



Testimony

Testimony Before the Texas Senate Committee on Business & Commerce : Cybersecurity

by The Honorable Zach Whiting, Senior Fellow of Technology Policy
and David Dunmoyer, Chief of Staff

Cybersecurity: Review current state and federal laws regarding cybersecurity protections and requirements for local governments, state agencies, and critical industries of our state. Make recommendations for legislation to improve resilience and protection against cybersecurity attacks and ensure the privacy protection of the citizens of Texas.

Dear Lt. Gov. Patrick, Chair Schwertner, and Members:

Thank you for highlighting cybersecurity as part of your interim charges.

The Texas Public Policy Foundation is spearheading a new technology policy initiative to provide research and support for Texas lawmakers to ensure Texas is a leader in technology policy to make Texas the best state for responsible, values-driven technological innovation. Thank you for your efforts so far and the work you will do in the upcoming legislative session.

In the midst and the wake of the COVID-19 pandemic, many aspects of our lives—work, education, healthcare, and socialization—shifted online. With this transition, new threat vectors for cyberattacks emerged, resulting in a 600% increase in phishing attacks in March 2020, and a 30,000% increase in the number of cyber threats related to COVID-19.¹ Moreover, the sophistication of cyberattacks has increased, with cybercriminals finding new and more lucrative methods of attacking large organizations—including government entities—by using phishing and ransomware attacks more frequently. For example, Judson Independent School District was one of many North Texas school districts targeted by ransomware hackers in 2020, resulting in calamity for the district and its 23,000 students and, subsequently, a \$547,000 ransom fee paid to the hackers to bring their systems back online.² Moreover, Texas had 38,640 victims of cyberattacks in 2020, costing victims an estimated \$313.5 million in 2020 alone.³

Currently, Texas has several cybersecurity laws that govern this complex issue. The genesis of the Texas Legislature's role was the creation of the temporary Cybersecurity, Education and Economic Development Council in 2011. Instituted by the 82nd Texas Legislature, this council studied the state's cybersecurity infrastructure and found that there was no statewide coordination of cybersecurity strategy beyond state agencies, that lacking coordination on broader cybersecurity objectives allowed cyber-criminals to increase sophistication faster than defense mechanisms were being built, and that the lack of a qualified cybersecurity workforce hampers the security of Texas and economic growth.⁴

Then, during the 85th Legislature, Texas enhanced the cybersecurity of state agency information resources after passing the Texas Cybersecurity Act (HB 8). As a direct result of this legislation, the Texas Information Sharing and Analysis Organization (TxISAO) was formed, establishing a membership program under the Texas Department of Information Resources (DIR), which provides a forum for public and private sector organizations to freely share information on emerging cybersecurity threats and proactive defense strategies.⁵

Finally, the 87th Legislature passed SB 475, which established new cybersecurity programs under DIR. These recent legislative efforts resulted in the appropriation of “more than \$700 million for cybersecurity and legacy modernization projects,” making this “some of the most significant cybersecurity legislation to date,” per Texas Chief Information Security Officer Nancy Rainosek.⁶

TPPF's technology policy experts intend to conduct thorough literature reviews and secondary research on the cybersecurity preparedness of Texas state agencies, municipalities, and contractors. As we further explore this important issue, we will make ourselves available to policymakers studying this area. This is an ongoing challenge and one that will not be solved this session. However, it is imperative that the state continue to assess and improve its cybersecurity preparedness and resources for this significant 21st century technological challenge.

Sincerely,

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Endnotes

- 1 Lallie, H. S., Sheperd, L. A., Nurse, J. R. C., Erola, A., Epiphaniou, G., Maple, C., & Bellekens, X. (2021). Cyber security in the age of COVID-19: A timeline and analysis of cyber-crime and cyber-attacks during the pandemic. *Computers & Security*, 105. <https://www.sciencedirect.com/science/article/pii/S0167404821000729>
- 2 Eiserer, T., Trahan, J., and Smith, M. (2021, November 11). *School districts are becoming victims of hackers – and you may not even know about it*. WFAA. <https://www.wfaa.com/article/news/local/investigates/school-districts-victims-hackers/287-7526356d-0244-494e-8899-74930d014cd5>
- 3 Federal Bureau of Investigation. (n.d.) *Internet crime report 2020*. Retrieved March 25, 2022, from https://www.ic3.gov/Media/PDF/AnnualReport/2020_IC3Report.pdf
- 4 Texas Cybersecurity, Education and Economic Development Council (TCEEDC). (n.d.) *Summary brief: Cybersecurity in Texas and the Texas Cybersecurity, Education and Economic Development Council*. Retrieved March 25, 2022, from <https://capitol.texas.gov/tlodocs/84R/handouts/C4802016012013001/4e5c0fb0-9e48-41b8-9a7e-1ca41689c18a.PDF>
- 5 Grubbs, S. (2022, January). *Cybersecurity and Texas*. Fiscal Notes. <https://comptroller.texas.gov/economy/fiscal-notes/2022/jan/cybersecurity.php>
- 6 *Id.*

About Texas Public Policy Foundation

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute. The Foundation's promotes and defends liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

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The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

