

# MINUTES

## ADVISORY COUNCIL ON THE DIGITAL ECONOMY

Tuesday, July 25, 2000  
1:00 p.m.  
Texas State Capitol, Senate Chamber  
Austin, Texas

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Pursuant to a notice posted in accordance with Senate Rules, a public hearing of the Advisory Council on the Digital Economy was held on Tuesday, July 25, 2000 at the Texas State Capitol in Austin, Texas.

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### MEMBERS PRESENT

Chairman Mike Maples  
Senator Gonzalo Barrientos  
Andrew Busey  
Senator Rodney Ellis  
Katherine Hammer  
John Hime  
Terrell B. Jones  
Jim Lee  
John McCain  
Dick Moeller  
Dennis E. Murphree  
David G. Nance  
Kevin Rollins  
Senator Florence Shapiro  
David Sikora  
James Truchard

### MEMBERS ABSENT

Michael Capellas  
Ken DeAngelis  
Bob Fabbio  
Donald Hackett  
Christy Jones  
Senator Steve Ogden  
Padmasree Warrior  
Max Watson

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The Chair called the meeting to order at 1:01 p.m. There being a quorum present, the following business was transacted.

Lt. Governor Rick Perry addressed the council about the growth of the Internet bringing new opportunities, but also new risks. He asserted that "this is no truer than the areas of privacy. This is a broad issue that has implications on how we do business, on how we deal with records, how we deal with the most pertinent of information, our medical information."

He addressed the implications that the Internet brings with regard to state open records and how this innovation makes more information available and more accessible. He noted that the area of privacy was quite broad, so directed the Council to focus primarily on private sector use of consumer information. Separating the different views on privacy, Perry questioned whether self-regulation or regulation of consumer information would best preserve public trust. Also, Perry asked the Council to consider the formulation of a separate privacy statute to address changes brought by new technologies while maintaining reasonable citizen privacy.

Chairman Maples thanked Perry, then briefly outlined a few administrative details at 1:15.

Maples introduced Commissioner Orson Swindle.

Commissioner Swindle was sworn in as a Commissioner on the Federal Trade Commission (FTC) December 18, 1997. Swindle discussed the May release of FTC's Privacy report and his dissenting remarks. He made it clear that he was speaking at this hearing on behalf of himself. Swindle referred the group to the FTC's website at <http://www.ftc.gov/reports/privacy2000/privacy2000.pdf> and their Report to Congress titled "Privacy Online: Fair Information Practices in the Electronic Marketplace." His discussion included the history behind FTC's views on self-regulation and government regulation of online privacy, and his disagreement with the FTC's recommendations.

Paula Bruening is Staff Counsel for the Center for Democracy (CDT). Bruening specializes in Internet policy issues including free expression and consumer privacy. CDT is working to assure individual privacy on the Internet. CDT believes that maintaining privacy and freedom of association on the Internet requires the development of public policies and technology tools that give people the ability to take control of their personal information online and make informed, meaningful choices about the collection, use and disclosure of personal information. Bruening asserted that maintaining control over consumers' information online could be accomplished through three mechanisms. First, self-regulation is a notice/consent mechanism. Second, technology tools are widely available such as P3P to have greater control over personal information. Third, technology driven legislation that highlights consumer protection practices through choice, access and security would provide a baseline.

Kevin B. Rollins serves as Vice-chairman, of Dell Computer Corporation. He shares the Office of the Chief Executive Officer with Michael S. Dell, chairman and CEO, and Morton L. Topfer, vice chairman. Mr. Rollins is responsible for worldwide sales, marketing and service and overseeing the Americas and Japan regions. Mr. Rollins opened his discussion stating "together, we can promote the growth of the Internet engine, which is fueling our state and national economy while protecting information that is becoming currency in the New Economy." Additionally, Rollins argued that the rapid acceptance and adoption of the Internet by consumers is driving economic growth. Successful Internet companies adhere to the following principles of success. There are 3Cs contributing to Internet commercial success: convenience, cost-effectiveness and confidence. Rollins noted that Dell's website complies with FTC's consumer protection measures and they were the first company to receive Better Business Bureau Online Privacy Program's seal of approval for instilling consumers with trust and their online privacy statement.

