

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 816

(Senator Hester)

Finance and Budget and Taxation

Health and Government Operations

Economic Development – Cyber Maryland Fund and Program – Alterations

This bill alters administrative and funding requirements for the Cyber Maryland Program and Fund in the Maryland Technology Development Corporation (TEDCO). More specifically, the bill (1) requires TEDCO to administer the Cyber Maryland Fund; (2) clarifies the types of administrative expenses that may be paid for from the fund, including hiring staff and hiring consultants and other necessary professionals; (3) removes the requirement to hire specific staff for the program; (4) removes the mandate to provide funding for specific staff and instead establishes a \$250,000 mandate for the fund to be used for talent pipeline management; and (5) modifies an existing authorization for the Governor to include an annual appropriation of \$250,000 for the fund to instead allow for an *additional* \$250,000 annual appropriation for the fund. TEDCO is also required to adopt regulations to award grants under the program. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations, under the assumptions discussed below. **This bill eliminates a mandated appropriation and establishes a new mandated appropriation beginning in FY 2026.**

Local Effect: While the bill may alter the amount of grant funding for local governments, the overall effect is anticipated to be minimal.

Small Business Effect: Minimal. While the bill may alter the amount of grant funding for small businesses, the overall effect is anticipated to be minimal.

Analysis

Current Law: Chapter 578 of 2023 established the Cyber Maryland Program in TEDCO to create a talent pipeline in cybersecurity, serve as a hub for State workforce development programs in cybersecurity, and generally coordinate cybersecurity and research and innovation in the State, among other things. The Act also created the Cyber Maryland Fund as a special, nonlapsing fund, and the Cyber Maryland Board.

The program must conduct ongoing research by collaborating with specified entities to collect and analyze real-time industry data to identify cybersecurity workforce needs as described in the U.S. Chamber of Commerce Talent Pipeline Management Approach. The program must use the results of its research to (1) increase the effectiveness of existing State cybersecurity workforce programs for employers in the State; (2) facilitate partnerships for new training and education programs to address the workforce needs identified in the program's research; and (3) develop a statewide strategic plan for cybersecurity workforce development. The program, and not TEDCO, must also administer and manage the Cyber Maryland Fund.

The program's executive director must be appointed by and serve at the pleasure of the Chief Executive Officer of TEDCO and must have relevant qualifications and experience with the activities and purposes of the program.

The Cyber Maryland Fund consists of money appropriated in the State budget and any money from any other source accepted for the benefit of the fund. The Cyber Maryland Fund exists to facilitate the Cyber Maryland Program's achievement of the program's specified purposes and support innovative approaches to meeting cybersecurity workforce needs. Funds may only be used for (1) administering the program (with no further detail on eligible uses) and (2) providing grants to elementary and secondary schools, institutions of higher education, including community colleges, for-profit corporations, and nonprofit organizations to operate cybersecurity programs based on the strategic plan of the Cyber Maryland Program.

The Act established a mandated appropriation beginning in fiscal 2025 for an amount sufficient for hiring individuals to conduct the duties of the Cyber Maryland Program, including an executive director and at least one administrator. The Act also authorizes but does not require (1) the Governor to include \$250,000 in the annual budget bill beginning in fiscal 2025 that, subject to the availability of funding, must be used for implementing the U.S. Chamber of Commerce Talent Pipeline Management Approach and (2) funds from the Dedicated Purpose Account (DPA) to be transferred by budget amendment to implement the Act beginning in fiscal 2025.

State Fiscal Effect: The bill removes the requirement in Chapter 578 that the amount of funding annually provided in the budget bill be sufficient for hiring individuals to conduct the duties of program, including an executive director and at least one administrator. Instead, the bill (1) requires the Governor to include in the annual budget bill an appropriation of \$250,000 for the Cyber Maryland Fund to be used for talent pipeline management and (2) modifies an existing authorization for the Governor to include an annual appropriation of \$250,000 for the fund to instead allow for an *additional* \$250,000 annual appropriation for the fund. (In practice, the new mandated appropriation applies beginning in fiscal 2026, and the Governor may provide discretionary funding of any amount, irrespective of the authorization.) The fiscal 2025 budget as introduced includes \$440,000 in general funds for the Cyber Maryland Program.

The bill does not otherwise alter overall requirements for the program. TEDCO advises that the flexibility to hire consultants may reduce administrative expenses, which could leave more funding available for programmatic purposes, all else being equal. Additionally, the bill's \$250,000 mandate provides funding stability for the program and will be used to cover costs associated with the talent pipeline management approach, which includes programmatic and administrative expenses. TEDCO employees are not State employees.

Accordingly, assuming a combination of mandated and discretionary State funding continues to be provided in future years and at similar levels, overall State finances are not materially affected. While the amount of grant funding for public institutions of higher education could change, the overall effect is anticipated to be minimal. Alternatively, if the full amount of mandated and authorized funds under the bill are appropriated to the Cyber Maryland Fund, State expenditures (and corresponding special fund revenues and expenditures) may increase beginning in fiscal 2026. Under current law, the program may be funded by capitalizing the special fund with either general funds or monies from DPA.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1486 (Delegate Forbes) - Health and Government Operations.

Information Source(s): Maryland Technology Development Corporation; Department of Budget and Management; Department of Legislative Services

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