

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                     |         |                     |         |
|---|---------------------|---------|---------------------|---------|
|   | <b>FY 2023-24</b>   |         | <b>FY 2024-25</b>   |         |
|   | EXPENDITURES        | REVENUE | EXPENDITURES        | REVENUE |
| GENERAL FUNDS   | \$18,665,627        |         | \$18,697,294        |         |
| CASH FUNDS  |                     |         |                     |         |
| FEDERAL FUNDS   |                     |         |                     |         |
| OTHER FUNDS   |                     |         |                     |         |
| <b>TOTAL FUNDS</b>  | <b>\$18,665,627</b> |         | <b>\$18,697,294</b> |         |

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 651 provides Legislative intent regarding cybersecurity efforts, provides duties and an intent to appropriate General Funds to the office of the Chief Information Officer (OCIO).

Section 1 provides Legislative findings that cybersecurity is a growing problem for the State of Nebraska and its political subdivisions. The OCIO is constrained in its efforts due to a lack of General Fund appropriations. The intent to appropriate twenty million dollars (\$20,000,000) of General Funds annually beginning in FY2023-24 for the purposes of cybersecurity activities is established. Furthermore, it is intended that eight million dollars of the total appropriation (\$8,000,000) be used annually to secure and remediate the cybersecurity vulnerabilities within the vendor ecosystem of vendors contracted with the state, executive agencies, and political subdivisions by contracting with a software provider that will provide certain types of assistance.

The OCIO estimates total costs, including necessary staffing, to be \$18,665,627 in FY23-24 and \$18,697,294 in FY2024-25. There is no basis to disagree with these estimates.

LB 651 states intent to appropriate \$20,000,000. However, costs for the activities in the bill are less than this amount. As a result, the estimated costs are listed in the table above.

| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>  |                  |  |  |
|---|------------------|--|--|
| <b>LB: 651</b>  | <b>AM:</b>       | <b>AGENCY/POLT. SUB: Dept. of Administrative Services – (DAS-OCIO)</b> |  |
| REVIEWED BY: Kimberly Burns   | DATE: 02/17/2023 | PHONE: (402) 471-4171  |  |
| COMMENTS: The Department of Administrative Services – Office of the Chief Information Officer’s assessment of fiscal impact from LB 651 appears reasonable based on the criteria outlined.<br><u>Technical Note:</u> The current bill appropriation language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804. |                  |  |  |

| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>  |                  |  |  |
|---|------------------|--|--|
| <b>LB: 651</b>  | <b>AM:</b>       | <b>AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)</b> |  |
| REVIEWED BY: Kimberly Burns   | DATE: 03/08/2023 | PHONE: (402) 471-4171  |  |
| COMMENTS: No basis to disagree with the Nebraska Association of County Officials’ explanation of possible fiscal impact from LB 651.<br><u>Technical Note:</u> The current bill appropriation language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804. |                  |  |  |

Please complete ALL (5) blanks in the first three lines.

**2023**

**LB<sup>(1)</sup> 651**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services – Office of the Chief Information Officer (DAS-OCIO)

Prepared by: <sup>(3)</sup> Noah Finlan Date Prepared: <sup>(4)</sup> 2/7/2023 Phone: <sup>(5)</sup> 402-471-4385

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|                    | <u>FY 2023-24</u>   |                | <u>FY 2024-25</u>   |                |
|--------------------|---------------------|----------------|---------------------|----------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS      | 18,665,627          |                | 18,697,294          |                |
| CASH FUNDS         |                     |                |                     |                |
| FEDERAL FUNDS      |                     |                |                     |                |
| REVOLVING FUNDS    |                     |                |                     |                |
| <b>TOTAL FUNDS</b> | <u>18,665,627</u>   |                | <u>18,697,294</u>   |                |

**Explanation of Estimate:**

LB 651 as proposed would establish new duties and parameters for the Department of Administrative Services - Office of the Chief Information Officer (DAS-OCIO) with regards to cybersecurity including political subdivisions.

To accomplish the requirements of LB 651, cybersecurity software and hardware would need to be procured and maintained on a yearly basis resulting in operating expenses of \$18,172,900 and \$18,168,465 for FY24 and FY25 respectively.

In addition, a staff of 5 FTE’s dedicated solely to cybersecurity and administration of the program would be needed at an estimated cost for salaries & benefits of \$492,727 and \$528,829 for FY24 and FY25 respectively.

