

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4095-03  
Bill No.: SB 880  
Subject: Office of Administration; State Departments  
Type: Original  
Date: March 2, 2020

Bill Summary: This proposal creates the position of chief data officer.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue Fund	(Could exceed \$1,102,255)	(Could exceed \$1,210,210)	(Could exceed \$1,222,906)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$1,102,255)</b>	<b>(Could exceed \$1,210,210)</b>	<b>(Could exceed \$1,222,906)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Revenue Fund	Could exceed 13 FTE	Could exceed 13 FTE	Could exceed 13 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 13 FTE</b>	<b>Could exceed 13 FTE</b>	<b>Could exceed 13 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 37.060 - Chief Data Officer

Officials from the **Office of Administration - Information Technology Services Division (OA-ITSD)** state this legislation creates the position of a chief data officer. OA-ITSD assumes this position is within the Office of Administration Information Technology Services division, reporting to the Chief Information Officer. An annual salary of \$95,000 has been estimated for this position. Annual salary with fringe benefits, equipment and employee related expenses for the chief data officer position, are estimated at \$131,799 for FY2021, \$150,070 for FY2022, and \$151,616 for FY2023.

The addition of FTE for agencies to classify, develop policies, data collection identification and reporting is estimated at 8 FTE (each at \$49,123 annually) and 8 PTE (½ time). Annual salary with fringe benefits, equipment and employee related expenses for these positions are estimated at \$970,455 for FY2021, \$1,060,141 for FY2022, and \$1,071,290 for FY2023.

These costs cannot be absorbed by current budget authority or FTE authority.

Consideration and any fiscal impact to agencies consolidated under ITSD are included in this ITSD response, including the following agencies:

- Administration (OA)
- Agriculture (MDA)
- Commerce and Insurance (DCI)
- Corrections (DOC)
- Economic Development (DED)
- Elementary & Secondary Education (DESE)
- Health & Senior Services (DHSS)
- Higher Education and Workforce Development (DHEWD)
- Labor & Industrial Relations (DOLIR)
- Mental Health (DMH)
- Natural Resources (DNR)
- Public Safety (DPS)
- Revenue (DOR)
- Social Services (DSS)

ASSUMPTION (continued)

The following Executive Departments maintain their own IT units but are assumed to also report to the chief data officer:

Conservation (MDC)  
Transportation (MoDOT)  
Public Service Commission (PSC)  
National Guard (NG)  
Missouri State Highway Patrol (MSHP)  
Gaming Commission  
Lottery Commission

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated fiscal impact OA-ITSD has provided on the fiscal note.

As noted by OA-ITSD, there are certain Executive Departments that maintain their own IT units, but are also assumed to report to the Chief Data Officer. **Oversight** assumes some of these departments (executive and elected officials) will require additional resources and/or FTE to provide for the implementation of changes in this proposal. Oversight assumes some of the resources would come from General Revenue and some would come from Other State Funds. Therefore, Oversight will reflect the fiscal impact as “could exceed” the estimated fiscal impact OA-ITSD has provided to the General Revenue Fund and a \$0 to (Unknown) cost to Other State Funds.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** anticipate some costs associated with this proposal; however until specific requirements are outlined by the Chief Data Officer, those costs cannot be estimated. If DOLIR is unable to absorb the additional costs, the Department would pursue funding for additional resources via the regular appropriations process.

Officials from the **Department of Corrections (DOC)** state this section may have an impact on the department, depending on what "standards and procedures" the chief data officer mandates as necessary for the department to abide by. For example, if the department has to format its data a certain way, it may involve a change in how the data is stored and/or how the department draws data from our various systems. Therefore, the potential impact of this legislation is unknown.

Officials from the **Department of Elementary and Secondary Education (DESE)** state that the fiscal impact of the proposed legislation is unknown at this time. In the future when standards are set and implemented on the State Agency's there could be a fiscal impact.

ASSUMPTION (continued)

Officials from the **Department of Mental Health (DMH)** state this bill will require five new FTE to respond to the queries/questions that may be raised by the new position of Chief Data Officer. The Department of Mental Health (DMH) anticipates 4 FTE will be needed for the in-house applications along with 1 FTE for the vendor applications.

**Oversight** assumes the fiscal impact for DOLIR, DOC, DESE and DMH have been calculated by the OA-ITSD and therefore will use the estimate provided by OA-ITSD to show a fiscal impact for the above mentioned agencies.

Officials from the **Attorney General's Office (AGO)** state SB 880 would create the position of the Chief Data Officer (CDO) in the Office of Administration (OA). The CDO will have the authority to require state agencies, including the Attorney General's Office, to classify data, develop and implement a data breach plan, develop and implement a data disposal policy, adopt data collection standards, and develop and implement any other policies and procedures the CDO deems necessary for data security. The exact nature of the CDO's requirements could force the AGO to purchase new hardware or upgrade existing hardware, rework existing practices, and potentially hire additional staff to implement and enforce the policies described in the bill. As the nature of these requirements is currently unknown, the AGO is unable to determine a fiscal impact, but recognizes the potential for a negative fiscal impact.

