

HOUSE COMMITTEE ON COMMERCE

January 25, 1999 Hearing Room E

3:30 p.m. Tapes 11 - 12

MEMBERS PRESENT: Rep. Jim Hill, Chair

Rep. Ryan Deckert, Vice-Chair

Rep. Al King

Rep. Jerry Krummel

Rep. Bob Montgomery

Rep. Anitra Rasmussen

Rep. Diane Rosenbaum

Rep. Mark Simmons

Rep. Bill Witt

STAFF PRESENT: Jason Cody, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

Year 2000 Issues

Department of Human Resources

Department of Transportation

Oregon State Department of Police

Department of Corrections

Oregon Youth Authority

Department of Environmental Quality

Forestry Department

Department of Fish and Wildlife

Department of Agriculture

| TAPE/# | Speaker | Comments |
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| TAPE 11, A | | |
| 004 | Chair Hill | Calls meeting to order at 3:31 p.m. and opens the informational hearing on year 2000 (Y2K) issues. |
| <u>DEPARTMENT OF HUMAN RESOURCES</u> | | |
| 018 | Gary Weeks | Director, Department of Human Resources (DHR). Introduces John Cutty, Chief Information Officer (CIO). Submits a prepared statement (EXHIBIT A). Summarizes coordination and activities of Y2K preparedness. |
| 061 066 074 089 100 110 112 119 | | <ul style="list-style-type: none"> • Department has about 12 million lines of code that have to be remedied to assure all mission critical systems are ready |
| | | <ul style="list-style-type: none"> • Roughly 160 people are working on Y2K issues; many of the workers have been trained in the joint partnership with Chemeketa Community College |
| | | <ul style="list-style-type: none"> • Bi-weekly reports are prepared detailing work done to date on the mission critical applications |
| | | <ul style="list-style-type: none"> • Many oversight groups are looking over activities in many agencies |
| | | <ul style="list-style-type: none"> • Agency believes there has to be continuation planning |
| | | <ul style="list-style-type: none"> • Continuation planning is done by divisions and programs and the plan is contained in a department-wide planning document |
| | | <ul style="list-style-type: none"> • DHR partners include federal agencies; correcting all the problems depends on the partners getting their jobs done on time and correctly |
| | | <ul style="list-style-type: none"> • DHR will depend on local governments to get their work done |
| | | <ul style="list-style-type: none"> • DHR's new facilities director's job is to ensure all the imbedded administrative systems are ready for Y2K |
| | | <ul style="list-style-type: none"> • The telephone system is good |
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| 120 | | <ul style="list-style-type: none"> The security systems and laboratories throughout the state need to be fixed |
| 115 | | Members and witness discuss: |
| 120 | | <ul style="list-style-type: none"> Whether DHR phone system is secure |
| 131 | Chair Hill | Refers to report and notes that DHR is all yellow (EXHIBIT B). Asks if DHR is requesting money in their next budget for Y2K. |
| 138 | Weeks | Responds he believes it is about \$16 million. Explains that they intend to spend some of the money for non-mission critical items after December 31. Adds that most of it will be spent between July 1 and December, but they have budgeted money to keep some of the staff on for the non-mission critical work. |
| 151 | Chair Hill | Asks when DHR expects the systems to receive a green rating. |
| 152 | Weeks | Responds that they believe they are on schedule and expect to finish the work required. Adds that by August 1999 DHR expects to have all mission critical systems completed and tested. |
| 181 | Chair Hill | Asks when DHR will be able to submit information saying all corrections have been made. |
| 185 | Weeks | Responds the report issued every two weeks shows by line of code what has been fixed and what remains to be done, and that report goes to the Department of Administrative (DAS) to review. |
| 195 | John Cutty | Chief Information Officer, DHR. Explains they have an extremely detailed plan for each of their systems and will be glad to submit a copy of their plan showing that each system will be fixed and back in production. |
| 203 | Chair Hill | Advises he wants to make sure the committee understands the steps the department has to go through to fix the systems. |
| 228 | Cutty | Explains they have a very complicated, large project here in Salem they would be glad to show the legislators. There are 160 people working on Y2K. Forty-five are state employees and the remainder is under contract. They have established a factory process to go through a series of steps. Adds that fixing the systems is not difficult technical work, it is a management problem. People complain about boredom. |
| 267 | Cutty | DHR has about 12.7 million lines of code. Of the total about 9.1 million lines constitute the mission critical system. Fifty percent of the planned effort is complete and about 30 percent of the mission critical systems have gone through the process and are back in production. |
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| 280 | Cutty | Non-mainframe part of the project includes personal computers on desktops, and the hardware and software such as network equipment. There are also some non-mainframe computers and a project to take care of those items. It is smaller and less complicated than the mainframe project. Applications have been developed by users. Some allow users to run mainframe jobs. The network components are the fourth part of the non-mainframe project. A group of people is working on the project. People who have devised the spreadsheet will have to do the work. The project plan calls for having the inventory completed by April and having all the non- mainframe project ready by October. |
| 313 | Cutty | Most of the DHR divisions are buying personal computers this biennium in the move to network the operating system on desktops. Adds that the most challenging item will be the user-developed applications because they have to be identified and they must figure out which are mission critical. |
