

Multiple Agency Fiscal Note Summary

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.
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Estimated Cash Receipts

NONE

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Systems Committee	.0	0	0	0	.0	0	0	0	.0	0	0	0
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Auditor	Fiscal note not available											
Office of Attorney General	.3	61,000	61,000	61,000	.0	0	0	0	.0	0	0	0
Office of Financial Management	.8	2,036,654	2,036,654	2,036,654	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	Fiscal note not available											
Consolidated Technology Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	Fiscal note not available											
Department of Children, Youth, and Families	Fiscal note not available											
University of Washington	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State University	Fiscal note not available											
Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
The Evergreen State College	Fiscal note not available											
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Employment Security Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Community and Technical College System	Fiscal note not available											
Total \$	1.1	2,097,654	2,097,654	2,097,654	0.0	0	0	0	0.0	0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Systems Committee	.0	0	0	.0	0	0	.0	0	0
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of State Auditor	Fiscal note not available								
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	Fiscal note not available								
Consolidated Technology Services	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Fiscal note not available								
Department of Children, Youth, and Families	Fiscal note not available								
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	Fiscal note not available								
Eastern Washington University	.0	0	0	.0	0	0	.0	0	0
Central Washington University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	Fiscal note not available								
Western Washington University	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Tyler Lentz, OFM	Phone: (360) 790-0055	Date Published: Preliminary 3/13/2021
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Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 038-Joint Legislative Systems Committee
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Kim Jorgenson	Phone: 3607867027	Date: 03/09/2021
Agency Approval: Kim Jorgenson	Phone: 3607867027	Date: 03/09/2021
OFM Review: Steven Puvogel	Phone: (360) 701-6459	Date: 03/09/2021

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Judicial Impact Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Pam Kelly	Phone: 360-705-5318	Date: 03/10/2021
Agency Approval: Ramsey Radwan	Phone: 360-357-2406	Date: 03/10/2021
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 03/12/2021

167,617.00

Request # 5432 ESSB-1

Form FN (Rev 1/00)

1

Bill # 5432 E S SB

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

Please see attached Judicial Impact Note (JIN).

II. B - Cash Receipts Impact

II. C - Expenditures

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe potential financing methods

NONE

Part II: Narrative Explanation

This bill would create the Office of Cybersecurity within the Office of the Chief Information Officer at Watech. The primary duties of the Information Security Officer would be to establish statewide security standards to protect the state's information technology systems and infrastructure.

Part II.A – Brief Description of what the Measure does that has fiscal impact on the Courts

Section 1(6) – Would require the Judicial Branch to develop a information technology security program consistent with the Office of Cybersecurity's standards.

Section 5 – Would require that before an agency shares category 3 or higher data with a contractor a written data sharing agreement must be put into place.

II.B - Cash Receipt Impact

None

II.C – Expenditures

None, the Administrative Office of the Courts already has an IT security program in place.

Part III: Expenditure Detail

III.A – Expenditures by Object or Purpose

	FY 2021	FY 2022	2021-23	2023-25	2025-27
FTE – Staff Years					
A – Salaries & Wages					
B – Employee Benefits					
C – Prof. Service Contracts					
E – Goods and Services					
G – Travel					
J – Capital Outlays					
P – Debt Service					
Total:					

III.B – Detail:

Job Classification	Salary	FY 2021	FY 2022	2021-23	2023-25	2025-27
Total FTE's						

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.5	0.0	0.3	0.0	0.0
Account					
General Fund-State 001-1	61,000	0	61,000	0	0
Total \$	61,000	0	61,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Bruce Turcott	Phone: (360) 586-2738	Date: 03/05/2021
Agency Approval: Dianna Wilks	Phone: 360-709-6463	Date: 03/05/2021
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/08/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 adds a new section to chapter 43.105 RCW creating an Office of Cybersecurity (OC).

Section 2 adds a new section to chapter 43.105 RCW requiring the OC to submit a report to the legislature.

