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Year 2000 Problem: Chronology of Hearings and Legislation

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ABSTRACT

For nearly three years, congressional committees have been holding hearings and considering legislation regarding the year 2000 computer problem. This report provides a summary of the hearings and legislation on the issue. For additional information, see CRS Issue Brief 97036, *The Year 2000 Computer Problem: Activity in the 105th Congress*, updated regularly. This chronology will be extended as events warrant.

Year 2000 Problem: Chronology of Hearings and Legislation

Summary

The year 2000 computer problem, the inability of many computers to process dates beyond December 31, 1999, has been reviewed extensively by Congress. For over two years, numerous hearings have been held to investigate various aspects of the problem, and many legislative measures have been introduced, with some having been enacted.

At the hearings, committees have received testimony from a variety of government and private sector witnesses on their progress toward modifying their computer systems to allow year 2000 dates to be read correctly. The testimony has described the teams of programmers and managers at federal, state, and local government agencies and the private sector, as well as their counterparts in foreign countries, that are working to correct their computer systems for this problem. The testimony also revealed a continuing lack of awareness of the magnitude of the problem among many managers and others who need to renovate their systems. While many questions have been raised about the potential for disruptions to government and commercial activities, a high degree of uncertainty still exists over the extent of damages that might occur as a result of the inability of organizations to correct the problem in all of their systems.

In general, the legislation introduced attempts to forestall or mitigate problems that might occur in government and private sector operations and services as a result of the year 2000 problem. Although some of the less controversial legislation, as well as appropriations, have been enacted, other bills that would call for extensive corrective action are still pending. A key obstacle for any legislative remedy is the limited time available for implementation of any new policy. Nevertheless, Members and committees continue to search for ways to help government and private sector entities address the problem.

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Year 2000 Problem: Chronology of Hearings and Legislation

For over two years, congressional committees have been holding hearings and considering legislation related to the year 2000 computer problem. This report provides a summary of the hearings and legislation, and a list of General Accounting Office (GAO) reports requested by congressional committees. It also identifies some additional issues that may come to congressional attention. For further discussion of the year 2000 issue, including a more detailed description of the problem, a summary of efforts to correct the problem by federal, state and local governments, the private sector, and international organizations, and a discussion of policy issues before Congress, see CRS Issue Brief 97036, *The Year 2000 Computer Problem: Activity in the 105th Congress*, updated regularly.¹

Summary of the Problem

Most computer systems store dates using only the last two digits for the year field (e.g., 98 for 1998). The two-digit year field is found in both hardware and software, and is common among older systems designed when memory storage was expensive. Two-digit year fields are also used in recently designed systems, both out of habit and to maintain compatibility with older systems. The problem with the two-digit year format is that the year 2000 is indistinguishable from 1900. When dates beyond 1999 are entered under this format, computer systems could make errors in calculating ages, sorting information by date, and comparing dates. Some systems could cease to operate entirely.

While correcting a single year field in a software program is not difficult, the process of analyzing, correcting, testing, and integrating software and hardware among all computer systems that must interact is a very complex management task. With the widespread reliance on computer systems by federal, state, and local governments, and the private sector, the year 2000 problem is systemic to the national and global information infrastructures and creates the potential for severe reliability problems. Even if the problem is corrected in one computer system, interactions with other systems that are not year 2000 compliant could cause flawed data to corrupt the corrected system. If systems are not corrected, computer malfunctions will cause many costly problems in commerce and government.

¹Also, the General Services Administration maintains a web site of selected legislative reports, testimony and memoranda, at www.itpolicy.gsa.gov/mks/yr2000.legis.htm.

Hearings and Legislation in the 104th Congress

The first congressional hearing on the year 2000 problem was held on April 16, 1996 by the House Government Oversight and Reform Committee, Subcommittee on Government Management, Information and Technology. The hearing focused on year 2000 conversion issues for federal agencies. The cost for correcting the problem was estimated at \$30 billion for the federal government, and up to \$600 billion worldwide. On May 14, 1996, the House Science Committee, Subcommittee on Technology, conducted a hearing on potential technical solutions and possible roles for the government in addressing the problem. On September 10, 1996, the two subcommittees conducted a joint hearing to investigate industry liability issues and to review the year 2000 problem for state governments, revealing that many states were not aware of the magnitude of the problem.

