

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20508

DATE: Sept 11, 91

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NUMBER OF PAGES, INCLUDING COVER SHEET _____

DRAFT

September __, 1991
(Senate)

S. 272 - High Performance Computing and National
Research and Education Network Act
(Gore (D) Tennessee and 24 others)

The Administration has proposed an ambitious High Performance Computing and Communications (HPCC) initiative, which includes \$638 million for FY 1992, a 30 percent increase over FY 1991. The Administration's initiative has enunciated clear goals for the HPCC program, and provides the necessary flexibility to respond to new developments. It defines the appropriate role and scope of the National Research and Education Network (NREN).

The current version of S. 272 is generally consistent with the goals and objectives of the Administration's initiative. However, certain provisions would hinder progress in the program or insert the government unnecessarily in business decisions, while others are unnecessary and overly prescriptive. Therefore, the Administration would only support S. 272 if it were amended as recommended below:

- Delete, in section 102 (a), the modifier "multi-" and the phrase "by 1996." The HPCC initiative is an innovative, high-risk research program. It is unlikely that a national multi-gigabit-per-second research and education network could be established by 1996 given the technical requirements that would have to be met and the disruption that would occur in the current gigabit program.

- Delete the following provisions, which are inconsistent with the purposes of the HPCC program. The program is fundamentally a research and development activity.
 - o Delete section 102 (h) on Information Services. Direct public access to much Federal electronic information is already available from agencies as well as through libraries and private firms. Other services mentioned in this section also are available and may remain more cost-effective through lower-speed networks in the near term. The purpose of the NREN is to develop high speed communications technologies that should be useful in such activities as imaging and in the inter-connection of "supercomputers."

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- Delete, in Section 102 (a), the requirement "to link research and educational institutions, government, and industry, in every state." The purpose of the NREN is to provide research and development of technologies for high capacity communications networks and to establish a test bed for their use. Investment costs for resulting networks will be sufficiently low and the revenue that will result will return quickly enough that expansion of the network will not be held back by lack of investment funding. The utility of high speed communications services will be served best in the commercial marketplace.
- Delete, in Section 102 (a), the last sentence, which requires the NSF to connect colleges, universities, and libraries to the network. For reasons stated earlier, the most important role of the Federal government is to support the R&D and develop a testbed.
- Make FY 1992 and FY 1993 authorization levels consistent with the HPCC Plan published in March (?), 1991.
- Delete the following requirements that are unnecessary and burdensome.
 - Amend section 101(a) to delete the role of the President. Specifically, delete the establishment and coordination of the High Performance Computing Program by the President in subsection (a)(1); and delete the report by the President in subsection (a)4. Funding for the program is already a part of the President's Budget.
 - Delete section 101 (a)(5), which provides for the Director of the Office of Science and Technology Policy (OSTP) to review and comment on budget estimates of each agency participating in the Program. The Director, as an adviser to the President, assists in formulation of the President's Budget.
 - Delete section 101(b) which requires the President to establish a High-Performance Computing Advisory Panel. The Director of OSTP is already receiving and using advice from the private sector and academia.
 - Delete section 101(c) which requires each agency participating in the Program to submit an annual report with its budget request to the Office of Management and Budget on certain high-performance

computing activities. The program already is reviewed as part of the formulation of the President's Budget.

- o Delete section 102(g), which contains the requirement that OSTP prepare within one year a report on various aspects of the NREN. The NREN is still in its early stages of development; thus, the answers provided within a year are likely to become outdated shortly thereafter.
- Amend section 204 so that the study of Federal procurement regulations for software is conducted by the Executive Branch. The Administrator for Federal Procurement Policy should be involved in the study, with the Department of Commerce, and agencies that fund the development of software.

EVENTS

National Academy of Sciences
National Academy of Engineering
Institute of Medicine
National Research Council

2101 Constitution Avenue, NW
Washington, DC 20418

A GUIDE FOR THE NEWS MEDIA

Date: September 11, 1991
Contact: Ginger Pinholster, Writer/Media Associate
Richard Julian, Media Assistant
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Media Advisory

AIR PASSENGER SERVICE AND SAFETY SINCE DEREGULATION; News Conference;
Sept. 12 (Washington, D.C.)

The deregulation of the airline industry in 1978 has continued to generate public controversy. After an initial period in which many new airlines began offering lower-priced air fares, the industry began to reconcentrate.

