

SENATE COMMITTEE ON INFORMATION MANAGEMENT
AND TECHNOLOGY

February 12, 1999 Hearing Room C

8:30 a.m. Tapes 7 - 8

MEMBERS PRESENT: Sen. Verne Duncan, Chair

Sen. Peter Courtney, Vice-Chair

Sen. David Nelson

STAFF PRESENT: Marjorie Taylor, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: Agency Presentations on Business Continuation Plans

-Employment Department

-Department of Corrections

-Department of Transportation

-Parks and Recreation Department

-Department of Human Resources

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

TAPE/#	Speaker	Comments
TAPE 7, A		
003	Chair Duncan	Calls meeting to order at 8:40 a.m.
<u>EMPLOYMENT DEPARTMENT</u>		
005	Bob Karau	Assistant Director, Administrative Services, Employment Department. Provides an overview of the Employment Department's business continuation plan

		(EXHIBIT A). States that the Employment Department offers a great number of services through computer and telecommunications technology.
032	Blythe Heywood	Chief Information Officer, Employment Department. Mentions that she testified before the House Commerce Committee regarding the Employment Department's preparedness for the Year 2000 (Y2K) problem. States that the department has had an independent review by PROdx, which gave the department high marks in regards to their Y2K readiness.
045	Chair Duncan	Asks for more information about PROdx.
047	Heywood	Replies that PROdx is a private corporation, with which the Department of Administrative Services (DAS) has contracted, which performs compliance and assurance reviews of agencies. States that the Employment Department contracted independently with PROdx for review of their Y2K readiness.
051	Sen. Courtney	Asks Ms. Heywood if the Employment Department is sufficiently confident in its Y2K compliance that it will not need the Y2K liability protection currently being discussed by the Judiciary Committee. Asks Ms. Heywood if she is aware of the proposed legislation regarding Y2K liability.
053	Heywood	Replies that although she has every confidence that the Employment Department will be compliant, she does not believe that it would be prudent to reject such protection. Indicates that she is aware of the legislation.
058	Sen. Nelson	Mentions that the statute regarding liability that Sen. Courtney refers to is vague, which could make the legislation a crucial issue.
060	Sen. Courtney	States that the bill in question should be referred to the committee. States that the Judiciary Committee is not as well informed regarding the compliance and contingency programs of state agencies as the Information Management and Technology (IMT) Committee. Mentions that the bill is vague regarding the definition of problems related to Y2K. States that all agencies should be made aware of the bill before reporting to the committee regarding their Y2K readiness.
077	Heywood	Mentions that the bill is well known within state agencies.
080	Sen. Nelson	Mentions that there are other issues that could affect agency liability, including interfaces and imbedded chip issues. Asks if the Employment Department has considered the potential problems resulting from those sources.
082	Heywood	Mentions that PROdx reviewed the Employment Department's interfaces and determined that sufficient testing had been performed on them. States that the department is not heavily burdened by imbedded chip issues and adds that most of those liabilities would fall to DAS and the landlords of the buildings occupied by the department.

092	Chair Duncan	Asks for the Employment Department's backup plan in the event of a system failure.
098	Heywood	Replies that various scenarios of system failure have been analyzed, referring to the telephone system used for filing unemployment insurance claims, as an example. States that the department has a contingency plan for reverting to a paper-only system.
108	Chair Duncan	Asks if there will be notice given to unemployment claimants regarding contingency plans in the event of an interruption of service.
111	Heywood	Says that the Employment Department is waiting to make such an announcement in order to prevent panic. States that notification will be given when it is closer to the critical date.
115	Chair Duncan	Asks if the Employment Department intends to notify all claimants prior to the critical date.
118	Karau	Replies that notification is part of the department's mitigating strategy. Mentions that reliance upon DAS mainframe computers has created the need for alternative methods for the printing and delivery of unemployment checks.
130	Chair Duncan	Says that one of the goals of the IMT Committee is to build public confidence in agency preparedness regarding Y2K issues.
134	Sen. Nelson	States that there are about 200,000 unemployment checks printed monthly by the Employment Department, and that those checks are prepared by computer. States that being forced to prepare those checks by hand would create a "huge paper problem." Asks if checks are tendered once per month or if they are spread out over an entire month.
140	Heywood	Replies that the checks are spread out over the course of each month on a weekly basis.
141	Karau	Mentions that the possibility of printing a duplicate run of checks, as a backup in the event of system failure, has been discussed.
144	Sen. Courtney	Says that some agencies have not planned for worst case scenarios. Asks what type of services the Employment Department will be able to provide in a worst case scenario. Asks if there will be around-the-clock efforts to implement solutions in the event of system failure.
160	Karau	Says that the worst case scenario, that being a state-wide loss of power, has been discussed. States that in such an event there would be no computer service. States that there is currently a plan to have staff on-site on January 1, 2000, to analyze systems. States that the basis for the Employment Department's Y2K business continuation plans are those designed for previous disasters, such as the floods of 1996.

