



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce



DATE: March 16, 2021
BILL NO: Senate Bill 902
BILL TITLE: Economic Development – Cyber Workforce Program and Fund -
Established
COMMITTEE: Senate Finance

Statement of Information

Senate Bill 902 would establish a new \$25 Million Cyber Workforce Program (“Cyber Program”) within the Department of Commerce’s (“Commerce”) Partnership for Workforce Quality Program (“PWQ”) with a purpose of:

- Supporting cyber careers in new or existing workforce programs;
- Providing educational and other training scholarships related to cyber fields; and
- Providing planning, strategies, and other resources to assist the cyber industry with analyzing and identifying workforce needs in consultation with the Cybersecurity Association of Maryland (CAMI).

Commerce would oversee this program and establish eligibility criteria and priorities for assistance under the Cyber Program and be required to submit a report on the operation and performance of the Cyber Program. Commerce would also manage and supervise the Cyber Workforce Fund (“Fund”). The Fund is a special, nonlapsing fund that is not subject to the State Finance and Procurement Article. This bill would earmark \$25 Million of financial assistance provided by the federal government to the State in response to the coronavirus pandemic for the purpose of workforce development, so long as the purposes of the Cyber Program are a permissible use of the financial assistance. However, the State has not received this assistance and there is no guarantee that the State will receive more funding or that it will be a permissible use of the funds. This bill does not set forth any other additional revenue streams, nor does it guarantee an annual budget/funding for the Cyber Program. The Fund would consist of:

- Money appropriated by the state to the Fund;
- Money made available to the Fund through federal programs;
- Private contributions to the Fund;
- An application or another fee to the Cyber Program in connection with processing a request for financial assistance;
- Any unspent or unencumbered scholarship balance transferred;
- Interest earning of the Fund; and
- Any other money made available to the Fund.

Commerce would be responsible for securing the bulk of the funding through grant applications, application fees, etc.

As it relates to the Maryland Department of Labor (MD Labor), SB 902 would have the following operational impacts:

- MD Labor (Division of Unemployment Insurance) would be required to provide the names and contact information of individuals currently receiving unemployment benefits to the cyber program as the information becomes available;
- The Governor's Workforce Development Board would be engaged in that they would receive a report from the Department of Commerce on the program's operation and performance alongside the Attorney General, the Maryland Cybersecurity Council, and the Maryland Economic Development Commission.

In order for MD Labor to consider sharing the requested Unemployment Insurance information, MD Labor would first need to get a conformity letter from the U.S. Department of Labor to ensure that the provision of the information is allowable for this purpose. If it was determined allowable, MD Labor would require a data sharing agreement, and because UI cannot use federal funds for a non-UI purpose, an annual fee and fee per record would be assessed. The fee would be determined as part of a negotiation of the terms of the data sharing agreement. In addition, MD Labor would need to update its messaging to inform claimants of the use of their information.

Estimated Fiscal Impact on Commerce:

Under the assumption that the Fund revenue received in a fiscal year is allocated for workforce programs allowed under this Act in that fiscal year, there is no set special fund expenditures from the Fund annually from FY 2022 through FY 2026 and for Commerce administrative expenses up to 10% of the revenues. Of that amount, approximately 90% annually is for distribution to listed entities and the remaining balance is for Commerce administrative costs. The fund type would be special, federal, and other (private funding).

Commerce is required to administer the program and currently does not have staff that would be able to administer this program. The creation of a program such as this will require additional staff, outreach, meetings, and overall, more administrative costs. Due to the type of program, two additional employees would need to be hired to oversee the administration of the grant.

With the creation of a new program, Commerce believes that two full-time employees would be best suited for this role. These employees would be within the Office of Strategic Industries and Entrepreneurship and would be a Cyber Program Manager and a Fund Administrator, focused on assisting the director with grant agreements, disbursements, reporting requirements, symposiums, meeting with the business community and fulfilling all additional duties and tasks that are needed to effectively administer the program. This program would be a fulltime role, but Commerce does not currently have staff or resources to dedicate someone fulltime to this program.

