SENATE COMMITTEE ON INFORMATION MANAGEMENT

AND TECHNOLOGY

January 20, 1999 Hearing Room H-174

5:00 p.m. Tapes 1 - 2

MEMBERS PRESENT: Sen. Verne Duncan, Chair

Sen. Peter Courtney

Sen. David Nelson

STAFF PRESENT: Marjorie Taylor, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: Adoption of Committee Rules

Introduction of Committee Staff

Report on Interim Activities

Recommendations and Discussion of Session Issues

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

TAPE/#	Speaker	Comments
TAPE 1, A		
002	Chair Duncan	Calls meeting to order at 5:05 p.m. Discusses that the meeting time might be changed, and asks for suggestions regarding schedules.
ADOPTION OF COMMITTEE RULES		
021	Chair Duncan	Mentions that there will be a change to the proposed rules, and asks the administrator to explain the changes.
024	Marjorie Taylor	Administrator. States that the minority report sections will be removed, given that a minority report cannot be made in a three member committee.

027	Chair Duncan	Asks if there are any objections to the changes to the proposed committee rules.
030	**Sen. Courtney**	**MOTION: Moves to ADOPT the proposed Committee Rules dated 1/20/99 (EXHIBIT A), as amended with the deletions of Sections 11 and 12.**
034	**Chair Duncan**	**Hearing no objection, declares the motion CARRIED.**

INTRODUCTION OF COMMITTEE STAFF

036	Chair Duncan	Introduces the Committee Administrator.
038	Taylor	Introduces the Administrative Support person.

REPORT ON INTERIM ACTIVITIES

040	Chair Duncan	Mentions that the committee was a joint committee during the last session and interim. Asks the co-chair of those committees, Sen. Nelson, to bring those present up to date on the activities during the last session and interim.
051	Sen. Nelson	States that the committee is evolving. States that the members have been looking for more of an orientation towards policy decisions on technology. Says that there are problems to be dealt with, in regards to technology, especially the Year 2000 (Y2K) issue, as well as other projects in state agencies. Mentions that there are liability issues with the Y2K issue to address as well. Says that the idea was to move towards policy decisions regarding technology, rather than simply serving in an oversight capacity.
067	Chair Duncan	Asks for more detail in regards to the effect of the Y2K problem upon education, hospitals, and other issues.
072	Sen. Nelson	Refers to Don Mazziotti and his work with technology issues and the interim committee. Says that the bigger issue is how to follow the dictates of SB 994, passed during the 1995 Session to create statewide accessibility to information.
081	Chair Duncan	Mentions that SB 994 is important and asks the administrator to provide more information on it to the committee.

RECOMMENDATIONS AND DISCUSSION OF SESSION ISSUES

086	Chair Duncan	Highlights the major issues for the committee during the 1999 session. Mentions that the Y2K issue will be of great importance. States that the House decided to integrate the discussion of Y2K issues into the House Commerce Committee, but that Senate President Adams wished to give the issue more visibility and higher priority. Mentions that there is a statewide fear among the general public.

