

REVISED

**Department of Planning and Budget
2016 Fiscal Impact Statement**

1. Bill Number: HB929-H1

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Davis

3. Committee: Science and Technology

4. Title: Promotion of cybersecurity in the Commonwealth.

5. Summary: Initiates several efforts to promote economic development, research and development, and workforce development of the cybersecurity industry in the Commonwealth. The bill creates two new matching grant funds: one administered by the Innovation and Entrepreneurship Investment Authority for private entities that collaborate with one or more public institutions of higher education on research and development related to cybersecurity and one administered by the Department of Education for computer science or robotics programs at public elementary or secondary schools in the Commonwealth. Finally, the bill directs the Secretary of Technology to organize and convene a Virginia Cybersecurity Conference to showcase Virginia's leadership in the field of cybersecurity. This bill is a recommendation of the Joint Commission on Technology and Science.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate. See Item 8 below.

8. Fiscal Implications: The fiscal impact of this legislation to the Commonwealth is indeterminate. The bill creates two nonreverting funds, the Collaborative Cybersecurity Research Fund and the Computer Science and Robotics Fund. Establishing these two funds will not in itself create a fiscal impact. However, a fiscal impact would result if the General Assembly provides funding to one or both of the funds.

If funding is provided to the Collaborative Cybersecurity Research Fund (Fund), the Innovation and Entrepreneurship Investment Authority (IEIA), via the Center for Innovative Technology (CIT), would be responsible for issuing and reviewing grant applications related to collaborative research and development cybersecurity efforts between private entities and one or more public institutions of higher education. IEIA/CIT would also be responsible for drafting guidelines for the grants and the grant applications, as well as issuing an annual report that lists the grants committed, the amount of each approved grant, a description of the approved proposals, the amount of private matching funds, and an assessment of the effectiveness of the Fund.

Since the intent of the General Assembly to provide funding for the Fund is unknown at this time, and if funded, the size of the program/level of activity that would be generated is also unknown, the fiscal impact on IEIA/CIT cannot be determined. Once the size and complexity of the program is known, additional resources may be needed by IEIA/CIT. For instance, CIT states that if \$5 million is provided for the Fund it will need support for the equivalent of one full-time staff position in the first year. CIT would have two solicitations per year with an average award of \$200,000. The funding would support managing grant solicitations and preparation of the Annual Report for the Governor and General Assembly. Tasks would include developing Program Guidelines and online and other outreach, administering applications and awards, managing the reporting process and coordinating disbursements with DPB and award recipients, and analyzing performance reports. A senior CIT staff person would oversee the program, including establishment of a review board, management of the proposal selection criteria and process, and program outreach to the private sector, academia, and government and other officials.

Subsequent years would see a shift in tasks, as the portfolio of grant recipients would require support ranging from review of progress and final reports, to handling such programmatic questions as requests to modify budgets or periods of performance, to an expanded Annual Report. In parallel, time to establish the review board and process would diminish, requiring less time of the senior CIT position. Requirements in years 2-5 are estimated at 1.5 positions. The estimated fiscal impact is \$161,588 the first year and \$182,094 the second year. This fiscal impact does not include the overhead cost estimated at 43 percent that CIT believes should be funded to administer the program. If funding were provided for CIT's requested overhead, the fiscal impact would increase from \$161,588 to \$229,782 in the first year and \$182,094 to \$259,604 in the second year.

If funding is provided to the Computer Science and Robotics Fund (Fund), the Department of Education (DOE) would be responsible for issuing and reviewing grant applications related to computer science or robotics programs at public elementary or secondary schools in the Commonwealth. DOE would also be responsible for drafting guidelines for the grants and the grant applications, as well as issuing an annual report that lists the schools receiving matching grants and a description of the computer science or robotics programs for which the grants were used. Since the intent of the General Assembly to provide funding for the Fund is unknown at this time, and if funded, the size of the program/level of activity that would be generated, the fiscal impact on DOE cannot be determined. Once the size and complexity of the program is known, a full-time, dedicated position may be needed by DOE. DOE estimates the cost of an additional position to support this program is \$140,000 annually, which includes salary, benefits, and support costs.

The bill mandates the Secretary of Technology to organize and convene a Virginia Cybersecurity Conference in 2016. At this time the cost cannot be determined since items such as the venue, sponsorships, number of attendees, attendance fees, speaker honorariums, and catering costs are not known. However, using Michigan's North American International Cyber Summit 2015 as guidance, the conference cost could total close to

\$250,000. Michigan offset most of this cost by incorporating a sponsorship package (received \$190,000) and registration fees (about \$58,000).

9. Specific Agency or Political Subdivisions Affected: Innovation and Entrepreneurship Investment Authority, Department of Education, various higher education institutions, community colleges, public elementary or secondary schools, and the Secretary of Technology.

10. Technical Amendment Necessary: No.

11. Other Comments: Similar to SB 747.

February 10, 2016
DPB Analyst: jgc