How have consumers fared since deregulation, and what will happen as a result of the bankruptcies of various air carriers? What has happened to safety since deregulation? How can airports and airways accommodate the growing demands on the system? The National Research Council's Transportation Research Board (TRB) convened a committee of 15 experts to address questions such as these.

The committee will discuss its findings at a news conference from 10 a.m. until approximately 11 a.m. on Thursday, Sept. 12. The conference will take place in the Lecture Room of the National Academy of Sciences building, 2100 C St., N.W.

The preliminary list of speakers includes:

- ▶ Joel L. Fleishman, committee chair and senior vice president, Duke University, Durham, N.C.;
- ▶ Cornish Hitchcock, Public Citizen, Washington, D.C.;
- ▶ Michael E. Levine, Yale University, New Haven, Conn.;
- ▶ John R. Meyer, Harvard University, Cambridge, Mass.; and
- ▶ Clinton V. Oster, Jr., Indiana University, Bloomington.

To register or request additional information, please contact the Office of News and Public Information, (202) 334-2138.

The National Research Council is the principal operating agency of the National Academies of Sciences and Engineering.

This listing of events open to reporters is prepared by the Office of News and Public Information. It may not include some activities planned on short notice. Details are subject to change and should be checked directly with the contact person for each event.

news from the NATIONAL RESEARCH COUNCIL

The National Research Council was organized by the National Academy of Sciences in 1916 in order to provide for a broader participation by American scientists and engineers in the work of the Academy. The Academy was chartered by the U.S. Congress in 1863 as a private organization with a responsibility for examining questions of science and technology at the request of the Federal Government. The National Academy of Engineering was organized in 1964 under the original NAS charter. The National Research Council now serves as the agent of both Academies in the conduct of studies and investigations in the public interest.

2101 CONSTITUTION AVENUE, N.W., WASHINGTON, D.C. 20418

AREA CODE 202 334-2000

Date: September 12, 1991

Contact: Ginger Pinholster, Writer/Media Associate
Richard Julian, Media Assistant
(202) 334-2138

EMBARGOED: NOT FOR PUBLIC RELEASE BEFORE 11 A.M. EDT, THURSDAY, SEPT. 12

**AIRLINE DEREGULATION HAS RESULTED IN BETTER SERVICE,
LOWER AVERAGE FARES, AND NO LOSS OF SAFETY, REPORT FINDS**

WASHINGTON -- The deregulation of the airline industry in 1978 has resulted in better passenger service, lower average fares, and no measurable loss of safety -- but the federal government must act now to protect this progress and combat unfair market barriers, according to the Transportation Research Board (TRB).

In a report* released today, a TRB committee concluded that the airline industry has become "more competitive and efficient" as a result of deregulation. Without action, however, further concentration of the industry, combined with existing market barriers, could threaten the benefits achieved since deregulation.

To ensure continued high safety and service standards while promoting healthy market conditions, the committee issued seven specific recommendations. The first three -- addressing anti-trust policies, computer reservation systems, and consumer information -- promote improved competition. To enhance safety, the committee urged the Federal Aviation Administration (FAA) to beef up staffing and inspections while enforcing the same standards for both large and small carriers. Airport congestion and passenger delays, meanwhile, could be eased by runway use fees

(MORE)

*The committee's report, *Winds of Change: Domestic Air Transport Since Deregulation*, is available for \$30 (prepaid) plus \$2.00 for international shipping from the Transportation Research Board at the mailing address in the letterhead (tel. 202/334-3214). Reporters may obtain copies from the Office of News and Public Information, also at the letterhead address.



U.S. Department of
Transportation
Office of the Secretary
of Transportation

Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

OFFICE OF THE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS
TELECOPIER INFORMATION SHEET

9-12-91
DATE

THE FOLLOWING 9 PAGES (INCLUDING COVER SHEET) ARE FOR:

<u>Gary Foster</u>	NAME OF INDIVIDUAL
<u>WH Press Office</u>	COMPANY NAME
<u>456 - 6423</u>	DESTINATION

THE FOLLOWING PAGES ARE FROM: Marion Blakey

COMMENTS:

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL Cathy Layfield
AT 202/366-4570 PROMPTLY.

THANK YOU

WINDS OF CHANGE -- page 2

and research to develop better capacity management techniques." Finally, the committee recommended a study to consider a reorganization of the FAA.

A unit of the National Research Council, the TRB convened the committee in 1989 to compare current air passenger service levels with past and possible future trends. The committee also was asked to consider the factors that affect service, whether safety levels had declined since deregulation, and whether policy changes are needed to improve passenger service.

