HOUSE COMMITTEE ON COMMERCE

January 27, 1999 Hearing Room 350

3:00 p.m. Tapes 13 - 14

MEMBERS PRESENT: Rep. Jim Hill, Chair

Rep. Ryan Deckert, Vice-Chair

Rep. Al King

Rep. Bob Montgomery

Rep. Anitra Rasmussen

Rep. Mark Simmons

Rep. Bill Witt

MEMBER EXCUSED: Rep. Jerry Krummel

Rep. Diane Rosenbaum

STAFF PRESENT: Jason Cody, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

Introduction of Committee Measures

Year 2000 Issues

These minutes are in compliance with Senate and House Rules. <u>Only text enclosed in quotation marks reports a speakerís exact words.</u> For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 13, A		

004	Vice Chair Deckert	Calls meeting to order at 3:00 p.m. and introduces citizen lobbyists from Community Partnerships.
	Vice-Chair Deckert	Opens the informational meeting on year 2000 (Y2K) issues.

YEAR 2000 ISSUES

OREGON LOTTERY

023	Chris Lyons	Director, Oregon Lottery. Introduces Norm Day, Chief Information Officer (CIO). Submits and reads a prepared statement explaining the agencyís Y2K activities **(EXHIBIT A).**
060	Lyons	Continues reading statement **(EXHIBIT A).**
078	Chair Hill	Asks if the site in Burns will be Y2K ready.
086	Norm Day	CIO, Oregon Lottery. Explains the Burns site has a recently completed building. Communication lines are established and they are in the process of arranging to get the systems and operations established. The site will be utilizing systems that have been tested and assured year 2000 compliant. Explains the systems will be in operation in the event there is an emergency that would preclude operations at the Salem location.

OREGON DEPARTMENT OF EDUCATION (ODOE)

108	Stan Bunn	Superintendent of Public Instruction. Introduces David Rike and asks that Mr. Rike make the presentation for their office.
110	David Rike	Director of Technology, Oregon Department of Education (ODOE). Presents prepared statement **(EXHIBIT B).**
156	Chair Hill	Asks if the department has talked to school districts about their progress with Y2K compliance.
165	Rike	Responds he meets regularly with many of the larger districtsí technology mangers. ODOE has disseminated information to the districts from the United States Department of Education (USDOE); the districts are well aware of the needs and requirements. Adds that there are no electronic interfaces between the school districts and the department that need to be adjusted or reviewed.
177	Vice-Chair Deckert	Notes ODOE is rated green on the list **(EXHIBIT K)**. Asks if ODOE has other concerns about Y2K issues.

180	Rike	Responds ODOE feels fortunate to not have Cobol code.
190	Vice-Chair Deckert	Announces that the committee will move into work session for introduction of committee bills and will return to the informational hearing.

INTRODUCTION OF COMMITTEE MEASURES ñ WORK SESSION

196	Vice Chair Deckert	Reviews the drafts for consideration by the committee: LCs 2433, 2570, 2593, 2550, 2551, 1723, 1724, and 2552.
212	**Rep. Montgomery**	**MOTION: Moves LC 2433, LC 2570, LC 2593, LC 2550, LC 2551, LC 1723, LC 1724 and LC 2552 BE INTRODUCED as committee bills.**
226		**VOTE: 7-0** **EXCUSED: 2 - Reps. Krummel, Rosenbaum**
228	**Vice-Chair Deckert**	**Hearing no objection, declares the motion CARRIED.**
		The above LCís were filed as the following House Bills: **LC 2433 - HB 2582** **LC 2570 - HB 2576** **LC 2593 - HB 2575** **LC 2550 - HB 2579** **LC 2551 - HB 2578** **LC 1723 - HB 2581** **LC 1724 - HB 2580** **LC 2552 - HB 2577**

YEAR 2000 ISSUES

OREGON DEPARTMENT OF REVENUE

238	Don OíMeara	CIO, Oregon Department of Revenue. Advises that Jim Brown, Deputy Director is ill today. Submits and paraphrases a prepared statement explaining Y2K activities in the Department of Revenue **(EXHIBIT C).**