| Section    | Description   | FY2023-2024       | FY2024-2025       |
|------------|---|-------------------|-------------------|
| <b>4</b>   | <b>Preparedness</b>                                     |                   |                   |
|            | Visibility and Asset Management                         | 250,000           | 250,000           |
|            | Expansion of SIEM Capabilities                          | 500,000           | 500,000           |
|            | Increased Detection and Response Capabilities           | 1,200,000         | 1,200,000         |
|            | Workforce Development Activities                        | 50,000            | 50,000            |
| <b>5</b>   | <b>Vendor Security</b>                                  |                   |                   |
|            | Governance, Cyber Risk and Compliance Tool              | 200,000           | 200,000           |
|            | Vendor Security Partnership                             | 7,700,000         | 7,700,000         |
| <b>6</b>   | <b>Political Subdivision Program</b>                    |                   |                   |
|            | Individual Projects Submitted by political subdivisions | 4,000,000         | 4,000,000         |
| <b>7</b>   | <b>Software &amp; Services</b>                          |                   |                   |
|            | Proofpoint Cybersecurity Awareness Platform             | 250,000           | 250,000           |
|            | Incident Monitoring and Incident Response               | 4,000,000         | 4,000,000         |
| <b>4-7</b> | <b>Other Operating Expenses</b>                         | 22,900            | 18,465            |
|            | <b>Operating Expense Total:</b>                         | <b>18,172,900</b> | <b>18,168,465</b> |
| <b>4-7</b> | Salary - State Information Security Officer             | 77,606            | 81,847            |
| <b>4-7</b> | Salary - Administrative Programs Officer II             | 47,188            | 49,547            |
| <b>4-7</b> | Salary - IT Infrastructure Support Analyst/Senior (3)   | 181,308           | 190,371           |
| <b>4-7</b> | Benefits  | 186,625           | 207,064           |
|            | <b>PSL Total:</b>                                       | <b>492,727.00</b> | <b>528,829</b>    |
|            | <b>Operating Expense and PSL Expense Total:</b>         | <b>18,665,627</b> | <b>18,697,294</b> |

**NOTE:**

LB 651 as proposed would appropriate \$20 million of General Funds annually beginning in FY2023-24 to Agency 65, Department of Administrative Services, Program 172, Information Management Services Division, for the purposes of cybersecurity activities.

Due to Program 172 utilizing Revolving Funds and LB 651 identifying the use of General Funds, DAS-OCIO would request a new program be created to allow for more effective fiscal and operational management of LB 651 and the cybersecurity program.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| <u>POSITION TITLE</u>                    | <u>NUMBER OF POSITIONS</u> |              | <u>2023-24</u>      | <u>2024-25</u>      |
|--|----------------------------|--------------|---------------------|---------------------|
|  | <u>23-24</u>               | <u>24-25</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| State Information Security Officer       | 1                          | 1            | 77,606              | 81,847              |
| Administrative Programs Officer II       | 1                          | 1            | 47,188              | 49,547              |
| IT Infrastructure Support Analyst/Senior | 3                          | 3            | 181,308             | 190,371             |
| Benefits.....                            |                            |              | 186,625             | 207,064             |
| Operating.....                           |                            |              | 18,172,900          | 18,168,465          |
| Travel.....                              |                            |              |                     |                     |
| Capital outlay.....                      |                            |              |                     |                     |
| Aid.....                                 |                            |              |                     |                     |
| Capital improvements.....                |                            |              |                     |                     |
| <b>TOTAL.....</b>                        |                            |              | <b>18,665,627</b>   | <b>18,697,294</b>   |

Please complete ALL (5) blanks in the first three lines.

**2023**

**LB<sup>(1)</sup> 651**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of County Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 3/10/2023 Phone: <sup>(5)</sup> 402.434.5660

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|                    | <u>FY 2023-24</u>   |                | <u>FY 2024-25</u>   |                |
|--------------------|---------------------|----------------|---------------------|----------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS      | _____               | _____          | _____               | _____          |
| CASH FUNDS         | _____               | _____          | _____               | _____          |
| .                  | _____               | _____          | _____               | _____          |
| OTHER FUNDS        | _____               | _____          | _____               | _____          |
| <b>TOTAL FUNDS</b> | <b>=====</b>        | <b>=====</b>   | <b>=====</b>        | <b>=====</b>   |

**Explanation of Estimate:**

LB651 would provide that the Legislature appropriate \$20 million of General Funds for the purposes of cybersecurity activities, including, but not limited to:

- The Chief Information Officer shall work to secure and remediate the cybersecurity vulnerabilities within the vendor ecosystems of vendors contracted with political subdivisions, including counties; and
- Provide political subdivisions, such as counties, the ability to monitor publicly observable cybersecurity vulnerabilities of themselves and their vendor ecosystems and training classes on managing their cybersecurity vendor ecosystems.

A program would be created to provide political subdivisions, including counties, the ability to upgrade critical information technology infrastructure. Funding would be \$4.5 million, including up to \$500,000 for salaries. A county awarded money under such program could use money to upgrade critical information technology infrastructure of the political subdivision, improve training on cybersecurity, and work towards compliance with nationally recognized cybersecurity frameworks and other cybersecurity objectives outlined by the Chief Information Officer (Officer).

The Officer may include software and services to be used by the state and state agencies as long as the contracted software or services are offered to political subdivisions, including counties, at no charge. Funding for this provision would be \$4.5 million with up to \$250,000 for salaries.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2023-24</u>      | <u>2024-25</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>23-24</u>               | <u>24-25</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____                     | _____                      | _____        | _____               | _____               |
| _____                     | _____                      | _____        | _____               | _____               |
| Benefits.....             | _____                      | _____        | _____               | _____               |
| Operating.....            | _____                      | _____        | _____               | _____               |
| Travel.....               | _____                      | _____        | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____               | _____               |
| <b>TOTAL.....</b>         | <b>_____</b>               | <b>_____</b> | <b>_____</b>        | <b>_____</b>        |