187	Sen. Courtney	Asks if the Employment Department currently has staff on-site seven days a week.
189	Karau	Replies that there are computer system employees on-site at all times.
191	Heywood	Says that the Information System staff is prepared to work on January 1 st , 2000, and around the clock after that, if necessary. Says that the testing and rewriting of programs has been ongoing.
208	Chair Duncan	Mentions that he is pleased to see that the Employment Department has a backup plan in the event of a worst case scenario.
210	Sen. Courtney	Mentions that the committee will be making a report regarding the Y2K preparedness of various state agencies.
211	Sen. Nelson	Mentions that if the power grid goes down it will totally disrupt all state government activity. States that the utility companies have testified before the Joint Interim IMT Committee regarding their readiness.
219	Chair Duncan	Mentions that, at that time, the utility companies would not confirm that there will be no interruption of services due to the Y2K problem.
222	Karau	States that the Employment Department has considered secondary and tertiary vendor support as well. States that there will certainly be unanticipated occurrences and that the key is to prepare for those things that can be anticipated, as soon as possible.
236	Chair Duncan	Says that the committee will want to hear from the Employment Department again regarding its continuing progress. Asks about other areas that have not been mentioned.
242	Karau	Discusses contingency planning for background checks on daycare providers. States that approval of providers would be suspended until the needed systems could be brought back online.
252	Heywood	States that job finding services are also a concern. States that the processes have been rewritten for Y2K compliance and that the new system is currently under review.
258	Chair Duncan	Says that the state could be liable for failure of the job finding system.
266	Karau	Says that there will be paper printouts of claimants that could be accessed.
269	Chair Duncan	Thanks the Employment Department, and asks them to return later for an update.

DEPARTMENT OF CORRECTIONS

293	Benjamin DeHaan	Deputy Director, Oregon Department of Corrections (DOC). Provides an overview of the DOC business continuation plan (EXHIBIT B). States that the DOC has a well-developed emergency management capability, into which Y2K issues have been integrated. States that the issues are more low-tech for DOC, such as maintaining food supplies. Assures the committee that the cell doors will not open automatically in reaction to a Y2K-related malfunction, since most cells are controlled by manual lock mechanisms, except in the newer facilities.
341	Sen. Courtney	Asks if the solitary confinement areas are controlled by electronic means.
350	Glenn Riley	Replies that the doors to solitary confinement areas are operated manually.
362	Sen. Courtney	Asks if there would be an immediate lockdown of an entire facility in the event of trouble.
368	DeHaan	Replies that in the event of a loss of power there would be an immediate lockdown. Says that there are backup generators in the event of a power outage. States that the only people moving about within correctional facilities during a crisis would be those essential to facility operation.
377	Chair Duncan	Asks if DOC is currently planning to have extra staff on hand during the critical time period.
379	DeHaan	States that DOC has experienced staff, trained in dealing with the unexpected, on duty around the clock. States that there are plans for moving in additional personnel should the need arise, including state police and tactical teams.

