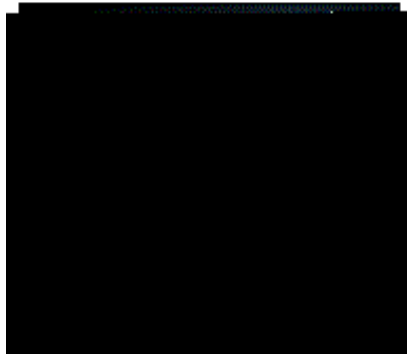


8th Quarterly Report

Progress on Year 2000 Conversion



U.S. Office of Management and Budget

Data received February 12, 1999

Issued March 18, 1999

Table of Contents

EXECUTIVE SUMMARY

Appendix B -- Status of Key Federally Supported, State-run Programs
Appendix C -- Key Federal Web Sites on the Year 2000

p. 46
p. 49

**Progress on Year 2000 Conversion
Report of the U.S. Office of Management and Budget
as of February 12, 1999**

I. INTRODUCTION

This report is the eighth in a series of quarterly reports to Congress on the Administration's progress in fixing the year 2000 ("Y2K") computer problem in Federal systems. This report builds on previous reports by updating previous measures of progress and cost including information on Federally supported, State-run programs. This report also provides more information on the efforts that Federal agencies are undertaking on business continuity and contingency planning.

This report summarizes data received on February 12, 1999 from the 24 agencies that make up the Federal Chief Information Officers' (CIO) Council.¹ It also summarizes data from 44 small and independent agencies. The Office of Management and Budget (OMB) will ask all small and independent agencies to report again on their status in May.

The 24 agencies are ranked into Tier 1 (insufficient evidence of adequate progress), Tier 2 (progress, but insufficient evidence of adequate progress), and Tier 3 (no progress). This report also provides information on the cost of the Y2K problem.

closely with their partners in other Federal agencies, State and local governments, and the private

8Veterans Affairs) report that they are close to completing their

- Most of these cost increases are attributable to refinement of estimates as agencies move

the compliance status of their products and services.

The Telecommunications Subcommittee of the CIO Committee on Y2K is chaired by GSA's Federal Technology Service (FTS). The Subcommittee is working with industry to ensure that the telecommunications services and systems provided to the Federal Government are Y2K compliant. FTS has completed its inventory and assessment for all GSA Consolidated Systems, which provide local telecommunications services (including hardware, licensed proprietary software, and features such as voice mail) to Federal agencies nationwide. All but six systems have been renovated, and those are scheduled for completion by March 31, 1999.

The Subcommittee has formed interagency Special Interest Groups (SIGs) to pursue the testing of telecommunications equipment on a collaborative basis with industry. These tests focus on Customer Premise Equipment, and the test results are shared across the Government.

addressing the Y2K issue in buildings. For example, GSA chairs the Year 2000 Buildings Subcommittee of the CIO Council's Year 2000 Committee.

GSA is making many of the Subcommittee's findings publicly available. First, GSA has established a public web site (http://globe.lmi.org/lmi_pbs/y2kproducts/)

Defense. This site provides users with comprehensive and up-to-date information on products that may have Y2K compliance problems in order to help protect patient health and safety.

Working with the Health Industries Manufacturing Association, FDA has contacted each Y2K-vulnerable manufacturer with the goal of convincing those who have not yet reported to the clearinghouse to do so. To better meet the need for detailed information requested by biomedical

- Asking manufacturers to furnish lists of specific product models that are Y2K compliant for posting to the web site. The FDA web site provides links to the web sites of 332 manufacturers.
- Providing a manufacturer point of contact for test information.
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fficult to loimae as(aresul)-4(t)-4(ofm)-4(e)2(rg)8(rersand acqui)-4(si)-4(t)-4(i)-4(ons by)28(t)-4(h)-2(ei)-4(
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agencies on 2,375 products. A total of 21 agencies have provided test data to the database, located at <http://y2k.policyworks.gov>.

VALIDATION AND VERIFICATION EFFORTS

Governmentwide, 6 percent of mission critical systems have been validated. Validation involves multiple phases of testing, including a combination of testing of individual components

plans.

