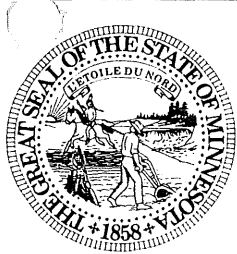February 6, 1996

STATE OF MINNESOTA

Department of Administration

Our mission:
To improve the quality
and productivity
of Minnesota
government.

The Honorable Gene Merriam
Chair, Finance Committee
Minnesota Senate
122 State Capitol

The Honorable Phyllis Kahn
Chair, Governmental Operations
House of Representatives
367 State Office Building

The Honorable Richard Cohen
Chair, Finance State Government Division
Minnesota Senate
317 State Capitol

The Honorable Tom Rukavina
Chair, State Government Finance Division
House of Representatives
471 State Office Building

Dear Senators and Representatives:

Attached to this letter is the Information Policy Office (IPO) review of the Department of
Administration's information resource budget request. This review meets requirements
included in Minnesota Statute 16B.41.

On behalf of state agencies, the Department of Administration is requesting funding for the
Year 2000 Challenge project. The focus of this project is to conduct an impact assessment
and begin necessary information systems modifications required by the 1999 to 2000 date
change. It is possible that upwards of 80% of the computer programs used by the state of
Minnesota will require some modifications and testing. An impact analysis in FY 1997 will
provide detail information on the size and cost of Minnesota's year 2000 challenge. This is
an urgent, statewide issue that will critically impact state agencies.

Since IPO is a part of Administration, IPO is not providing ratings for the Administration
project described in this document. This document does, however, provide direction for the
projects and requirements to mitigate risks and to support successful completion of the
project.

Please contact me if you have questions or if you would like additional information about
this recommendation.

Sincerely,

Beverly J. Schuft
Assistant Commissioner
Information Policy Office
Attachment

c: Elaine S. Hansen, Commissioner, Department of Administration
    John M. (Jake) Manahan, Deputy Treasurer, Chair, Information Policy Council
    Sarah Kline-Stensvold, Director, Information Strategies and Planning, Information
        Policy Office, Department of Administration

DEPARTMENT OF ADMINISTRATION

The Department of Administration, on behalf of all state agencies, proposes one project for funding:

Year 2000 challenge project.

The Information Policy Office recommends full funding, if funds are available. The year 2000 challenge project will perform an impact assessment and begin necessary information systems modifications required by the 1999 to 2000 date change.

Total Requested Amount	Total Requested Positions	Total Recommended
$7,200,000	0	

Many computer programs make use of dates represented by only 2 digits for the year rather than 4 digits (for example, 96 rather than 1996, or 00 rather than 2000). This has historically been common practice but it will cause programs to perform inaccurate arithmetic operations in the year 2000. Comparisons or sorting of date fields will yield incorrect results when working with years outside the range of 1900-1999. It is possible that upwards of 80% of the computer programs used by the state of Minnesota will require some modifications and testing. The scope of the year 2000 problem spans not only most state agencies but also most business organizations utilizing information technology. Based on information from other states and industry press, the cost to address this problem in Minnesota during the next biennium is expected to be double digit millions. However, the actual cost of all necessary modifications may be higher than expected and cannot be accurately stated in the short term. An impact analysis in FY 1997 will provide detail information on the size and cost of Minnesota's year 2000 challenge. This is an urgent, statewide issue that will critically impact state agencies. Failure to implement solutions for the year 2000 date change situation could result in a catastrophe for all affected state agencies and their customers.

Summary

Since IPO is a part of Administration, IPO is not providing ratings for the Administration project described in this document. This document does, however, provide direction for the project and requirements to mitigate risks and support successful completion of the project.

State agencies believe that this proposal has significant statewide impacts and benefits. The **year 2000 challenge project** will provide a coordinated set of strategies and tactics for addressing the

Pursuant to Minn. Stat. 16B.41 Subd. 2

century date change. This project will enable state agencies, as a community to focus on the solution which is necessary to prevent serious disruption of services to the citizens of Minnesota. Specific benefits include:

- Uninterrupted service to customers of critical services by establishing statewide, inter-agency prioritizations for information systems needing immediate attention in FY 1997.

- Better controlled costs by consolidating leadership, administrative and procurement activities necessary to implement solutions for the year 2000 project.

- Leveraging of both existing and new resources that will be needed for this project.

The year 2000 challenge project will allow business functions in the state of Minnesota to continue to operate during and after the century change in the year 2000 with little or no service interruptions to customers.

Year 2000 challenge project

The **year 2000 challenge project** will provide a statewide approach for assessing the impact of the year 2000 century date change and for beginning necessary modifications to agency information systems. $1 million will be used to build the strategic plans and develop priorities necessary to ensure business continuity through the century change. This amount would also be used to determine future funding recommendations necessary to make system and programming changes. The remaining $6.2 million will be used to purchase critical support software and to contract to begin system modifications to priority systems needing attention in FY 1997.

Year 2000 challenge project management must:

- Establish a Year 2000 Inter-Agency Executive Committee to provide formal leadership, authority and responsibility for the project.

- Develop and formalize policies, standards and guidelines to guide solutions and implementations.

- Submit monthly progress reports to the Information Policy Council (IPC) beginning in June, 1996.

- Create a cost, benefit and risk analysis for the project.

- Refine, monitor and manage project costs as a continuing part of the project.

- Establish a project plan for an impact assessment and for the initiation of necessary information system modifications identifying tasks, schedule and resource requirements. Ensure that risk assessment and quality assurance provisions are included in this plan and in any and all resulting plans. Th project plan needs to include a baseline inventory of affected data, applications and technology including all layers of applications and systems software, including vendor software, hardware and all computerized equipment.

- Identify skills needed for the project and plan to acquire those skills.