



Economic Impact Analysis Virginia Department of Planning and Budget

17 VAC 15-120 – Regulations Governing the Destruction of Public Records Containing Social Security Numbers

Library of Virginia

November 17, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

Pursuant to Chapters 914 and 918 of the 2003 Acts of Assembly, the Library Board (board) proposes to establish these regulations to specify the procedures for the disposal, physical destruction or other disposition of public records containing social security numbers whose retention periods have expired.

Estimated Economic Impact

The board currently has guidelines concerning the disposal of confidential or privacy-protected records. The guidelines are that:

Custodians of records must ensure that information in confidential or privacy protected records is protected from unauthorized disclosure through the ultimate destruction of the information. Normally, destruction of confidential or privacy-protected records will be done by shredding or pulping. "Deletion" of confidential

or privacy-protected information in computer files or other electronic storage media is not acceptable. Electronic records must be "wiped" clean or the storage media physically destroyed.

These guidelines are part of two documents, "Locality General Schedules" and "State Agency General Schedules," that are posted on the Library of Virginia's website.¹ Unlike regulations, guidelines do not have the force of law.

Section § 42.1-82 of the Code of Virginia states that "The procedures for the disposal, physical destruction or other disposition of public records containing social security numbers shall include all reasonable steps to destroy such documents by (i) shredding, (ii) erasing, or (iii) otherwise modifying the social security numbers in those records to make them unreadable or undecipherable by any means." To ensure that this legislative mandate is satisfied, the board proposes these regulations. These regulations include: 1) specification of acceptable methods of destruction of paper records, and 2) specification of acceptable methods of destruction of electronic records. The proposed regulations specify that shredding must be performed with a crosscut shredder for sufficient security and that files stored on a personal computer must not only be deleted but also overwritten to prevent the information from being reconstructed.

Those state and local agencies that do not already possess a crosscut shredder or the software needed to overwrite files and have not been hiring outside vendors to perform these services will incur additional costs to meet the proposed requirements. A basic crosscut shredder costs about \$40 retail.² Alternatively, an agency could pay an outside vendor to crosscut shred the relevant paper records. For example, the Library of Virginia provides certified confidential destruction of paper records for \$7 per cubic foot box and certified confidential destruction of non-paper media (shredding) for \$30 per cubic foot box (minimum charge). The Virginia Information Technologies (VITA) website³ lists software that meet the VITA standard⁴ for

¹ The URLs for the documents are: http://www.lva.lib.va.us/whatwedo/records/sched_local/index.htm and http://www.lva.lib.va.us/whatwedo/records/sched_state/index.htm

² On November 14, 2005, an Internet search was performed on the Staples, OfficeMax, and Office Depot websites. The least expensive crosscut shredder found was listed at \$39.98.

³ <http://www.vita.virginia.gov/docs/pubs/removingData.cfm>

⁴ Specifically, VITA states that "According to the manufacturers' claims, the following software meets the VITA standard: [Superscrubber for Mac OSX](#) (commercial), [DiskSanitizer GOV](#) edition (commercial), [ActiveDisk](#) (commercial version), [DriveCleanser](#) (commercial), and [Eraser](#) (freeware)."

permanently erasing information on computers. Presumably this standard would meet the requirements of this proposed regulation. Ease of use of the software varies. One of the VITA-listed software packages is provided for free, but staff responsible for effectively destroying electronic data may find one of the commercially available software packages easier to use. One commercially available package listed by VITA, which may or may not be easier to use, is available for \$29.95.⁵

The proposed regulations are beneficial to the public in that they will likely reduce the risk to the public of identity theft or other misuse of social security numbers. Some state and local agencies will likely incur some additional costs to comply with the proposed regulations. Since there exists no precise measure of the reduction in probability of identity theft or other misuse of social security numbers due to compliance with the proposed regulations, an accurate comparison of these potential benefits with the increased costs of compliance cannot be made. Nevertheless, given the significant costs associated with identity theft and other misuse of social security numbers, it seems likely that the proposed regulations will produce a net benefit.

Businesses and Entities Affected

The proposed regulations potentially affect all state and local agencies. Entities that supply crosscut shredders and software that can be used to overwrite electronic data or provide crosscut shredding or re-indexing services will also be moderately affected.

Localities Particularly Affected

The proposed regulations affect all Virginia localities.

Projected Impact on Employment

The proposed regulations will not have a large impact on employment. There may be a moderate increase in the purchases of crosscut shredders, software that can be used for overwriting electronic data, and the services of those that provide crosscut shredding or electronic data overwriting. Employment may rise modestly for these entities.

⁵ This price was listed at the following URL on November 17, 2005: <http://www.killdisk.com/pricing.htm>

Effects on the Use and Value of Private Property

There will likely be a modest increase in demand for crosscut shredders and software that can be used to overwriting electronic files. The value of firms that supply these products may modestly increase commensurately.

Small Businesses: Costs and Other Effects

The proposed regulations do not produce costs for small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations do not produce costs for small businesses.