"More people are flying today at lower prices for most fares than ever before in history, without any loss in safety since deregulation," said committee chair Joel L. Fleishman, senior vice president for Duke University, Durham, N.C. "On balance, the committee felt that deregulation was a good thing because it extended service to a larger portion of the American public and increased the frequency of service for most routes."

TRENDS IN PASSENGER SERVICE AND SAFETY

From the earliest days of manned flight, the government has had a hand in commercial aviation. In the 1930s, regulatory authority was assigned to the now-defunct Civil Aeronautics Board. During the 1960s and 1970s, research began to suggest that economic regulation of commercial aviation -- to promote stability and avoid destructive competition -- was no longer justified. The Airline Deregulation Act of 1978 removed most restrictions on fares, routes, and market entry. Today, the U.S. Department of Justice (DOJ) oversees anti-trust matters to ensure fair competition. The FAA is responsible for certifying airlines, inspecting aircraft manufacturing and operations, and providing air traffic control.

Regulatory reform in the aviation industry has long been a source of controversy. For example, rising prices, delays, concerns about safety, and airline bankruptcies in the late 1980s prompted news articles referencing the "frenzied skies." What can be said today about deregulation? Has regulatory reform resulted in good news for consumers?

(MORE)

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On the whole, the committee concluded, market competition has been strengthened, service has expanded, average fares have increased more slowly than costs, and accident and fatal accident rates have declined. Major carriers now serve fewer rural areas, but service on these routes has generally have been replaced by commuter or regional carriers, the committee said.

The potential erosion of competition by continued industry concentration, however, could "threaten the benefits achieved during deregulation," the committee found. The committee offered seven recommendations, described below, to prevent any slippage in passenger service or safety.

► **Improving Marketplace Performance.** A series of mergers and bankruptcies since the mid-1980s have resulted in an industry that is increasingly dominated by a few large companies. Even so, the committee said, competition has improved; only 20 percent of all major U.S. markets were served by at least three competitors before deregulation, and this share has since grown to 40 percent. Today, about two-thirds of all trips occur in markets with three or more competitors, and these markets tend to offer the most bargains for consumers. Three of the committee's recommendations address fair market conditions:

1. **Recommendation / Anti-trust policies** - Several air carriers, some of which were already in a vulnerable position, have been weakened by the fuel price shock of the Persian Gulf War and the recession. Given the prospects for further industry concentration, the committee said, the U.S. Department of Justice (DOJ) should oppose any mergers or acquisitions where carriers offer substantial parallel service, or where they share a "hub" airport. Mergers and acquisitions of carriers with complementary or end-to-end routes, however, may not hamper competition and should not necessarily be opposed. One test for the adequacy of competition in such cases would be whether markets involving a connection at a hub would have at least three competitors.

2. **Recommendation / Computer Reservation Systems** - Over 90 percent of all domestic air travel is booked through the computer reservation systems (CRSs)

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owned by a few air carriers. All carriers except one depend upon being listed in all CRSs. The airlines that own a CRS earn an extra share of ticket sales by providing a variety of incentives to travel agents and by leasing equipment and access to their systems on restrictive terms. To provide optimal customer service and pricing, agents should be able to switch freely among the different CRS systems. The committee therefore suggested a new regulation to prevent restrictive CRS leasing terms that prohibit this practice.

3. Recommendation / Consumer Information - Travel agents are in a "powerful position to influence consumer choices," and should be required to disclose any extra incentive commissions received from carriers, the committee said.

► Ensuring Safety. The rate of fatal accidents involving commercial aircraft has declined since deregulation. In fact, three of the "safest years" in the history of scheduled passenger service provided by jet carriers have occurred since deregulation. But the committee warned that risks could increase if carrier operations such as maintenance practices fall prey to economic pressures. The FAA is rebuilding its workforce to help ensure safety, but the demands on some, such as maintenance inspectors, also are growing rapidly.

4. Recommendation / FAA Staffing - Continued vigorous efforts are critical to guarantee safety. The FAA's staffing and inspection procedures should be made sufficient to ensure adequate maintenance. Moreover, the FAA should continue to strengthen equipment standards and operating requirements for regional or "commuter" carriers, to reduce any differences in such standards and requirements between large and small carriers.