The 104th Congress enacted three legislative provisions regarding the year 2000 computer problem. The FY1997 Defense Authorization Act (P.L. 104-201) directed the Department of Defense (DOD) to assess the risks caused by the year 2000 problem and to purchase year 2000 compliant products. To avoid contract delays, DOD was allowed to purchase noncompliant products if vendors can make them compliant at a reasonable cost. The FY1997 Defense Appropriations Act (P.L. 104-208, Omnibus Appropriations Act) provided \$5 million to DOD to validate tools and methodologies for year 2000 solutions. The FY1997 Treasury, Postal Service, and General Government Appropriations Act (also P.L.104-208) directed the Office of Management and Budget (OMB) to provide a detailed cost estimate for year 2000 work, a strategy to ensure that computer systems will operate in the year 2000, and a timetable for implementing the strategy.

Hearings and Legislation in the 105th Congress

Hearings in the 105th Congress

Throughout the 105th Congress, the committees mentioned above continued their oversight efforts on the year 2000 problem, and several additional committees became involved. On February 24, 1997, the House Subcommittee on Government Management, Information and Technology conducted a hearing with six federal Chief Information Officers (CIOs) and the General Accounting Office (GAO). Concurrently, GAO released a report which identified the year 2000 problem as a “high risk” for federal agencies. On March 20, 1997, the House Subcommittee on Government Management, Information and Technology and the House Subcommittee on Technology conducted another joint hearing to focus on the risks and consequences of failure, along with issues of liability and finding the year 2000 problem in the hardware of devices or systems.

The Senate Governmental Affairs Committee held three hearings on issues raised by GAO’s high risk series report. On March 5, 1997, officials from OMB, GAO, and the Department of Housing and Urban Development testified on how year 2000 problems will affect computer systems in all federal agencies. On April 10, 1997, Department of Treasury officials testified on year 2000 problems in Internal

Revenue Service (IRS) systems. On May 1, 1997, DOD officials testified on year 2000 problems found in its systems.

On May 16, 1997, the House Committee on Government Reform and Oversight, Subcommittees on Human Resources and on Government Management, Information, and Technology, held a joint hearing on the Medical Transaction System (MTS) being developed by the Health Care Finance Administration (HCFA). GAO revealed that the MTS was unable to correctly process dates after the year 2000, and that HCFA's reliance on contractors to address MTS's year 2000 problem was a risk.

On June 26, 1997, the House Veterans Affairs Committee, Subcommittee on Oversight and Investigations, held a hearing on the Veterans Administration's (VA) efforts to ensure the readiness of VA computers for the year 2000 and on the reliability of medical devices often used by veterans. Subsequent to the hearing, the Food and Drug Administration (FDA) sent notices to over 13,000 medical device manufacturers regulated by FDA, directing manufacturers to correct the year 2000 problem in their devices and to notify purchasers to modify existing devices. The subcommittee held a second hearing on September 25, 1997, to monitor progress correcting the problem at VA hospitals and clinics.

On July 10, 1997, the House Subcommittees on Technology, and on Government Management Information and Technology held another joint hearing to focus on federal agency progress toward correcting the problem. At the hearing, the Subcommittee chairs called for the President to make a public statement on the year 2000 problem, to appoint an individual to oversee all federal year 2000 conversion efforts, and to provide leadership to the nation on year 2000 conversion.

On July 10, 1997, the Senate Banking Committee, Subcommittee on Financial Services and Technology held its first year 2000 hearing. Experts from the finance industry discussed the severity of the problem. In addition to questions on testing, contingency planning, credit risk, and liability, the issue of perception risk was emphasized by subcommittee members. The Subcommittee has held five more hearings to date (July 30, October 22, and November 4, 1997, and February 10 and March 18, 1998) to review the problem with the six financial regulatory agencies under its jurisdiction (the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, and the Securities and Exchange Commission) and to develop plans for legislation.

On November 4, 1997, the House Science Committee, Subcommittee on Technology, held a hearing focusing on foreign government and international efforts to deal with the year 2000 problem.

On November 4, 1997, the House Banking Committee held its first year 2000 hearing. On February 5, 1998, the committee held another hearing to investigate the year 2000 problem for thrift savings institutions and credit unions, and to introduce legislation (discussed below) that has since then been enacted.

On February 4, 1998, the House Subcommittees on Technology and on Government Management, Information, and Technology held a joint hearing to

review concerns over the Federal Aviation Administration's ability to meet the year 2000 conversion deadline, discussing the possibility that flights could be delayed or canceled due to year 2000 failures.

On February 17, 1998, the Senate Banking, Housing and Urban Affairs Committee held a field hearing in Hartford, CT, focusing on potential economic impacts of the year 2000 problem on specific industries.