Section 3 adds a new section to chapter 43.105 RCW to require state agencies to report major cybersecurity incidents to the OC.

Section 4 requires the OC, in collaboration with the Office of Privacy and Data Protection and the Attorney General's Office, to report recommendations to the legislature.

Section 5 adds a new section to chapter 39.26 RCW to require data sharing agreements.

Section 6 adds a new section to chapter 39.34 RCW to require data sharing agreements.

Section 7 requires the Office of Financial Management to contract for a security evaluation audit.

Section 8 adds a new section to chapter 42.56 RCW to exempt reports submitted under Sections 7(3) and (4) from disclosure.

Section 9 adds a new section to chapter 42.56 RCW to exempt reports submitted under Section 1(7)(c) from disclosure.

Section 10 repeals RCW 43.105.215.

This law is assumed effective July 1, 2021 for this fiscal note.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

These Attorney General's Office activities are funded with General Fund-State dollars. No cash receipt impact. There is no client agency to bill for legal services.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Attorney General's Office (AGO) Agency Assumptions:

1. This bill has an emergency clause and is assumed to be effective immediately.
2. Total workload impact in this request includes standard assumption costs for good & services, travel, and capital outlays for all FTE identified.

3. The AGO Transportation & Public Division (TPC) has reviewed this bill and determined it will not increase or decrease the division's workload in representing the Washington Technology Solutions (WaTech). This bill revises Section 4 (report), the new Section 7 (Office of Financial Management audit), and Section 8 (public disclosure exemption). Both TPC and the Office of the Chief Information Officer concur that such changes will not require an adjustment to the previous determination of no fiscal impact for legal services to WaTech. Any new legal services are nominal and costs are not included in this request.

Assumptions for the AGO Administration Division's (ADM):

1. AGO ADM activities are funded with General Fund-State dollars. There is no appropriate client agency to bill for legal services.
2. ADM assumes new work for an Exempt Policy Analyst (EPA). Work will include, but is not limited to research and support of the Office of Cybersecurity, possible writing, and meeting the objections of Section 4.
3. New work needs to begin immediately because of the very quick deadline for the report.
4. This position is only needed through December 2021 because of the deadline for the report. Beginning in January 2022, any ADM work associated with this bill will be provided with existing resources.
5. Total workload impact in FY 2022: 0.5 EPA at a cost of \$61,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	61,000	0	61,000	0	0
Total \$			61,000	0	61,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.5		0.3		
A-Salaries and Wages	40,000		40,000		
B-Employee Benefits	13,000		13,000		
E-Goods and Other Services	7,000		7,000		
J-Capital Outlays	1,000		1,000		
Total \$	61,000	0	61,000	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Exempt-Policy Analyst	80,000	0.5		0.3		
Total FTEs		0.5		0.3		0.0

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Headquarters Administration - GFS (ADM)	61,000		61,000		
Total \$	61,000		61,000		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Revised

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 105-Office of Financial Management
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.3	0.3	0.8	0.0	0.0
Account					
General Fund-State 001-1	1,578,178	458,476	2,036,654	0	0
Total \$	1,578,178	458,476	2,036,654	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 03/12/2021
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 03/12/2021
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/13/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

- Section 1 (6) - Requires all state agencies to develop an information technology security program consistent with the office of cybersecurity's standards and policies.
- Section 1 (7)(a) - Requires all state agencies to adhere to the office of cybersecurity's security standards
- Section 1 (7)(b) - Requires all state agencies to obtain an independent compliance audit of its information technology security program and controls at least once every three years.
- Section 5 (1) - Requires all state agencies to have data sharing agreements in place with contractors before sharing category 3 and higher data.
- Section 6 (1) - Requires all state agencies to have data sharing agreements in place with other state agencies before sharing category 3 and higher data.
- Section 7 (1) - Requires OFM to contract for an independent security evaluation audit of state agency information technology in the state of Washington.
- Section 7 (3) - Requires four members of the legislature be updated at least monthly throughout the audit.
- Section 7 (4) - Establishes a due date for the security evaluation audit of August 31, 2022.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Assumptions:

- OFM will be required to absorb the cost of the every three year audit of its information technology security program and control.
- OFM's existing efforts to adhere to the annual requirements of OCIO policy 141.10 will meet the requirements of Sections 1-3 of the legislation.
- Section 7 requires OFM to contract with a third party to audit the state's cybersecurity. OFM will contract with Office of Cybersecurity (OCS) to assist with the drafting of a Request for Proposal (RFP) and evaluation of requirements for the RFP. OCS will also assist with vendor management and evaluating the reports.
- OFM will reimburse WaTech for actual costs incurred. Total estimated cost of a 1.0 FTE EMS3 for 14 months of work and is assumed to be \$240,000 in FY 22 and \$40,000 in FY 23.

OFM Information Technology Services (ITSD) impact:

To contract with a third party provider to perform the independent security evaluation audit of all state agencies information technology required in section 7 and to coordinate the state agency and contractor interactions for the audit and data sharing agreements along with the monthly reporting requirements for the legislative membership of the independent audit team. ITSD will require:

- 0.5 FTE Project Manager starting July 1, 2021 with an annual salary of \$112,000 plus benefits, cost of goods and services, travel, and one-time equipment costs for 18 months.

OFM Legal and Contracts impact:

- A total contract amount of \$1,500,000 will be required to contract for an independent security evaluation audit of state agency information technology in the state of Washington required in section 7(1). The contracted amount will be allocated as follows:

FY 22 - \$1,125,000

FY 23 - \$375,000

- Contract administration for the work related to the audit and data sharing agreements FY 2022:
 - 0.75 FTE Contracts Administrator with an annual salary of \$100,608 plus benefits, costs of goods and services, travel, and one-time equipment costs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	1,578,178	458,476	2,036,654	0	0
Total \$			1,578,178	458,476	2,036,654	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.3	0.3	0.8		
A-Salaries and Wages	131,460	28,008	159,468		
B-Employee Benefits	42,468	8,868	51,336		
C-Professional Service Contracts	1,365,000	415,000	1,780,000		
E-Goods and Other Services	30,000	6,000	36,000		
G-Travel	3,000	600	3,600		
J-Capital Outlays	6,250		6,250		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,578,178	458,476	2,036,654	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Contracts Administrator	100,384	0.8		0.4		
Program Manager	112,000	0.5	0.3	0.4		
Total FTEs		1.3	0.3	0.8		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Kathryn Kingman	Phone: 360-725-0455	Date: 03/08/2021
Agency Approval: Michael Paquette	Phone: 360-725-0875	Date: 03/08/2021
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 03/08/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached narrative

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attached narrative

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached narrative

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

See attached narrative

Part V: New Rule Making Required

HCA Fiscal Note

Bill Number: 5432 ES 2B

HCA Request #: 21-113

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill creates the Office of Cybersecurity within the Office of the Chief Information Officer adding new sections to RCW 43.105, RCW 39.34, RCW 42.56 and repealing RCW 43.105.215.

NEW SECTION. Section 1 creates the Office of Cybersecurity (OCS) within the Office of the Chief Information Officer (OCIO). The primary duties of the new office will be to establish security standards and policies for cybersecurity for the state and provide appropriate governance and application of the standards and policies across the information technology (IT) systems used by the state. The OCS will develop a centralized cybersecurity protocol for the state and a model incident response plan for cybersecurity incidents. Agencies will adopt the model and the OCS will be the incident response coordinator.

These references to state agencies include the Washington State Health Care Authority (HCA) as HCA operates and maintains a large number of IT systems.

The OCS will provide guidance to agencies on configuration and architecture of agencies IT systems, infrastructure and assets and collaborate with agencies in developing standards, functions and services in order to ensure state agency needs are being met, and perform all other matters necessary to carry out the purposes of this chapter.