A discussion among the council members and presenters ensued, covering the following topics:

- What consumer protection measures, including fraud protection, privacy protection and anti-spamming protection, can provide consumers with greater confidence in their use of the Internet as a tool for information and commerce?
- How will the government act to ensure businesses do not violate their posted online privacy policies?
- What is the absence of regulation and costs incurred?
- What kind of state information privacy laws should be enacted?
- Should consumers be concerned with state and federal policy and how they are governed in the online marketplace?
- What is happening to the level of complaints regarding privacy?
- What privacy proposals are being discussed?
- How should consumer's rights be safeguarded from state government?

Chairman Maples introduced Dr. Sharon Strover.

Dr. Sharon Strover teaches and researches various topics related to communications and telecommunications, including communication theory, research methodology and telecommunications policy, in the Radio-TV-Film department at the University of Texas. She also directs the

[Telecommunications and Information Policy Institute](#) (TIPI). Her current research projects include examining Texans' attitudes toward on-line privacy and statistical findings on the digital divide in Texas. Strover presented the council with results of a statewide survey TIPI and University of Texas at Austin's Office of Survey Research recently conducted on the digital divide, e-government, privacy and security issues. Strover asserted that the survey results suggest "65 percent of Texas Internet users believe privacy is a growing concern." Her findings also illustrated African Americans being more concerned about privacy on the Internet than other racial/ethnic groups. In addition to these findings, Strover indicated that the sample also deemed it unacceptable for the State to release certain kinds of personal information.

John McCain is Senior Vice President, of E Solutions at EDS. McCain leads E.solutions, one of EDS' four lines of business (LOBs), and reports directly to EDS Chairman and CEO Dick Brown. He collaborates with various internal organizations to develop and manage E.solutions' strategy, business plan and service offerings - Internet Solutions and Applications, Digital Supply Chain, Training Solutions, Enterprise Applications and E.communities. Mr. McCain spoke to the Advisory Council from his chair on information practices and privacy protections the Alliance for Responsible Information Practices (ARIP) employ. McCain opened his discussion by stating that 55 percent of Texans currently have PCs in their homes. Then, he reminded everyone that his company has been protecting data for a very long time. McCain noted that ARIP was formed based on the following premises: there is a need to identify, analyze and codify existing laws in Texas related to the use of personal information and after reviewing existing Texas statutes there may be a need to enhance penalties or adopt new laws to protect the public from identity theft and crimes committed using personal information. McCain also reminded the council how information sharing helps society function because companies that collect public record information play an important role in society. For instance, companies can help public safety locate fugitive criminals. McCain closed his discussion noting that self-regulation holds great promise for companies without the potential downsides associated with government regulation.

John Cornyn was elected in 1998 as the 49th Attorney General of Texas. As attorney general, his goal is to elevate professionalism over politics. General Cornyn's top priorities include protecting vulnerable Texans: children who depend on the attorney general to collect their child support and seniors who depend on him to enforce nursing home regulations. To promote open government, he aggressively enforces the Public Information Act. Cornyn described the state's cyber standards and privacy on the Internet. According to General Cornyn, consumers use the Internet to shop and learn. He hopes to strike a delicate balance between high tech growth and consumer protection. The Office of the Attorney General enforces consumer privacy rights and deceptive practices on the Internet. For instance, his office has instructed two Internet companies, Toysmart.com and Boo.com, "to stop violating the privacy rights of Texas consumers by using their personal information in violation of privacy protection agreements." Cornyn intends to hold these companies accountable if they violate their privacy agreements with consumers and otherwise break the law. In closing, Cornyn described his new Internet bureau within OAG that will centralize efforts that are already part of the Texas statutes.

A discussion among the council members and panelists ensued, covering the following topics:

- When will the Internet Bureau begin its work?
- What kind of jurisdiction does the Office of the Attorney General have outside of Texas?
- Is there anything unique about privacy on the Internet versus privacy prior to the Internet?