COSTS AND FUNDING

Agencies now estimate they will spend \$6.8 billion fixing the problem from Fiscal Year 1996 through Fiscal Year 2000. (See Table A3.) Of this, \$433.2 million has been specifically requested in the President's FY 2000 budget. The FY 2000 costs are primarily for Y2K project

are making excellent progress, a few States and territories are still not participating in the

**Table 3 -- State Readiness for
Key, Federally Supported Programs**

USDA, HHS, and the Department of Labor asked the 50 States and the District of Columbia for information on the readiness of their systems that administer the Federal programs

core business functions? Has the agency provided reasonable master schedule with key milestones for development and testing of the BCCP? Is the agency using reasonable measures of progress in the development and implementation of its local BCCPs? Does it appear that the agency is making adequate progress in developing its BCCP?

· Federally-supported, State-run Programs. Is the agency exercising oversight of and

recent months, USAID's planning focus has broadened to issues related to host nation

implementation are at FDA, IHS, CDC, PSC, and NIH.

OMB has also learned that HHS'

been assessed. The bulk of facilities requiring assessment are at NIH and IHS with 272 and 760 facilities respectively. Assessment work on telecommunications and information technology infrastructure continues at the FDA, CDC, HCFA, IHS, and PSC.

good contingency plans, although an increasing number of systems continue to fall behind schedule. As with the FAA, the Coast Guard needs to make a concerted effort to ensure that there is no slippage in its implementation (schedule). The Department's operations are 1.8 TD-0.0-01 T-0.0
Two: The Department's operations are 1.12 TD-0.021 T-0.0

Agency	Progress	Concerns
	exchange issues. Most bureaus have achieved compliancy.	Treasury must continue to work towards a more

Table 6

Agency	No. MC Systems	Total Cost (FY96--FY00)	Progress	Concerns
Overseas Private Investment Corporation	4	3.2	Good progress on IT and non-IT systems.	OPIC has weak business continuity and contingency planning. Anticipated compliance is in April.

Agency	No. MC Systems	Total Cost (FY96--FY00)	Progress	Concerns
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V. SYSTEMS THAT WILL MISS THE MARCH 31 DEADLINE FOR

USAID is also replacing two systems, the Financial Accounting and Control TAn(ms, ACS)

Supercomputer System compliant and intends to use it as a contingency measure. There is one

until work was completed on the reengineered AQ Subsystem. In this quarter's report, renovation, validation, and implementation of the existing AQ Subsystem to AIRS was completed in January 1999.

Department of Health and Human Services

In the November quarterly report, the Health Care Financing Administration (HCFA) indicated that all Medicare contractors had developed revised schedules to meet the Governmentwide deadline. In this quarter's report, HCFA reports that the Arkansas Part A Standard

The State Department has identified four systems as not meeting the March 1999 goal for implementation. The Travel Document Issuance System has been deployed in New Hampshire and

Appendix A
Table 1
Progress on Status of Mission Critical Systems

Mission Critical Systems

Total

Appendix A
Table 2
Status of Mission Critical Systems Being Repaired

Number of Systems	Assessment Percent Complete
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Appendix B
Descriptions of Key, Federally Supported, State-run Programs

Medical Assistance Program (Medicaid)

Title XIX of the Social Security Act is a Federal-State matching entitlement program that pays for medical assistance for certain vulnerable and needy individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965 as a jointly funded cooperative venture between the Federal and State governments ("State" used herein includes the Territories and the District of Columbia) to assist States furnishing medical assistance to eligible needy persons. Medicaid is the largest source of funding for medical and health-related services for America's poorest people. In 1996, it provided health care assistance to more than 36 million persons, at a cost of \$160 billion dollars. Within broad national guidelines established by Federal statutes, regulations and policies, each State is the largest

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Development Fund (CCDF) made available \$3.2 billion to States and Tribes. Tribes received approximately \$63 million for FY 1999. These cT999. These cT999. Theseefport activities, authorized Ter the

Appendix C