Section 1(7)(b) and Section 1(7)(c) require a state agency to obtain an independent compliance audit of its IT security program and controls at least once every three years and if any failure to comply is found the OCS must require the agency to formulate and implement a plan to resolve it. These findings and the agency's plans for resolution will be reported annually by the OCS to the governor.

NEW SECTION. Section 2 requires the OCS to collaborate with state agencies to develop a catalog of cybersecurity services and functions for a report to the legislature and the governor. The catalog of services and performance metrics will be updated and published on a biennial basis and a process for reviewing and evaluating agency proposals for additional cybersecurity services.

NEW SECTION. Section 3 establishes that the OCS will be the state's point of contact for all major cybersecurity events and that state agencies must report major cybersecurity events to and provide OCS with contact information for any external parties who have material information related to the event.

NEW SECTION. Section 4 states that the OCS, in collaboration with the Office of the Attorney General shall research and examine existing best practices for matters relating to cybersecurity and submit a report to the legislature by December 1, 2021.

NEW SECTION. Section 5 requires that before data sharing with a contractor occurs that a written data sharing agreement that complies with RCW 43.105.054 be in place.

NEW SECTION. Section 6 requires that before data sharing with another state agency occurs that the requesting agency provide a written data sharing agreement that complies with the policies of the OCS.

NEW SECTION. Section 7 requires the Office of Financial Management (OFM) shall contract for an independent security evaluation audit of state agency information technology.

HCA Fiscal Note

Bill Number: 5432 ES 2B

HCA Request #: 21-113

NEW SECTION. Section 8 exempts reports shared and submitted by the audit team, OFM and the OCS from disclosure.

NEW SECTION. Section 9 exempts reports submitted by the OCS to the governor from disclosure.

NEW SECTION. Section 10 repeals RCW 43.105.215, the statute that currently sets cybersecurity programs for the state.

II. B - Cash Receipts Impact

None

II. C – Expenditures

No fiscal impact. HCA is in compliance with existing cybersecurity standards and audit requirements.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Revised

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 163-Consolidated Technology Services
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Nenita Ching	Phone: 360-407-8878	Date: 03/11/2021
Agency Approval: Tim Gallivan	Phone: (360) 407-8215	Date: 03/11/2021
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/13/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

ESSB 5432 adds new sections to chapter 43.105 RCW and 42.56 RCW, and repeals RCW 43.105.215. It clarifies the roles and responsibility of the Office of Cyber Security (OCS) and requires an independent audit of the security and protection of digital assets of the state.

Modification in ESSB 5432 from SSB 5432:

The amended bill adds a requirement for a contracted audit of cybersecurity in the state to be conducted by the Office of Financial Management (OFM). It also makes technical corrections and exempts certain reports submitted under the chapter from public disclosure.

Section 7 requires a third party, contracted audit of cybersecurity in the state to be completed by OFM. Reports submitted in accordance with the audit requirement are exempt from public disclosure.

Section 8 adds a new chapter to the public records act which exempts disclosure of cybersecurity reports from disclosure under the public records act.

The modifications in ESSB do not have fiscal impact on Consolidated Technology Services (WaTech).

Modifications in SSB 5432 from SB 5432:

Sections (1)(3)(d), (1)(3)(f), and (1)(3)(i) make additions to OCS responsibilities from the original bill.

Section (1)(3):

- Section (1)(3)(d) requires a model incident response plan for incidents that meet certain requirements.
- Section (1)(3)(f) requires the office to provide formal guidance on leading best practices and standards related to configuration and architecture of agencies IT systems, infrastructure, and assets; governance, compliance, and oversight; and incident investigation and response.
- Section (1)(3)(i) requires the office to collaborate with state agencies in developing standards, functions, and services to ensure that regulatory environments are understood as part of an enterprise approach. There is no implementation date for these requirements.

Section (1)(7)(c) requires an annual confidential report to the governor identifying and describing cybersecurity risk or failure to comply with OCS policy based on audit findings authorized under section (1)(7). Risks identified which have not been mitigated must be tracked and reviewed with the governor quarterly. The workload to comply with this section is driven off the number of independent audits which are authorized/required under section (1)(7) of the act.