TAPE 8, A

010	Sen. Courtney	Asks if the National Guard is available to assist DOC if necessary.
013	DeHaan	Replies that the National Guard has been helpful during previous emergencies and will be a potential partner in handling any Y2K related problems.
014	Chair Duncan	Mentions that the committee should hear a report from the National Guard. States that the Governor would have the power to activate the National Guard in the event of an emergency.
017	Sen. Courtney	Asks if DOC has made considerations for contacting the National Guard and the state police in case of an emergency on the critical dates.
020	DeHaan	Replies that both would be available to assist DOC and have done so in the past.

023	Sen. Courtney	Asks if there is a plan for coordination between DOC, the National Guard, and the state police before the critical date regarding Y2K-related prison integrity situations.
032	Riley	Replies that, considering the widespread nature of the Y2K threat, it is reasonable to assume that the state police and the National Guard may not be available to assist the DOC. States that DOC contingency planning has considered that possibility as well.
040	Chair Duncan	Asks what the greatest concern is regarding Y2K, within DOC.
042	DeHaan	Replies that the greatest concern is a "situation" within a correctional institution. States that there are 9,000 inmates within Oregon's correctional facilities confined behind bars. States that those prisoners are understandably concerned about the availability of food and other safety issues. States that Y2K preparation must not be allowed to create a panic situation within the prison population, or a riot could occur.
053	Chair Duncan	Asks if the inmate population will be informed about DOC efforts with regards to Y2K.
056	DeHaan	Says that the inmate population must be kept informed by DOC rather than the press or the entertainment media, in the interest of maintaining order.
066	Sen. Courtney	Asks if there are security reasons for not telling the committee all details regarding their emergency plans.
070	DeHaan	Replies that DOC will answer any questions that the committee has, but that some questions could only be answered in private in order to prevent such information making it into the prison population.
074	Sen. Courtney	Asks if there is a particular institution that is of greatest concern to DOC.
077	DeHaan	Replies that such specific information would best be discussed in Executive Session.
080	Sen. Nelson	Asks about the filing of lawsuits by prisoners regarding liability for failures related to Y2K issues.
083	DeHaan	Says that, given their history for litigation, it is reasonable to assume that any opportunities for litigation stemming from Y2K will be taken by inmates.
105	Chair Duncan	Says that there may be movies and other items within the media that could enhance panic within the prison population.

DEPARTMENT OF TRANSPORTATION

125	Grace Crunican	Director, Oregon Department of Transportation (ODOT). States that ODOT has a large number of transactions that make it highly dependent upon electronic communication (EXHIBIT C). Adds that there are a large number of traffic signals with imbedded chips that may be susceptible to problems related to Y2K.
145	Dave White	Chief Information Officer, ODOT. Offers an overview of the department's Y2K efforts. Discusses the five key systems within ODOT: <ul style="list-style-type: none">• DRIVE, which connects ODOT field offices to its mainframe• DRIVERS, the application that issues licenses, titles, and registrations• Motor Carrier systems• Weighing In Motion systems• TEAMS, the ODOT accounting system States that there are about 200 servers, 4000 personal computers, and a network connecting 250 locations statewide, all of which will be Y2K compliant by July 1, 1999. States that, despite the fact that some applications are over 30 years old, all systems are expected to be ready on time. States that the signals containing imbedded chips are currently being assessed.
205	Chair Duncan	Asks if railroad signals fall under the jurisdiction of ODOT.
207	Crunican	Replies that railroad signals are monitored by the railroads.
209	Chair Duncan	Asks if the state has a responsibility to monitor the progress of the railroads in regards to their Y2K readiness and to inform the public of potential dangers related to those signals.
214	White	Replies that ODOT has a rail division that is working with the railroads to assure compliance.
218	Chair Duncan	States that the New Year's holiday atmosphere makes the possibility of a failure within the railroad signals particularly dangerous.
223	Crunican	States that each sector of ODOT has worked with its counterpart in the private sector regarding Y2K compliance. States that the railroads can be contacted regarding emergency actions. States that the signals are controlled by remote sites that are under their own power, meaning that the primary issue would be potential problems with the imbedded chips within the signals.
242	Chair Duncan	Suggests that the railroads should be called to testify before the committee regarding their Y2K compliance and business continuation planning.
245	White	States that ODOT is expected to be prepared for Y2K by July 1999. States that ODOT has prioritized its business functions for immediate needs, in the event of catastrophic failure. States that the primary concerns are:

