

# **INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE**

## **Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement**

### **Minutes of the 2nd Meeting of the 2022 Interim**

**August 17, 2022**

#### **Call to Order and Roll Call**

The second meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, August 17, 2022, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representative John Blanton, Co-Chair; Senators Adrienne Southworth, Reginald Thomas, and Stephen West; Representatives Kevin D. Bratcher, Jeffery Donohue, Derrick Graham, Mark Hart, Michael Meredith, Jerry T. Miller, Phillip Pratt, Josie Raymond, Nancy Tate, and Buddy Wheatley.

Guests: David Carter, Chief Information Security Officer, Commonwealth Office of Technology (COT); Blake Christopher, Deputy General Counsel, Director of Legal Policy, Office of Attorney General (OAG); Matt Cocanougher, Assistant Attorney General, Office of Consumer Protection, OAG; Matt Hedden, Director of Special Victims Unit, Department of Criminal Investigations, OAG; Kate Shanks, Senior Vice President, KY Chamber of Commerce; and, Bryan Cobb, Chief Information Officer, C-Forward, Inc.

LRC Staff: Liz Columbia, Joseph Holt, Emma Mills, and Spring Emerson.

#### **Approval of Minutes**

Representative Pratt made a motion to approve the minutes of the July 6, 2022 meeting. The motion was seconded by Co-Chair Blanton, and the minutes were approved without objection.

#### **Commonwealth Office of Technology**

David Carter, Chief Information Security Officer, COT, provided an overview of the measures being taken to manage cyber security within the Executive Branch.

In response to a question from Representative Wheatley regarding cell phones and cyber protections, Mr. Carter said Microsoft Office 365 is being used to monitor and containerize any state data on those devices. State government related data can be wiped from them without jeopardizing any personal content. There is also a cyber insurance policy in place which has people on retainer for legal representation, public relations, and technical responses, which are all highly skilled positions.

In response to a question from Senator West regarding the possibility of creating an extra tier in classifications for those highly skilled Information Technology cyber security positions, Mr. Carter said that would be very beneficial, as it is extremely challenging to compete with the private sector.

In response to a question from Representative Miller regarding coordination with the Legislative Research Commission, Mr. Carter replied that when incidents cross lines between government branches, COT collaborates with the LRC when the need arises.

In response to a question from Chair Nemes regarding recruitment from public universities, Mr. Carter said they are looking at establishing a program with the four top state universities. In relation to the shutdown that occurred in Virginia a couple of years ago that affected their backup systems, Mr. Carter said the COT has their own alternate data center in a secondary location which includes synchronization with the other data location. There is a multiple layer backup system, and multiple opportunities for recovery.

In response to a question from Chair Nemes regarding insurance and prosecution of cyber criminals, Mr. Carter said he has a great partnership with the Federal Bureau of Investigation (FBI).

### **Office of Attorney General**

Matt Cocanougher, Assistant Attorney General, provided a brief overview of data breach notices. Matt Hedden, Director of Special Victims Unit, Department of Criminal Investigations, OAG, provided an overview of hacks and other forms of criminal activity on both the civil and government sides.

In response to a question from Representative Miller regarding phishing emails, Mr. Hedden replied that spear phishing is more targeted than regular, more generalized phishing.

In response to a question from Senator Southworth regarding how ransomware is handled, Mr. Hedden said they coordinate with the Secret Service and the FBI with encryption. The local field office coordinates with other local field offices.

In response to a question from Chair Nemes regarding payment of ransom, Mr. Hedden likened it to a mouse you gave a cookie, and he comes back looking for milk. Just because you pay a ransom, it does not mean the hacker will follow through.

### **KY Chamber of Commerce**

Kate Shanks, Senior Vice President, KY Chamber of Commerce, provided a brief overview of cyber security in businesses across the Commonwealth, and introduced Bryan Cobb, Chief Information Officer of C-Forward, Inc. who provided additional information.

In response to a question from Representative Miller regarding public university students majoring in cyber security, Chair Nemes commented that there are several, and four of them offer top notch degree programs which could result in a six-figure income.

In response to a question from Representative Graham regarding locations of cyber-criminal activities, Ms. Shanks said the majority of that activity originates outside the US. Mr. Cobb confirmed that statement, adding that they typically come from Eastern Europe, the Middle East, Russia, China, and North Korea.

In response to a question from Senator Southworth regarding tracking data, Mr. Cobb answered that all data mentioned is based on the original source.

Chair Nemes recommended that people use phony information if necessary, in order to thwart the illegal use of their personal data.

### **Adjournment**

There being no further business, the meeting was adjourned at 10:20 AM.