December.

Roadmap creation is being coordinated with the Koop Institute for a public-private sector meeting to be held early next year. At the meeting, the Working Group will develop a vision of the NII and health, plus the technical and policy roadmap to achieve this vision.

The Government Information Technology Services (GITS) Working Group, chaired by Jim Flyzik, met on October 4 and November 2, 1994. Key issues discussed include priorities for funding under the innovation fund pilot, E-Mail and Internet security issues, the government services information infrastructure architecture/plan and the process for identifying and coordinating affinity groups.

GITS also participated in the NII Symposium sponsored by the National Security Telecommunications Advisory Committee (NSTAC). The results were briefed to the NII Security Issues Forum on October 27, 1994, and a security infrastructure will be established under the auspices of the GITS Working Group.

GITS established a Federal, state, and local panel and participated in Interchange '94, a forum which brought together information technology policy makers from federal, state, and local governments and IT industry executives to collaborate on initiatives that further the goals of the NII.

Finally, GITS participated in the Industry Advisory Council (IAC) fourth annual Executive Leadership Conference "The Government Industry Reinvention Partnership: Information Technology, the Critical Foundation." Three GITS Working Group members received "Dare to Excel" and "Reengineering Government" awards.

Schedule of Upcoming Events

- November 10:** Technology Policy Working Group
ARPA
3:00 p.m. - 5:00 p.m., Room 970
- November 17:** Telecommunications Policy Committee
Department of Commerce
Room 4830
10:00 a.m. - 12:00 p.m.
(Open to public at 10:45 p.m.)
- November 30:** Technology Policy Working Group
ARPA
3:00 p.m. - 5:00 p.m., Room 970
- December 1:** NII Security Issues Forum
The White House Conference Center
Eisenhower Room
1:00 p.m. - 2:00 p.m.
- Network Reliability and Vulnerability Working Group
Defense Information Systems Agency Headquarters
National Coordinating Center for Telecommunications
701 South Courthouse Road, 2nd Floor
Arlington, Virginia
1:00 p.m. - 4:00 p.m.
- December 6:** NII Advisory Council Public Meeting
Department of Commerce
Auditorium
14th and Constitution Avenue, NW
Washington, D.C.
8:30 a.m. - 4:30 p.m.
- December 13:** Government Information Technology Services
8:30 a.m. - 5:00 p.m.
(Location TBA)

- December 14:** Committee on Applications and Technology
Department of State
Laurie Henderson Auditorium
9:30 a.m. - 11:45 a.m.
(Open to public at 10:45 a.m.)
- December 15:** Universal Service Working Group
Department of Commerce
10:00 a.m. - 11:00 a.m., Room 1617M4
- January 5:** Government Information Technology Services
10:00 a.m. - 12:00 p.m.
(Location TBA)

Action: Jon Baker

OFFICE OF THE SECRETARY
OFFICE OF POLICY AND STRATEGIC PLANNING
THE DEPARTMENT OF COMMERCE

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TO:

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FROM:

Jonathan Sallet

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Ann Bingaman	DOJ/Antitrust	514-2401	616-2645
David Turetsky	DOJ/Antitrust	307-2032	514-0306

MESSAGE:

Need Comments back

by 4:00 p.m. today.

DRAFT MARCH 6, 1995 -- Summary of NII Workplan (with Assignments from OVP)

I. GOALS -- to spur innovation and provide U.S. consumers with the benefits of real competition.

II. PRIORITIES

Ref Ref
-- Open markets, both at home and abroad

-- Connect Americans to the emerging NII, especially by linking classrooms and libraries

-- Use information technology to help re-invent the federal government

III. & IV. Barriers to Success/The Job of the Federal Government

The Administration will confront barriers to innovation, including the real -- and imagined -- fears of market players.