| 321 | Cutty | Adds that five people work full time on interfaces. |
| 328 | Chair Hill | Asks if any of the interfaces include other agencies with whom DHR exchanges data. |
| 331 | Cutty | Responds they include other state agencies, counties, the federal government, not-for-profit and for-profit organizations such as pharmacies and hospitals. |
| 337 | Chair Hill | Asks if DHR has developed a policy about what DHR will do if they wish to discontinue exchanging data with any of the agencies or entities if the agencies or entities are not Y2K compliant. |
| 343 | Weeks | Responds they do not have a policy. Adds that they have to depend, in part, on assertions made by the partners that they are moving forward and are going to be prepared because they do not have the capacity to go out and check on them. Adds that he doesn't believe the legislature would want the state to assume the liability. |
| 349 | Chair Hill | Comments he would have a concern if there is no mechanism to check whether the partners are compliant. |
| 359 | Weeks | Responds they have not written a policy. He thinks DHR has made it clear with the counties and federal agencies that DHR expects the data to be clean. |
| 374 | Rep. Simmons | Asks if the 15 state employees have been reassigned to this project. |
| | Cutty | Explains where the employees are from. |
| 387 | Rep. Simmons | Asks if DHR is anticipating a reduction in staff when the project is done. |
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| 390 | Cutty | Responds he does not believe so. Explains they have put an enormous number of things on hold during the last year and expects a large demand from the divisions. |
| 403 | Rep. Simmons | Asks what kinds of projects have been put on hold. |
| 404 | Chair Hill | Advises that the committee will asking each agency what projects they have placed on hold and what they plan to continue after Y2K has a been implemented. |
| <u>OREGON DEPARTMENT OF TRANSPORTATION</u> | | |
| 422 | Grace Crunican | Director, Oregon Department of Transportation. Introduces Dave White, Chief Information Officer. Comments their agency is committed to the implementation of the Y2K project. Adds that ODOT is acutely aware of customer service and realizes how visible they will be on January 1 if the systems do not work. |
| 481 | Chair Hill | Notes ODOT has two systems shown as red on the chart (EXHIBIT B) . Asks when the chart might show them as yellow. |
| 474 | Crunican | Responds ODOT is fully aware of the problem. They believe their original plan did not go as deep as needed and once they started implementation they understood they needed more work and went back to the beginning to make sure they had a plan to achieve the end. Adds they are working hard to get off the red list. |
| TAPE 12, A | | |
| 013 | Dave White | Chief Information Officer, ODOT. Responds that at the time the study was done, the programs deserved a red label. Explains that at this time one of the system drivers is being tested. All the software has been remediated and is being tested and will be turned over to the users in DMV in February to start acceptance testing of the system. Adds that the completion date for drivers is July. (EXHIBIT C) |
| 024 | White | Adds that the vehicle system software conversion is 95 percent complete. About 60 percent of the system is back in production. The entire system will be tested shortly. |
| 034 | Chair Hill | Comments the committee may have ODOT come back for updates until their programs are shown as yellow on the rating. |
| 042 | Crunican | Adds that ODOT has included \$9 million in their budget and expects all mission critical items to be in testing by July or be tested by July. |
| 046 | Chair Hill | Asks if ODOT has a contingency plan. |
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| 042 | Crunican | Responds affirmatively. They have a manual backup in the motor carrier area for issuing permits and are working with their Emergency Preparedness Plan on the highway side. |
| 053 | White | Explains that the Department of Motor Vehicles (DMV) is highly computerized and there are very few functions that the business can perform without computers. The focus is to make sure law enforcement has access to the records. |
| 068 | Rep. Montgomery | Asks how many people are working on ODOT Y2K issues. |
| 072 | White | Responds there are 40 ODOT employees and 65 who are contracted. |
| 078 | Rep. Montgomery | Asks if these people are temporary or whether they are taking up state jobs. |
| 079 | White | Explains the people are acquired through professional firms. |
| 085 | Chair Hill | Suggests ODOT work diligently with the Year 2000 Office to change the red rating. |
| <u>OREGON STATE DEPARTMENT OF POLICE</u> | | |
| 092 | Major Jim Willis | Commander, Intergovernmental Services Bureau, Oregon State Police. Introduces Lieutenant John Tawny, Manager, Criminal Justice Information Standards Program and the department Y2K coordinator. Submits and reads statement explaining the status of the department's Y2K efforts (EXHIBIT D). |
| 148 | Chair Hill | Asks if their programs are shown as yellow because they have not submitted the proper paperwork or whether the Year 2000 Office disagrees. |
| 155 | Willis | Responds that the agency is certifying that the programs are compliant. Adds they will be meeting tomorrow with the auditor and expect to go to green on a number of the systems. |
| 164 | Rep. Simmons | Asks where the auditors will be from. |
| 165 | Willis | Responds the auditors will be from a Y2K contractor who is doing the compliance assurance audit. |
| 200 | Willis | Continues reading statement (EXHIBIT D, page 1). |
| 225 | Barbara Jensen | Manager, Statewide Year 2000 Office. Clarifies report on Oregon State Police. Review will take place this week and the colors are likely to change. Adds that her office will be glad to report to the committee again. |

