Item 23: Department of Emergency Management
Cybersecurity and Infrastructure Security

Analyst: John Terpening

Request: Approve, retroactively, the submission of a federal grant application to the U.S. Department of Homeland Security, Federal Emergency Management Agency, Cybersecurity and Infrastructure Security Agency, in the amount of $6,450,747 for a State and Local Cybersecurity Program grant.

Analysis: As part of the Infrastructure and Jobs Act, the State and Local Cybersecurity Grant Program (SLCGP) is designed to assist states, local governments, rural areas, and territories in addressing cybersecurity risks and threats to information systems. This is the third of four anticipated rounds of grant funding available to states, and the federal fiscal year 2024 amount totals over $279 million nationwide.

This is a formula grant, and the Department of Emergency Management (ODEM) expects to receive $6.5 million. As the State Administrative Agency, ODEM applies for and receives the grant funds; utilizing 5% of the available funding for administration of the grant. The grant program outlines how funding can be utilized, with at least 80% of the grant award required to support local entities' projects. All projects will be reviewed by the Cybersecurity Planning Committee, which includes state and local partners, and will align with the State Cybersecurity Plan developed by the Committee. ODEM anticipates $5.2 million for local projects (80%), $967,612 for state-agency projects (15%), and $322,537 for administration (5%).

The federal match requirement increases for each round of funding, and the 30% match requirement for this round can be either cash or in-kind; however, the method and source by which the match will be met has not yet been finalized. ODEM does not have the available cash to provide as match and does not intend to accept in-kind match for awards provided to local entities and would require cash matching funds for each project funded via the grant. Additionally, match is required for each project and cannot be shared across multiple projects being implemented by the same entity. The match requirements for the first two grant awards were waived, and ODEM is applying for a waiver again for this third round.

The Notice of Funding Opportunity for this grant was announced September 23 and the application deadline was December 3. ODEM provided timely notice to the Legislature on November 4. If the grant is awarded, and the waiver not approved, ODEM will need to return to the Legislature to request General Fund for its share of the match requirement. The Department also notes that if a state-agency project involving ODEM is approved by the

Cybersecurity Planning Committee, additional General Fund match would need to be requested beyond the amount needed for administration.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board approve the request.

Request: Retroactive authorization to apply for a grant of $6.5 million from the Federal Emergency Management Agency and Cybersecurity and Infrastructure Security Agency for the State and Local Cybersecurity Grant Program grant.

Recommendation: Approve the request.

Discussion: The Oregon Department of Emergency Management (OEM) is requesting retroactive authorization to apply for a grant of $6,450,747 from the State and Local Cybersecurity Grant program from the Federal Emergency Management Agency (FEMA) and the Cybersecurity and Infrastructure Agency (CISA), both within the Department of Homeland Security. This is the third round of the grant, which is designed to help states close cybersecurity planning and mitigation gaps. The grant notification was posted on September 23, 2024, and the deadline to apply is December 3, 2024.

If awarded, OEM would administer the grant as the State Administering Agency for FEMA and CISA. The funding would be awarded to grantees per the grant requirements, including:

- 80 percent sub-granted to entities for local cybersecurity projects.
- 15 percent sub-granted to entities for statewide cybersecurity projects.
- 5 percent retained by OEM to cover allowable grant administration costs.

The grant requires a 30 percent match. OEM plans to request a waiver of the match requirement and has received match waivers on rounds one and two of this grant. If the waiver is not approved, OEM will require subgrantees to provide match for approved projects. Due to restrictions on the grant program, OEM is unable to use in-kind work as a match for the five percent administration portion of the grant or grant funds awarded to OEM for statewide cybersecurity projects. Should the grant be awarded and the waiver not approved, OEM may need to return to a future committee to request General Fund match for portions of the grant related to administration and awards made directly to OEM.

Tina Kotek, Governor

November 4, 2024

Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairs:

Nature of Request
The Oregon Department of Emergency Management (OEM) retroactively requests permission to apply for a $6,450,747 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 September 23, 2024, and the deadline to submit a grant application is December 3, 2024, which does not allow for OEM to make this request during a legislative session.

Background
OEM 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 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. OEM, in partnership with DAS, received permission to apply for the first round of funding and developed a statewide cybersecurity plan and invested in cybersecurity protection, detection and response infrastructure at the state and local level. This new SLCGP grant opportunity will allow for additional funding to support statewide efforts to reduce the state's risk of cyber incidents.

Agency Action

The grant requires 30% matching funds (cash or in-kind) and requires OEM, as the State Administering Agency for FEMA and CISA funding, to submit the application and administer the grant. OEM intends to apply for a waiver of the matching funds requirement. OEM received a waiver for rounds 1 and 2 of this grant, so no prior matching funds were required. If the waiver is denied, it is expected that state agencies and local government subrecipients will be responsible for the necessary match. OEM cannot accept in-kind contributions as a match. OEM would need to request General Fund as match for the projects for which OEM is a recipient as well as for the management and administration portion of the entire 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%	$5,160,598	Local Projects. *Allocated to subrecipients as pass through funding. Each subrecipient is accountable for providing the 30% match required for this portion of the grant.*
15%	$967,612	Statewide Projects. *Allocated to the state. DAS, or other approved state level applicants, are accountable for 30% match required for this portion of the grant.*
5%	$322,537	Management and Administration. *Retained by OEM to cover allowable costs associated with administering the grant. OEM is accountable for the 30% match required for this portion of the grant.*

Action Requested

OEM requests approval to apply for the federal SLCGP grant from FEMA. If awarded, OEM will return to the legislature at a future meeting to request an increase in Federal Funds expenditure limitation and may also seek additional General Fund to satisfy the 30%

match requirement for the Management and Administration and OEM project funding if the waiver is not approved.

Legislation Affected
None

Thank you for your consideration of this request.

Sincerely,

Erin McMahon, Director