On March 18, 1998, the House Subcommittees on Technology and on Government Management, Information, and Technology held a joint hearing. The first witnesses were Mr. John Koskinen, the recently appointed Chairman of the President's Council on Year 2000 Conversion, the Assistant Comptroller General of GAO, and a private consultant. Mr. Koskinen provided an overview of his role of promoting the efforts already underway at federal agencies, and working with state and local governments, the private sector, and foreign and international organizations. The GAO official emphasized that federal agencies have made insufficient progress, and pointed out that "at the current pace, it is clear that not all mission critical systems will be fixed in time," and further stated that "risks of disruption to government services is high," and that "key economic sectors are at risk of year 2000 failures." Then the year 2000 progress of the Department of Treasury was reviewed. Witnesses included Treasury's Deputy Assistant Inspector General, the Chief Information Officers of both Treasury and Internal Revenue Service, and the Commissioner of Information Resources of Financial Management Services. Although the Treasury Department officials emphasized that significant progress had been made on year 2000 conversion, Subcommittee members raised questions regarding their ability to meet the January 1, 2000 deadline for mission critical systems. During the hearing, a question was raised over whether legislative database systems might also be at risk. Two reports by the House Inspector General (December 1996 and December 1997) were cited, indicating that the House Information Resources had not resolved its year 2000 issues.

Also on March 18, 1998, the Senate Banking Committee, Subcommittee on Financial Services and Technology, held a hearing to investigate the efforts of the federal Office of Thrift Supervision (OTS) to ensure that the nation's thrift savings and loan institutions are year 2000 compliant. The director of OTS assured the Subcommittee that it was correcting its own systems and examining the year 2000 conversion plans of all 1,200 thrifts across the country. A representative from GAO, however, testified that many thrift institutions are not making sufficient progress, and risk system failures that "could lead to thrift closings and serious disruptions to both the thrift community and customers." GAO noted that OTS's problems were similar to those previously reported for the Federal Deposit Insurance Corporation and the National Credit Union Administration, i.e., starting late and working with limited resources.

On March 24, 1998, the House Committee on Banking and Financial Services held a hearing to assess the year 2000 readiness of critical systems at the Departments of Housing and Urban Development, Treasury, and the federal financial regulatory agencies. Mr. Koskinen testified along with two GAO officials, and members and the GAO raised serious questions about the year 2000 preparedness of these agencies and their ability to meet the deadline.

On April 1, 1998, the Senate Governmental Affairs Committee held a year 2000 hearing with Mr. Koskinen and the Deputy Secretaries of the Departments of Health and Human Services and Transportation. At the hearing, Members investigated many questions regarding federal agency year 2000 conversion efforts, asking questions concerning a wide range of issues. These included questions about the likelihood that federal or private sector systems will fail on January 1, 2000, the potential for contamination of U.S. systems by interactions with foreign systems, the status of contingency plans being developed by federal agencies, and the risks of failure of systems used for defense, financial operations, medical devices, air traffic control systems, and health care financing.

On April 1, 1998, the GAO testified to the House Government Management, Information, and Technology Subcommittee, warning that computer security could become compromised as agencies work to fix their year 2000 problems. GAO stated that as agencies work on the year 2000, they might neglect computer security, leaving critical financial systems vulnerable to cyber-attacks.

On April 15, 1998, the Commissioner of the IRS testified to the House Subcommittee on Government Management, Information, and Technology, on the management options presented in a GAO audit of the IRS FY1997 custodial financial statements. In his remarks, the Commissioner expressed concerns about the impact of proposed IRS reforms on the agency's ability to meet year 2000 compliance schedules. The GAO Assistant Comptroller General testified that "If IRS is unable to make its mission critical systems year 2000 compliant, IRS could be rendered unable to properly process tax returns, issue refunds, correctly calculate interest and penalties, effectively collect taxes, or prepare accurate financial statements and other financial reports."

On April 21, 1998, the House Appropriations Committee, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, held a hearing to investigate the year 2000 readiness of the agencies it oversees. Witnesses included officials from the Departments of Health and Human Services (HHS), Education, and Labor, and the Social Security Administration (SSA). An official from HHS listed as obstacles to the completion of HHS's preparations for the year 2000 as HHS's contingency plans, its workload/resource priorities competing with other HHS activities, testing strategies, certification of system compliance by independent evaluators, and the scheduling of many activities required to ensure that all systems are compliant. HHS also emphasized the problems related to HCFA's efforts to make its systems and processes year 2000 compliant (discussed below), and HHS's efforts to ensure the year 2000 compliance of biomedical equipment. The latter effort involved sending over 16,000 letters to biomedical equipment manufacturers, urging them to identify non-compliant products and to provide information to the Food and Drug Administration on actions they are taking to ensure compliance. Officials from SSA reviewed SSA's Disability Determination Services interface, its data exchanges with federal agencies, states and third parties, and its contingency planning.

On April 22, the House Committee on Resources held a hearing to investigate, among other issues, the Department of Interior's year 2000 readiness.