Chairman Maples thanked those submitting public testimony. Maples called the panel on the Digital Divide to the table and welcomed Sharon Strover's research findings on the digital divide at 3:10 p.m.

Strover discussed additional results from her most recent research, noting that defining the digital divide cuts across several boundaries, including the infrastructure, ability, accessibility, and interest. Strover outlined key findings like levels of computer and Internet use was found in Texas with 60.1 percent of the sample was defined as an Internet user and the library was the most popular public access Internet site. In sum, Strover concluded that rural people are less likely to use computers, and are more concerned about

children and the Internet and the Hispanic population is less likely to report being uninterested in the Internet and more likely to cite phone and ISP charges as an impediment.

Roger James Benavides serves on the Telecommunications Infrastructure Fund (TIF) as a Board member. He will serve for a term expiring August 31, 2003. Benavides of San Antonio is also the chief financial officer of Contemporary Constructors, Inc. He previously worked as president and general manager of TI-IN Network, an education television network providing interactive cable and satellite programs to teachers and students across the nation. Benavides described the history of TIF, its mandate to deploy technology in schools, libraries, and public health facilities through competitive and non-competitive grants, and their \$1.5 billion budget over a ten year period. In essence, these grants allow potential grantees to extend current projects and infrastructure by extending networks, purchasing more computers, and upgrading connectivity equipment.

Gregg Petersmeyer is Senior Vice President for America's Promise- the Alliance for Youth. Mr. Petersmeyer was the lead architect of the Presidents' Summit for America's Future. Initially, Mr. Petersmeyer led the development of community and state strategies, and helped define and launch hundreds of Communities of Promise. Currently, Mr. Petersmeyer is building support for community mobilization by engaging governors as well as other elected officials and business and community leaders. He is also leading the creation of a national network of local community Internet sites known as Promise Stations. Mr. Petersmeyer presented a Power Point presentation titled "Overcoming the Real Digital Divide." Petersmeyer discussed the role of technology in the lives of children, and the potential for creating a public/private partnership with the State of Texas to help communities become a "Promise Station" for kids.

A discussion among council members and presenters ensued, covering the following topics:

- How many America's Promise websites are located in Texas?
- How is America's Promise funded?
- How could this council help facilitate moving America's Promise's mission along throughout the state?
- How does TIF measure use of grants allotted?
- What's the purpose of TIF? Is there a business problem and what is TIF trying to do to overcome inherent problems?
- Is there a divide between access speed for those going on-line?

Chairman Maples introduced Carmen Moran.

Carmen Moran is the Principal at Campestre Elementary School. Ms. Moran was joined by Lilia Ortega of Campestre's "Parent Internet Project" to show the rewards of their school's laptop program. This project is sponsored in part by AT&T and Unite El Paso Connectivity Project. Moran explained that the goal of this project is to train underserved parents who lacked the financial resources to purchase a computer in the Campestre Elementary School attendance area in the use of the Internet while providing laptop computers and free Internet access. Ms. Ortega also discussed the train-the-trainers model and how a core team of parents who were trained and certified by the program implemented it, and in turn, they trained other parents who were allowed to checkout laptop computers to take home.

Jerome J. Kolenovsky is a native Houstonian. Kolenovsky attended Bellaire High School and University of Houston. He is presently employed in the IT industry as a consultant. He currently serves on the Board of Directors of the Houston Area League of PC Users, Inc. (HAL-PC) and as the Chairman of the HAL-PC Community Outreach Program. Community Outreach is a program that benefits computer donors, HAL-PC volunteers and the schools, non-profits and charities that it services. Houston Area League of PC Users, Inc. ("HAL-PC") started as a group of 6 people in 1982. Kolenovsky estimated that today there over 13,000 HAL-PC members actively involved in distributing discarded computers to school children. HAL-PC's Community Outreach has donated 194 machines to over 30 organizations in the Houston area with most of

the volume coming from corporate America. In sum, the group gathers the old equipment and the donating businesses receive a tax-deductible receipt for the charitable donation. For more information, visit <http://www.hal-pc.org/about.html>.

