

March 25, 2024

The Honorable Barbara Wasinger, Chairperson
House Committee on Legislative Modernization
300 SW 10th Avenue, Room 218-N
Topeka, Kansas 66612

Dear Representative Wasinger:

SUBJECT: Fiscal Note for HB 2842 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2842 is respectfully submitted to your committee.

HB 2842 would require, on and after July 1, 2027, all information technology services, including cybersecurity services, for each branch of state government to be administered by the chief information technology officer (CITO) and the chief information security officer (CISO) of such branch. Prior to January 1, 2026, the Executive CITO, the Judicial CITO, and the Legislative CITO would develop a plan to integrate all information technology services. Each chief information technology officer would report the plan to the Senate Committee on Ways and Means and the House Committee on Legislative Modernization or its successor committee prior to January 15, 2026. Prior to January 1, 2025, every website that is maintained by a branch of government or state agency would be moved to a “.gov” domain. Beginning on July 1, 2025, moneys appropriated from the State General Fund to or any special revenue fund of any state agency for IT and cybersecurity expenditures would be appropriated as a separate line item and could not be merged with other items of appropriation.

The bill would establish the position of Judicial Branch Chief Information Security Officer and Legislative Branch CISO, who would report to the Judicial Branch CITO and Legislative Branch CITO, respectively, and would establish security standards and policies to protect IT systems and infrastructure. The bill outlines certain duties and responsibilities of the CISO and CITO. The bill specifies that if an IT audit results in a failure, the corresponding CITO must report the failure to the Speaker of the House of Representatives and President of the Senate within 30 days. Beginning on July 1, 2028, the Director of the Budget, in consultation with the Legislative, Executive, and Judicial CITOs would determine if each state agency is in compliance with the

provisions of the bill for the previous fiscal year. If a state agency is not in compliance, the Director of the Budget would certify an amount equal to 5.0 percent of such agency's appropriation or special revenue fund and submit a written report to the Legislature on or before the first day of the regular session. The Legislature would determine whether to lapse such appropriated amounts or reduce expenditure limitations of special revenue funds for agencies not in compliance.

The bill would appropriate \$65.0 million from the State General Fund in FY 2026 for the Office of Information Technology Services (OITS). During FY 2026, the Director of the Budget, in consultation with the Executive Branch CITO and CISO, would determine the amount of monies from the State General Fund and each special revenue fund that each Executive Branch agency has expended during fiscal years 2021 through 2025 for services performed by OITS or the Kansas Information Security Office for such state agency. The bill would also establish a no-limit Information Technology Security Fund in the Kansas Information Security Office for FY 2025 and FY 2026 and would appropriate \$250,000 from the State General Fund for the Adjutant General for FY 2025. The appropriation to the Adjutant General would be for 2.00 unclassified FTE positions in the Kansas Intelligence Fusion Center to assist in monitoring state IT systems.

The bill would require the Commissioner of Insurance to appoint a CISO, who would be responsible for establishing security standards and policies to protect the department's IT systems and infrastructure. The bill lists certain duties of the CISO. Under the bill, IT audits conducted by the United States Cybersecurity and Infrastructure Security Agency would not be subject to disclosure under open records laws. The bill would require the Secretary of State, State Treasurer, and Attorney General, to appoint a CISO and lists their duties and responsibilities. The bill would require the Information Technology Executive Council to meet as the Council deems necessary.

The Executive and Judicial CITOs would be required to consult with the appropriate legal counsel on certain legal topics relating to confidentiality of information and would be required to ensure each Executive or Judicial agency has the necessary IT and cybersecurity staff to accomplish its duties. OITS and Office of Judicial Administration employees would be prohibited from disclosing confidential information of an Executive or Judicial agency, which would be a severity level 5, nonperson felony if disclosed. The Legislative CITO would be required to consult and obtain approval from the Revisor of Statutes prior to taking action on legal topics related to confidentiality of information and would be required to ensure that each Legislative agency has the necessary IT and cybersecurity staff to accomplish its duties. Employees of the Kansas Legislative Office of Information Services or the Division of Legislative Administrative Service would be prohibited from disclosing confidential information of a Legislative agency, which would be a severity level 5, nonperson felony if disclosed. The bill lists the responsibilities of the Executive Branch CISO. The Kansas Information Security Office would be administered by the Executive CISO and would be staffed appropriately to fulfill the provisions of the Kansas Cybersecurity Act. The bill would also create the Information Technology Security Fund, which would be administered by the Executive CISO. The bill would require Executive Branch agency heads to coordinate with the Executive CISO to implement certain security standards.

