

**Preliminary Research Plan: House Bill 2209, Topic: Cyber Security**

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Research Manager: David Lewis

Lead Research Associate: Tyler Carpenter

Support: Mark Patterson

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Deputy Executive Director Approval: Initial:  Date: 4/14/16

Executive Director Approval: Initial:  Date: 4/18/2016

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**Purpose**

To study the utility of the Comptroller of the Treasury studying the state's cyber security.

**Background**

The House State Government Subcommittee sent House Bill 2209 by Powell to the Commission. The bill would have required the Comptroller of the Treasury to create a report regarding cybersecurity that includes, at a minimum, a summary explaining necessary improvements to protect state data, what if any protections are currently in place, areas of weakness, and long term solutions. Senate Bill 2411 by Yarbro, its companion, was sent to the Senate Judiciary Committee.

According to the Treasury Department's Division of Risk Management and Claims Administration, cyber-security incidents—accidental or malicious actions or events that have the potential of causing actual or potential jeopardy to the confidentiality, integrity, and availability of State data and information technology assets—are growing concerns. These incidents include but are not limited to theft or loss of physical equipment, illegal access to systems or information, and failing to protect and secure electronic personal identifiable information (PII) or personal health information (PHI). They can reduce productivity, significantly damage systems, and damage the state's reputation. Each state agency in Tennessee is required to develop a Cyber Incident Response Plan (CIRP) detailing how they would respond in the event of a cyber-incident. The plans are required in part to ensure coverage under cyber liability insurance purchased for the state by the Division of Risk Management and Claims Administration. The Treasury Department has developed a guide for agencies to use to create their own plans.

### **Step 1. Define the Problem**

Determine whether the benefits and costs of an assessment by the Comptroller of the Treasury of Tennessee's state government's cyber security efforts and options weigh in favor of legislation requiring it?

### **Step 2. Assemble Some Evidence**

- Review referred legislation.

Review House Bill 2209 and related statutes and regulations to determine what the bill does.

Review committee hearings on the bill and summarize comments and concerns of committee members, the bill sponsors, and others speaking for or against the bill.

Interview the bill's sponsors, proponents, and other stakeholders to determine what is driving this issue.

Review the fiscal note. Consult with Fiscal Review Committee staff and follow up with agencies submitting support forms to determine the estimated cost and the method and rationale for the estimates.

- Interview the management of the Treasury Department's Division of Risk Management and Claims Administration about the state's current cyber-security efforts.
- Interview management of the Comptroller of the Treasury's Division of State Audit to identify study options.
- Review relevant federal statutes and regulations.
- Review similar policies in other states.
- Review relevant literature and data sets.

### **Step 3. Construct Alternatives**

Alternatives will be based on

- current policy,
- proposed changes in the current policy, and
- any additional alternatives drawn from the research and analysis in Step 2.

Each alternative will be described specifically enough to project outcomes in Step 5.

### **Step 4. Select Criteria**

- Cost (direct and indirect)
- Utility (improvement to security)

- Duplication of effort

#### **Step 5. Project Outcomes**

- Estimate cost.
- Estimate effect on state's cyber security.
- Estimate any unnecessary duplication of effort requiring the report might create.

#### **Step 6. Confront Trade-offs**

- How will the differences between the current policy and the other alternatives affect the public?
- What are the pros and cons of the potential solutions?