Officials from the **Department of Public Safety - Missouri Highway Patrol** anticipates no impact as result of this proposal. However, if the chief data officers position is created and new policies, classifications and documentation are needed, there could be the potential at some point for a need for an FTE.

Officials from the **Missouri Department of Conservation (MDC)** state the fiscal impact of this proposal is unknown, but likely less than \$100,000 due to the uncertainty of potential chargebacks for the position or systems required to meet the requirements of the legislation.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget.

ASSUMPTION (continued)

Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Office of the State Auditor (SAO)** state that their agency currently consolidates its IT as much as feasible and as much as permitted under government auditing standards. Should this proposal be adopted, government auditing standards would still require the SAO to maintain independence for certain IT functions.

This proposal should have no fiscal impact on the SAO. Any impact can be absorbed by current appropriations.

**Oversight** notes that the above mentioned agency has stated the proposal would not have a direct fiscal impact on their organization and that any potential impact could be absorbed. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for that agency.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e).

ASSUMPTION (continued)

Officials from the **Office, Department of Commerce and Insurance, Department of Economic Development, Department of Higher Education, Department of Health and Senior Services, Department of Natural Resources, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and the Veterans Commission), Office of the Governor, Joint Committee on Administrative Rules, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Department of Agriculture, Missouri, Missouri Ethics Commission, Missouri House of Representatives, Office of Prosecution Services, Office of Administration (Administrative Hearing Commission and Budget and Planning), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Department of Social Services** and the **Department of Revenue** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organization.

FISCAL IMPACT - State Government	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE FUND</b>			
Cost - OA-ITSD			
Salaries (1 Chief Data Officer and 12 FTE IT IVs)	(Could exceed \$570,397)	(Could exceed \$691,321)	(Could exceed \$698,234)
Fringe Benefits	(Could exceed \$314,229)	(Could exceed \$379,348)	(Could exceed \$381,644)
Equipment and Expense	(Could exceed \$217,629)	(Could exceed \$139,541)	(Could exceed \$143,028)
Total Cost - OA-ITSD	(Could exceed \$1,102,255)	(Could exceed \$1,210,210)	(Could exceed \$1,222,906)
FTE Change - OA-ITSD	Could exceed 13 FTE	Could exceed 13 FTE	Could exceed 13 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>(Could exceed \$1,102,255)</b>	<b>(Could exceed \$1,210,210)</b>	<b>(Could exceed \$1,222,906)</b>
Estimated Net FTE Change to the General Revenue Fund	Could exceed 13 FTE	Could exceed 13 FTE	Could exceed 13 FTE
<b>OTHER STATE FUNDS</b>			
Cost - Departments reporting to the chief data officer	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>
<b>FISCAL IMPACT - Local Government</b>			
	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

This act creates the position of Chief Data Officer who is authorized to oversee each state agency's management of electronic data for purposes of evaluating appropriate management and security of the data.

The Chief Data Officer may require each state agency to:

- Classify its electronic data into levels of sensitivity identified by the Chief Data Officer and regularly review and update such classifications;
- Develop, adopt, and regularly update a written policy for responding to breaches and suspected breaches of the agency's electronic data;
- Develop, adopt, and regularly update a written policy for the proper disposal of the agency's electronic data, including requiring the agency to use the office of administration's electronic waste contract for that purpose;
- Adopt data collection standards and procedures identified by the Chief Data Officer; and
- Develop, adopt, and regularly update other policies and procedures the Chief Data Officer deems necessary to evaluate appropriate management and security of the agency's electronic data.

State agencies are responsible for identifying the various types of electronic data, the location of such data, and the level of security required for each type of data. Such information shall be communicated to the Chief Data Officer. State agencies are additionally required to cooperate with the Chief Data Officer in fulfilling the requirements of this act.

This act does not waive sovereign immunity or create a cause of action against the state, any agency of the state, or any officer or employee of the state.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Attorney General's Office  
Department of Commerce and Insurance  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Health and Senior Services  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety  
    Office of the Director  
    Division of Alcohol and Tobacco Control  
    Capitol Police  
    Fire Safety  
    Missouri Gaming Commission  
    Missouri Highway Patrol  
    Missouri National Guard  
    State Emergency Management Agency  
Veterans Commission  
Department of Social Services  
Office of the Governor  
Joint Committee on Administrative Rules  
Missouri Lottery Commission  
Legislative Research  
Missouri Consolidated Health Care Plan  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Department of Transportation  
Missouri State Employee's Retirement System  
Office of Prosecution Services  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration

SOURCES OF INFORMATION (continued)

Administrative Hearing Commission  
Budget and Planning  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
State Tax Commission



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