

Ruth Y. Goldway
Chairman, Postal Regulatory Commission
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**Slide 1 – Responsible Use of Big Data in the Postal Sector:
A U.S. Perspective**

- Good afternoon. It is my pleasure to be here with you this afternoon in beautiful, efficient and very cold Stockholm.
- Issues of privacy and protected information have long been of concern to Americans and were a driving force at the birth of our nation. Big Data presents many of the same privacy challenges that our forbearers faced three hundred years ago.
- Today I will talk about the legal treatment of data in the United States. The need for the focused use of and responsible protection of big data by posts is critical as we move forward in the digital age.
- I began my career as a consumer advocate, and I continue to bring my passion for consumer interests to my role as Chairman of the U.S. Postal Regulatory Commission. One of my priorities as a regulator is to ensure that all constituents' voices are heard and that the rights of the consumer are protected, so our topic is a very relevant one for me.

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Slide 2 – Historical Value of Mail Privacy

- In the United States, privacy has been embedded in the very fabric of the postal network since before our independence as a country. Americans put a high value on the protection of personal and commercial information as part of our belief in the rights of the individual in participatory democracy and our skepticism of big government.

- Concerns over protection of information contained in the mail go back to the early 1700s. In fact, the Postal Service was enshrined in our Constitution in order to assure the free flow of political and commercial information.
- In 1877, the U. S. Supreme Court, the highest court in our land, issued a landmark decision guaranteeing a citizen's right to mail privacy. The Court said that the Fourth Amendment to the U.S. Constitution, which in part prohibits the government from unreasonable search and seizure of an individual's papers, must also apply to the mail.
- With the invention of new communications technologies such as the telegraph, telephone, and even the camera, legal decisions protecting personal and commercial data and the notion of privacy have expanded in scope.

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Slide 3 – Privacy Protection for Computer Data Collection and Processing

- In 1973, the U.S. Department of Health, Education, and Welfare established a commission to address growing public concerns over the collection and use of large computer databases with personal information, including social security numbers. 1973 was the height of the consumer movement in the United States and a time when citizens looked to government for further protections from both big business and big government.
- The result was a milestone report that established the Fair Information Practice Principles, or FIPP.
- These Fair Information Practice Principles include:
 1. An individual's right to know what data are collected about him or her and how they are used;
 2. An individual's right to object to some uses and to correct inaccurate information; and
 3. The organization's obligation to ensure that the data are reliable and kept secure.

- These principles were incorporated into the the Privacy Act of 1974, which has since regulated the government’s maintenance, collection, use and dissemination of personal information.
- This law is still the primary law governing the use of personal information by government agencies today, including the U.S. Postal Service.

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SLIDE 4 – Data Privacy in the U.S. Compared to Other Countries

- In the United States, laws governing privacy are largely sector-specific. Their principles are similar to the 1974 law and to its options for opting out of data sharing.
- These laws cover areas such as consumer credit, debt collection, education records, drivers’ license information, medical and health insurance records, genetic information and financial services data.
- For example: The Fair Debt Collection Practices Act of 1970 provides legal protection from abusive debt collection practices and provides consumers with an avenue for disputing and validating debt information.
- The Family Educational Rights and Privacy Act of 1974 limits distribution of personally identifiable information about students and the Health Insurance Portability and Accountability Act of 1996 regulates the use and disclosure of certain information held by medical providers.
- Finally, the Financial Services Modernization Act of 1999 includes a Financial Privacy Rule requiring financial institutions to provide privacy notices and limit disclosure of non-public information. It gives consumers the opportunity to opt out of sharing information with third parties – a practice now widely in use.

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SLIDE 5 – U.S. Postal Service Data Privacy Protections

- As I mentioned, the Privacy Act of 1974 applies to the U.S. Postal Service given its status as an independent establishment of the Executive Branch of the Government. As such, the Service must maintain privacy protection for personal information in any “systems of records” it develops. Appropriate safeguards are required to ensure security and confidentiality and protect against any potential hazards, threats, embarrassment or unfairness.
- Further, the Postal Service has voluntarily complied with the Executive Government Act of 2002 which requires privacy impact assessments and the posting of privacy policies when agencies use new or modified information technology systems.
- The U.S. Postal Service maintains a Chief Privacy Officer responsible for ensuring compliance with all privacy laws. The Postal Service’s law enforcement branch, the Postal Inspection Service, is responsible for ensuring this protection.
- The Office of the Inspector General provides an additional layer of oversight through audits of the Postal Service’s programs and operations, including data protection.
- The U.S. Postal Service does not provide information to outside parties, with only very limited exceptions.
- The U.S. Postal Service does not rent or sell personal information to outside parties.
- In addition, it does not market products or services to customers without their consent.
- The Postal Service does, however, establish the correct addresses for all locations through the nation and provides a great deal of mailer address corrections and update information to mailers and mail service providers to be used in accordance with privacy and data protection requirements.
- The underlying purpose of providing this data is to reduce the level of costly undeliverable mail.

- However, marketers are able to correlate addresses, zip codes, demographics, and other data from private data brokers to then target customers for products or advocacy.
- I should note that the Postal Service has been subject to criticism from privacy advocates over its address update policies because the Postal Service receives revenue from some of this activity. Some mailers use the data to make lists of specific people who have recently moved for marketing purposes, which is seen by some as an infringement of privacy.
- Lastly, by law, the U.S. Postal Service must post any changes in its methods of collection and maintenance of personal data in the Federal Register for public comment before implementing these changes.

