LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 633** HLS 20RS 326
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 31, 2020 4:02 PM
Author: FREIBERG
Dept./Agy.: Statewide
Subject: Specific Mandatory Training in Cybersecurity Awareness
Analyst: Monique Appeaning

STATE EMPLOYEES EN SEE FISC NOTE GF EX See Note

Provides for the mandatory training in cybersecurity awareness for all state and local employees, officials, and contractors

Proposed law provides that State Civil Service shall create and implement cybersecurity awareness training for state and local agency officials and employees and contractors who have access to their agency's information technology assets. Proposed law provides that each new state and local agency official or employee with such access shall complete cybersecurity awareness training within the first 30 days of employment. Proposed law provides that the cost of the cybersecurity awareness training shall be paid by agencies employing state classified employees, by means of fees generated by the program, and by means of any other funds made available to the State Civil Service through the federal government, nonprofit corporations, or any other source, public or private. Proposed law provides that the department shall make the training available to local agencies at minimal cost. Proposed law provides that the agency head shall verify and report to the Department of State Civil Service on the completion of cybersecurity training by each such contractor.

EXPENDITURES	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**5 -YEAR TOTAL**
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

Proposed law will result in increased IAT expenditures to State Civil Service (SCS) and increased LF expenditures for local governing authorities. SCS will realize additional costs to institute, develop, conduct and otherwise provide cybersecurity training programs designed to keep state agencies safe from cyberattacks. The expenditures are for the following areas: Course Development and Maintenance ($5,107), Distribution Processing ($3,447), Downloading service for political subdivisions unable to access the state online learning system (LEO) ($1,860), and the processing of those download requests. The cost projection for FY21 totals $10,992 and includes the initial course development. SCS projects costs for FY22 - FY25 to include annual updates and distribution processing estimates that increase by 4% each year to account for anticipated market adjustments ($7,334 in FY 22 rising to $8,018 in FY 25). The downloading service cost estimate is based on a quote from the current vendor and is not expected to increase in a material manner.

NOTE: SCS bills entities for its services. These entities include state agencies that utilize multiple means of finance for operating expenditures. The expenditure exposure for state agencies are reported as SGF only for simplicity in this fiscal note, but expenditures are likely to be made across all means of finance in the aggregate statewide. To the extent state agencies do not have sufficient funding to pay for the training, additional SGF or budget authority may be required. SCS is required to make this training available to local governmental entities at minimal cost, which may result in a nominal aggregate increase in LF expenditures statewide.

The Office of State Procurement (OSP) reports that proposed law is not specific as to which cybersecurity training is required for contractors, but provided cost estimates based on the assumption that contractors will utilize the same cybersecurity training developed by SCS used to train state employees. Currently, certain contractors with access to specific statewide systems (e.g. LaGov/LEO) are required to complete state-mandated training utilizing existing resources on a smaller scale. The net expenditure impact of proposed law depends on the number of contractors impacted. For example, the bill under Paragraph B(3) limits the population only to contractors with "access to state or local (IT) assets"; however, Paragraph B(4) appears to include all contractors. The potential fiscal impact primarily arises from four categories:

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

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(1) ID Licensing - OTS will need to obtain and maintain sufficient licenses for additional contractor personnel to receive training. OTS estimates 1,000 additional licenses are required at a total IAT cost of $5,655 per year.

(2) Contractor Cost Increase - OSP indicates that it assumes contractors will attempt to recapture the costs of their employees being occupied with mandatory training. This may result in higher bid prices and/or direct billings for staff time. Based on 1,000 additional licenses at an estimated median hourly rate of $50.00 per hour (much less for call center workers; much more for IT consultants, etc.), and an estimated duration of one hour per year, the estimated net statewide cost associated is approximately $50,000 per year (reflected as SGF only in this fiscal note but potentially impacting all means of finance).

(3) Contract Compliance - OSP will need to verify that all contracts contain language that contractors with access to State IT assets must complete the cybersecurity training. The time involved to verify inclusion of the cybersecurity training clause in every contract should take no more than two minutes per contract on average, over approximately 11,000 contracts per year, for an extended total of 22,000 minutes per year, or 367 employee-hours per year. OSP reports that including salary, related benefits, equipment, supplies, and shared services, procurement employees cost approximately $44.45 per hour on average. This results in an estimated net statewide cost associated with this impact of $16,313 per year. NOTE: The LFO feels that while the workload is material in the aggregate, contract requirements change annually requiring additional review and compliance monitoring on the part of OSP and considers this potential impact to be nominal.

(4) Risk Reduction - OTS reports that is possible, though entirely speculative, that the state could realize savings from proposed law in the form of fewer cybersecurity events translating to reduced IT system downtime, less need to effectuate emergency IT system replacements or repairs, and/or lowered costs of cyber-liability or other insurance.

Any potential net expenditure impact is impossible to quantify. The requirements on contractors regarding cybersecurity training may result in negligible contract cost increases, the requirements for OSP to monitor compliance in contracts will create a nominal workload impact, and the cost for OTS to acquire additional licenses to cover contractor usage will incur additional costs, there is a possibility that employees and contractors receiving the prescribed training may result in savings if cyber attacks are prevented. Any such savings are speculative and would depend on the severity, complexity and frequency of future cyber attacks. The savings may be impacted by the extent that cybersecurity awareness training may not be sufficient to stop future cyber attacks.

Proposed law will result in an indeterminable, but potentially significant, LF expenditure impact for local governing authorities statewide. The magnitude of any such impact is indeterminable and will be primarily derived from any cost increases precipitated by requiring additional annual training for numerous contractors providing services to local governing authorities. In the same way that contractors for state entities are likely to attempt to recapture costs of employee training requirements, the LFO assumes the same will be true of those providing services to local governing authorities. Local governing authorities will also be required to adjust contract requirements going forward to require cybersecurity awareness training and to monitor compliance.

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☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

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