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| 254 | Chair Hill | Asks if the LED system is a closed system. |
| 261 | Willis | Explains they have placed terminals in other agencies. Adds they also have local area networks that have a single terminal receiving OSP information and transmits it on throughout other systems. OSP is reliant on the outside systems to be compliant. |
| 269 | Chair Hill | Asks if OSP will turn other systems off if they are not compliant rather than risk receiving corrupted data. |
| 274 | Willis | Responds they are able to make determinations, but he does not believe they will have the ability to turn off a city-county system. They would not be able to communicate if the city-county system is not compliant |
| 2 | Chair Hill | Comment the committee may request that OSP come back to report on a contingency plan as to what happens if a city or county is not compliant. |
| <u>DEPARTMENT OF CORRECTIONS</u> | | |
| 297 | Benjamin DeHaan | Deputy Director, Oregon Department of Corrections (DOC). Introduces Glen Riley, Assistant Director, Department of Corrections. Explains Dave Cook, director, and a group of legislators are in the Umatilla area. Submits a prepared statement (EXHIBIT E). |
| 317 | DeHaan | Comments that he believes DAS and their contractors think DOC is in good shape. DOC is not treating Y2K issues as strictly a technical problem, because it goes to the heart of public safety. The information submitted will show the department is progressing or is ahead of schedule in most areas (EXHIBIT E). Two areas are still shown as red. One is Trust and Canteen, the bank account system for inmates. They confirmed with the contractor today that it is now yellow and anticipate it will be green in the next couple of weeks. The other issue shown as red, and will remain red, is the Sentence Calculator. The reason they are not overly concerned about it is that they have been calculating sentences beyond the year 2000 for a number of years and know it will work. Because of the cost, they are unable to test the entire operation of the calculator. It is cheaper to replace it and it will be replaced. In the meantime they have a process of quality control particularly for the more dangerous offenders. In the event of a total failure, which is highly unlikely, the sentences can be calculated manually. |
| 389 | Chair Hill | Asks if DOC has communicated the plans to the Year 2000 Office. |
| 400 | DeHaan | Responds there is probably a 60-70 percent chance the calculator system will be replaced before the end of the year. |
| 408 | Glen Riley | Information System Manager, Department of Corrections. Comments they began a contracting process on the sentencing calculator in June 1998. The contract was implemented in December and they are now gathering the requirements. The next phase will be developing the detailed design and project plan. They expect |