The Office of the Attorney General indicates enactment of the bill would increase expenditures by \$80,000 from the State General Fund in FY 2025 to hire an additional IT staff

member to assist with the workload created by the bill. The Office states that \$84,000 from the State General Fund would be needed in FY 2026 for the position.

The Insurance Department indicates enactment of the bill would require it to hire a CISO with salary and benefits totaling \$233,756 from agency fee funds beginning in FY 2025. The Department also indicates the bill would increase expenditures by \$100,000 from agency fee funds in FY 2025 for one-time setup costs for its IT systems. The Department also estimates expenditures for the federal audit required by the bill would total \$150,000 from agency fee funds beginning in FY 2025. Altogether, enactment of the bill would increase expenditures to the Department by \$483,756 in FY 2025. Beginning in FY 2026, expenditures would total \$383,756 for salaries and wages and costs related to the federal audit. The Department notes that there may be additional costs for any penalties it incurs.

Legislative Administrative Services (LAS) indicates enactment of the bill would require it to hire 1.00 CISO FTE position at a cost of \$181,836 from the State General Fund beginning in FY 2026. LAS states that there may be additional expenditures for hardware, software, or other capital outlay items, but these costs cannot be estimated at this time. LAS also notes that all Legislative agencies' IT employees would be placed under the supervision of the CITO. Since those employees are funded in different Legislative agencies, LAS assumes that all funding for existing employees would be transferred to the Legislature's appropriations in FY 2026, including the Revisor's Office, the Legislative Research Department, and Legislative Post Audit.

The Office of Judicial Administration indicates enactment of the bill would increase expenditures by \$1,714,312 from the State General Fund in FY 2025. Of this amount, \$500,000 would be for contract labor to backfill current employees to comply with the ".gov" provisions of the bill, \$430,000 would be for software costs, \$624,944 would be for 6.00 FTE positions for IT security to comply with National Institute of Standards and Technology (NIST) standards, and \$159,368 would be for 3.00 FTE positions to expand IT services to counties to comply with NIST standards. The FY 2025 amount includes an additional 9.00 FTE positions. For FY 2026, the Office estimates enactment of the bill would increase expenditures by \$16,853,053 from the State General Fund. Of this amount, \$430,000 would be for software costs, \$624,944 would be for 6.00 FTE positions to expand IT security to counties to comply with NIST standards, \$637,472 would be for 6.00 FTE positions to expand other IT services to counties, \$3,925,000 would be for networking equipment, \$490,000 would be to install network equipment, \$1,350,000 would be for network equipment software, \$5,500,000 would be for hardware for 2,200 users, \$844,800 would be for software costs related to Microsoft 365 G3, and \$3,050,837 would be for 25.00 FTE positions for regional support and 8.00 FTE positions for system administrators. The FY 2026 amount includes an additional 45.00 FTE positions.

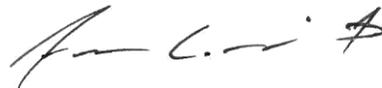
The Office of the Secretary of State indicates enactment of the bill would increase expenditures by \$160,000 from agency fee funds beginning in FY 2025 for 1.00 CISO FTE position to comply with the provisions of the bill. The Office notes that the bill would require the agency to obtain audits each year. Due to the compliance requirements of NIST, the agency states that costs could be significant. However, a precise estimate of audit costs cannot be provided at this time.

The Adjutant General's Department indicates enactment of the bill would require it to create 2.00 FTE positions under the Kansas Intelligence Fusion Center beginning in FY 2025. The positions would be funded by the \$250,000 appropriation in FY 2025. The Department notes that the appropriation would need to continue into future fiscal years to fund the positions.

The Sentencing Commission indicates enactment of the bill may increase prison admissions and beds needed, but an estimate cannot be determined at this time.

The Office of Information Technology Services indicates it cannot estimate the fiscal effect on the agency until further study can be completed, and additional clarification is received on certain provisions of the bill. Any fiscal effect associated with HB 2842 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Gordon Self, Revisor of Statutes
Bobbi Mariani, Insurance Department
Sandy Tompkins, Office of the Secretary of State
William Hendrix, Office of the Attorney General
Brian Reiter, Office of Information Technology Services
Trisha Morrow, Judiciary
Tom Day, Legislative Services
Michael Neth, Office of the Adjutant General