IV. Key Action Items

-- International -- Foreign Ownership (McCann/Irving/Abelson/OVP)

-- Information Policy

-- Intellectual Property Rights White Paper (Lehman/Nelson)

-- Privacy Guidelines (Katzen)

-- Security Issues (Nelson)

-- Applications (Kalil)

-- Education/Life Long-Learning

-- Other Applications -- White House/Cabinet Agreements

-- Telecommunications Policy Issues (Simon, Irving, Sallet & Turetsky)

-- Pending Telecom Legislation

-- Public Broadcasting

VI. Inter-Agency Coordination (Simon/Sallet)

- Focus: Adoption of the NII Workplan
- Discipline: Inter-agency coordination
- Agenda: Follow-Through and Modification

Commil Super Court
Battle push court
persuade

DRAFT 3/6/95 (Substantive changes in text in boldface)

NII Workplan

Monopoly incentive
Changes in society

I. Goals

The National Information Infrastructure will connect Americans to their future. It will spur innovation and provide U.S. consumers with the benefits of real competition: lower prices, higher quality and more choice among an increasing array of information products and services.

Construction of the National, and Global, Information Infrastructures will assist Americans and create jobs by opening competitive markets, both at home and abroad; by providing all Americans with the tools they need, especially education and training, to achieve a higher standard of living for themselves and their families; and by the re-invention of less costly, more effective and more responsive government at all levels.

The promise of the NII is, in reality, the promise of a re-invigorated and more prosperous nation -- successful in the arena of global competition and adapting to the increasing pace of technological innovation; **a nation that** engages the abilities and fulfills the information requirements of every American.

II. Priorities of Federal Action

To achieve these goals, the Clinton Administration has, and will continue, to:

1. Open markets, both at home and abroad, in order to (i) create a framework of real competition that will spur U.S. competitiveness through access to new markets and new means of productivity; (ii) create U.S. jobs; and (iii) provide consumers with the benefits of lower prices, higher quality and more choice.

2. Connect Americans to the emerging NII, especially by linking classrooms and libraries.

3. Establish the federal government as a model of less costly, more effective and more responsive government.

III. Barriers to Success

In each priority area, and in the other important ways, the Administration will work towards the goal of the NII/GII by confronting barriers to innovation. Barriers are circumstances (both real and imagined) that block the benefits of real

competition or, in the case of re-inventing government, that blind governments to the possibility of more effective and more responsive action.

One barrier to achievement of our first priority -- opening foreign and domestic markets -- comes from the fears of regulated businesses that simultaneously embrace and **dread** the advent of real competition. These businesses -- providing cable, long-distance and local telephone services -- know that their long-term prosperity depends on competitive success in an open marketplace. But they fear that the process of un-doing the regulatory structure of the past may tilt the playing field of the future.

The first barrier to confront, then, is the difference between legitimate fears of market participants and the **race** for competitive advantage. That can be done, in large part, by adherence to simple principles that will benefit competitive markets -- and not just one or more competitors: Competition is preferable to monopoly; monopoly power must never be confused with competition; and, to provide concrete benefits to Americans, competition must be real, not imagined, illusory or speculative.

+ Case
current
facts
proof
fit

Barriers in the marketplace are not limited, of course, just to the current structure of regulation. In pursuing our priorities, the Clinton Administration will look carefully at the different stages of market activity: From early research & development, where insufficient incentives exist for investment in long-term, high-risk R&D; through private investment, which requires a continuation of sound macro-economic policy and targeted incentives, to issues of market structure, which require vigorous enforcement of the antitrust laws in addition to the reformation of regulation; to artificial constraints on demand, which may arise from simple lack of information about the power of information technology.

Barriers can exist in the public sector as well. Our second priority -- connecting Americans to the NII -- requires that public institutions, most notably schools and libraries, have access to the NII. This nation has a long tradition of universal service; sometimes provided through community-base institutions, like schools and libraries; sometimes provided directly to individuals, like basic telephone service. That tradition must, however, evolve to meet the changing world of new information technology. That is why the President and Vice President have called on private industry to work in partnership with the federal, state and local governments to ensure that by the year 2000 every classroom, library, hospital and clinic in the United States is connected to the NII.

Our third priority -- a more effective and responsive government -- offers government itself the chance to work better by the use of information technology and offer the federal government, through the Vice President's leadership, the opportunity to serve as a model for governments across the country and around the world.

IV. The Job of the Federal Government

In each of these areas of emphasis, the federal government has a critical role to play. Governments can -- and must -- open markets. Governments can -- and must -- work with industry to continue the American tradition of universal service. Governments can -- and must -- re-invent their own operations.