Section (2)(1)(e) requires an additional element in OCS's report to the governor that outlines the services or functions that are required to protect confidential information that is specifically protected by federal law and requires strict handling.

Section 4 shifts the responsibility for a report on data governance, protection, and data sharing to OCS instead of the Office of Privacy and Data Protection but contains the same requirements for content.

Sections 5 and 6 clarify that agencies must have a written data sharing agreement when sharing category 3 data or higher with other agencies. Those data sharing agreements must comply with policies developed by the Office of the Chief Information Officer (OCIO) as authorized under RCW 43.105.054.

SB 5432 Analysis:

Section 1 adds a new section to chapter 43.105 to outline the primary duties of OCS. It requires state agencies, institution of higher education, the legislature, and the judiciary agencies each to develop an information technology security program. It also requires the state agencies to review, update and certify their security programs annually as well as obtain an independent compliance audit once every three years.

Section 2 adds a new section to chapter 43.105 to require OCS to develop a catalog of cybersecurity services and functions to be performed by OCS and submitted to the legislature and the governor by July 1, 2022. The catalog of services and functions must be updated and published on a biennial basis. OCS must also develop a process for reviewing and evaluating proposals for additional services requested by the agencies.

Section 3 adds a new section to chapter 43.105 to require OCS to investigate major cybersecurity incidents and coordinate response.

Section 4 adds a new section to chapter 43.105 and directs the Office of Privacy and Data Protection (OPDP) to collaborate with the attorney general on existing best practices for data governance and protection in contracting, and to produce a report with its recommendations to the legislature by December 1, 2021.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This proposed legislation does not have impact on cash receipts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This proposed legislation does not have fiscal impact on Consolidated Technology Services (WaTech).

Policy Assumptions

Section 1 outlines the primary duties of OCS. As OCS already performs these duties within the funding provided by the legislature. The section has no fiscal impact on OCS.

However, section (1)(3)(f) requires OCS to serve as a resource in the cybersecurity area to local and municipal governments to ensure a whole government approach to cybersecurity. Currently, OCS provides resources to the local and municipal governments in limited capacity. If more local agencies seek assistance from OCS, WaTech may request General-Fund State resources to meet the expanded needs. When a bill is expanded to include non-state agencies, it is more appropriate to fund the requirement with General-Fund State to avoid significant rate increases for agencies that earn revenue from fee-for-service or license fees. The scope of the whole government response will be developed as part of the report mentioned in section 2.

Section (1)(7)(c) requires an annual confidential report to the governor identifying and describing cybersecurity risk or failure to comply with audit findings. While current workloads and expected audits can be managed within existing resources, WaTech may need to implement a formal Governance, Risk, and Compliance (GRC) program and purchase a GRC tool in order to address this requirement in the future.

Section 2 requires OCS to develop a catalog of cybersecurity services and functions to be performed by OCS and submitted to the legislature and the governor by July 1, 2022. The catalog of services must be updated and published on a biennial basis. OCS must also develop a process for reviewing and evaluating proposals for additional services requested by the agencies. Section (2)(1)(e) requires an additional element in OCS's report to the governor that outlines the services or functions that are required to protect confidential information. OCS will develop and update the report as well as develop the review and evaluation process within existing resources. However, if the services and functions expand beyond the current capacity, OCS may need to submit a funding request to meet the expanded services.

Section 3 directs OCS to investigate major cybersecurity incidents and coordinate response. State policy currently outlines procedures and guidelines to address cybersecurity incidents. However, if the severity and frequency of cyber incidents increase, WaTech may request additional resources to meet these challenges.

Section 4 impacts on OCS include writing a report with recommendations for the legislature on best practices for data governance and data protection when contracting and sharing data with third parties. The report is due by December 2021. Much of this work is already in state policy so impacts and deadlines can be met within existing resources.