		<ul style="list-style-type: none"> • Keeping state roads open and accessible • Providing driver information to law enforcement • Payment to contractors for emergency road work • Payment to employees • Communication between ODOT offices and employees
283	Chair Duncan	Says that there are times when ODOT requires National Guard assistance.
285	Crunican	Says that ODOT is often called in an emergency situation and that the coordination between ODOT and the National Guard is coordinated through DAS.
298	Chair Duncan	Mentions that there may be extenuating situations that would otherwise occupy the National Guard during the critical New Years time period.
303	White	Discusses "trigger dates" for having systems certified as "Y2K ready." States that there will be constant monitoring of systems for corruption of data related to Y2K. States that there will be business continuation plans in the event of failures of other entities unrelated to ODOT.
340	Chair Duncan	Asks if ODOT has agreements with other agencies regarding emergencies, including the Y2K problem.
342	Crunican	Replies that ODOT has inter-agency agreements, primarily with counties. States that ODOT has a "de facto agreement" with other agencies regarding emergency assistance and reimbursement for that assistance.
355	Chair Duncan	Asks if there is a formalized, written agency agreement, either in place or being discussed.
362	Crunican	States that there is currently only county/state coordination under her jurisdiction.
365	White	States that there are key agencies with which ODOT coordinates through DAS.
392	Crunican	Mentions that ODOT has put substantial resources into its Y2K compliance, at the expense of other projects.
TAPE 7, B		
003	Chair Duncan	States that the fiscal impact of Y2K preparation goes far beyond the funds designated specifically for compliance efforts.
004	Crunican	States that the impact indicates the reliance of state agencies upon information systems.

008	Sen. Courtney	Asks Ms. Crunican if the failure to receive a "transportation plan" from the legislature will affect the ability of ODOT to prepare for Y2K.
011	Crunican	Replies that the failure of the revenue package in question will not impact Y2K compliance with regards to mission critical systems.
015	Sen. Courtney	Asks if ODOT has previously operated information systems incompatible with other state agencies and if there is currently an effort to create a uniform system of information systems in cooperation with the state.
023	White	Replies that there is currently an effort to create a combined data center under the management of DAS.
030	Sen. Nelson	States that the Information Resources Management Division (IRMD) has worked to bring together agencies in order to allow aggregation of demand. Mentions SB 142, which would use state agencies as anchors for a statewide infrastructure.
043	Sen. Courtney	States that local governments are at various levels of compliance with regards to Y2K. Asks if ODOT will be involved with local governments to insure that possible failures at the local level do not create more widespread difficulties for ODOT.
053	White	Replies that some counties have been working with ODOT on transportation issues. States that there is a meeting planned with county governments for March 1999.
061	Chair Duncan	Asks if ODOT has plans to have extra staff on duty on January 1, 2000.
062	Crunican	Replies that there are plans for all ODOT maintenance crews to be on alert during the critical hours.
068	White	States that there will be staffing plans formulated to determine who should be on hand on December 31, 1999 with regards to information technology staff.
081	Crunican	States that transportation is a vital service to all citizens of Oregon. Says that the various divisions of ODOT will be ready to assist the citizens of Oregon in the event of emergencies related to Y2K. States that liability coverage in the event of unforeseen circumstances is as important to ODOT as it is to every other state agency.
<u>PARKS AND RECREATION DEPARTMENT</u>		
105	Nancy Rockwell	Deputy Director, Parks and Recreation Department (EXHIBIT D). Describes the Parks Department's information systems. States that there are two mission critical areas: <ul style="list-style-type: none"> • Campground reservation system