Additional Information:

There is currently the Commerce Cybersecurity Roundtable, the Governor's Workforce Development Board's Cybersecurity and IT Committee, and an MHEC focus group on cybersecurity workforce to assist in these efforts.

Through MD Labor’s Division of Workforce Development and Adult Learning (DWDAL), the State already makes significant investments in cyber security workforce development activities. This investment primarily occurs through 2 key programs:

- The EARN Maryland Program; and,
- The Apprenticeship Innovation Fund.

EARN Maryland

Beginning in 2018, Governor Hogan has made targeted investments aimed at growing the State’s cyber and IT talent pipeline via MD Labor’s nationally recognized EARN Maryland program.

EARN is industry-led, designed with the flexibility to ensure that Maryland’s businesses have the talent they need to compete and grow. The success of the program is seeded in collaboration among a diverse group of partners, including employer and industry partners, non-profit and community-based organizations, and workforce, economic development, and education partners.

Governor Hogan’s added investment of \$3 million annually has allowed the program to grow the number of grantees targeting this industry and expand the geographic reach and capacity of grantees. To date, the program has placed more than 1,000 individuals into employment in the Information Technology and Cybersecurity industries and provided training for nearly 1,500 incumbent workers.

Below is a list of the partners MD Labor funded through EARN in FY20:

EARN Grantee	Award Amount (FY 20)
Anne Arundel Workforce Development Corporation	\$240,000
Baltimore Cyber (ICET)	\$499,750
Baltimore Cyber (ACT)	\$492,302
CCBC	\$196,610
CompTIA	\$240,000
I’m Still Standing Community Corporation	\$271,968
NPower	\$200,000
Per Scholas	\$300,000
Susquehanna Workforce Network	\$150,000
Transmosis	\$73,370
Tech Frederick	\$300,000

Apprenticeship Innovation Fund

Since 2017, MD Labor has made 12 awards to cyber security organizations through the Apprenticeship Innovation Fund, amounting to \$793,920.64:

MD Labor is home to the State’s Apprenticeship and Training Program. To support the expansion of Registered Apprenticeship in the State, MD Labor established an Apprenticeship Innovation Fund (AIF) using time-limited federal grant dollars. Through the AIF, MD Labor has invested in sustainable programs that support and engage in Registered Apprenticeship (“RA”) expansion strategies by

seeding the implementation of new and promising ideas or adapting proven strategies at the systems or service delivery level, to expand the reach of RA programs in Maryland.

AIF Grantee	Award Amount	Award Date
TranZed	\$50,000	3/2017
TranZed	\$15,000	4/2017
Alliance Technology Group	\$48,000	5/2017
CAMI	\$2,500	7/2017
Franklin Apprenticeships, LLC	\$50,000	10/2018
Baltimore Cyber Range	\$15,000	1/2020
Howard Community College	\$63,100	6/2020
Franklin Apprenticeships, LLC	\$73,000	4/2020
Howard Community College	\$15,000	8/2020
Franklin Apprenticeships, LLC	\$125,000	7/2020
Howard Community College	\$250,000	8/2020
TranZed	\$87,320.64	8/2020

It is also important to note that this bill explains: “it is the intent of the General Assembly that \$25,000,000 of financial assistance provided by the federal government to the State in response to the coronavirus pandemic for the purposes of workforce development on or after July 1, 2021, be distributed to the cyber fund, if the purposes of the cyber program are a permissible use of the financial assistance.” MD Labor’s DWDAL oversees workforce development in the State. MD Labor is not aware of any federal funds that could be used for the purposes of SB 902, however, it is important to recognize that federal workforce funds are typically provided to MD Labor and come with very stringent rules and requirements. MD Labor is committed to ensuring federal workforce dollars are spent in compliance with federal guidelines and expectations.

Commerce and Labor recognize that there is a workforce shortage in cybersecurity and have made it a priority to work with our cybersecurity partners to come up with solutions to this shortage, without duplicating current efforts and programs provided by the State.