Sections 5 and 6 regarding data sharing agreement between agencies when sharing category 3 data or higher is already part of state policy and do not impact current resources.

Section 7 requires OFM to contract with a third party to audit the state's cybersecurity. OFM will contract with OCS to assist with the drafting of a Request for Proposal (RFP) and evaluation of requirements for the RFP. OCS will also assist with vendor management and evaluating the reports. OFM will reimburse WaTech for actual costs incurred. The estimated annual cost of an EMS3 is \$240,000.

Operation Assumptions

Section 1 also requires the state agencies to review, update and certify their security programs annually as well as obtain an independent compliance audit once every three years. WaTech, as a state agency, will also have to comply with these requirements. However, as these are existing requirements in the current RCW, WaTech is already in compliance.

Sections 5 and 6 regarding data sharing agreement between agencies sharing category 3 data or higher is an existing policy requirement which WaTech, as a state agency, is already in compliance.

Section 7 requires OFM to contract with a third party to audit the state's cybersecurity. It is assumed that WaTech will be required to submit documentation and data for the purposes of the audit. WaTech can perform these tasks within existing resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 360-University of Washington
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Kelsey Rote	Phone: 2065437466	Date: 03/09/2021
Agency Approval: Kelsey Rote	Phone: 2065437466	Date: 03/09/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/09/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill has the following impacts:

- Creates the Office of Cybersecurity (OSC) within the Office of the Chief Information Officer (OCIO) and transfers the OCIO's responsibilities relating to state information technology (IT) security programs to the OSC.
- Requires the OSC to collaborate with state agencies to develop a catalog of cybersecurity services and functions for the OSC to perform.
- Requires the Office of Financial Management to contract with an independent third party to audit the security and protection of digital assets to test and assess the state's overall security posture.
- Sets standards for data sharing and major cybersecurity incident reporting.

The higher education exemption is maintained, and the University's overall relationship with the state on cybersecurity is unchanged except that policies and standards will now come from the OCS rather than the CIO. There is a potential that we will need to modify our current cybersecurity strategy to meet the intentions of any new OCS standards and policies, but we won't know the impact until those practices are defined.

This bill includes an incident response provision that requires state agencies to report major cybersecurity incidents to the OCS within 24 hours of discovery. OCS will investigate the incident and serve as the state's point of contact. This will impact our current approach to handling some incidents but should not be a major deviation from current practices.

This bill also includes a provision that requires the Office of Financial Management (OFM) to contract for an independent security audit of state agency IT. Currently, the University is required to contract for its own audit every three years. Regarding agency assumptions, OFM has told the Washington higher education institutions that the contract OFM would sign for the independent security evaluation audit would cover all state agencies, so agencies shouldn't have any additional workload. OFM assumes that the agency would simply give the auditor permissions/access when the auditor comes to their agency, and that the audit would not require much more interaction than that.

Given the above, there is no need to increase expenditures to meet this legislation unless the OCS drastically alters current security policies and standards. We are assuming that security policies and standards would change such that any work required could be absorbed within existing resources, and are thus submitting a no impact fiscal note.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 370-Eastern Washington University
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 03/09/2021
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 03/09/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/09/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 adds a new section to chapter 43.105 RCW creating an Office of Cybersecurity (OC).

Section 2 adds a new section to chapter 43.105 RCW requiring the OC to submit a report to the legislature.

Section 3 adds a new section to chapter 43.105 RCW to require state agencies to report major cybersecurity incidents to the OC.

Section 4 requires the OC, in collaboration with the Office of Privacy and Data Protection and the Attorney General's Office, to report recommendations to the legislature.

Section 5 adds a new section to chapter 39.26 RCW to require data sharing agreements.

Section 6 adds a new section to chapter 39.34 RCW to require data sharing agreements.

Section 7 requires the Office of Financial Management to contract for a security evaluation audit.

Section 8 adds a new section to chapter 42.56 RCW to exempt reports submitted under Sections 7(3) and (4) from disclosure.