111	Sen. Courtney	Mentions he has little information on the Y2K issue. Mentions confusion among the public regarding an article published in the Wall Street Journal that has since been refuted. Says that he looks to this committee to address the issue of Y2K readiness in state government. Says, also, that the committee could clarify the issue and refute the "hear-say" that is prevalent in public discussion. Identifies the need to give state of the art answers to questions that are causing confusion among the public.
126	Sen. Nelson	Mentions a hearing held in November and says that it contained thorough reports from many sectors of government and private business sectors. States that the meeting identified mission critical areas for immediate attention, as it is impossible to deal with everything at once. States that an estimated $100 million as been spent on Y2K issues during the last biennium.
135	Chair Duncan	States that there must be reassurance to the general public that work is occurring. States that the committee has the opportunity to be visible and to help restore public trust. Says that the committee should also look for the flaws in the Y2K problem solving efforts. Introduces Don Mazziotti and invites him to speak on the Y2K issue.
154	Don Mazziotti	Chief Information Officer, State of Oregon and Division Administrator, Information Resource Management Division, Department of Administrative Services (DAS). Presents materials to the committee **(EXHIBIT B).** Introduces Barbara Jensen. Mentions that his office is in charge of the Y2K response in Oregon. Calls attention to the testimony and offers to discuss potential issues for the committee. Offers to discuss the Y2K problem in detail.
181	Mazziotti	States that he has been working with the subject of Y2K since 1996, and that some agencies in Oregon have been since 1988. Says that he will discuss where Oregon stands, the structure of his organizations, and the Wall Street Journal article. Expresses a desire to discuss the authority base and the DAS policies that guide action on the Y2K issue. Mentions some external organizations important to the issue. Feels that DAS is on top of the problem, but that he is interested in the direction the legislature wishes to take, as it affects all branches of government, and all private sectors.
214	Mazziotti	Refers to the material presented. Indicates the brochure of the organization. Names program areas listed in the brochure, and the mission of the Statewide Year 2000 Project Office. Mentions the "State of the State" report in the materials, and briefly summarizes the report. Indicates that the main problem is 59 million lines of computer code that must be updated across 126 state agencies. Indicates the "Mission Critical" services, such as the Department of Human Resources (DHR).
263	Mazziotti	Mentions the resources spent to solve the Y2K problem in Oregon were approximately $102 million during the past biennium.
266	Chair Duncan	Asks for confirmation of the current spending number of $102 million.
268	Mazziotti	Indicates that it is correct.

269	Chair Duncan	Asks about new requests for additional funds.
279	Mazziotti	Refers to knowledge of new requests for funds and the agencies that have requested them, indicating that he is aware of about $22 million, mostly from DHR and the Oregon Department of Transportation (ODOT). States that most of those funds will likely be supplied by the federal government.
282	Barbara Jensen	Manager of the Oregon State Year 2000 Project Office. States that, in regards costs, less than half a dozen agencies have submitted requests. One was $9 million for ODOT. Also mentions DHR requests and some legislature requests.
292	Mazziotti	Explains that the problem is a function of date codes and fields associated with software and hardware development. States that the issue also affects microchips in many types of non-computer items. Says that of 70 billion microchips, nearly 10 percent have possible Y2K hazards, with perhaps four percent affecting Mission Critical activities, but those are tested regularly. Interface and data exchange could result in transferring Y2K problems, like a computer virus, across boundaries.
323	Mazziotti	Mentions three possible problems that could be experienced: • Shutdown of systems • Malfunction of systems • Undetected errors that arise unpredictably at a later time Mentions that his office is alert to all three problems.
367	Mazziotti	Argues that the issue is one of management. Discusses the Wall Street Journal article that listed Oregon as one of worst states in the nation, in regards to Y2K compliance. Provides some clarification to the report. Criticizes the methodology of the survey. States that Oregon is actually ahead of schedule, but lack of communication led to the report that the state was behind. States that a description of the article is in the information packet provided to the committee. Says that the article was bad, in that it cast Oregon unfairly in a poor light, but good in that it put the Y2K issue in the spotlight among the public. States that the Oregonian published a favorable reply to the Wall Street Journal article.
TAPE 2, A		
022	Mazziotti	Describes the organizational structure designed to address the Y2K problem in Oregon. Refers to the chart provided in the materials, which identifies the parts at work, which include the legislature. Mentions that the Statewide Y2K Project office is the key component to the organization. Says each agency is responsible for finding and fixing its own Y2K problems, as per Executive Order 97-13. Says that order also made DAS responsible for oversight and reporting of agency efforts. States that all agencies have submitted Y2K plans.
048	Sen. Courtney	Asks about the report, pointing out that it says that the Legislative Administration Committee is only 9% compliant.

