

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1183S.03C  
 Bill No.: SCS for SB 7  
 Subject: Office of Administration; State Departments; Attorney General; Political Subdivisions; Consumer Protection; Business and Commerce  
 Type: Original  
 Date: April 11, 2023

Bill Summary: This proposal creates the Office of Chief Data Officer.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	(Could exceed \$1,330,715)	(Could exceed \$1,431,575)	(Could exceed \$1,462,299)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$1,330,715)</b>	<b>(Could exceed \$1,431,575)</b>	<b>(Could exceed \$1,462,299)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Consumer Privacy Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

\*Income and spending assumed to net to zero.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
General Revenue Fund	Could exceed 13 FTE	Could exceed 13 FTE	Could exceed 13 FTE
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>Could exceed 13 FTE</b>	<b>Could exceed 13 FTE</b>	<b>Could exceed 13 FTE</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 37.060 – Chief Data Officer

In response to a previous version, officials from the **Office of Administration – Information Technology (OA-ITSD)** stated this legislation creates the position of a chief data officer. OA\_ITSD assumes this position is within the Office of Administration Information Technology Services Division (OA ITSD), reporting to the Chief Information Officer. An annual salary of \$135,000 has been estimated for this position. Annual salary with fringe benefits, equipment and employee related expenses for the chief data officer position, are estimated at \$187,657 for FY2024, \$213,268 for FY2025, and \$218,210 for FY2026.

The addition of FTE for agencies to classify, develop policies, data collection identification and reporting is estimated at 8 FTE and 8 PTE (½ time). Annual salary with fringe benefits, equipment and employee related expenses for these positions are estimated at \$1,143,058 for FY2024, \$1,218,307 for FY2025, and \$1,244,089 for FY2026.

These costs cannot be absorbed by current budget authority or FTE authority.

Consideration and any fiscal impact to agencies consolidated under ITSD are included in this ITSD response, including the following agencies:

- Administration (OA)
- Agriculture (MDA)
- Commerce and Insurance (DCI)
- Corrections (DOC)
- Economic Development (DED)
- Elementary & Secondary Education (DESE)
- Health & Senior Services (DHSS)
- Higher Education and Workforce Development (DHEWD)
- Labor & Industrial Relations (DOLIR)
- Mental Health (DMH)
- Natural Resources (DNR)
- Public Safety (DPS)
- Revenue (DOR)
- Social Services (DSS)

The following Executive Departments maintain their own IT units but are assumed to also report to the chief data officer:

Conservation (MDC)  
Transportation (MoDOT)  
Public Service Commission (PSC)  
National Guard (NG)  
Missouri State Highway Patrol (MSHP)  
Gaming Commission  
Lottery Commission

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated fiscal impact OA-ITSD has provided on the fiscal note.

Officials from the **Department of Elementary and Secondary Education** state there could be fiscal/expenditure impact depending on the requirements/guidelines that are being implemented on the agency. Due to lack of requirement/guideline details a cost cannot be estimated at this time.

Officials from the **Department of Health and Senior Services (DHSS)** assume section 37.060 of the proposed legislation would create a Chief Data Officer within the Office of Administration (OA) to oversee electronic data in each state agency. The proposed legislation would require Department of Health and Senior Services (DHSS) to classify electronic data into levels of sensitivity, develop and update written policies for breaches of data and proper disposal of data. The proposed bill would also require DHSS to adopt data collection standards and any other policies and procedures the chief data officer deems necessary.

Since the majority of cannabis regulation data is generated and kept in systems subject to OA contracts, the Department would work with OA on modifying language in these contracts that have always been OA-ITSD's responsibility, such as data security. For any retained data, cannabis regulation.

In addition, the Division of Community and Public Health (DCPH) would be required to identify types of electronic data as well as the location and level of security required for each type of data.

It is assumed that the Department can absorb the costs of this bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested through the appropriation process.

Officials from the **Department of Corrections (DOC)** state this legislation creates the office of Chief Data Officer within the Office of Administration to oversee each state agency's management of electronic data. It also requires each state agency to identify its various types of electronic data, the location of such data, and the level of security required for each type.

There could be an operational impact on the department. DOC's purchasing section would need to ensure DOC's solicitations require the appropriate level of security. To do this, they would need guidance for evaluating solicitation responses to ensure they are meeting the security requirements, as procurement officers are not experts in data security and are not qualified to make this determination.

The department will therefore require one FTE for a Data Specialist to liaison with OA and provide guidance to department staff.

