

# Memoranda 98-02 (Progress Reports on Fixing Year 2000 Difficulties)

January 20, 1998

**M-98-02**

## **MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES**

FROM: Franklin D. Raines /s/

SUBJECT: Progress Reports on Fixing Year 2000 Difficulties

This Memorandum revises and replaces OMB Memorandum No. 97-13, "Computer Difficulties Due to the Year 2000 -- Progress Reports" (May 7, 1997), which asked selected agencies (Attachment B) to provide quarterly reports on progress in addressing the difficulties relating to the year 2000 problem. This Memorandum adds new reporting requirements, establishes new Government-wide target dates, and makes other clarifying changes, which are described in detail in Attachment A.

As in the past, for those agencies listed in Attachment B, I ask that you or your Chief Operating Officer provide reports to OMB by the fifteenth of February, May, August, and November through November 1999. Reports should be directed to Virginia Huth, Office of Management and Budget, NEOB 10236, Washington, D.C. 20503. Telephone: 202-395-6929. In a subsequent memorandum, we will ask all other agencies for a status report on fixing their year 2000 difficulties.

### **New reporting elements.**

The FY 1998 Treasury-Postal Appropriation requires OMB to provide additional information to the Congress and the public as part of its quarterly summary reports on agency progress. In particular, OMB is to report on the status of agency validation and contingency planning efforts and on progress in fixing other government-wide equipment that is date sensitive. Attached are instructions on new reporting elements for the reports required by Memorandum 97-13. Specifically, under item 5, agencies are required to report any mission critical system being repaired or replaced which will not be fixed and fully implemented by the new goal of March 1999. Agencies are to prepare contingency plans for these systems.

### **Changes in Government-wide goals.**

Although the most recent reports show that we are making progress, we must accelerate our schedule for completion to ensure that Federal systems will work smoothly. To avoid systems failing in the year 2000, we must fix them in time for them to be thoroughly tested and implemented well in advance of January 1, 2000.

Therefore, OMB has established a new target date of March 1999 for implementing fixes to all systems -- both mission critical and non-mission critical. OMB has also established a new date of September 1998 for completion of renovation and January 1999 for completion of validation. Item 2b of the report should reflect your agency's revised dates.

These new dates will allow at least nine months for the operation of each system that has been fixed to assure that it is running smoothly prior to January 1, 2000. Recognizing that not all systems may achieve the March 1999 target, we expect agencies to make explicit triage decisions as they prioritize their work. As noted above, agencies must have contingency plans for those systems that are not expected to have completed implementation by March 1999. Moving to this new goal will not be easy; however, there is no viable alternative.

March 1999 goal should include fixing any data exchanges with outside entities. In order to meet that deadline, your staff needs to take the following steps now. First, your agency must inventory all of its data exchanges with outside parties -- whether State or local governments, private organizations, or foreign entities -- by February 1, 1998. Second, your agency must coordinate with those parties by March 1, 1998, to determine a transition plan. This communication is particularly important for those systems that exchange data with States. At a recent summit on fixing the year 2000 problem between Federal and State Chief Information Officers, it was agreed that Federal agencies would take the lead and assure that a timely dialogue occurs.

Thank you for your continued support in this critical effort. The accelerated schedule and additional reporting are vital to a smooth transition in the year 2000.

Attachment A, "Status of Year 2000 Efforts: Quarterly Progress Report"

Attachment B, "Selected Agencies for Quarterly Reporting"

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Attachment A

**Status of (Department/Agency's) Year 2000 Efforts:**

**Quarterly Progress Report(1)**

**Due the 15th of February, May, August, and November through 1999**

1. **Organizational Responsibilities.** Describe how your Department/Agency is organized to track progress in addressing the Year 2000 problem. (Provide the information for this item once with the initial report, and update it in future reports only if it changes.)

a. **Organization.** Describe the responsible organizations for addressing the year 2000 problem within your Department/Agency and provide an organizational chart.

b. **Internal Accountability.** Describe your Department/Agency's processes for assuring internal accountability of the responsible organizations. Include any quantitative measures used to track performance and other methods to determine whether the responsible organizations are performing according to plan.

c. **Oversight.** Describe the management actions taken and by whom when a responsible organization falls behind schedule.

2. **Status.** Provide a report of the status of agency efforts to address the year 2000 problem which includes:

a. **An agency-wide status of the total number of mission-critical systems.**

Total Number of Mission-critical	Number Compliant	Number To Be Replaced	Number To Be Repaired	Number To Be Retired
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For this table, the four right-hand columns ("Number Compliant," "Number Being Replaced," "Number Being Repaired," "and Number Being Retired") must add up to the left-hand column ("Total Number of Mission-Critical Systems"). Over time, as systems are implemented, the "Number Being Repaired" and "Number Being Replaced" will decline, while the "Number Compliant" will increase by the same amounts. Ultimately, the "Total Number of Mission-Critical Systems" will be equal to "Number Already Compliant." Similarly, the "Number Being Retired" will also decline as systems are actually retired. As this occurs, the "Total Number of Mission-Critical" systems **will also decline**, in order to accurately reflect the total number of mission-critical systems left. Although the "Total Number of Mission-Critical Systems" should be fairly stable at this time, you should adjust this number, as well as the number in the relevant column on the right, as necessary, in order to reflect the identity of new systems or determinations that systems are not mission critical.