Section 9 adds a new section to chapter 42.56 RCW to exempt reports submitted under Section 1(7)(c) from disclosure.

Section 10 repeals RCW 43.105.215.

This law is assumed effective July 1, 2021 for this fiscal note.

Section 7 requires OFM to contract for a security evaluation audit, which based on lead agency assumptions should not require any additional workload for EWU staff. This proposed bill has no fiscal impact.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 375-Central Washington University
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Erin Sargent	Phone: 509-963-2395	Date: 03/09/2021
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 03/09/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/09/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1: New Section – (1-6) Establishes the Office of Cybersecurity within the office of the CIO. Includes staffing, primary duties, and minimum standards. (6) State agencies, including IHEs, will be required to develop an information technology security program that is consistent with the office of cybersecurity's standards and policies. (7)(a) Agencies must review and update the program annually, certify compliance, and provide a list of business needs and program metrics. (7)(b) Agencies will be required to obtain an independent compliance audit of the security program at least every three years to ensure compliance and efficiency. (7)(c) In the event failures or risks are detected by a review or audit, the agency must develop and implement a plan to resolve the issues. Any unmitigated risks will be reviewed with the governor quarterly and are considered confidential and exempt from public inspection. (8) For IHEs, each information technology security program must be comparable to the intended outcomes of the office of cybersecurity's standards and policies.

Section 2: New Section – Pertains only to the office of cybersecurity.

Section 3: New Section – Provides guidance for agencies including a 24-hour reporting requirement regarding a major cybersecurity incident, contact information for any external parties with material information regarding the incident, and additional requirements for the office of cybersecurity and the CIO.

Section 4: New Section – Pertains only to the office of cybersecurity.

Section 5: New Section – Prior to sharing category 3 or higher data with another public agency, the requesting agency shall provide for a written agreement that conforms to the office of cybersecurity's policies and nothing in the section limits audit authorities.

Section 7: New Section – Requires OFM to contract for an independent security evaluation audit, and outlines the specific requirements of the audit, positions required to be on the independent audit team, deadline for the security evaluation audit report of August 31, 2022, and specifies that all reports submitted by the independent audit team are exempt from disclosure.

Section 8: New Section – specifies that all reports shared by the independent audit team, OFM, and the office of cybersecurity are exempt from disclosure.

Section 9: New Section – specifies that all reports shared by the independent audit team to the governor's office are exempt from disclosure.

Section 10: New Section – repeals sections.

While taking into consideration the current legislation surrounding security audits, CWU does not anticipate that this legislation adds any significant changes that would result in a fiscal impact. The agency requirements of the new bill are aligned with the current requirements, and since OFM will bear the cost of the audit, CWU does not expect to see an increase of effort to comply. However, if OFM passes on the costs to perform the audits outlined in Section 7 to the agencies, then CWU could see impacts associated with complying with Section 7.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 380-Western Washington University
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Kristen Stouder	Phone: (360) 650-2811	Date: 03/09/2021
Agency Approval: Ted Castro	Phone: (360) 650-4694	Date: 03/09/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/09/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

ESSB 5432 repeals RCW 43.105.215, and takes requirements from that existing RCW that were responsibilities of the OCIO and moves those responsibilities to the Office of Cybersecurity.

Section 1 creates the Office of Cybersecurity (OCS) within the OCIO and sets forth duties for the OCS including creation of security standards, policies, and protocols for state IT systems. The OCS will serve as a resource for state agencies in cybersecurity.

Section 1(6) requires that institutions of higher education (along with other state agencies) develop an information technology security program consistent with the OCS standards and policies.

Section 1(7) specifies that state agencies must review and update these programs annually and certify to the OCS that the agency programs adhere to OCS standards. State agencies would be required to obtain an independent compliance audit of information technology security program at least once every three years to determine whether the agency's cybersecurity program follows OCS guidance and operating efficiently. Should an audit or review reveal any failures in compliance, OCS will require state agencies to develop and implement a plan to resolve the issues.