A brief discussion among the council members ensued, including the following questions:

- How do you bridge the digital divide and make the opportunities of the Internet available to more Texans?
- How did your school receive the necessary equipment to enable your parents to use the Internet?
- Have a lot of the parents bought their own computers at home?
- What can be done at the statewide level to distribute refurbished computer equipment?

Chairman Maple introduced the telemedicine panel.

Ms. Patti Patterson, M.D., M.P.H., is Vice President for Rural & Community Health at Texas Tech. Dr. Patti Patterson joined the executive team of Texas Tech University Health Sciences Center in January 2000 as the Vice President for Rural & Community Health. She also holds the Marie Hall Endowed Chair in Rural Health, the Medical Director for TeleMedicine and is an Associate Professor of Pediatrics. Ms. Patterson discussed how telemedicine originally stemmed from contracts with prisons to provide services to inmates. Then, Ms. Patterson focused her attention on how telemedicine has not yet used the Internet because it is not a closed system that is secure enough to carry private medical information. Patterson also noted that telemedicine is an outdated medical term. Instead, these innovations should be referred to as "Telehealth" as a more encompassing term, implying services beyond simply providing medicine to people. In sum, Patterson indicated that technology in this area allows doctors to practice in remote areas.

Mr. Dan Dugi, Jr., M.D., practices medicine at Bohman Clinic Partnership in Cuero, Texas. Dr. Dugi has held teaching positions as a Clinical Associate Professor, Family Medicine Department, University of Texas Medical Branch, Galveston, Texas. Dugi has worked primarily in Victoria and Cuero, Texas, including the Cuero Community Hospital, Victoria Regional Medical Center, SCCI Hospital, DeTar Hospital, and Citizens Medical Center. Dugi demonstrated how telemedicine works by wiring the Senate Chamber with clinical technology tools he uses in his practice. He conducted a patient follow-up examination for a wound. His demonstration included video-conferencing, using a plug and play data-encrypted tool to carry out a patient examination. Dugi concluded that these tools improve access for rural and elderly patients by alleviating transportation costs and travel time to the facility.

Discussion among the Council followed public testimony, including the following questions:

- How to utilize the Internet as a means of addressing public health concerns regarding the delivery of medical information and services.
- What is the difference between telemedicine and Telehealth?
- How is telemedicine targeted?
- What's the difference between the hub and spoke model and primary model?
- Have there been a lot of lawsuits dealing with telemedicine and Telehealth?
- How efficient or cost-effective is telemedicine?
- Is access an obstacle?

Chairman Maples called on Senator Rodney Ellis for his report from the Online Democracy hearing. The Lt. Governor's Advisory Council on the Digital Economy (ACDE) hosted The National Task Force of The George Washington University's Democracy Online Project and held a joint public testimony session to investigate the growing role of the Internet in American civic life. Other participating ACDE members were Padmasree Warrior, Jim Truchard, and Kay Hammer. Ellis explained who was featured at the hearing, including local activists, the League of Women Voters and leading academics in the fields of democratic theory, communication and civic participation. Ellis indicated that most speakers were optimistic about the

potential of the Web to facilitate greater participation, deliver more meaningful information to voters, increase voter registration and actual voting and make the "interface" of democracy more congruent with the nature of the new economy. However, Ellis noted that a couple of presenters issued a cautionary note about the individuating capabilities of the Web - its qualities that keep people alone in front of a screen instead of out in the public sphere.

Dr. James Truchard, President and CEO, National Instruments also reported back to the Council with a few additional comments about the June hearing. Mr. Truchard agreed that it would be plausible and reasonable to create an online democracy where the public becomes better-informed citizens on likely political candidates. Truchard added that he was most impressed with the League of Women Votes and the information they have compiled on candidates. Finally, Truchard believed that this new form of democracy will better enable the public to stay informed on social issues.

There being no further business or questions to address, at 5:12 p.m. Chairman Maples moved that the Council stand adjourned. Without objection, it was so ordered.