Just as importantly, government can -- and must -- get out of the way. In a world of global competition and rapidly advancing technology, the job of government is to break down barriers and create opportunities -- and then let Americans take full advantage of the opportunities provided by the information age.

Government must confront barriers as effectively as it knows how. That means using every tool at its disposal, ranging from the bully pulpit of national leadership, to regulatory reform, to federal legislative action, to working with state and local governments to enlisting the private sector in voluntary action. It means acting with speed and flexibility to achieve the goals of the NII.

V. Action Items

The promise of the NII/GII can only be achieved if we take meaningful action in several key areas, including international policy, information policy, applications, and telecommunications policy.

A. International Action Items

International actions directly further the priority of opening markets abroad. They also help support in an international context the priorities of connecting people to social uses of information infrastructures and they provide an opportunity for the federal government to demonstrate world leadership in the use of information technology to re-invent government.

Much has already been done. From the Vice President's articulation of the Buenos Aires principles in 1994, through their discussion at APEC and the communique issued at the Hemispheric Summit, **to their successful adoption at the G-7 ministerial**, the basic agenda for the GII has gathered momentum.

Key action items for 1995 include:

- **Successful implementation of the Vice President's announcement on revision of our foreign ownership rules -- as part of our priority of opening domestic and foreign markets.**

- Satellite issues

- Intelsat/Inmarsat (and relation to market access)
- Preparation for WRC 95
- Review of Space Launch Policy (e.g., quotas)
- Review of role of multi-lateral institutions

B. Information Policy Issues

Information policy issues are critical to the creation of open, competitive markets in which sufficient incentives will exist to encourage the free flow of content. Information infrastructure would be of little use, of course, if it entailed just the construction of conduits or information appliances. Fundamental to the idea of an NII is the simple fact that people want to be able to send and receive content -- and want to be able to keep personal or business information private. The protection of content is, therefore, a critical element of the Administration's first priority.

Government's use of information is, as well, the cornerstone of the Administration's third priority -- the use of information technology to re-invent government.

Much has already been done. The Administration has emphasized internationally the importance of the flow of content, free from artificial restraints or quota. Domestically, the Administration has issued for comment a "green paper" proposing the ways that our intellectual property should be modified in light of the increasing use of digital technology. Other activities also serve to emphasize the importance of privacy and security.

The key action items for 1995 include:

Intellectual Property Rights

- Final review and **implementation** of the IPR recommendations as an Administration "white paper"

Privacy

- Publication of "Privacy Guidelines"
- Consideration of Creation of Privacy Office/Commission
- Seek voluntary adherence by business organizations to

Administration's proposed privacy guidelines

- **Create process for ensuring** consistency between Administration's privacy proposal and other Administration proposals (e.g., INS) before sending the proposal to the Hill

Government Information

- Define core set of information all agencies should have on-line
- Well-publicized training initiative
- Include access to government information in public outreach campaign
- Provide measurements of how much information and how much use has come from information that we have put on-line
- Public display of government on-line efforts (possibly future IITF meeting)

-- Security

- Promote Public Key Infrastructures
- Set Forth Defensive Strategy for Addressing Security Issues
- Publish NII Security Plan

C. Applications

[See Suggested Kalil Insert]

D. Telecommunications Policy Issues -- Telecom Legislation

The NII is much more than telecommunications but, because of the legacy of regulatory structures derived in the main from the Communications Act of 1934, the promotion of real competition in the telecommunications markets is a critical ingredient of the first priority: Opening domestic markets in order (i) to create a framework of real competition that will spur U.S. competitiveness through access to new markets and new means of productivity; (ii) to create U.S. jobs; and (iii) to provide consumers with the benefits of lower prices, higher quality and more choice.

The Administration will work in 1995, as it worked in 1994, towards the

Health Note

successful passage of bi-partisan telecommunications legislation.

