

**Department of Legislative Services**  
Maryland General Assembly  
2021 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 902

(Senator Hester)

Finance and Budget and Taxation

Economic Matters and Appropriations

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**Economic Development - Cyber Workforce Program and Fund - Established**

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This bill establishes the Cyber Workforce Program in the Maryland Department of Commerce's Partnership for Workforce Quality (PWQ) Program. The purposes of the program are to support cyber careers, provide educational and training scholarships in cyber-related fields, and provide funding for specified cyber-related activities, including cyber-related workforce development and apprenticeship programs. The bill also establishes the Cyber Workforce Fund as a special, nonlapsing fund within Commerce to support the activities of the new program. On or before December 31 each year, Commerce must submit a report on the operation and performance of the program to the Governor, the General Assembly, the Governor's Workforce Development Board, the Attorney General, the Maryland Cybersecurity Council, and the Maryland Economic Development Commission. **The bill takes effect July 1, 2021.**

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**Fiscal Summary**

**State Effect:** General fund expenditures increase by *at least* \$500,000 to capitalize the fund and support program activities beginning as early as FY 2022; special fund revenues and expenditures for the Cyber Workforce Fund increase commensurately to administer the program and provide financial support as specified. Administrative expenditures are limited to 10% of annual expenditures. General fund expenditures may be offset to the extent the fund also receives revenues from private contributions, fees for services, and successful federal grant applications, as authorized. The Maryland Department of Labor (MDL) can carry out the bill's requirements with existing resources, as discussed below.

**Local Effect:** Local governments may participate and receive services from the Cyber Workforce Program to develop local cyber-related capabilities.

**Small Business Effect:** Potential meaningful.

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## Analysis

**Bill Summary:** “Cyber” means relating to or involving computers or computer networks, including the Internet.

### *Cyber Workforce Program*

The Secretary of Commerce or the Secretary’s designee must direct the program, and the Secretary must establish eligibility criteria and priorities for assistance.

The program may provide cyber workforce services at no cost that (1) determine the type of assistance to meet an employer’s needs; (2) identify existing training programs that may be adapted to meet an employer’s needs; (3) identify resources an employer may provide to support the training; (4) identify or develop appropriate programs; and (5) determine the most cost-effective approach to meeting training needs.

### *Cyber Workforce Fund*

The Cyber Workforce Fund consists of revenues from various sources, including any money appropriated by the State, any money made available through federal programs, private contributions, specified fees paid to the Cyber Workforce Program, and interest earnings. Commerce may use fund revenues to pay for reasonable and necessary administrative costs, capped at 10% of the annual funding. Additionally, no more than 10% of annual funding may be used in consultation with the Cybersecurity Association of Maryland, Inc., to provide resources to assist the cyber industry with analyzing and identifying workforce needs.

### *Unemployment Insurance Program*

MDL must provide the names and contact information of individuals currently receiving unemployment benefits to the Cyber Workforce Program as the information becomes available. The program may use the information to conduct outreach regarding employment, training, and career opportunities in cyber fields.

**Current Law:** The purpose of the PWQ Program, administered by Commerce, is to provide training services to:

- improve the competitiveness and productivity of the State’s workforce and business community;
- upgrade employee skills for new technologies or production processes; and
- assist employers located in the State in promoting employment stability.

In order to receive assistance under the PWQ Program, a Maryland-based employer must request training assistance in job-specific skills to upgrade or retain existing Maryland-based employees (as covered under the State unemployment insurance law). Grants may be awarded for job-specific training assistance to an eligible business, community college, private career school, State-accredited training agency, trade association, or union-sponsored training program.

PWQ Program funds may be used for costs associated with the direct delivery of instruction, including curriculum development, course materials, and instructors' salaries and expenses for training. The program may not contribute more than 50% of direct training costs for job-specific training assistance. Program money may not be used for capital equipment for an employer or trainee wages. An employer may not receive more than \$200,000 per year from the program.

The PWQ Fund is a special fund established to provide grants and cover the program's administrative and related costs. The Governor must include at least \$1.0 million annually in the State budget for the program.

### **State Fiscal Effect:**

#### *Capitalization of the Cyber Workforce Fund*

One possible source of revenues for the Cyber Workforce Fund in the bill is application or other fees paid to the program in connection with processing a request for financial assistance. As the bill does not specifically authorize charging any such fees, it is unclear to what extent that provision generates meaningful revenue for the fund. Also, the fiscal 2022 budget, as enacted, does not include any funding for the Cyber Workforce Program. Private contributions, fees, and future year federal grant awards alone will likely be insufficient to administer a viable program.

Therefore, the Department of Legislative Services advises that State general fund expenditures are the most likely means of capitalizing the Cyber Workforce Fund sufficiently to support a viable program, beginning as early as fiscal 2022; special fund revenues and expenditures increase commensurately. Given the size of the PWQ Program (at least \$1.0 million annually) that houses the Cyber Workforce Program and Fund and the scope of activities covered by the new program, general fund expenditures likely increase by *at least* \$500,000 beginning as early as fiscal 2022.

#### *Cyber Workforce Fund Expenditures*

The bill authorizes up to 10% of fund revenues to be used to administer the program. Under the assumption that the program receives at least \$500,000 annually in funding,

expenditures from the Cyber Workforce Fund include at least \$50,000 annually (reflecting the 10% cap on administrative expenses) to hire one half-time regular employee to administer and manage the program.

If *significant additional* funding (at least \$2.0 million) becomes available, Commerce advises it may need up to two full-time employees to administer the program. In that case, special fund expenditures from the Cyber Workforce Fund would include approximately \$200,000 on an annualized basis to hire two full-time employees under the Director of Education and Workforce at Commerce to administer and manage the program. Commerce advises such staff would focus on assisting the director with grant agreements, disbursements, reporting requirements, symposiums, and meeting with the business community. This estimate assumes that these expenditures are covered by the 10% allocation for administrative expenses and that no additional general or other funds are needed.

Special fund expenditures support specified program activities. As noted above, expenses to consult with the Cybersecurity Association of Maryland, Inc., are limited at 10% of annual funding. Accordingly, most program expenditures will be related to providing funding to develop and grow cyber workforce programs as specified in the bill. Exact expenditure amounts will depend on the level of funding available and demand for the cyber support services the program offers.

#### *Maryland Department of Labor*

MDL advises that, prior to sharing information about recipients, it needs to obtain a conformity letter from the U.S. Department of Labor to ensure that sharing the information is allowed under federal law. If permission is secured, MDL would require a data sharing agreement with Commerce prior to releasing the data and would also need to alert recipients that their information was being shared. MDL can carry out these activities with existing resources, but release of the data is likely delayed until the conformity letter is obtained.

**Small Business Effect:** Small cybersecurity businesses, along with nonprofit entities and county governments, receive preference for funding for apprenticeship and internship programs, which likely increase the level of cyber training and skills in the small business labor force.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Department of Commerce; Office of the Attorney General; Maryland Higher Education Commission; Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - March 15, 2021  
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Analysis by: Michael E. Sousane

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510