278	Rep. King	Asks if there is a different code to show an agency is finished with the project and is compliant.
290	Chair Hill	Responds that, as he understands the rating system, green does not mean there will not be a problem; it means they have done everything at issue, they are on track or they have completed the tasks.
336	Chair Hill	Asks if the agency is developing contingency plans. Asks what the agency would do if a person writes a check on a non-compliant bank.
350	OíMeara	Responds he does not know the answer to the questions, but the Department of Revenue plans to work with Treasury on interface issues this spring.
366	Chair Hill	Asks if the Department of Revenue system will work if Treasury does not fix the interface.
366	OíMeara	Responds he believes the department could manually make the deposits to the banks.
383	Rep. Hill	Asks if this is part of the banking system.
384	OíMeara	Responds it is related to the banking system. Adds that the Department of Revenue will be doing testing this spring.
388	Chair Hill	Asks if the deposit system is a critical component.
388	OíMeara	Responds it is a critical part, but it does not effect the bulk of their revenue.
396	Chair Deckert	Comments his biggest concern would be incoming electronic transfers.
OREGON LIQUOR COMMISSION		
418	Pamela Erickson	Administrator, Oregon Liquor Control Commission. Introduces Joan Terry, Director, Administrative Services and Chief Information Officer. Submits and reads a prepared statement explaining the agencyís efforts on Y2K issues **(EXHIBIT D).**
TAPE 14, A		
EMPLOYMENT DEPARTMENT		
	Verlena Crosley	Director, Employment Department. Introduces Blythe Heywood, CIO. Submits packet of information on the department computer systems **(EXHIBIT E).**

		Reviews letter and mission statement **(EXHIBIT E, pages 2-3)**. Asks that Ms. Heywood provide information on department computer systems and their Y2K efforts based on department strategies and mission statement.
058	Blythe Heywood	Chief Information Officer, Oregon Employment Department. Explains department computer systems **(EXHIBIT E, page 4-14).**
100	Heywood	Continues presentation.
132	Crosley	Thanks the legislature, Employment Department staff and the Department of Labor for combining efforts to accomplish the Y2K projects.
147	Chair Hill	Asks how many personal computers the Employment Department will be replacing.
148	Crosley	Responds they will replace 1,828 computers. Explains that many of their computers are quite old.

OREGON DEPARTMENT OF VETERANSí AFFAIRS

188	Jon Mangis	Director, Oregon Department of Veteransí Affairs (ODVA). Submits and reviews letter and status report on computer systems in the department **(EXHIBIT F).**
230	Mangis	Continues presentation.
250	Rep. Hill	Asks how many lines of code exist in the Conservatorship system.
258	Herb Riley	Information Systems Manager, Oregon Department of Veteransí Affairs. Explains that one program does the accounting; the other 47 programs serve to meet reporting requirements by judicial appointments that have placed the Director as the conservator. Adds that while the department feels the programs could be replaced by off-the-shelf programs, they feel they could modify the three or four core programs.
266	Rep. Hill	Asks when ODVA will know if a replacement program is available.
280	Riley	Replies they will decide in September because they still would have time to modify their existing programs.
296	Mangis	Adds that veteran departments in other states use off-the-shelf programs, and it would only be a matter of evaluating how the programs fit ODVAís programs.
301	Rep. Hill	Asks if ODVA is working on a contingency plan.

307	Riley	Responds ODVA has very detailed contingency plans for all department operations.
318	Rep. King	Asks if they have mortgages dated in 1945.
320	Mangis	Explains ODVA has no mortgages that originated in 1945, but does have some that go back to 1970s. Adds that ODVA did not change its programs to industry standards until 1991 or 1992.
347	Rep. King	Comments on mortgage industry activities.
353	Mangis	Responds that is why ODVA moved to the industry standard.

HOUSING AND COMMUNITY SERVICES DEPARTMENT

403	Bob Repine	Director, Housing and Community Services Department (OHCSD). Submits letter and activities related to Y2K preparedness **(EXHIBIT G).** Reads letter.

TAPE 13, B

042	Rick Craig	Financial Services Manager, OHCSD. Presents an overview of OHCSD's Y2K readiness **(EXHIBIT G, page 2).**
065	Jeff Houck	Interim Information Services Manager, OHCSD. Presents status of internal systems **(EXHIBIT G, pages 2-3).**
090	Repine	Reviews statement on internal resources and or services and business continuation planning **(EXHIBIT G, page 3).**

OREGON UNIVERSITY SYSTEM (OUS)

	Joseph Cox	Chancellor, Oregon University System. Introduces Marylin Lanier, Vice Chancellor for Financial Administration. Submits prepared statement and information on status of Y2K for the University System **(EXHIBIT H).**
175	Cox	Summarizes prepared statement **(EXHIBIT H, page 1-3).** Adds that each campus will be completing a comprehensive checklist for year 2000. Notes that in the Deloitte & Touche Audit Report **(EXHIBIT H, page 4)** the percentages on the status of their systems should be updated as of December 31 to show Awareness 95%, Assessment Stage 95%, Remediation 90%, and Validation/Testing, 81%. Notes their final completion date is June 30, 1999.
192	Rep. Hill	Asks if they know why OUS is shown as yellow **(EXHIBIT K).**