On April 28, 1998, the Senate Committee on Commerce, Science and Transportation held a hearing with the following witnesses: a member of the Board of Governors of the Federal Reserve System (FED), the Deputy Secretaries of Commerce and Transportation, the Chairman of the Federal Communications Commission, and the Chairman of the New York Stock Exchange. The FED official stated that U.S. businesses have reported that they expect to spend \$50 billion correcting their computers for the year 2000 problem, and that estimate is expected to rise. The FCC Chairman described FCC's efforts to motivate the telecommunications industry to make their systems year 2000 compliant and informing the public of their risks. Committee members and witnesses raised concerns that telephone companies were not sharing information with the public or other industry groups on the status of their year 2000 conversion efforts. The Commerce Department official expressed concern that small and medium sized businesses may not be focusing on the year 2000 problem within their systems.

On May 7, 1998, the House Ways and Means Committee, Subcommittee on Oversight, held a hearing to investigate year 2000 problems of federal agencies for which it has oversight: HHS, SSA, and the Department of Treasury, with particular focus on the IRS and the Financial Management Service (FMS). Each of the agencies gave the status of their year 2000 conversion efforts, with the Commissioner of the IRS stating that if Congress does not postpone the changes that were mandated in the IRS restructuring legislation in 1998 and 1999, it would be "virtually impossible for the IRS to ensure that its computer systems are year 2000 compliant on January 1, 2000, and would create a genuine risk of a catastrophic failure of the nation's tax collection system in the year 2000." GAO and private sector witnesses testified on the status of the problem domestically and internationally, and gave recommendations for further federal action.

On May 14, 1998, the Senate Committee on Agriculture, Nutrition, and Forestry held a hearing on the status of year 2000 conversion efforts of the Department of Agriculture (USDA) and of the agriculture industry. At the hearing, although USDA officials were optimistic about their progress, GAO testified that the business operations of many USDA agencies risk failure due to year 2000 problems.

On May 14, 1998, the House Science Committee, Subcommittee on Technology, held a hearing on the year 2000 effect on energy utilities including electricity and natural gas. The generation and distribution systems for these utilities are highly automated by embedded systems which could be vulnerable to year 2000 computer problems. Witnesses from the Nuclear Regulatory Commission, the Federal Energy Regulatory Commission, the Texas Public Utilities Commission, and the Potomac Electric Power Co. emphasized progress made on year 2000 conversion within their organizations and the industries for which they have oversight. A consultant to the electric utilities industry, however, emphasized the lack of focus on the year 2000 issue by the industry in general and its potential inability to fix its systems in time.

On June 2, 1998, the Senate Small Business Committee held a hearing on the year 2000. Witnesses representing small businesses, and corporations and government agencies that work with small businesses, testified that greater awareness

of the magnitude and seriousness of the year 2000 problem is still needed among most small businesses.

On June 4, 1998, the Senate Armed Services Committee held a hearing on the year 2000 vulnerabilities of DOD, a particularly critical problem for DOD because of its dependence on computers and information technology for military advantage. DOD officials identified four areas of concern: DOD's interconnections with other systems, DOD's older systems containing software code, systems with embedded chips, and international security and the readiness of other nations.

On June 10, 1998, the House Subcommittee on Government Management, Information, and Technology held a hearing on the status of federal agency progress on year 2000 renovations. Particular attention was given to HHS, the Department of Education, DOD, and the Department of Energy. In OMB's most recent year 2000 progress report to Congress, each of those departments had been designated as Tier 1, meaning "there is insufficient evidence of adequate progress" for those departments. GAO stated that greater leadership and coordination of private sector efforts is required for government programs to continue functioning in the year 2000.

On June 10, 1998, the Senate Subcommittee on Financial Services and Technology held a hearing to investigate the status of disclosures by public companies of their year 2000 readiness. Senator Bennett, Subcommittee Chair, stated that revised guidelines of the Securities and Exchange Commission (SEC) has had a limited impact on encouraging companies to disclose their year 2000 readiness. The SEC stated that of the quarterly reports it had received from companies, much of the year 2000 disclosure is not informative, and that many companies were not following SEC guidance.

On June 12, 1998, the Senate Special Committee on the Year 2000 Technology Problem held a hearing on the status of year 2000 compliance of utilities and the national power grid. Witnesses included officials from the Department of Energy, the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC), Chair of the President's Year 2000 Conversion Council, the North American Electric Reliability Council (NERC), the Electric Power Research Institute, the American Gas Association (AGA), the Interstate Natural Gas Association of America (INGAA), and a private consultant. The federal officials emphasized that their authority is limited in enforcing year 2000 compliance among utility companies. The NERC witness stated that a major disturbance in one part of an interconnected electric power system can cascade through the entire interconnection of systems, but that such an event is extremely unlikely. NERC also stated that the greatest threats to electricity supply are power plants with digital controls, energy management systems, telecommunications, and relay protection devices. The INGAA witness expressed the desire that Congress limit industry liability for year 2000-related disruptions in service.

