

## ANALYSIS

### Item 17: Department of Emergency Management Cybersecurity and Infrastructure Security

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**Analyst:** John Terpening

**Request:** Approve the submission of a federal grant application to the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA), Cybersecurity and Infrastructure Security Agency (CISA), in the amount of \$7,559,145 for a State and Local Cybersecurity Program grant.

**Analysis:** As part of the Infrastructure Investment and Jobs Act, FEMA and CISA have posted a funding opportunity for the State and Local Cybersecurity Program grant. This program is designed to support states, local governments, rural areas, and territories address cybersecurity risks and threats to information systems. The Oregon Department of Emergency Management (ODEM) successfully applied for this grant in 2022, utilizing initial funds for the required establishment of a Cybersecurity Planning Committee that coordinates, develops, and approves a Cybersecurity Plan. The plan guides development of cybersecurity capabilities across the state, with the Committee responsible for approving the plan and prioritizing individual projects. The Department of Administrative Services (DAS) Enterprise Information Services (EIS) established a Cybersecurity Planning Committee and developed the Cybersecurity Plan, which was recently approved by CISA. Following approval, the next steps are for ODEM and DAS EIS to solicit, review and approve local applications for funding individual projects as outlined in the plan through this federal grant program.

ODEM serves as the State Administrative Agency to apply for and receive this formula grant and will utilize 5% of the available funding, or \$377,957, for administration of the grant. There is a 20% match requirement for this grant that will need to be met. 80% of the grant award is required to support local entities and 25% to support rural entities (although these amounts are expected to overlap). The remaining 15% will be allocated for state-level projects managed by DAS EIS. ODEM does not have resources available to support the required match for its 5% share. If awarded, ODEM intends to return to the Legislature to request necessary General Fund match.

The grant notice does allow for the possibility of a waiver for the match; however, in preliminary discussions with FEMA, ODEM indicated a waiver appeared unlikely for this fiscal year award. As such, the amount of matching funds needed from local entities and/or the state to expend the full grant amount would be approximately \$1.2 million. Although in-kind match is eligible, ODEM cannot determine if in-kind match will be accepted until potential projects and any corresponding match proposals are presented.

HB 2049 (2023) established the Cybersecurity Center of Excellence through the Higher Education Coordinating Commission (HECC) and appropriated \$250,000 into the Cybersecurity Grant Program Fund to be used as potential match for this grant opportunity. However, the Center does not become operational until October 1, 2023, at which time it will partner with DAS EIS and ODEM in developing a process for project proposal review and funding approvals. While DAS and HECC do not anticipate requesting funding from the Legislature at this time, how the match will be addressed is currently indeterminate and will depend on available resources at both the state and local level for the proposed projects.

The grant was announced August 7, 2023, and the application deadline is October 6, 2023. The grant is estimated to have a three-year project period, with additional awards through federal fiscal year 2025; however, each subsequent year the percentage match requirement changes ranging from 20-40%.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve the request.

**Request:** Authorization to apply for a grant totaling \$7.6 million for state and local cybersecurity enhancements from the Department of Homeland Security.

**Recommendation:** Approve the request.

**Discussion:** The Oregon Department of Emergency Management (ODEM) is requesting authorization to apply for a \$7,559,145 State and Local Cybersecurity Grant Program (SLCGP) grant issued through the Federal Emergency Management Agency (FEMA) and Cybersecurity and Infrastructure Security Agency (CISA), both within the Department of Homeland Security. The grant is designed to help states close cybersecurity planning and mitigation gaps.

FEMA opened the grant program in November 2022 for the first year of grant funding. ODEM, in partnership with the Department of Administration (DAS) Enterprise Information Services team, received permission to apply for the first round of funding and was awarded \$3.0 million in the Spring of 2023, to develop a statewide Cybersecurity Plan, which was approved by CISA on August 23, 2023.

In the most recent legislative session, House Bill 2049 (2023) transferred the Cybersecurity Advisory Council from DAS to the Oregon Cybersecurity Center of Excellence, funded through the Higher Education Coordinating Commission (HECC) budget. HECC is now joining ODEM and DAS as a partner on this grant, and the agencies are developing an inclusive process for proposal reviews and funding approvals. With CISA's acceptance of the statewide Cybersecurity Plan, the agencies will begin reviewing sub-grantee proposals to distribute the initial \$3.0 million grant funding to support statewide infrastructure enhancements and cyber incident response capabilities.

FEMA announced the second year of SLCGP grant funding on August 7, 2023, with an application deadline of October 6, 2023. The second grant, for \$7,559,145, will allow for more significant investment in statewide and local initiatives identified in the Cybersecurity Plan.