Any significant changes in the Total Number of Systems should be explained in a footnote.

**b. The status of the mission-critical systems being repaired.**

	Assessment	Renovation	Validation	Implementation
Milestones				
% Completed				

In the first row, indicate the dates your agency has set for completing the phases of assessment, renovation, validation, and implementation. In each report, restate these dates and indicate if there is a change. In the second row, present the status (i.e., percentage complete of assessment, renovation, validation, and implementation) of all mission-critical systems that *are being or have been* repaired. (This information is necessary to calculate a Government-wide weighted average of progress.) Do **not** use the number from Table 2a (which is the *current* number of systems *left* to be repaired) as your denominator. Instead, use that number plus the number of systems that have already been repaired (and implemented) since the beginning of this exercise. Although this number should be fairly stable by this time, you may need to adjust it if you discover new mission-critical systems or reclassify systems.

**c. Description of Progress.** Provide a narrative description of progress, including the following elements:

(1) **Status of Mission Critical System.** Provide a description of progress in fixing or replacing mission critical systems.

(2) **Status of Non-Mission Critical Systems.** Provide a description of progress in fixing non-mission critical systems, including measures that demonstrate that progress.

(3) **Data Exchanges.** Provide a description of the status of efforts to inventory all data exchanges with outside entities and the method for assuring that those organizations will be or have been contacted, particularly State governments.

(4) **Contingency Planning.** Provide a description of contingency planning activities, including any criteria used to decide for which systems contingency plans will be prepared and deadlines for when

plans must be in place.

(5) **Other Year 2000 Implications.** Provide a description of efforts to address the year 2000 problem in other areas (e.g. facilities, biomedical and laboratory equipment, products using embedded chips, or telecommunications systems).

(6) **Problems Affecting Progress.** Provide a description of any problems affecting progress, including any problem in acquiring or retaining skilled personnel.

(7) **Government-wide Systems.** Provide a description of the status of the year 2000 readiness of each government-wide system operated by the agency (e.g. GSA will report on FTS 2000).

(8) **Verification Efforts.** Describe how and to what extent internal performance reports, (i.e., compliance of systems repaired and replaced) are independently verified. Provide a brief description of activities to assure independent verification that systems are fixed and to assure that information reported is accurate.

(9) **Other evidence of progress.** Please include any additional information that demonstrates your agency's progress. This could include charts or graphs indicating actual progress against your agency's schedule, lists of mission critical systems with schedules, or any other presentations.

3. **Costs.** Report your estimates of year 2000 information technology costs [\(2\)](#) [\(3\)](#). Report totals in millions of dollars for FY 1996 through FY 2000. (For amounts under \$10 million report to tenths of a million.)

Fiscal Year	1996	1997	1998	1999	2000	Total
Cost						

4. **Exception Report on Systems.** Provide a brief status of work on each mission-critical system which is not year 2000 compliant that is being either replaced and has fallen behind the agency's schedule by two months or more, or is being repaired and has fallen behind the agency's milestones by two months or more.

a. If this is the first time this system is reported, include:

(1) An explanation of why the effort to fix or replace the system has fallen behind and what is being done to bring the effort back on schedule.

(2) The new schedule for replacement or completion of the remaining phases.

(3) A description of the funding and other resources being devoted to completing the replacement or fixing the system.

b. If this system has been previously reported and remains behind schedule, include:

(1) An explanation of why the system remains behind schedule and what actions are being taken to mitigate the situation.

(2) A summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time.

**5. Systems scheduled for implementation after March 1999.** Please include a list of those mission critical systems where *repair or replacement* cannot be implemented by the March 1999 deadline. The list should include the title of the system, a brief description of what the system does, the reason that the system cannot be implemented by the deadline, and when a contingency plan will be in place.

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Attachment B

**Selected Agencies**

Department of Agriculture

Department of Commerce

Department of Defense

Department of Education

Department of Energy

Department of Health and Human Services

Department of Housing and Urban Development

Department of the Interior

Department of Justice

Department of Labor

Department of State

Department of Transportation

Department of the Treasury

Department of Veterans Affairs

Environmental Protection Agency

National Aeronautics and Space Administration

Social Security Administration

Agency for International Development

Central Intelligence Agency

Federal Emergency Management Agency

General Services Administration

National Science Foundation

Nuclear Regulatory Commission

Office of Personnel Management

Small Business Administration

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1. This memorandum does not obviate agency commitments to provide other information agreed to in the budget process.

2. Information Technology costs to be included are described in Section 43 of OMB Circular No. A-11. DOD should report obligational authority requirements for business and weapons systems.

3. In a change from previous guidance, you should report these costs each time.