Section 1(8) requires institutions of higher education to have a program comparable to the OCS standards.

Section 2 describes reporting requirements to be led by the OCS. State agencies are instructed to collaborate with OCS in this effort. The report must include (among other items) security functions within agency information technology security programs, a model for accountability for agency security programs, and information regarding processes for transactions of confidential data.

Section 3 contains new reporting requirements surrounding breaches of cybersecurity. State agencies must report all incidents of this nature within 24 hours of discovery to the OCS.

Section 5 requires state agencies to obtain a written data sharing agreement prior to sharing category 3 or higher data as defined in RCW 43.105.054 with a contractor.

Section 6 requires a data sharing agreement prior to exchanging data that is category 3 or higher with another state agency.

Section 7 is a new requirement, tasking OFM to contract for an independent security evaluation audit of state agency technology systems.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Western Washington University (WWU) identifies no fiscal impact with the passage of ESSB 5432 based on the following assumptions:

- We interpret the legislation in Sections 1-6 as not containing new compliance requirements but shifting requirements in current state statute under RCW 43.105.215 from the OCIO to the newly created OCS. This interpretation is consistent with the lead agency assumptions, which specify that Sections 1-3 should be leveraged with existing resources per existing cybersecurity programs required under OCIO policy 141.10. Therefore we assume these are not new requirements for agencies, and thus no additional costs. If this assumption is incorrect, then there will be costs associated with new requirements.
- We also assume that OFM will not pass on costs from the new audit requirements in Section 7 to the state agencies, but that OFM will cover all contracting costs associated with this effort. If this assumption is incorrect, then WWU will incur costs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5432 E S SB	Title: Cybersecurity/state gov.	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Desiree Omli	Phone: 360-786-7383	Date: 03/03/2021
Agency Preparation: Lisa Henderson	Phone: 360-902-9291	Date: 03/12/2021
Agency Approval: Carole Holland	Phone: 360 4817209	Date: 03/12/2021
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/12/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill establishes the Office of Cybersecurity (OCS) and the role of the State Chief Information Security Officer (CISO), OCS responsibilities, the scope of OCS Enterprise Services, the role OCS will play in cyber incident response for all agencies, and defines standards for data-sharing with both a third-party and another public agency.

Section 1. Establishes OCS and the role of the Office of Chief Information Officer (OCIO). OCS responsibilities include: establishing security standards and policies for state information technology systems and infrastructure; developing cyber security protocols for state technology assets; responding to security incidents; ensuring business continuity for state IT assets; providing formal guidance to state agencies on cybersecurity best practices; developing a service catalog of cybersecurity services to be offered to state government; and defining core services to be managed by agency security programs.

Employment Security Department (ESD) will be required to certify their security program annually and provide OCS with agency cybersecurity needs and program metrics.

This section also requires agencies to obtain an independent compliance audit every three years.

Section 2. Describes the OCS scope of Enterprise Services. By July 1, 2022, a catalog of cybersecurity services and functions must be submitted to legislature and governor, which includes: services that should be performed by OCS; core capabilities and competencies of OCS; security functions that should remain within agency security programs; and recommended model for accountability of agency security programs. OCS will update service catalogue and performance metrics biennially, based on feedback from agencies. OCS will also develop a process for reviewing and evaluating agency proposals for additional cybersecurity impact.

Section 3. Describes cyber incident response. This section would require that ESD report major cybersecurity incidents to OCS within 24 hours of discovery. ESD must provide contact information for external parties involved with the incident. OCS would be responsible for investigating reported incidents, assigning severity, and coordinating the response. The OCIO or designee will be the state's point of contact for all cybersecurity incidents.

Section 4. Data sharing. The Office of privacy and data protection and the Attorney General's office will research best practices for data governance and protection, including models for data sharing contracts and submit a report to the legislature and governor by December 1, 2021.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

N/A

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

There is no fiscal impact to implement this bill. The Employment Security Department will use existing resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required