Critical priorities for the Administration in pursuing telecommunications legislation include the following sets of issues:

-- Telephony

- Opening markets to real competition
- Ensuring that de-regulation does not boost consumer phone bills
- Ensuring the participation of the Department of Justice
- Opposing procedures that would invite litigation and/or delay competition needlessly
- Supporting the general idea of price caps if correctly implemented (and note how states are using them), but do not support federal preemption of state choice, which runs risk of raising rates if applied to basic telephony

-- Cable

- Protecting consumers from unregulated monopoly pricing. We are prepared to consider the impact of new services provided in properly defined product and geographic markets
- Permitting the FCC's 214 process to go forward
- Streamlining current FCC processes
- Prohibiting telco in-region acquisition of cable, with review after five years to see if competitive markets exist, because we believe telcos and cable systems shouldn't be able to buy each other out until they start competing
- Careful consideration of the problems faced by rural systems

-- Regulatory Flexibility

- Careful consideration of concepts similar to the Administration's "Title VII: proposal"

-- Universal Service

Handwritten signature: Hans / Han

- Support universal service provisions with consideration of (i) multiple carriers of last resort and (ii) state preemption.
- Consider legislative means needed to meet the goal of linking classrooms, libraries, hospitals and clinics by the year 2000.
- Consideration of auctioning off the right to provide universal service to the lowest bidder.

-- Mass Media

- Consider current restrictions on cross-ownership

-- Public Broadcasting

- Implement the principles of the Vice President's public broadcasting speech, including the continuation of federal funding.

VI. Inter-Agency Coordination

Effective accomplishment of the Administration's proprieties will require focus, disciplined action, and an agenda that consistently monitors and measures our progress.

A. FOCUS

An important means of focusing attention is, of course, agreement upon and implementation of this NII workplan. **After its approval by the Vice President**, the workplan should be implemented through the IITF, which is the premiere means by which the Administration coordinates the NII-activities of its constituent parts.

B. DISCIPLINED ACTION

We must insist upon effective Inter-Agency Action and coordination of existing Vehicles (including, e.g., IITF, NIIAC, Public Education Campaign) including emphasizing the importance of NII activities within the Administration.

Among the tasks to be coordinated on an inter-agency basis are:

- Increasing the Priority of NII Activities within Agencies of the Federal Government
- Message Development and Delivery

- Debating Differences
- Personalizing the Impacts
- "Speakers' Bureau"
- Business Outreach
- Public Interest Outreach
- Legislative Outreach
- State and Local Government Outreach

Effective coordination will require inter-agency consultation on a regular basis. The Vice President's breakfast group should meet once every three weeks with the Vice President in order to update him on progress and discuss any modifications of the workplan. The same group should meet without the Vice President once a week in person and confer twice a week by telephone conference call.

This workplan, and the priorities that it represents, should be presented by Secretary Brown at the next IITF meeting. Follow-up on the workplan should be a prime agenda item at subsequent IITF meetings.

C. AGENDA

- Using this Workplan as a starting point, and the processes described above, the Administration should conduct regular reviews of progress attained towards the key action items
- Coordination will be enhanced through the construction (and updating) of an NII timeline

Substance
Message

July 13, 1994

TO: Joe
FM: Lisa

RE: Upcoming NTIA (Commerce) Meetings:
Thurs, 7/14, Telcom Policy Com Mtg, 1-3pm **and** Mon, 7/25, Universal Service WG Mtg, 11 - 12pm

1. The Telcom Pol mtg conflicts with the Fed lunch (@ 1pm).

Will you attend the last portion of it (say from 2 - 3)?

YES _____ NO ☒ (see below)

OR, send a staffer in your place (tell me who)?

Send staffer Baker

2. Are you interested in attending the 7/25 Universal Serv. mtg? The time slot is ok on your calendar.

WILL ATTEND _____ No _____ (send staffer)

Attachment

Ash Baker

per Jon:
Elizabeth
attends
both mtgs

POC: Paula Deza, 482-¹⁸⁰⁰~~1557~~



Thurs, 7/14/94 1:30pm
UNITED STATES DEPARTMENT OF COMMERCE
National Telecommunications and
Information Administration
Washington, D.C. 20230
CC: DB

July 6, 1994

Dear Colleague:

This is to inform you that the next Telecommunications Policy Committee meeting is scheduled for Thursday, July 14, 1994 in Room 1412 of the Department of Commerce from 1:00 to 3:00 p.m.

The first forty-five minutes of the meeting will be closed to the public. We will hear reports from the working groups and cover new business. The next hour and fifteen minutes of the meeting will be open to the public.