Officials from the **Department of Labor and Industrial Relations** assume this legislation will create an unknown impact to individuals within the department from countries deemed "by any federal department or state agency to be owned, controlled by, or domiciled in a country that the chief data officer deems to pose a threat to the security of the state of Missouri".

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume there could be fiscal impact if the chief data officer imposes additional requirements above and beyond what MOPS currently utilizes. However, absence any specifics, it is difficult to even realistically estimate fiscal impact

**Oversight** assumes the fiscal impact for DESE, DHSS, DOC, DOLIR and MOPS have been calculated by the OA-ITSD and therefore will use the estimate provided by OA-ITSD to show a fiscal impact for the above mentioned agencies.

#### Section 407.2015 - Consumer Data Privacy

Officials from the **Office of Administration - Budget and Planning (B&P)** note section 407.2015 allows the Attorney General to recover damages to the consumer, which have been caused by a controller or processor of consumer personal data, in the amount of \$7,500 or less for each violation of the data privacy provisions established in Sections 407.2000 to 407.2025. All monies received from these violations must be deposited into the State Treasury through the newly created "Consumer Privacy Fund." The amount of money anticipated to be collected from these violations is currently unknown.

Since it is unknown how many violations will occur and how much will be collected, **Oversight** will range the fiscal impact as \$0 (no violations occurred) or an unknown revenue to the Consumer Privacy Fund. Oversight notes that subsection 407.2025.3, which establishes the Fund specifies that Fund moneys shall only be used by OA for protection of data and assumes Fund monies will be appropriated to OA for those purposes. OA assumes Fund monies will be spent in the same fiscal year as collected.

Bill as a whole:

Officials from **Office of the State Courts Administrator** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Revenue**, the **Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and Veterans Commission)**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Employee Retirement**, the **Missouri State Employee Retirement Plan**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of Prosecution Services**, the **Office of Administration (Administrative Hearing Commission)**, the **Office of the Governor**, the **Office of the Lieutenant Governor**, the **Office of the State Auditor**, the **Missouri Senate**, the **Oversight Division**, the **Legislative Research**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Missouri Department of Agriculture** and **Department of Social Services** defer to the Office of Administration for the potential fiscal impact of this proposal.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE</b>			
	Could exceed...	Could exceed...	Could exceed...
<u>Costs – OA-ITSD Section 37.060</u>			
Personnel Service	(\$663,730)	(\$816,388)	(\$836,797)
Fringe Benefits	(\$444,747)	(\$500,436)	(\$507,882)
Expense & Equipment	(\$222,238)	(\$114,751)	(\$117,620)
<u>Total Costs -</u>	<u>(\$1,330,715)</u>	<u>(\$1,431,575)</u>	<u>(\$1,462,299)</u>
FTE Change	13 FTE	13 FTE	13 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$1,330,715)</u></b>	<b><u>(\$1,431,575)</u></b>	<b><u>(\$1,462,299)</u></b>
Estimated Net FTE Change on General Revenue	13 FTE	13 FTE	13 FTE
<b>OTHER STATE FUNDS</b>			
<u>Cost – Departments reporting to the Chief Data Officer</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>
<b>CONSUMER PRIVACY FUND</b>			
<u>Revenue – B&amp;P Section 407.2015 Damages Recovery</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost- OA protection of data</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or Unknown</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE CONSUMER PRIVACY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation create the position of Chief Data Officer within the Office of Administration who is authorized to oversee each state agency’s management of electronic data for purposes of evaluating appropriate management and security of the data..

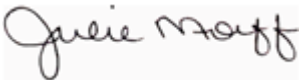
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

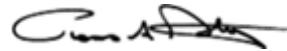
- Attorney General’s Office
- Department of Commerce and Insurance
- Department of Economic Development
- Department of Elementary and Secondary Education
- Department of Higher Education and Workforce Development
- Department of Health and Senior Services
- Department of Mental Health
- Department of Natural Resources
- Department of Corrections
- Department of Labor and Industrial Relations
- Department of Revenue
- Department of Public Safety
- Department of Social Services
- Office of the Governor
- Joint Committee on Public Employee Retirement
- Joint Committee on Administrative Rules
- Missouri Lottery Commission
- Legislative Research
- Oversight Division
- Local Government Employees Retirement System



Missouri Consolidated Health Care Plan  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Missouri Department of Transportation  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Missouri Office of Prosecution Services  
Office of Administration  
Facilities Management, Design and Construction  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
Public Schools and Education Employee Retirement Systems  
State Tax Commission



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