#### **Step 7. Decide which alternatives to present to the Commission**

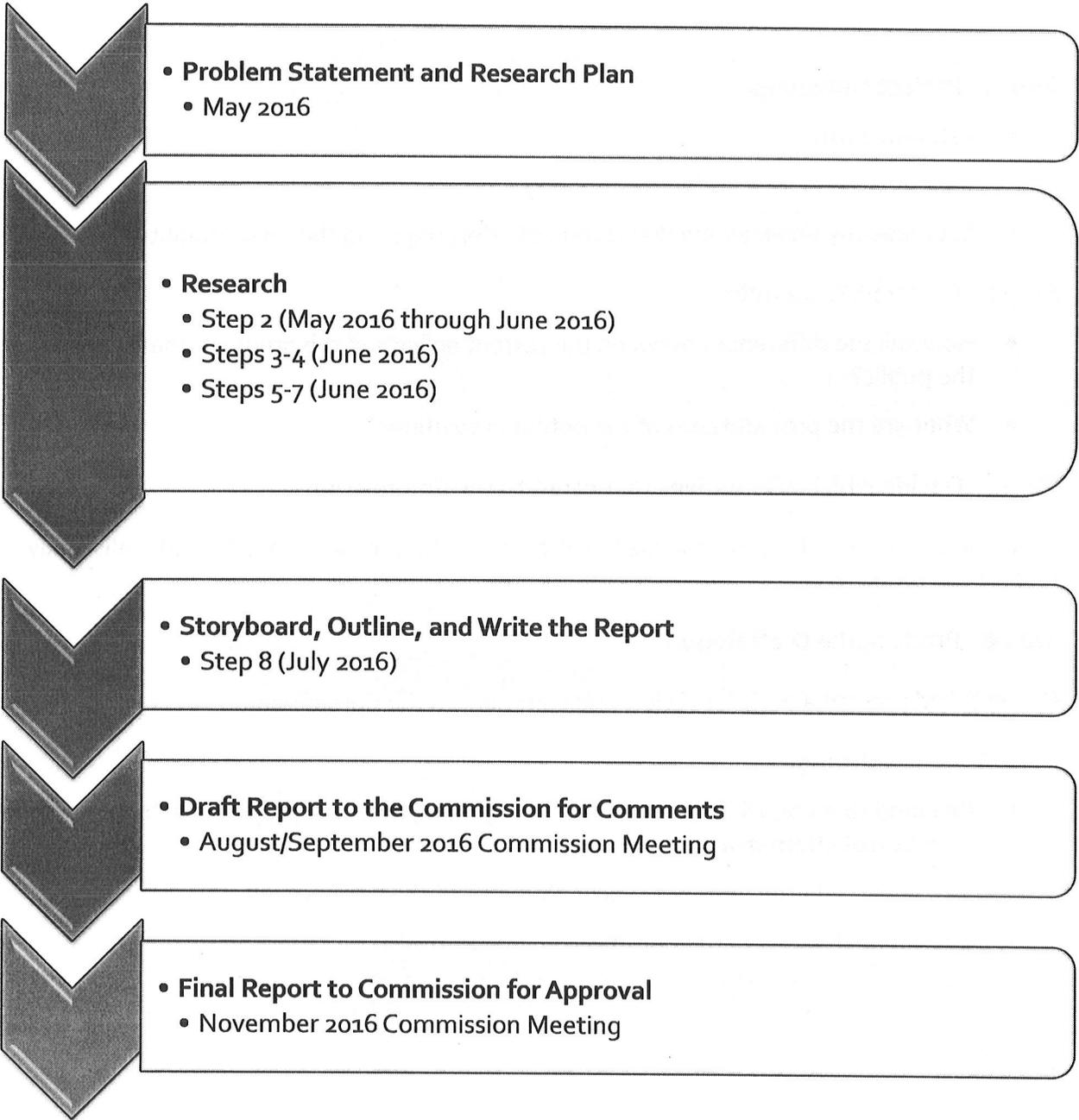
Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem.

#### **Step 8. Produce the Draft Report**

Develop and present a draft for review and comment to the Commission.

#### **Revisit Steps 5 through 8.**

- Respond to feedback from Commission regarding outcome projections, trade-offs, and selection of alternatives.
- Revise and edit the draft to reflect comments of the Commission.
- Submit final report to the Commission for approval.



HOUSE BILL 2209

By Powell

AN ACT to amend Tennessee Code Annotated, Title 4;  
Title 10 and Title 38, relative to security of state  
data.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1.

(a) The comptroller of the treasury shall create a report regarding the current status of cybersecurity in the state of Tennessee with regard to confidential data maintained by the various departments of state government.

(b) The report shall include, at a minimum, a summary explaining necessary improvements to protect state data, what, if any, protections are currently in place, areas of weakness, and long term solutions.

(c) The report shall be filed with the members of the General Assembly by January 1, 2017.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring

it.



TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2209 - SB 2411

March 14, 2016

**SUMMARY OF BILL:** Requires the Comptroller of the Treasury to create a report regarding the status of cybersecurity in Tennessee with regard to confidential data maintained by the departments of state government. Requires the report to be filed with the members of the General Assembly by January 1, 2017, and include a summary explaining the necessary improvements to protect state data, what protections are currently in pace, areas of weakness, and long term solutions.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$475,700/One-Time**

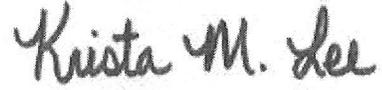
Assumptions:

- Based on information from the Comptroller's Office (COT), the depth of the audit needed to summarize the required information and expedited timeline to complete the required summary will require the hiring of additional auditors.
- Based on information from COT, the mid-point salary range for a Legislative Information Systems Auditor 4 position is \$48.71 per hour
- In order to meet the January 1, 2017 timeline required by the bill, additional auditors will be hired on a one-time basis and the COT estimates 9,600 billable hours; the equivalent of eight months of full-time work. Thus, a one-time increase in state expenditures estimated to be \$467,616 (9,600 x \$48.71).
- Each auditor will require a laptop to complete audit work resulting in a one-time increase in state expenditures of \$800 per auditor, for a total one-time cost of \$7,200 (\$800 x 9).
- Auditors will require various office supplies resulting in a one-time increase in state expenditures of \$100 per auditor, for a total one-time cost of \$900 (\$100 x 9).
- The total one-time increase in state expenditures is estimated to be \$475,716 (\$467,616 + \$7,200 + \$900).

HB 2209 - SB 2411

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista M. Lee in black ink.

Krista M. Lee, Executive Director

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