The second year of SLCGP grant funding requires 20 percent matching funds (cash or in-kind), and ODEM, as the State Administering Agency for FEMA/CISA funding, is required to submit the application and administer the grant with the following distribution:

- 80 percent: Sub-granted to entities for local cybersecurity projects.
- 15 percent: Sub-granted to entities for statewide cybersecurity projects.
- 5 percent: Retained by ODEM to cover allowable grant administration costs.

ODEM intends to submit a waiver for the required match amount with the grant application; if not approved, the individual sub-grantees must provide the matching funds (cash or in-kind) for their respective grant amounts. If awarded, DAS and HECC are not anticipating a future request for matching funds; however, ODEM will need to return to a future legislative meeting to request \$75,592 General Fund as a match for the administration portion of the grant.



# Oregon

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August 21, 2023

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

### **Nature of Request**

The Oregon Department of Emergency Management (ODEM) requests permission to apply for a \$7,559,145 State and Local Cybersecurity Grant Program (SLCGP) grant from the Federal Emergency Management Agency (FEMA) and Cybersecurity and Infrastructure Security Agency (CISA), both components of the Department of Homeland Security (DHS). The grant was announced on August 7, 2023, and the deadline to submit a grant application is October 6, 2023.

### **Agency Action**

ODEM leads statewide collaborative efforts to ensure the capability to get help in an emergency and to protect, mitigate, prepare for, respond to, and recover from emergencies or disasters regardless of cause, including cybersecurity. Our nation, and Oregon, faces unprecedented cybersecurity risks, including increasingly sophisticated adversaries, widespread vulnerabilities in commonly used hardware and software, and broad dependencies on networked technologies for the day-to-day operation of critical infrastructure. Numerous Oregon communities have fallen victim to cyber incidents in recent years, Curry County being the latest example, necessitating support from Oregon's comprehensive emergency management response and recovery structure.

The SLCGP grant was initiated by DHS in 2022 to establish appropriate governance structures, including developing Cybersecurity Plans, to improve capabilities to respond to cybersecurity incidents, and ensure continuity of operations. ODEM, in partnership with the Department of Administration (DAS), received permission to apply for the first round of funding and was awarded \$2,988,286 to develop a statewide Cybersecurity Plan and invest in cybersecurity protection, detection and response infrastructure at the state and local level. DAS drafted an initial plan and is currently working to revise the final plan based on feedback from CISA. The final plan is anticipated to be approved by CISA by September 2023. Upon approval, ODEM and DAS will begin implementing the plan by investing in infrastructure enhancements and cyber incidents response capabilities. This new SLCGP grant opportunity will allow for additional funding to support the statewide efforts to reduce the state's risk of cyber incidents.

The grant requires 20% matching funds and requires ODEM, as the State Administering Agency for FEMA/CISA funding, to submit the application and administer the grant. All projects will be

reviewed and allocated in accordance with the approved Cybersecurity Plan by the Cybersecurity Planning Committee, a multi-disciplinary and multi-jurisdictional group charged with coordinating activities across preparedness disciplines and all levels of government, to ensure available funding sources can effectively support a whole community approach to cyber preparedness and resiliency. If awarded, the funding will be distributed per the grant guidelines as follows:

%	ESTIMATED AMOUNT	PURPOSE
80%	\$6,047,317	Local Projects. <i>Allocated to subrecipients as pass through funding. Each subrecipient is accountable for providing the 20% match required for this portion of the grant.</i>
15%	\$1,133,871	Statewide Projects. <i>Allocated to the state. DAS, or other approved state level applicants, are accountable for 20% match required for this portion of the grant.</i>
5%	\$377,957	Management and Administration. <i>Retained by ODEM to cover allowable costs associated with administering the grant. ODEM is accountable for the 20% match required for this portion of the grant.</i>

**Action Requested**

The Oregon Department of Emergency Management requests the Interim Joint Committee on Ways and Means grant approval for ODEM to apply for the federal SLCGP grant. If awarded, ODEM will need to return to the legislature at a future meeting to request an increase in Federal Funds expenditure limitation and an appropriation of \$75,592 General Fund to satisfy the 20% match requirement for the Management and Administration portion of the grant funding.

**Legislation Affected**

None

Thank you for your consideration of this request.

Interim Joint Committee on Ways and Means

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All the best,

A handwritten signature in black ink, appearing to read 'M. Garrett', with a long horizontal flourish extending to the right.

Matthew L. Garrett

Director

Cc: Amanda Beitel, Legislative Fiscal Office  
Kate Nass, DAS Chief Financial Office  
John Terpening, Legislative Fiscal Office  
Wendy Gibson, DAS Chief Financial Office  
Matt Marheine, ODEM Deputy Director  
Michelle Lovejoy, ODEM Chief Financial Officer