The focus of the public portion of the meeting will be the concerns and issues of the labor community and its role in the NII. George Kohl from Communications Workers of America (CWA) will make a presentation highlighting CWA's recent paper "Preserving High-Wage Employment in Telecommunications." The Committee will then take comments and questions from invited guests and the public. I strongly encourage your attendance at both the closed and open sessions of the meeting, particularly since the meeting presents a major outreach opportunity with the labor community. Please RSVP to (202) 482-1551 by Monday, July 11 at 5:00 p.m.

The Universal Service Working Group will meet next on Monday, July 25 from 11:00 a.m. to 12:00 p.m. in Room 1412 of the Department of Commerce. Please RSVP to (202) 482-1484 by Thursday, July 21 at 5:00 p.m.

Sincerely,
Larry Irving
NTIA

**NTIA/OAS
FAX**

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for
Communications and Information
Room 4898, HCH Bldg
Washington, D.C. 20230

TO: Joe Stiglitz c/o Lisa Branch
FROM: Paula Deza
Office of the Assistant Secretary
DATE: 7/13
FAX: 395-~~50~~ 6958
PHONE: 395-5036
FAX: (202) 482-1635
PHONE: (202) 482-1551
PAGES: This + Page(s)

MESSAGE



UNITED STATES DEPARTMENT OF COMMERCE
National Telecommunications and
Information Administration
Washington, D.C. 20230

March 21, 1994

FSLT (NII)
cc: ~~BD~~ JB

MEMORANDUM FOR

David Barram, DOC
Sally Katzen, Bruce McConnell, OMB
Tom Kalil, NEC
Mike Nelson, David Lytel, OSTP
Larry Irving, DOC/NTIA
Arati Prabhakar, Cita Furlani, DOC/NIST
Jonathan Sallet, Denise Michel, DOC

FROM: Michele Farquhar, DOC/NTIA *mj*
RE: NII Advisory Council Meeting, March 18, 1994

At the NII Advisory Council meeting on Friday, March 18, the Council agreed to address three "mega-projects" during their two-year term:

(1) Defining the NII/Vision of the NII

This project will be driven by four applications:

- education
- health care
- criminal justice/public safety
- electronic commerce/business competitiveness

(2) Universal Service/Open Access

(3) Privacy/Security/Intellectual Property

All of these projects will be pursued within a common analytical framework addressing the following questions:

- What exists today?
- What is the pragmatic evolution of the future?
- What is the vision of the future?
- What is the government/private sector role?

As you'll note, these projects can be divided rather easily among the three IITF Committees, which should facilitate dialogue between the NIIAC and the IITF. Council members were asked to express their preferences for working on these projects, and they will meet in three task forces at the next meeting (April 25) to begin this effort.

2

In addition, attached is a memorandum on "Council Logistics" that was circulated at the meeting, which highlights the NIIAC's tentative views on administrative issues (including a draft budget). Specifically, the Council proposes that all IITF requests for advice should be made through the Designated Federal Officer and then addressed by the Co-Chairs at the next NIIAC meeting. The Council is also planning to hold approximately seven meetings in 1994 as well as several fact-finding forums, many of which will be outside Washington, D.C.

Other meeting highlights:

-- the Council discussed their perspectives on "defining the NII" at the start of the meeting, and the Co-Chairs were pleased with the progress made at that session;

-- the discussion on universal service and open access focused more on the first issue, covering a wide range of viewpoints; Larry Irving also made a brief presentation on the government's efforts in this area;

-- during a brief presentation on the privacy/security/intellectual property "mega-project," Council member Esther Dyson proposed revisiting the "clipper chip" issue;

-- there was some concern expressed by Council members about the size of their government budget, but the Co-Chairs reassured everyone that the Department of Commerce is willing and eager to provide the resources needed to get the job done;

-- the telecommunications discussion consisted primarily of presentations by economist Thomas Hazlett and market analyst Daniel Reingold, moderated by attorney Mark Director; Council members reacted to the presentations and no controversial issues were raised.

A transcript of the meeting should be available by the end of the week; please contact Sarah Maloney (Designated Federal Officer for the NIIAC) to request a copy at 202/482-1835. A meeting summary is also being prepared for distribution.