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Slide 6 – White House Privacy and Innovation Blueprint

- In 2012, the White House completed a report on consumer privacy in an era of big data. The outcome was a Consumer Privacy Bill of Rights, which offered policy approaches for potential legislation and a blueprint for privacy in the information age.
- These rights give consumers guidance on what they should expect from those who handle their personal information, and set expectations for companies that use personal data.
- The report describes how to offer privacy protection yet enable ongoing innovation in new information technologies.
- The Consumer Privacy Bill of Rights addresses seven key areas:
 1. A consumer's right to control personal data that companies collect from them and its use;
 2. Easily understandable and accessible information about privacy and security practices;

3. The collection, use and disclosure of personal data consistent with the use for which consumers provide it;
 4. The secure handling of personal data;
 5. Consumer access to their personal data with the ability to correct it;
 6. Reasonable limits on the personal data that companies collect and retain;
and
 7. Appropriate accountability measures.
- While the Consumer Bill of Rights has not yet been enacted into law, it provides a solid framework for a vibrant debate in the United States.

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Slide 7 – Big Data and Privacy Working Group Review

- In January of this year, President Obama asked his Senior Counselor John Podesta to lead a 90-day review of big data and privacy.
- The working group included several senior officials, who actively sought public input, including input from academic researchers and privacy advocates. The group also met with privacy commissioners and data protection authorities in Canada, Mexico and Europe.
- Last May, the working group made the following recommendations to the President:
 1. A public consultation by the Department of Commerce on the 2012 Consumer Privacy Bill of Rights;
 2. The passage of national data breach legislation by Congress;
 3. The extension of protections under the 1974 Privacy Act to non-U.S. persons or privacy policies that apply to personal information regardless of a person's nationality;

4. The use of data collected on children in school solely for educational purposes;
5. Identification by consumer rights and protection agencies of any potential discriminatory impact of big data analytics; and
6. Amendment of the Electronic Communications Privacy Act to ensure that on-line, digital content data protection is consistent with protections for the physical world.

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Slide 8– Implications for the U.S. Postal Service

- The U.S. Postal Service is using Big Data now. Chief Information Officer Jim Cochrane, who will be speaking tomorrow, has talked about the immense value of Big Data in improving efficiency, reducing costs, informing customers, and providing better tracking of letters and packages.
- Cochrane says that Big Data and rapid data processing permit real-time data queries (in milliseconds) and the ability to scan an item and show its future routing path.
- Primary applications have been to improve efficiency, provide diagnostic data, and facilitate customer access to tracking information.
- The Postal Service transmits approximately 1 billion tracking events every day and manages 300 interconnected data transmitters.
- It has 8500 network-linked sortation/robotics devices, and has equipped letter carriers with scanners and GPS.
- The Postal Service and its Inspector General have also been exploring other more expansive and experimental uses of Big Data.

- The Office of the Inspector General is talking about using the Postal Service's delivery trucks, which reach nearly every corner of our large country, to collect a wide variety of detailed data, including cellular phone quality, environmental pollution, road quality, potholes, weather conditions, and detection of chemicals, radiation or other hazardous situations.
- The Postal Service requires approval from our Congress if it wants to provide any new non-postal services, except when offering services in conjunction with the federal government.
- A good example of such a service would be the Federal Cloud Credentialing Exchange Program currently under development. Through this program, the federal government sees a role for the Postal Service in facilitating the work of government agencies and consumer accessibility to them.
- The U.S. Postal Service was selected to operate the technical backbone of this program given its experience in running one of the world's largest computer networks and its unique law enforcement resources.
- This platform will allow the public to securely access on-line services at multiple government agencies without the need for various passwords and other digital identification. Customers may register their identities on-line or in person in order to establish a verified digital identify.
- The program will reduce costs for government agencies, while also providing a secure, privacy-enhancing, easy-to-use solution to the public.
- On August 29, the Postal Service issued a public notice for comment on a modification to its privacy records that would facilitate the verification of a customer's identity.

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Slide 9 – Responsible Use of Big Data

- To conclude, the protection of personal and commercial information is a core value in the United States. The privacy of mail content is protected under our Constitution.
- Big Data presents posts with big opportunities to improve services and respond to customer needs faster. Yet, at the same time, it puts an onus on posts to preserve the confidentiality of digital information with the same rigor with which they protect hard-copy information.
- Provided that these data are used and applied responsibly, they provide posts with a timely prospect for driving economic, political and social advancement.
- The public's existing high level of trust in the U.S. Postal Service uniquely positions it to play this pivotal role.
- The U.S. Postal Service must continue to use this private information wisely and to protect the sensitive data in its care in order to maintain the high level of trust placed in it by the public.
- Let me leave you with this thought about the value of trust. In 1958, a jeweler in New York sent a highly valuable, world-known gemstone to the Smithsonian Museum of Natural History in Washington, DC via registered mail with the U.S. Postal Service. I understand that even today jewelers in the U.S. are regular users of registered mail.
- The cost was \$2.44 for the postage and \$142.85 for 1 million dollars' worth of insurance.
- That gem was the Hope Diamond, which the Smithsonian cannot even put a value on today, but some estimate to be worth about \$350 million. Now that is trust, and trust is the Postal Service's true gemstone as it seeks to build a communications and delivery agency for the 21st century.
- Thank you.

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