On June 16, 1998, the House Ways and Means Committee, Oversight Subcommittee, held a hearing on the year 2000 problems of telecommunications systems, on which public and private sector organizations depend. Witnesses included officials from GAO, the Federal Communications Commission (FCC), the Telco Year 2000 Forum (a cooperative effort for year 2000 renovation testing among

nine major telephone service providers), AT&T, GTE, TRW, Lucent Inc., and Schwab Inc. (an investment firm). The public telecommunications network includes interconnected networks operated by hundreds of local, long distance, cellular, and satellite-based telephone companies, which can affect the operations of each other. While the FCC and the industry representatives stressed the steps being taken to correct their year 2000 problems, the GAO official stated that improvement is still needed in milestone setting, contingency planning, and reporting of the status of renovations, both by industry and the FCC.

On June 22, 1998, the House Subcommittee on Government Management, Information, and Technology held a hearing focusing on the biggest problems and proposed solutions of the year 2000 problem.

On June 23, 1998, the House Committee on Banking and Financial Services held a hearing to investigate the potential problem facing international banking and finance. Because of the broad, complex interdependencies between the U.S. and foreign economies, any failures of foreign financial institutions can have an impact on U.S. institutions.

On July 6, 1998, the Senate Special Committee on the Year 2000 Technology Problem held a field hearing in New York City, focusing on international financial and economic aspects of the year 2000 problem.

On July 15, the House Small Business Committee held a hearing where federal and private sector witnesses discussed the lack of year 2000 planning by most small businesses, and federal efforts to help them.

On July 22, the Senate Agriculture, Nutrition, and Forestry Committee held a hearing where witnesses from the private sector outlined several year 2000 issues for the agriculture industry, including food production and distribution, and financing.

The Senate Special Committee on the Year 2000 Problem held two hearings in July, one on July 23 to investigate year 2000 issues for the health care industry, and one on July 31 to explore year 2000 issues in the telecommunications sector.

On August 6, the House Science Committee, Subcommittee on Technology held a hearing on technology development at the FAA, at which GAO testified that serious challenges remain in resolving year 2000 problems in FAA systems.

On August 6, the House Ways and Means Committee, Subcommittee on Health, held a hearing on delays to implementing the payment systems for Medicare's Home Health Benefit program, caused by the year 2000 conversion.

The House Government Reform and Oversight Committee, Subcommittee on Government Management, Information, and Technology held a series of field hearings focusing on the experiences of state and local governments and selected private sector organizations in addressing the year 2000 issue. The hearings were held on August 13 in New York City, August 17 in Dallas County, TX; August 19 in New Orleans, LA; September 1 in Cleveland, OH; September 2 in Indianapolis, IN; and September 3 in Chicago, IL.

On September 10, the Senate Special Committee on the Year 2000 Problem held a hearing focusing on the transportation industry. On September 17, the Committee held a hearing on the potential threat of the millennium bug on pension plans and mutual funds.

On September 17, the House Committee on Banking and Financial Services hearing focused on the domestic banking and finance infrastructure.

On September 17, the House Committee on Education and the Workforce, Subcommittee on Oversight and Investigations, held a hearing on year 2000 issues for the Departments of Education and Labor, and of the institutions they oversee.

On September 24, the House Subcommittees on Technology and on Government Management, Information and Technology held a joint hearing titled "What Every Consumer Should Know to Prepare for the Year 2000 Computer Problem." Witnesses included representatives of the software and consumer electronics industries, and other researchers of consumer and industry issues.

On September 29, the House Committee on Transportation and Infrastructure hearing focused on year 2000 issues in the aviation industry. On October 2, the Committee held a joint hearing with the Subcommittee on Technology and the Subcommittee on Government Management, Information and Technology on the year 2000 compliance efforts in the railroad public transit systems. On October 6, the Transportation Committee led a hearing investigating year 2000 issues for public buildings, highways, and pipelines. On October 7, the Transportation Committee led a hearing on year 2000 issues for the U.S. Coast Guard, the maritime industry, and water resources.

On October 2, the House Committee on Government Reform and Oversight, Subcommittee on the District of Columbia, held a hearing on the District's year 2000 compliance efforts, emphasizing that the year 2000 status of the District is probably representative of many other cities throughout the country.

On October 2, the Senate Special Committee on the Year 2000 Problem held a hearing on the readiness of emergency services, such as police, fire and emergency medical services. On October 7, the Committee held its final hearing of the 105th Congress, investigating year 2000 issues for general business (especially small businesses) and the pharmaceutical industry.