Attachment

MEMORANDUM

To: Members of the NIIAC

From: Edward McCracken & Delano Lewis

Re: Draft Proposal for Council Logistics

Date: March 16, 1994

The following draft of "Council Logistics" is presented for your discussion at our meeting on March 18th:

I. Interactions with the Government --

- All requests for advice from the Council from the Government's Information Infrastructure Task Force (IITF) shall be made to the Council's Federal Officer who shall transmit them to the co-chairs. The Federal Officer shall keep a log of all such requests and include an update in the briefing materials for each Council meeting.
- At each meeting the co-chairs shall present to the Council those requests along with their recommendations on how the Council should respond. The Council shall determine in each case how each request should be handled.
- Any Council member or group of Council members who are approached by the Government for advice may do so as private individuals but not on behalf of the Council. Only the Council meeting as a whole can formulate consensus and transmit its advice to the Government.
- Two or more Council members meeting together cannot form consensus views or transmit their collective views to the Government. Any meeting of multiple members for the purpose of developing a consensus or formulating a recommendation to the Government must be done under the Federal Advisory Committee Act (FACA).

II. Regional Meetings and Regional Fact-Finding Forums --

- The Council may hold its meetings outside of Washington, D.C. These meetings will be held under the requirements of the FACA and the Federal Officer must be present.
- The Council may sponsor regional fact-finding fora for the purposes of obtaining or exchanging facts or information. Proposals for such regional fact-

finding fora should be submitted to the Federal Officer and must be approved by the co-chairs. The co-chairs will give priority to those fora related to Council megaprojects. The proposal should include the scope, potential witnesses, and location of the forum.

- The Federal Officer or their representative will be present at each regional fact-finding forum.

III. Communications --

- The Federal Officer shall be responsible for distributing communications to all Council members. The Federal officer will ensure that all agendas and primary material will be faxed and mailed to Council members.
- The Council has also formed an informal communications network. Bob Kahn of the Corporation for National Research Initiatives is responsible for this internal communications network. At every Council meeting Bob Kahn will report on the status of the Council's internal network communications and bring before the Council any proposals for its consideration.

IV. Funding --

- Attachment A is a draft proposal to the Department of Commerce suggesting the funding support required for the Council for FY'94 and FY'95. The Council should review this request at its March 18th meeting.
- In addition, some members of the Council are considering establishing a 501(c)(3) NII education foundation which would, in part, make funds available for the support of the Council. Council members who can contribute to the 501(c)(3) and those who wish to serve on its board of directors should contact Mary Lou Joseph at NPR or Kathryn Hansen at Silicon Graphics by the close of business on March 25, 1994.

V. Staffing --

- The Department of Commerce will supply a full-time Federal Officer, a full-time support person, a part-time press officer and funding for consultants for the Council.
- The newly created 501(c)(3) will be utilized for supplementary staff if necessary.
- The co-chairs and the megaproject leaders will have responsibility for identifying appropriate consultants and for bringing recommendations for staffing to the Council.

ATTACHMENT A**DRAFT BUDGET PROPOSAL FOR NILAC SUPPORT FROM
THE DEPARTMENT OF COMMERCE**

- I. Full-Time Senior Federal Office --
- II. Full-Time Support Staff Person --
- III. Part-Time Consultants for Three Megaprojects and Final Report -- (\$70-80K Each, \$280-320K Total Per Year)
- IV. Council Meetings --
 - a. 1994 -- 7 meetings
 - b. 1995 -- 6 meetings
 - c. 1996 -- 1 meeting
- V. Regional Fact-Finding Forums -- (8 forums to gather information)
- VI. Reports --
 - a. 8-10 interim megaproject reports (10-15 pages each)
 - b. 1 Final Presentation (40-50 pages)
 - c. Multimedia Presentation on Council Recommendations
- VII. Expenses --

**NTIA/OPCM
FAX**

UNITED STATES DEPARTMENT OF COMMERCE
National Telecommunications and
Information Administration
Room 4888, HCH Building
Washington, D.C. 20230

TO: Joe Stiglitz	FAX: 395-6947 or 6958
	PHONE: 395-5036
FROM: Michele Farquhar Office of Policy Coordination and Management	FAX: (202) 482-0979
	PHONE: (202) 482-1835
DATE:	PAGES: This + Pages

MESSAGE