

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB 685

**House of Origin**    ☐ Introduced    ☐ Substitute    ☒ Engrossed  
**Second House**    ☒ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Delegate Ransone

**3. Committee:** Education and Health

**4. Title:** Establish the Cybersecurity Student Loan Repayment Grant Program

**5. Summary:** This bill establishes the Cybersecurity Student Loan Repayment Grant Program, to be administered by the State Council of Higher Education for Virginia (SCHEV), whereby renewable grants of up to \$20,000 of matching state (\$10,000) and employer (\$10,000) funds are provided on a competitive basis to an individual for up to three years who:

- either a) graduated within the past year from a public institution of higher education or regionally accredited private institution of higher education with an undergraduate or graduate degree in computer science or another academic program recognized by SCHEV to prepare an individual for a career in cybersecurity and who resides within the Commonwealth; or b) served on active duty in the Armed Forces of the United States, was discharged or released within the past year from such service under conditions other than dishonorable, gained experience or received training in computer science during such service, and resides within the Commonwealth; and
- accepts an offer of employment in a computer science position with any federal or state organization, including any federal or state military or defense organization that is located within the Commonwealth; or any private organization that contractually provides cybersecurity services for any such federal or state organization and that is located within the Commonwealth.

This bill also contains provisions relating to program administration and dissemination of information and reporting on the program.

**6. Budget Amendment Necessary:** Yes. Item 141.

**7. Fiscal Impact Estimates:** Preliminary (see Section 8)

**8. Fiscal Implications:** Under the existing cybersecurity scholarship program administered by SCHEV, 25 students receive \$20,000 scholarships per year for a total of \$500,000 in state general fund (GF) support. This proposed legislation would require maximum annual loans of \$10,000 (GF) per student with an equal amount of matching private aid. Estimating a benchmark of 25 students per year, the cost for the program would be \$250,000 (GF) / \$250,000 nongeneral funds (NGF) for the first year, \$500,000 (GF) / \$500,000 (NGF) for the

second year, and \$750,000 (GF) / \$750,000 (NGF) for the third year. This fiscal impact assumes that employer-matching funds would be available.

SCHEV estimates that the initial administrative effort would be extensive in the set-up for recipients, companies, and job eligibility criteria, but minimal thereafter. However, presuming that this loan repayment program would replace the current scholarship program, SCHEV believes that the administrative costs are absorbable. If necessary, this legislation permits SCHEV to cover its costs from any funding provided for this initiative.

**9. Specific Agency or Political Subdivisions Affected:** State Council of Higher Education for Virginia

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** The federal government already provides a scholarship program for individuals pursuing a cybersecurity degree who end up working for federal agencies.

The current \$500,000 (GF) per year supporting the existing cybersecurity scholarship program is not available to offset the costs of this proposed cybersecurity loan program, given that the current recipients are reimbursing the Commonwealth with their service for a period equal to the number of years the scholarship is awarded.

It is unclear how employer-matching funds would be identified and incorporated into this proposed program. SCHEV would likely have to conduct outreach efforts to possible employers for the matching funds. Although private organizations providing cybersecurity support for federal and state agencies may have resources to contribute, it is unlikely that those governmental agencies would have budget resources to contribute.

**Date:** 02/14/18  
c: Secretary of Education