In addition to hearings, Members have conducted numerous press conferences to announce assessments of the progress of federal agencies in correcting the year 2000 problem or to introduce legislation. The chairman of the House Government Management, Information, and Technology Subcommittee periodically releases grades to federal agencies on their efforts to correct their year 2000 problems. Since the fall of 1997, the House and Senate Banking Committees have been receiving quarterly staff briefings from each of the six financial regulatory agencies on the status of year 2000 efforts of the finance industry. Committees have also requested numerous GAO studies and testimony addressing the year 2000 problem.

Legislation in the 105th Congress

The following legislation, introduced in the 105th Congress, addressed various aspects of the year 2000 problem:

- The Treasury, Postal Service, and General Government Appropriations Act for FY1998 (**P.L. 105-61**) was enacted October 20, 1997. The House Committee report (H.Rept.105-240) directs OMB to report to Congress on a quarterly basis, on the progress being made on year 2000 conversion. The conference report (H.Rept. 105-284) retains this provision and also directs the Internal Revenue Service (IRS) to use \$376.7 million from its information systems development account for century date change efforts and to reprogram an additional \$77 million from FY1997 funds, and \$10 million from FY1996 funds from the Tax Systems Modernization program, to use for year 2000 efforts. The Act further directs the IRS to develop a century date change strategy and provide quarterly reports to the Appropriations Committees.
- The Departments of Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Act for FY1998 (**P.L. 105-65**) was enacted October 27, 1997. The conference report (H.Rept. 105-297), Title I under General Operating Expenses, allocates \$8 million from existing appropriations for the Veterans Benefits Administration to work on the year 2000 problem and other activities.
- The Departments of Labor Health and Human Services, and Education, and Related Agencies Appropriations Act for FY1998 (**P.L. 105-78**), enacted November 13, 1997, made \$200 million available from existing appropriations for the Labor Department's Labor Unemployment Insurance program to assist states to convert their automated state employment agency systems to be year 2000 compliant.
- The Commission on the Year 2000 Computer Problem Act (S. 22), introduced January 21, 1997 by Senator Moynihan, would establish a commission to study the year 2000 problem and report to the President with proposals for new procedures or regulations to address the year 2000 computer problem for systems of federal, state, and local governments, and recommendations for levels of appropriations that might be needed.
- The Millennium Computer Act of 1997 (H.R. 1177), introduced by Representative Maloney on March 20, 1997, required all federal agencies to meet a timetable to ensure their computers function after the year 2000.
- In April 1997, the House Science Committee introduced FY1998-1999 authorization bills for eight federal agencies. These include the National Institute of Standards and Technology (H.R. 1274), Federal Aviation Administration Research and Development (R&D) (H.R. 1271), the National Science Foundation (H.R. 1273), Civilian Space (H.R. 1275), Environmental R&D (H.R. 1276), Department of Energy Civilian R&D (H.R. 1277), Fire Administration (H.R. 1272), and the National Oceanic and Atmospheric Administration (H.R. 1278). Each of these bills contains a "sense of Congress

on the year 2000" statement that these agencies correct their computer systems to operate effectively after 2000 and develop contingency plans for those systems they are unable to correct in time. Five of the bills passed the House and were sent to the Senate and the others (H.R. 1276, H.R. 1277, and H.R. 1278) were reported to the House.

- The Millennium Act (S. 1218), introduced September 24, 1997, by Senator Kerrey, sought to assure the integrity of information, transportation, and telecommunications systems upon the arrival of the year 2000, by directing: the Federal Communications Commission to evaluate potential dangers to the nation's telecommunications system and to make necessary regulatory changes, the National Institute of Standards and Technology to assess the threat to information stored on personal computers and to propose solutions and information to the public, and the Department of Transportation to develop a plan to assure that the year 2000 problem does not cause a safety risk to the transportation workers and the general public.
- The Year 2000 Computer Remediation and Shareholder (CRASH) Protection Act of 1997 (S. 1518), introduced November 10, 1997 by Senator Bennett, would direct the Securities and Exchange Commission to require publicly traded corporations to make specific disclosures in their offering statements and quarterly reports regarding the ability of their computers to operate after January 1, 2000.
- The Examination Parity and Year 2000 Readiness for Financial Institutions Act (H.R. 3116), introduced January 28, 1998, by Representative Leach, extends the authority of Office of Thrift Supervision and the National Credit Union Administration to examine the operations of service corporations or other entities that perform services under contract for thrifts and credit unions, such as data processing and the maintenance of computer systems, thereby giving those agencies statutory parity with the other financial regulatory agencies. The bill passed the House (amended) on February 24, and passed the Senate by unanimous consent March 6. On March 20, President Clinton signed the bill, enacting **P.L. 105-164**.
- The USDA Year 2000 Compliance Enhancement Act (H.R. 3280), introduced February 26, 1998, by Representative Goodlatte, is designed to clarify and enhance the authority of the Chief Information Officer of USDA.
- On April 2, 1998, the Department of Health and Human Services (HHS) submitted a proposal for legislation to Congress, which includes a provision that would amend the Social Security Act to give the Health Care Finance Administration (HCFA) greater flexibility with its contractors. HCFA uses about 70 contractors to process the billions of dollars of Medicare claims made per year. The proposal would give HCFA a greater ability to increase competition among its contractors which HHS believes would stimulate contractors to make their systems year 2000 compliant. In 1997, GAO reported that HCFA's contractors might not be year 2000 compliant, nor have any incentive to become compliant. To date, no congressional action has been taken on the proposal.