	Lanier	Responds they do know why. Explains OUS needs to provide more information for each campus.
227	Rep. Hill	Asks what OUSís timeframe is to progress off yellow.
	Lanier	Responds they should be off yellow in the next couple of weeks.
235	Rep. Hill	Comments he will not feel comfortable until OUS is shown as green on the report.
265	Rep. Rasmussen	Asks if OUS has thought about their responsibilities if they have students on campus at midnight on December 31.
268	Cox	Responds affirmatively. Explains their efforts in working individually with each phase of their responsibilities on all campuses.
STATE SCHOLARSHIP COMMISSION		
290	Elwood Farber	Executive Director, State Scholarship Commission. Introduces Randy Brewer, Director of Information Services and CIO. Submits prepared statement and Y2K project status for the commission **(EXHIBIT I).** Reviews prepared statement. Asks that Mr. Brewer give an overview of the commissionís position on the implementation and mediation of the Y2K projects.
341	Randy Brewer	Director, Information Services and CIO. Presents project status of Y2K preparedness **(EXHIBIT I, pages 2-3).**
390	Brewer	Continues presentation.
408	Rep. Deckert	Notes that the commissionís loan program is shown as red **(EXHIBIT K).**
417	Farber	Explains the red rating is a result of the program being added to the high priority system late in the process.
TAPE 14, B		
018	Barbara Jensen	Project Manager, Statewide Y2K Project Office. Comments the Scholarship Commission has submitted information this week and the commissionís color will switch to yellow once it has been signed off and approved by the Y2K Project office.
LEGISLATIVE ADMINISTRATION (LAC)		

064	Dave Henderson	Legislative Administrator, Legislative Administration. Introduces Rich Englis, Information Systems Manager, Legislative Administration. Submits and reviews report on status of Y2K compliance efforts **(EXHIBIT J).**
098	Rep. Hill	Asks when LAC will receive the green indicator.
108	Henderson	Responds LAC hopes the testing of the OLIS 2000 system will be complete within two to three months.
111	Rich Englis	Information Systems Manager. Explains that the LAC bill drafting system uses an IBM product that is no longer supported. The plan is to start testing the bill-drafting system in the next few weeks and to get it off the list within two or three months.
122	Englis	Adds that LAC has several pieces of software on the mainframe that are not supported by IBM. Comments the unsupported software presents the most urgent problem.
127	Rep. Hill	Asks if LAC has a proposed solution for the unsupported software.
127	Henderson	Responds that LAC has undertaken a six-year project to get off all the unsupported systems and the mainframe.
162	Chair Hill	Comments that his intention is to introduce a resolution or joint memorial listing findings by this committee. The purpose is to send something through the legislative process to reassure the citizens of Oregon that the legislature has looked at the issue, that the legislature thinks the agencies are on the right track and is confident of continued service. Adds that he has requested committee staff to start working on a draft of a memorial or resolution. Asks that members contact staff if they have suggestions for information to be included in the legislation.
179	Rep. Krummel	Suggest the committee keep in contact with the agencies that are shown as yellow and red **(EXHIBIT K).**
199	Rep. Rasmussen	Comments on Joint Information Management Technology Committeeís (JIMTC) on-going role in state information systems. Suggests JIMTC will be able to follow up on state agencies' activities.
212	Chair Hill	Comments the committee will be following Ways and Means bills and making specific recommendations to Ways and Means on information technology issues.
226	Rep. Montgomery	Comments that voting to support introduction of the concepts as committee bills does not mean he will support the legislation either in committee on the Floor.
250	Chair Hill	Adjourns meeting at 4:30 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jason Cody,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ Year 2000 Issues, prepared statement, Chris Lyons, 1 p

B - Year 2000 Issues, prepared statement, David Rike, 3 pp

C - Year 2000 Issues, prepared statement, Don OíMeara, 2 pp

D - Year 2000 Issues, prepared statement, Pamela Erickson, 2 pp

E - Year 2000 Issues, prepared statement, Verlena Crosley and Blythe Heywood, 19 pp

F - Year 2000 Issues, prepared statement, Jon Mangis, 3 pp

G - Year 2000 Issues, prepared statement, Bob Repine, Rick Craig, and Jeff Houck, 3 pp

H - Year 2000 Issues, prepared statement, Joe Cox, 43 pp

I - Year 2000 Issues, prepared statement, Elwood Farber, 5 pp

J - Year 2000 Issues, prepared statement, Dave Henderson, 8 pp

K - Year 2000 Issues, prepared statement, Barbara Jensen, 8 pp