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| | | to have the program shown as yellow in the next six to eight weeks. |
| 425 | Chair Hill | Asks if DOC has developed a written contingency plan in case the Sentencing Calculator is not replaced. |
| 433 | DeHaan | Responds affirmatively, and adds that the sentencing calculator is a very important piece of a much larger organization change that came about as a result of the inappropriate early release. Agrees to provide a copy of the plan. |
| TAPE 11, B | | |
| 021 | Chair Hill | Asks how the rating on the trust banking system is red because of communication with the Year 2000 Office. |
| 025 | DeHaan | Responds that subsequent to the report the committee has, it has been classified as yellow by the contractor and expect to have a contract in place in the next couple of weeks. Adds it is a 90-day project. |
| 031 | Chair Hill | Asks if they are using current budget dollars. |
| 032 | DeHaan | Responds affirmatively. |
| 032 | Rep. Krummel | Asks if the gates and doors are computer-operated and whether there could be a situation where all the gates are opened. |
| 039 | DeHaan | Responds the gates will not be locked open. |
| <u>OREGON YOUTH AUTHORITY</u> | | |
| 055 | Rick Hill | Director, Oregon Youth Authority (OYA). Introduces Jill Peterson, Information Services and Data Processing Manager. Submits and paraphrases a prepared statement explaining the status of the agencies Y2K project (EXHIBIT F). |
| 100 | Hill | Continues presentation of prepared statement (EXHIBIT F, page 2). |
| 111 | Chair Hill | Asks if there are issues with corrupted data coming from the counties. |
| 115 | Hill | Responds that OYA is installing systems in the counties; the counties will provide the hardware based on OYA standards. |
| <u>DEPARTMENT OF ENVIRONMENTAL QUALITY</u> | | |
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| 114 | Langdon Marsh | Department of Environmental Quality. Introduces Mitch West, Manager, Business Systems Development and in charge of the agency's Y2K compliance activity. Submits and paraphrases a prepared (EXHIBIT G) . |
| 152 | Marsh | Continues presentation of prepared statement (EXHIBIT G, page 2) . |
| 187 | Marsh | Continues presentation of prepared statement (EXHIBIT G, page 3) . |
| 205 | Chair Hill | Asks if the systems for testing vehicles belongs to DMV or DEQ. |
| 204 | Marsh | Responds they do belong to DEQ and are fully computerized with new equipment. Believes the systems are Y2K compliant. |
| 212 | Mitch West | Manager, Business Systems Development, DEQ. Comments the systems DEQ uses for emissions testing are not electronically connected to DMV. It is a separate system from a private vendor and the vendor assures DEQ, and DEQ has confirmed, that the system is compliant. DEQ does not anticipate any failure. |
| 215 | Rep. King | Asks if it is in the committee's purview to be looking at what happens if a permittee fails. |
| 234 | Chair Hill | Asks if DEQ has a contingency plan, and whether they will cut off the permittees who are not Y2K compliant. |
| 239 | Marsh | Responds they would be concerned about any kind of environmental contamination that might result from a failure. Adds that if a failure were to occur, DEQ would treat it as an emergency spill or hazardous spill and work directly with the permittee and any spill contractor to clean up the problem. If the contamination is the result of a permittee not being Y2K compliant, DEQ's first action would be to correct the environmental problem and the second action would be to hold them responsible for the requirements. |
| <u>DEPARTMENT OF FORESTRY</u> | | |
| 295 | Steve Jacky | Assistant Forester for the Administrative Services, Department of Forestry (DOF). Introduces Jim Miller, Information Technology Director. Submits and paraphrases a prepared statement (EXHIBIT H) . |
| <u>DEPARTMENT OF FISH AND WILDLIFE</u> | | |
| 371 | Jack Graham | Deputy Director for Administration, Department of Fish and Wildlife (ODF&W). Introduces Dell Christensen, Information Systems Officer. Submits prepared statement (EXHIBIT I) . |
| 385 | Chair Hill | Notes that ODF&W's commercial fishery licensing program is shown as red on |