- On April 2, 1998, the Senate passed S.Res. 208, to establish a “Special Committee on the Year 2000 Technology Problem.” The committee will study the impact of the year 2000 problem on the executive and judicial branches of the federal government, state governments, and private sector operations in the United States and abroad. The committee’s members include four Republicans and three Democrats, and the chairman and ranking minority member of the Appropriations Committee as ex-officio members.
- The FY1998 Supplemental Appropriations and Rescissions Act (**P.L. 105-174**) provides an additional \$86 million for year 2000 conversion work at federal agencies:\$40.8 million to the Treasury Department, \$25 million to the Federal Aviation Administration, and \$20 million to HCFA (The latter two provisions are made in conference report 105-504). The Act also rescinds \$30.3 million from the IRS that was to be used for other information technology investments. Passed Congress April 30; enacted May 1, 1998.
- S. 2000, introduced by Senator Bennett on April 29, 1998, to ensure that businesses, financial markets, and the federal government are taking adequate steps to resolve the year 2000 computer problems. The measure was referred to the Governmental Affairs Committee.
- The National Year 2000 Readiness Act (H.R. 3968), introduced by Representative Leach on May 22, 1998, requiring the President’s Year 2000 Conversion Council to submit to Congress within 90 days a national assessment of the year 2000 problem and a strategy to ensure that critical services provided by government and economic sectors (including banking and financial services, provision and distribution of power and fuel, telecommunications, transportation, public health and safety, water supply, and the environment) will be prepared for the year 2000 date change. The bill would also require (1) steps to ensure the availability of technical personnel to work on the year 2000 problem, (2) U.S. consultation with international financial institutions on the year 2000 issue, (3) quarterly reports to Congress on progress made by industry sectors, and (4) revision of the Federal Acquisition Regulation to disqualify from further business, contractors that knowingly provides non-compliant goods or services to a federal agency. The bill was referred to the Committees on Science, Government Reform and Oversight, and Banking and Financial Services.
- The Defense Authorization Act for FY1999 prohibits DOD from purchasing using funds on the development or modernization of any information technology or national security system if the system is not year 2000 compliant according to DOD’s definition. It further requires DOD to submit a report by December 1, 1998, describing its strategy for year 2000 compliance , including testing facilities, tools and personnel, criteria and process to be used to certify compliance, a list of mission critical systems, and guidelines for contingency plans. It further requires DOD to develop year 2000 simulations for training exercises to evaluate military preparedness in the actual year 2000. It also requires DOD and the Central Intelligence Agency to report to Congress on their plans for ensuring continuity of operations,

including a prioritization of mission critical systems to be renovated first, a comprehensive contingency plan for systems that are not repaired in time, and the status of public and private sector systems outside DOD that are used by the military. The report will also outline efforts to repair telecommunications, utility systems, and other infrastructure on which the intelligence community relies, and outline any agreements between the United States and foreign countries to ensure that year 2000 problems with strategic systems of those countries do not pose a threat. The bill transfers \$1 billion from DOD's other information technology and national security programs for year 2000 conversion. The bill passed the Senate (S. 2060, replaced by S. 2057) on June 25 (S.Rept. 105-189 released May 11); passed the House (H.R. 3616) May 21 (H.Rept. 105-532 released May 12); House agreed to conference report (H.Rept. 105-736) September 24; Senate agreed October 1; enacted October 17 as P.L. 105-261.

