August 4, 1999

Dear President/Chancellor:

I am writing to let you know of my concern about the seriousness of the Y2K computer problem in higher education and to urge your personal involvement in addressing this matter. As you know, higher education institutions have become increasingly computer-dependent, and are therefore very vulnerable to potential disruptions caused by the Y2K computer bug. For many organizations, the Y2K problem is a management, financial, and communications challenge, as well as a "technical" matter. I am convinced that this challenge can be successfully addressed only when everyone understands that it is a priority of an organization's top leaders.

I am pleased to report that the Department's systems have been fully renovated and validated for Y2K compliance, and that Congressman Stephen Horn's House Subcommittee on Government Management, Information, and Technology recently gave us a grade of "A" for our Y2K efforts. However, the success of our student aid system is dependent on the systems of our many data exchange partners. Congressman Horn's report highlighted the fact that our postsecondary education partners are not yet ready. Furthermore, in another current report to Congress, the Department's Inspector General identified postsecondary institutions as the only "high risk" element in our student aid delivery partnership.

Enclosed are highlights of findings from a recent Department survey concerning the Y2K readiness of postsecondary institutions. With less than 6 months remaining in 1999, only 30 percent of the responding postsecondary institutions have completed the renovation of their mission-critical computer systems. Some 40 percent of the respondents do not expect to have their mission-critical systems fully compliant until October or later. Thus, it appears that many postsecondary institutions will have little time left to adjust if schedules slip or problems are discovered. I am also disappointed that the survey's response rate was only 32 percent. A follow-up survey will be sent to you personally in late August. I hope the response rate is better and the findings show significant progress.

I also want to emphasize the importance of participating in student aid data exchange testing with our Department's systems. So far, only 22 of the over 5,800 U.S. institutions participating in the student aid programs have successfully tested. Although the Department's systems and data exchanges have been tested internally, we all need the reassurance that can only be provided by live testing of the data exchanges. If contingency plans need to be invoked due to school data exchange failures, significant delays in student aid delivery could occur. All schools, including those that use Department-provided or vendor-provided software, should perform data exchange testing to reduce risk. In order to encourage schools to undertake student aid data exchange testing, the Department has established on its web site an "Honor Roll" of institutions that have successfully tested their student aid data exchanges.

The General Accounting Office and our Department's Inspector General are also concerned about the slow rate of participation in data exchange testing, and the Inspector General has recommended that this Department require, rather than simply encourage, data exchange testing
by postsecondary institutions. I am considering this recommendation, along with other options.

Of course, institutions should be assessing, renovating, and testing all of their critical data systems and business processes, not just those related to student aid. Y2K vulnerabilities may occur in central administrative systems (payroll, accounting, and personnel systems), in basic infrastructure (buildings/security systems, computer networks, and telecommunications), in academic research and library systems, and in various student services (admissions, bursar, registrar, health services). Computer breakdowns or malfunctions in any of these areas could create serious service disruptions.

I want to make available to you the resources and information we have gathered as we implemented our Y2K readiness project. I have enclosed a "Y2K Information Sheet" with web addresses and other information. Through our experience, we found that it is important to keep all interested stakeholders, including local media, informed of the organization's Y2K renovation progress. Without such information, negative assumptions are likely. In addition, it is important to obtain statements of Y2K readiness from your computer hardware and software vendors and any third party servicers you employ. Finally, it is very important to establish viable Y2K business continuity and contingency plans for all critical business processes.

The success of the Department of Education's Y2K effort has resulted in part from ongoing monitoring and coordination by our Deputy Secretary, his Y2K Steering Committee, and a small full-time Y2K project team. I strongly recommend similar top-level involvement in this issue at all postsecondary institutions. With your leadership, our nation's student aid and higher education partnership will come through the transition to year 2000 stronger than ever.

Thank you very much for your interest in this important subject.

Yours sincerely,

Richard W. Riley

Y2K INFORMATION

Y2K Web Sites: For information on the Department of Education's Year 2000 Project and guidance on preparing for the Year 2000, go to the Department's Year 2000 Project web site at www.ed.gov/y2k. Additional Year 2000 information and useful web links may be found at the President's Council on Year 2000 Conversion web site: http://www.y2k.gov.

Contingency Planning: The Department recommends that educational institutions utilize the General Accounting Office's publication, "Year 2000 Computing Crisis: Business Continuity and Contingency Planning," which is posted on the Department's web site. In February the Department posted on its web site initial contingency planning options for the Department's student aid programs. Updated plans will be posted soon. Questions and comments may be
addressed to: Mary Haldane, Director of Student Aid Y2K Contingency Planning, at (202) 260-6675, or OSFA_Y2K@ed.gov.

Statutory Responsibility/Authority: Achieving and maintaining Y2K computer system compliance is part of the "administrative capability" which postsecondary institutions must maintain in order to participate in the Title IV student aid programs. Also, the Higher Education Act specifically requires the Secretary of Education to take actions needed to ensure the Y2K readiness of all internal and external systems, hardware, and data exchange infrastructure elements related to student aid programs (section 493A of the HEA as amended in 1998).

Electronic Mailboxes: For Year 2000 questions related to postsecondary education: ope_y2k@ed.gov; for issues related to student aid contingency planning: OSFA_Y2K@ed.gov.

Postsecondary Education Y2K Readiness Kit: For a copy of the "Year 2000 Readiness Kit" for postsecondary institutions, produced in cooperation with several higher education associations, please visit the Department's Y2K web site. Over 18,000 copies have already been distributed to colleges and other postsecondary institutions.

Student Aid Data Exchange Testing: The Department's student aid data exchange testing schedule and instructions are also available on the Department's web site.

**Year 2000 Survey of Postsecondary Educational Institutions**

July 9
Survey Closed
2,118 Responses ==> 32 percent Response Rate (2,118/6,607)

61 percent have written plans for achieving Year 2000 compliance.
* 82 percent address data exchanges.
* 91 percent address embedded technology issues.

Status with Trading Partners:
* 88 percent reported communicating with trading partners regarding Year 2000.
* 65 percent reported they will conduct Year 2000 testing with major trading partners.

Status of Mission-Critical Systems:
* 30 percent currently have all Mission-Critical Systems Year 2000 compliant.
* 60 percent say all Mission-Critical Systems are now or will be Year 2000 compliant by October 1.
* 99 percent say all Mission-Critical Systems are now or will be Year 2000 compliant by January 1.
Year 2000 Phases completed for all systems:
* 80 percent have completed the Awareness Phase.
* 63 percent have completed the Assessment Phase.
* 28 percent have completed the Renovation Phase.
* 21 percent have completed the Validation Phase.
* 18 percent have completed the Implementation Phase.

Status of Contingency Plans for Mission-Critical Systems:
* 62 percent stated that Contingency Plans completed for Mission Critical Systems.
* 83 percent stated that Contingency Plans for Mission Critical Systems are or will be completed by October 1.
* 99 percent stated that Contingency Plans for Mission Critical Systems are or will be completed by January 1.

Major Problems/Barriers:
* 34 percent: No Barriers
* 28 percent: Insufficient Time
* 27 percent: Inadequate Personnel
* 23 percent: Inadequate Funding
* 19 percent: Lack of Y2K readiness information from Trading Partners/Vendors

Who has been working on Postsecondary Institution's Y2K effort:
* 27 percent: Ad Hoc Year 2000 Project Management Team
* 22 percent: President and immediate Staff
* 21 percent: Chief Information Officer
* 18 percent: Other
* 12 percent: Vice President for Administration/Finance