► Easing Congestion of Airports and Airways. At some airports and the airspace around them, the committee said, rapid growth is now "bumping up against capacity limits." Prospects for expanding existing airports are uncertain in light of public opposition to increased noise levels.

5. Recommendation / Runway use fees - To ease congestion and increase efficiency, the committee said, the DOT should encourage airports to experiment with

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peak-period pricing for runway use. The committee urged the Department of Transportation to ensure that the revenues earned from runway pricing would be used to expand capacity.

6. Recommendation / Research - At the same time, the FAA should emphasize simulation modeling of airport and airspace capacity and related research. This work could complement the FAA's National Airspace System (NAS) Plan, an ongoing effort to improve technology and procedures.

► Improving FAA Performance. Despite the firing of most senior air traffic controllers in 1981, financial restraints caused by the federal budget deficit, and personnel ceilings, the FAA has maintained a high level of safety since deregulation, the committee found. However, maintaining safety has required considerable delays on commercial flights, particularly during inclement weather. These delays may become lengthier as the demand for air travel continues to increase. To make matters worse, inadequate managerial and personnel flexibility, frequent shifts in leadership, and micromanagement by supervising agencies make it difficult for the FAA to properly manage its operations, the committee said.

7. Recommendation / Reorganization of the FAA - Options for institutional reform of the FAA include: (1) a return to its former independent status; (2) development of a public, governmental corporation responsible for all FAA functions; or (3) development of a congressionally chartered, private corporation for FAA. Although the committee considered the second and third options most viable, it recommended that Congress mandate an independent study to further consider a reorganization.

The committee included 15 experts in aviation, economics, safety, airline and airport operation, and public policy. One committee member, Melvin A. Brenner, president of Melvin A. Brenner Associates, Inc., Weston, Conn., prepared a written dissent that is included as part of the full report. Brenner did not concur with the committee's findings on some matters, particularly with regard to any correlation between carrier success and ownership of computer reservation systems.

(MORE)

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Funding for the study was provided by the Sloan Foundation, the National Research Council Fund, and the Transportation Research Board. The National Research Council is the principal operating agency of the National Academies of Sciences and Engineering.

A committee roster is overleaf.

* * *

gp:C,D,F,J,M

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Committee for the Study of
Air Passenger Service and Safety Since Deregulation**

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DEPARTMENT of the INTERIOR

news release

OFFICE OF THE SECRETARY

For Release: September 10, 1991 Steve Goldstein (202) 208-6416 (O)
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INTERIOR SECRETARY LUJAN ANNOUNCES PLAN TO PRESERVE HISTORIC STRUCTURES ON BLACK COLLEGE CAMPUSES

Atlanta - Secretary of the Interior Manuel Lujan today announced plans to preserve historic structures at 11 selected historically black college and universities (HBCU).

"The history of the black education experience in America is located in the buildings and artifacts that are spread among the HBCU campuses," Lujan said. "Through this project, and our volunteer partnerships, many future generations will be able to share in this rich heritage."

Lujan made the announcement in a ceremony at Morehouse College, with representatives from the 11 colleges and universities in attendance. The announcement included a briefing and tour of the buildings to be preserved in the Atlanta area.

The plan calls for a condition assessment team to evaluate structural conditions and determine the financial projections for preservation of the structures. The condition assessment will be coordinated by the Interior Department's National Park Service and the Office of Historically Black College and University Programs.

The cost for conducting an assessment of the 11 structures is estimated at approximately \$200,000. Work will begin later this month and is scheduled to be completed by mid-1992.

The next step in the plan will be the actual preservation of the selected structures. The cost is estimated to be \$20 million.

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The historic buildings to be preserved are:

Gaines Hall	Morris Brown College	Atlanta, GA
Leonard Hall	Shaw University	Raleigh, NC
Hill Hall	Savannah State College	Savannah, GA
St. Agnes Hall	St. Augustine's College	Raleigh, NC
The Mansion	Tougaloo College	Tougaloo, MS
White Hall	Bethune-Cookman College	Daytona Beach, FL
Graves Hall	Morehouse College	Atlanta, GA
Howard Hall	Howard University	Washington, DC
Virginia Hall	Hampton University	Hampton, VA
Packard Hall	Spelman College	Atlanta, GA
Loockerman Hall	Delaware State College	Dover, DE

Lujan said he will name a national steering committee in the next few weeks to advise and assist in organizing public and private support for the preservation project.

Today's announcement coincides with the celebration of "National Historically Black Colleges Week," September 8-14, 1991.