

STATE OF MARYLAND

Supplemental Year 2000 Disclosure (Unaudited)

Certain computer programs have been written using two digits rather than four to define the applicable year, which could result in the computer recognizing the date using "00" as the year 1900 rather than the year 2000. This, in turn, could result in major system failures or miscalculations, and is generally referred to as the "Year 2000" problem. The State has established a process to assure Year 2000 compliance of all hardware, software, and ancillary equipment that is date dependent.

In August 1997, the State established the Year 2000 Program Management Office (PMO) to manage the State's year 2000 processes and oversee the activities underway at the agencies. While individual State agencies are responsible for their Year 2000 remediation, the PMO provides assistance to the agencies in the form of supplemental funds, methodologies, templates, definitions, access to approved vendors and other technical assistance. The PMO is also responsible for monitoring agencies' progress and assisting them in meeting the deadlines established. Since August 1997, the Maryland General Assembly has appropriated in excess of \$97,000,000 to support the management and correction of the Year 2000 problem. As of September 30, 1999, approximately \$88,700,000 has been awarded to various vendors. Because each agency within the State is different, each agency will tailor its Year 2000 program in response to its unique needs and business practices.

The State's Year 2000 process involves four phases:

Phase I—Awareness Stage. This phase encompasses establishing a budget and project plan for dealing with the Year 2000 issue.

Phase II—Assessment Stage. This phase begins with identifying all of the State's systems and individual components of those systems. The State has identified its mission-critical systems and equipment, which are systems and equipment that are critical to conducting operations and checking for compliance.

Phase III—Remediation Stage. This phase is comprised of making technical changes to existing systems and equipment or switching to new compliant systems. During this stage, decisions are made on how to make the systems Year 2000 compliant, and the required system changes are made.

Phase IV—Validation/Testing Stage. This phase validates and tests the changes made during the remediation stage. This stage includes the development of test data and test scripts, the running of test scripts, and the review of test results.

The State's Year 2000 program is built on an information technology approach whereby each State agency, as the business entity, is responsible for ensuring its systems are Year 2000 compliant. A critical part of the State's Year 2000 plan is the development of contingency plans to assure continued operation in the event of critical automated systems failure or unforeseen supply chain interruptions. Contingency plans describe the steps to be taken, including the activation of manual or outsourced processes, to ensure the continuity of operations in the event of a Year 2000 induced system failure.

State agencies have identified and prioritized systems and have provided other technical and programmatic support to address all issues. The following chart details the mission critical systems by priority and their respective stage of conversion as determined by the PMO and the individual agencies. Agencies have identified 436 priority systems—34 are most critical because of their statewide implications; 159 systems are high priority because they are critical to an agency's prime mission; 243 are considered priority because they are required to support a major business process or support function within an agency.

(as of 11/01/1999)	Number of Priority Systems			
	Awareness	Assessment	Remediation	Validation /Testing
Complete:				
Most Critical Systems	34	34	34	34
High Priority	159	159	158	158
Priority	243	243	238	238
Incomplete:				
Most Critical Systems				
High Priority			1	1
Priority			5	5
Total	436	436	436	436