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| | | the rating. |
| 385 | Graham | Responds the licensing program should be totally compliant by June. |
| 393 | Chair Hill | Asks if they have a contingency plan. |
| 393 | Graham | Responds they do and explains they will be providing the information to the Year 2000 Office along with other updates they have done. |
| 401 | Rep. Deckert | Asks when the department expects to go to a yellow rating on the commercial fishing program. |
| 402 | Graham | Responds they anticipate being totally compliant by June of 1999 and should be going to yellow between February and March. |
| 419 | Chair Hill | Asks if ODF&W has any contractors. |
| 423 | Graham | Responds negatively. |
| <u>DEPARTMENT OF AGRICULTURE</u> | | |
| 438 | Lorna Young | Oregon Department of Agriculture. Introduces John McGinn, Administrator, Administrative Services Division and Information Services. Submits and paraphrases a prepared statement (EXHIBIT J). |
| TAPE 12, B | | |
| 008 | Young | Continues presentation of prepared statement (EXHIBIT J). |
| 023 | Barbara Jensen | Statewide Project Manager, Year 2000 Office. Comments the agencies are in the process of changing system conditions from day to day. Advises she will provide color copies of the status report on Wednesday. Explains there is a process for changing a system condition. Adds that information submitted by an agency must go through an approval process before the condition color can be changed. |
| 042 | Jensen | Comments that OYA is not on the statewide mission critical system list. However, they are important to the operation of state government and felt they should come before the committee. The committee will be hearing from other state agencies that are not on the list but have functions in state government that Oregonians depend on. |
| 049 | Chair Hill | Asks that Ms. Jensen provide the committee with a definition of "certified" so that everyone understands that when someone says they are certified what it should mean to the committee. Advises it would also be helpful to have an |

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| | | explanation of the meaning of the green rating. |
| 062 | Jensen | Responds that green means the agency is on schedule. It does not mean they are totally ready. |
| 064 | Chair Hill | Asks how the committee will know an agency is compliant. |
| 065 | Jensen | Responds they used the word "compliant" prior to six months ago; they now use the term "readiness", which means they can be ready and internally they know the state system status but does not know about the partners outside state government. Adds that they are now reviewing and revising the policy for the definition of compliant. Adds that they will bring more information to the committee as they receive it from the Department of Justice. |
| 082 | Rep. Montgomery | Expresses his appreciation to the chair for having changed the committee meeting time. |
| 089 | Jason Cody | Committee Administrator, advises members he will contact their office regarding meeting times and places of upcoming meetings. |
| 110 | Chair Hill | Adjourns meeting at 5:01 |

Submitted By, Reviewed By,

Annetta Mullins, Jason Cody,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Year 2000 Issues, prepared statement, Gary Weeks, 3 pp

B - Year 2000 Issues, report on Statewide Completion Assurance Process, Barbara Jensen, 6 pp

C - Year 2000 Issues, prepared statement, Dave White, 4 pp

D - Year 2000 Issues, prepared statement, Jim Willis, 2 pp

E - Year 2000 Issues, prepared statement, Benjamin DeHaan, 5 pp

F - Year 2000 Issues, prepared statement, Rick Hill, 2 pp

G - Year 2000 Issues, prepared statement, Langdon Marsh, 6 pp

H - Year 2000 Issues, prepared statement, Steve Jacky, 2 pp

I - Year 2000 Issues,, prepared statement, Jack Graham, 3 pp

J - Year 2000 Issues, prepared statement, Lorna Young, 12 pp