

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1183S.01I
Bill No.: SB 7
Subject: Office of Administration; State Departments
Type: Original
Date: January 17, 2023

Bill Summary: This proposal creates the Office of Chief Data Officer.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	(Could exceed \$1,330,715)	(Could exceed \$1,431,575)	(Could exceed \$1,462,299)
Total Estimated Net Effect on General Revenue	(Could exceed \$1,330,715)	(Could exceed \$1,431,575)	(Could exceed \$1,462,299)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	Could exceed 13 FTE	Could exceed 13 FTE	Could exceed 13 FTE
Total Estimated Net Effect on <u>All</u> Federal Funds	Could exceed 13 FTE	Could exceed 13 FTE	Could exceed 13 FTE

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 37.060 – Chief Data Officer

Officials from the **Office of Administration – Information Technology (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 (OA ITSD), reporting to the Chief Information Officer. An annual salary of \$135,000 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 \$187,657 for FY2024, \$213,268 for FY2025, and \$218,210 for FY2026.

The addition of FTE for agencies to classify, develop policies, data collection identification and reporting is estimated at 8 FTE and 8 PTE (½ time). Annual salary with fringe benefits, equipment and employee related expenses for these positions are estimated at \$1,143,058 for FY2024, \$1,218,307 for FY2025, and \$1,244,089 for FY2026.

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)

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.

In response to a similar proposal from 2020 (SB 880), officials from the **Attorney General's Office (AGO)** stated this legislation would create the position of the Chief Data Officer (CDO) in the Office of Administration. 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.

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 Elementary and Secondary Education** state there could be fiscal/expenditure impact depending on the requirements/guidelines that are being implemented on the agency. Due to lack of requirement/guideline details a cost cannot be estimated at this time.

Officials from the **Department of Health and Senior Services (DHSS)** state this legislation would create a chief data officer within the Office of Administration to oversee electronic data in each state agency. The proposed legislation would require Department of Health and Senior Services (DHSS) to classify electronic data into levels of sensitivity, develop and update written policies for breaches of data and proper disposal of data. The proposed bill would also require DHSS to adopt data collection standards and any other policies and procedures the chief data officer deems necessary. In addition, DHSS/Division of Community and Public Health (DCPH) would be required to identify types of electronic data as well as the location and level of security

required for each type of data.

The department anticipates being able to absorb these costs, however, until the FY 2024 budget is final, the department cannot identify specific funding sources.

Officials from the **Department of Corrections (DOC)** state this legislation creates the office of Chief Data Officer within the Office of Administration to oversee each state agency's management of electronic data. It also requires each state agency to identify its various types of electronic data, the location of such data, and the level of security required for each type.

There could be an operational impact on the department. Our purchasing section would need to ensure our solicitations require the appropriate level of security. To do this, they would need guidance for evaluating solicitation responses to ensure they are meeting the security requirements, as procurement officers are not experts in data security and are not qualified to make this determination.

The department will therefore require one FTE for a Data Specialist to liaison with OA and provide guidance to department staff.

Oversight assumes the fiscal impact for DESE, DHSS, DOC 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 **Department of Commerce and Insurance, the Department of Economic Development, the Department of Higher Education and Workforce Development, the Department of Mental Health, the Department of Natural Resources, the Department of Labor and Industrial Relations, the Department of Revenue, the 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 Veterans Commission), the Department of Social Services, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Department of Agriculture, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri House of Representatives, the Department of Transportation, the Office of Prosecution Services, the Office of Administration (Administrative Hearing Commission), the Office of the State Courts Administrator, the Office of the State Auditor, the Missouri Senate, the Office of the Secretary of State, the Office of the State Public Defender, 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 Mental Health** and the **Department of Social Services** defer to the Office of Administration for the potential fiscal impact of this proposal.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 its core budget. 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.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
	Could exceed...	Could exceed...	Could exceed...
<u>Costs – OA-ITSD</u>			
Personnel Service	(\$663,730)	(\$816,388)	(\$836,797)
Fringe Benefits	(\$444,747)	(\$500,436)	(\$507,882)
Expense & Equipment	(\$222,238)	(\$114,751)	(\$117,620)
<u>Total Costs -</u>	<u>(\$1,330,715)</u>	<u>(\$1,431,575)</u>	<u>(\$1,462,299)</u>
FTE Change	13 FTE	13 FTE	13 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,330,715)</u>	<u>(\$1,431,575)</u>	<u>(\$1,462,299)</u>
Estimated Net FTE Change on General Revenue	13 FTE	13 FTE	13 FTE

OTHER STATE FUNDS			
<u>Cost – Departments reporting to the Chief Data Officer</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The proposed legislation create the position of Chief Data Officer within the Office of Administration who is authorized to oversee each state agency’s management of electronic data for purposes of evaluating appropriate management and security of the data..

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 and Workforce Development
- 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

Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Local Government Employees Retirement System
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
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Office of Prosecution Services
Office of Administration
Facilities Management, Design and Construction
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
Public Schools and Education Employee Retirement Systems
State Tax Commission



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January 17, 2023



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