- Emergency appropriations for federal agency year 2000 conversion projects were removed from two FY1999 House appropriations bills prior to House passage. The House Treasury, Postal Services, and General Government Appropriations bill (H.R. 4104) passed by the Committee (H.Rept. 105-592) on June 22, 1998, provided \$2.25 billion for all federal agency year 2000 conversion programs except within DOD. The House Defense Appropriations bill (H.R. 4103) passed by the Committee (H.Rept. 105-591) on June 22, provided \$1.6 billion to DOD for year 2000 conversion of information technology, national security, and related systems. Due to concerns that the year 2000 funds should be offset by budget cuts, the year 2000 funding was removed from both bills prior to passage by the House (H.R. 4103 on June 24 and H.R. 4104 on July 15). On May 14, the Senate Appropriations Committee allocated \$2.25 billion for an emergency reserve fund that federal agencies' year 2000 conversion efforts. The Senate Treasury and General Government Appropriations Act (S. 2312) contains \$3.25 billion for emergency year 2000 expenses for federal agencies. OMB would determine which agencies could withdraw money from the fund after March 1999. That bill was reported by the Appropriations Committee (S.Rept. 105-251) on July 14 and passed the Senate on September 3. The emergency year 2000 problem funding was included in the Omnibus Appropriations Act (P.L. 105-277) along with the remaining appropriations bills, which was enacted October 21, 1998.
- The USDA Information Technology Reform and Year 2000 Compliance Act of 1998 (S. 2116) introduced by Senator Lugar on May 22, 1998, to enhance the authorities of the USDA CIO (a companion to H.R. 3280).
- H.R. 4134, introduced by Representative Thurman on June 24, 1998, would amend the Internal Revenue Code of 1986 to permit year 2000 conversion costs to be expensed by small businesses under 179 (depreciable business assets) and to provide a \$20,000 increase in the limitation for such costs.
- On July 14, the President announced draft legislation that would promote information sharing among companies testing their year 2000 renovations of their computer systems. Called the "Good Samaritan" bill, it would allow firms to disclose their year 2000 problems without risking potential law suits.

On July 30, the bill was introduced as the Year 2000 Information Disclosure Act (H.R. 4355) by Representative Burton, and (S. 2392) by Senator Bennett. Passed Senate (amended) September 28; passed House October 1, and enacted as the Year 2000 Information and Readiness Disclosure Act (P.L. 105-271) on October 19, 1998.

- The Y2K Liability and Anti-Trust Reform Act (H.R. 4240), introduced by Representatives Dreier and Cox on July 16, 1998, limits damages related to year 2000 computer failures to the business losses for companies that make certain efforts to avoid problems. It also suspends Federal Trade Commission antitrust law for activities involving computer date repairs.
- The Small Business Year 2000 Readiness Act (S. 2372), introduced by Senator Bond on July 30, would provide loan guarantees for small businesses to address their year 2000 computer problems.
- The Year 2000 Enhance Cooperation Solution (S. 2384), introduced by Senator Ashcroft on July 30, would provide antitrust liability protections to companies that disclose their year 2000 problems.
- The Y2K Readiness Disclosure Act (H.R. 4455) introduced by Representative Dreier et al. on August 6, would provide limited liability protection to companies that disclose information on the year 2000 readiness of their products or services.
- On October 2, Representative Barcia introduced H.R. 4682 intended to minimize the disruption of government and private sector operations caused by the year 2000 problem.
- On October 6, Representative Morella introduced H.R. 4706 intended to ensure that the United States is prepared to meet the year 2000 computer challenge.
- On October 9, Representative Morella introduced H.R. 4756, a combination of language from H.R. 3968, H.R. 4682, and H.R. 4756, and called the Year 2000 Preparedness Act. Called under suspension of the rules October 13 and passed the House; received in Senate October 14. No floor action was taken.

Hearings and Legislation in the 106th Congress

Hearings in the 106th Congress

On January 15, 1999, the Senate Appropriations Committee reviewed the status of federal agencies and other issues with the Chair of the President's Y2K Council.

On January 20, the House Government Management, Information and Technology Subcommittee and House Technology Subcommittee investigated the Y2K status of federal, state, local, and foreign governments.

Legislation in the 106th Congress

- On January 6, Representative Thurman introduced H.R. 179, Business Undergoing the Glitch Act, to allow small businesses to deduct Y2K conversion costs from their gross income for federal income tax reporting. Referred to Committee on Ways and Means.
- On January 6, Representative Manzullo introduced H.R. 192, Year 2000 Protection Plan Act of 1999, to establish judicial and administrative proceedings for the resolution of Y2K processing failures. The bill sets a standard of proof, places limits on damages, makes arbitration mandatory, and allows no Y2K legal actions after January 1, 2002. Referred to the Judiciary Committee.
- On January 19, Senator McCain introduced S. 96 to limit liability and damages for defendants in suits involving Y2K failures.
- On January 19, Senator Moynihan introduced S. 174 to provide funding for states to correct Y2K problems in computers used to administer state and local programs. Referred to Finance Committee.