057	Chair Duncan	Asks for an explanation regarding the 9% compliance.
060	Mazziotti	Mentions that it is only one method of measure for agency performance. Discusses some of the reasons why some groups appear less ëcompliantí than they are. Explains that because each agency is responsible for itself, each has different ways of going about the process. Says that DAS looks to see if the groups are on schedule. Gives the state of Georgia as an example of effective methodology.
080	Sen. Courtney	Asks for clarification as to why remaining in a test mode would be beneficial as opposed to solving the problem immediately.
083	Mazziotti	Answers that it is due to the unpredictability of the issue, since staying in a test mode leaves flexibility of solutions to problems as they arise. Reminds committee that this is a problem that has never been faced before. Says that many organizations with the necessary resources choose to stay in test mode before putting systems back into service.
096	Chair Duncan	Asks if the legislature is on top of its compliance issues.
097	Mazziotti	Defers question to Jensen.
099	Jensen	Refers to the legislatureís individuals in charge, specifically Rich Englis and Linda Bell. Compliments staff and facilities people. States that the legislature is in good shape.
112	Chair Duncan	Says he felt that it was important to get a response to the legislatureís readiness.
114	Mazziotti	Identifies some key groups in the Y2K organization chart provided to the members. Mentions Governorís Information Technology (I/T) Round Table. States that it is a cabinet-level body for focus on the Y2K issue, and that it forms policy on the issue. Offers the members an invitation to their meetings.
124	Chair Duncan	Asks when the round table meets.
128	Mazziotti	Discusses meeting times and says that any members would be welcome to attend.
130	Chair Duncan	Offers to sit in on one of their meetings.
135	Mazziotti	Mentions a second group, the State-Wide Emergency Response Group. Says that it is responsible for the stateís emergency plan if its contingency planning fails. Says it will coordinate with counties and the Federal Emergency Management Administration (FEMA). States that it meets weekly, and that it deals with legal issues. Offers to provide information from that group and extends an invitation to meet with it as well.

163	Chair Duncan	Asks if there is a sense that legislation is needed in regards to Y2K.
165	Mazziotti	Says that he sees no gaps in current legislation. Mentions four other groups and their areas of control and responsibility, specifically the Statewide Y2K Policy Advisory Group. Mentions that it has jurisdiction over "mission critical" systems that are essential to state government.
186	Chair Duncan	Asks if the mission critical list is published.
188	Jensen	Says it is published and that it is provided in the packet supplied to the members.
197	Mazziotti	Describes the publication on mission critical systems provided to the members. Gives DAS as an example, picks a system identified as non compliant, and describes the scoring system. States that the mission critical systems are dealt with first, and that the red and yellow tagged mission critical systems are of the highest priority.
214	Chair Duncan	Asks if green systems are compliant mission critical, or if they are non mission critical systems.
218	Mazziotti	Clarifies issue of color coding, and states that the list contains only mission critical systems. Mentions the previous request by Sen. Duncan, on 11-6-98, for reports and states that these reports are the result of that request. Says that the report is the way to check the progress on all mission critical systems.
244	Chair Duncan	Asks if the report is a copy of what anyone could find on the DAS web site.
245	Mazziotti	Says that his office just received clearance to put the information on their web site.
248	Chair Duncan	States that he is impressed by the report.
250	Mazziotti	Indicates that only nine mission critical systems are currently red, but that future problems could cause shutdowns to bring them up into compliance, if they are not fixed. Says that all businesses need to formulate a plan for functioning manually, to deliver services if shutdown occurs. Says that external threats or failure of manual systems requires having an emergency service plan. Refers to the Statewide Y2K Advisory Council, which is made up of representatives from all three branches of government, including those who serve as liaisons to their sector of the economy. States that it allows for the flow of information regarding where compliance and preparedness efforts stand.
307	Mazziotti	Discusses the Y2K Completion Assurance Process. Refers to two consulting teams that visit sites of critical functions and verify the validity of information those agencies provide regarding Y2K. Says that it is designed to report problems of agencies and report back to DAS. Says that their reports are public information, and that they also provide technological assistance if needed by agencies.

