



LEGISLATIVE BUDGET BOARD

Overview of Cybersecurity Provisions in the 2016-17 General Appropriations Act

PRESENTED TO HOUSE COMMITTEE ON GOVERNMENT TRANSPARENCY AND OPERATION

LEGISLATIVE BUDGET BOARD STAFF

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Cybersecurity Provisions

The 2016-17 General Appropriations Act (GAA), Eighty-fourth Legislature, 2015, contains two provisions pertaining to cybersecurity projects. The provisions were added as a result of several security and modernization-related project requests made by state agencies in their 2016-17 Legislative Appropriations Requests (LARs). The reports required by these provisions will provide the Department of Information Resources' (DIR) assessment of 2018-19 biennial requests and inform Legislative Budget Board (LBB) recommendations.

Several of the requesting agencies cited DIR initiatives in their 2016-17 LARs as an informing factor in making the requests, such as:

- **Security Assessments:** DIR contracts with a third-party vendor, currently NTT Data (previously Gartner), to provide an overall assessment of an agency's security posture. The assessment is centered on a review of an agencies policies and procedures impacting security.
- **Legacy Systems Study:** Pursuant to House Bill 2738, Eighty-third Legislature, 2013, DIR conducted a study to identify legacy systems and assess the state's current technology landscape. DIR contracted with a third party to assist with the study. House Bill 2738 defines a legacy system as "a computer system or application program that is operated with obsolete or inefficient hardware or software technology." The study found that the over half of state agencies' business applications are considered legacy and therefore presents a higher security risk.

Cybersecurity Provisions

The provisions in the 2016-17 GAA include:

- **Article IX, Section 9.10, Prioritization of Cybersecurity and Legacy Systems Projects:**

- Provision directs the Department of Information Resources (DIR) to submit to the LBB, by October 1, 2016, a prioritization of state agencies' cybersecurity projects and projects to modernize or replace legacy systems for funding consideration. Agencies are directed to coordinate and cooperate with DIR for this purpose.
- In preparation for the report, the agency is currently in the process of surveying agencies for information on upcoming requests for the 2018-19 LARs. The survey gathers information on identifying risks being addressed by agencies' requests, along with information on their probability and impact.

Cybersecurity Provisions

- **Article IX, Section 9.11, Cybersecurity Initiatives:** Provision identifies ten agencies with funding for cybersecurity initiatives and includes directives for those agencies and DIR:
 - **Coordination.** Directs the agencies to coordinate with DIR to ensure security standards promulgated by DIR are met.
 - **Bulk Purchasing.** Authorizes DIR to conduct a bulk purchase of network security hardware and software and requires the identified agencies to coordinate such purchases through DIR. Other state agencies and institutions of higher education (IHEs) may also participate in the bulk purchasing effort.
 - **QAT Review.** Authorizes cybersecurity initiatives to be considered a major information resources project for review by the Quality Assurance Team (QAT).
 - **Status Report.** Requires DIR to submit a report by October 1, 2016 to the LBB on the status of cybersecurity initiatives and bulk purchasing efforts. The report must include the progress made in meeting the cybersecurity framework developed by DIR and any cost savings of the bulk purchasing initiative.

Cybersecurity Funding at DIR

Funding for IT security services at DIR is primarily contained in three strategies:

- **Strategy A.1.3, Statewide Security**

- Appropriations include \$0.7 million for the 2016-17 biennium.
- Funding provides DIR with resources to implement statewide information technology security policies, procedures, standards, and guidelines to state agencies and IHEs.

- **Strategy B.3.1, Statewide Cyber Security Services**

- Appropriations include \$11.5 million for the 2016-17 biennium.
- Funding provides risk management tools, such as incidence and compliance reporting, access to security research and advisory materials, and training. In fiscal years 2014 and 2015, 124 and 304 agencies and IHEs, respectively, participated in DIR provided training offerings; 150 agencies and IHEs are expected to participate in the trainings in each fiscal year of the 2016-17 biennium.
- Additionally, funding provides security assessments conducted by a third-party vendor (currently NTT Data and previously Gartner) which evaluates agencies and IHEs overall security postures and identifies areas for improvement. Agencies and IHEs are selected to receive security assessments based on various risk factors, as well as agency size and budget. Agency may also volunteer or request to have an assessment. During the 2014-15 biennium 26 security assessments were performed; 30 assessments are expected in the 2016-17 biennium.

Cybersecurity Funding at DIR

- **Strategy C.2.2. Network and Telecommunications Security Services**

- Appropriations include \$0.7 million for the 2016-17 biennium.
 - Funding provides for operation of the Network and Security Operations Center (NSOC) which delivers enhanced statewide network communications services. The program provides network security services, including incident monitoring and response and various network testing services to participating state agencies and IHEs. Among testing services provided are controlled penetration tests (CPTs) which identifies network and system vulnerabilities by attempting a mock-attack on agencies networks. According to the agency, 50 CPTs were performed in fiscal year 2014 and 48 in fiscal year 2015; 50 CPTs are expected to be performed in fiscal year 2016.
- Services are provided to state agencies and institutions of higher education at no direct cost. Programs are funded through the administrative fee charged to purchases made through the Cooperative Contracts program deposited to the Clearing Fund and administrative fees and charges made through the Capital Complex Telephone System and Texas Agency Network (TEX-AN) programs deposited to the Telecommunications Revolving Fund.



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