		<ul style="list-style-type: none"> • Park facility operations <p>States that there are contingency plans for both of the mission critical systems.</p>
140	Chair Duncan	Asks to what extent parks are utilized during the winter season.
143	Rockwell	Replies that the most widely used parks in winter are those on the coast. States that park use in winter is minimal compared to the rest of the year, but that the millenium may bring out a larger number of visitors than is normally expected.
164	Chair Duncan	Asks if there will be assurance to customers that the park reservation system will not fail and leave them without reservations after January 1, 2000.
171	Rockwell	Replies that there will be a manual backup to assure that there will be no problems of that sort. Discusses the Parks Departmentis business continuation plan, which includes 14 separate elements described in the handout. Mentions that the Parks Department has been in contact with local governments in regards to offering assistance to communities if necessary.
218	Rockwell	Discusses coordination with other state agencies regarding Y2K contingency plans. Mentions that some park systems are so antiquated that they do not contain any potentially troublesome imbedded chips.
251	Stephanie Franklin	Representative, Parks and Recreation Department. States that the department is operating on the assumption that communications will fail and creating plans for working around that contingency. States that campground managers will be expected to be at work late night December 31, 1999 in the event of problems.
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
277	Gary Weeks	Director, Department of Human Resources (DHR). States that DHR is the largest of Oregonis state agencies, which makes Y2K compliance an enormous task occupying 160 employees. States that the critical systems are those that assure safety, health, and protection of customers.
299	Chair Duncan	Asks for the total cost of the entire DHR Y2K compliance project.
302	Weeks	Replies that the total cost is estimated at \$55 million. States that the contractors working on Y2K are budgeted through March 2000 since they will move on to non-mission critical compliance after January 1. States that DHR is overseen by independent contractors, the State Audits Division, and Federal regulators.
359	Chair Duncan	Indicates that the departmentis efforts are being overseen by the IMT Committee as well.
372	Weeks	States that the goal is to have all mission critical systems tested by August 1999. Describes the business continuation plan being formulated by DHR. Discusses

		some key business partners that affect the operation of DHR, such as the United States Departments of Agriculture, Health and Human Services, Education, the Social Security Administration, and county and local governments.
TAPE 8, B		
050	Weeks	Discusses other information technology issues that will need to be addressed after the resolution of the Y2K problem.
071	Chair Duncan	States that there are reports that problems may arise after January 1, 2000.
079	Weeks	States that there have already been problems with a particular database that purged automatically because it contained the "00" date field in some items. Says that such events are precursors for the types of problems that may result from Y2K.
094	John Cuddy	Chief Information Officer, DHR. States that the primary concern is not the potential failure of systems but rather the potential for malfunction and the corruption of data or results. Discusses the efforts to bring non-mainframe technology into compliance. States that only technology that is date-sensitive needs to be checked. Mentions that "user created applications" are especially time consuming to check and adjust.
160	Cuddy	Discusses business contingency planning issues. Says that contingency planning is primarily a non-information technology issue, affecting things such as building access and manual application preparation.
187	Cuddy	Discusses the list of business continuation processes listed in the handout. Describes the method of analyzing processes between divisions of DHR.
230	Cuddy	States that there are plans for a "table top" exercise for the summer of 1999. Says that the exercise will be a "dry run" for the business continuation plans currently in development by DHR.
260	Chair Duncan	Asks if the court system is involved in the partnership with DHR.
263	Weeks	Replies that it is and makes reference to the court system's relationship with DHR through Services to Children and Families (SCF).
267	Sen. Nelson	Mentions the disclaimer of liability regarding Y2K on the DHR exhibits.
274	Weeks	Says that DHR places the Y2K disclaimer on all of its documents, as it is mandated by federal law. States that it is ironic that the openness and sharing of data that are key to Y2K compliance leave agencies open to liability in the event of unexpected failures.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ Oregon Employment Department, printed materials, Bob Karau, 25 pp.

B ñ Department of Corrections, printed materials, Benjamin DeHaan, 7 pp.

C ñ Oregon Department of Transportation, printed materials, Grace Crunican, 4 pp.

D ñ Parks and Recreation Department, printed materials, Nancy Rockwell, 2 pp.

E ñ Department of Human Resources, printed materials, Gary Weeks, 7 pp.