348	Mazziotti	Discusses the Y2K Special Interest Group, consisting of representatives from all agencies and some private groups. Says that the group has met monthly for over a year, sharing problems, solutions, and policy questions. Says it is valuable as an information exchange.
361	Chair Duncan	Asks for clarification regarding the makeup of the Y2K Special Interest Group.
362	Mazziotti	Clarifies the makeup of the group. Mentions a new entity, the Y2K Communications Forum Group. Says that it is made up of all of the public information officers of the different agencies and levels of government. Its task is to allow its members to share information with one other, and insure accurate and necessary information to the public about Y2K readiness. Says that the group offers press kits, videos, and other materials. States that it met last week for the first time.
393	Chair Duncan	States that it would be good to provide more visibility by having committee members or staff members attend meetings to get a feel for the process.
406	Mazziotti	States that committee members and staff members would be welcome to attend, since it would make those involved feel as though the work that that they are doing is important. Says that the legislatureís participation would show teamwork.
430	Chair Duncan	Asks Sen. Nelson his opinion on attending the meetings.
432	Sen. Nelson	Concurs that attendance would be valuable.
TAPE 1, B		
005	Mazziotti	Asks if the committee has any questions.
010	Chair Duncan	States that he likes the presentation and information provided, and the attempt to the public more aware of the efforts. Says that it is important to know that the planning is not perfect, to avoid undue optimism.
019	Mazziotti	Mentions that expectations must not get too high, but it is still important to raise confidence in vital systems
023	Chair Duncan	Asks for a possible scenario that could happen.
024	Mazziotti	Predicts that possible concerns are system failures in the following: • Communications • Power Grid • Transportation System States that these areas create the highest degree of risk for public safety.

033	Chair Duncan	Points out that it will be the New Yearís Eve holiday when the problem comes to a climax.
038	Mazziotti	States that the situation is similar to planning for a 72 hour storm. Says that there is concern about panic, especially with regards to banks and the food supply. States that there is not a scenario that he feels fits the situation, but they are taking it into account with the Red Cross and others. Says that providing the legislators information to distribute to constituents may help to back off the public from "panic mode." Mentions plans for provision of $50 billion in extra currency for potential runs on banks.
062	Chair Duncan	Asks what is next to consider, and what would be helpful for the DAS to carry out its mission.
066	Sen. Nelson	Asks about the liability issue, with regards to Y2K.
069	Mazziotti	Mentions legislation is already going through the system, at both state and federal levels. Mentions a bill is already in the state legislature, establishing an affirmative defense. States that they establish standards of performance that become a partial defense against liability as an incentive to complete standards of compliance. States that failure to keep up with standards would open the opportunity for charges of liability
087	Chair Duncan	Says that it would be beneficial for agencies to use compliance to their advantage.
088	Sen. Nelson	Concurs.
090	Chair Duncan	Mentions disclaimers being placed on all statements issued, regarding Y2K, to prevent liability.
092	Mazziotti	Mentions the disclaimers are being used and points them out on the exhibits. States that it is a matter of due diligence.
102	Jensen	Indicates that disclaimers are placed on every page.
103	Chair Duncan	Asks Mazziotti for recommendations regarding legislative activity.
104	Mazziotti	Offers an activity list for the legislature. Mentions that the House Commerce committee is meeting on the issue. Says that the focus should be to get top executives of agencies involved. Says that the committee might be wise to do the same by speaking to agencies, especially if the committee is interested in getting information from the agencies themselves.
135	Taylor	Offers to attend the House Commerce Committee meetings related to Y2K

		issues.
140	Chair Duncan	States that Taylorís attendance will be valuable, and asks for information for further meetings and discussion.
145	Mazziotti	Agrees, and indicates that the committee is "their committee." Says that tracking is necessary. Asks for a few days to formulate suggestions for the committee.
155	Chair Duncan	Schedules the next meeting for Monday, 1-25-99. Asks audience if they have any further input.
162	Jensen	Clarifies information regarding the Wall Street Journal article. Says that the information was correct and adds that further work will insure success in dealing with the Y2K issue.
170	Chair Duncan	Adjourns committee at 6:15 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ Adopted Committee Rules, Staff, 2 pp.

B ñ Published Materials, Don Mazziotti, 50 pp.