

H.R. 3138, State and Local Cybersecurity Improvement Act

As reported by the House Committee on Homeland Security on June 1, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	1,087	not estimated
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 3138 would establish a cybersecurity grant program in the Department of Homeland Security (DHS). State and local governments would use the grants to address cybersecurity threats and risks to their information systems. The bill also would establish a process for assessing grant applications, reviewing cybersecurity plans, and monitoring the performance of grant recipients. CBO estimates that implementing H.R. 3138 would cost about \$1.1 billion over the 2021-2026 period (detailed in Table 1). Such spending would be subject to the appropriation of the specified and estimated amounts.

H.R. 3138 would authorize appropriations of \$500 million annually over the 2022-2026 period and such sums as may be necessary for subsequent years. Those amounts would be distributed as grants to state, local, and tribal governments. Using historical spendout rates for similar grant programs, CBO estimates that providing those grants would cost \$1.1 billion over that period.

CBO estimates that reviewing grant applications and cybersecurity plans, disbursing grants, communicating with state and local governments, and completing other oversight and administrative functions required by the bill would cost \$17 million over the 2021-2026 period. That estimate is based on a comparison with the Federal Emergency Management Agency's costs to manage the State and Local Preparedness Grant Program. That agency spends approximately \$25 million (or 0.8 percent of total program funding) per year to

manage \$3 billion in grants. Using that rate as a basis, CBO estimates that administering the cybersecurity grant program authorized under H.R. 3138 would cost \$4 million each year and total \$17 million over the 2021-2026, after accounting for the time to establish the program.

The bill also would establish an independent committee to provide recommendations and guidance on the operation of the grant program. Using information from DHS about the costs of similar committees, CBO estimates that staff salaries, travel expenses, and facilities would cost \$1 million annually and total \$5 million over the 2021-2026 period.

For this estimate, CBO assumes that the bill will be enacted in fiscal year 2021. Under that assumption, DHS could incur some costs in 2021, but CBO expects that most of the costs would be incurred in 2022 and later.

Table 1.
Estimated Increases in Spending Subject to Appropriation Under H.R. 3138

	By Fiscal Year, Millions of Dollars						2021-2026
	2021	2022	2023	2024	2025	2026	
Cybersecurity Grants							
Authorization	0	500	500	500	500	500	2,500
Estimated Outlays	0	15	105	205	320	420	1,065
Administrative Costs							
Estimated Authorization	*	2	3	4	4	4	17
Estimated Outlays	*	2	3	4	4	4	17
Advisory Committee							
Estimated Authorization	*	1	1	1	1	1	5
Estimated Outlays	*	1	1	1	1	1	5
Total Changes							
Estimated Authorization	*	503	504	505	505	505	2,522
Estimated Outlays	*	18	109	210	325	425	1,087

* = between zero and \$500,000.

The CBO staff contact for this estimate is Aldo Prospero. The estimate was reviewed by Leo Lex, Deputy Director of Budget Analysis.