



DATE: August 16, 2023

TO: Study Committee on County Funding and Services

FROM: Joey Knofczynski, Senior Fiscal Analyst

RE: State and Local Cybersecurity Grant Program Overview

Background

As part of the Infrastructure Investment and Jobs Act, Congress created the State and Local Cybersecurity Grant Program (SLCGP) to strengthen the cybersecurity practices and resilience of state, local, and territorial governments. With four years of available funding, applicants are expected to focus on understanding their current cybersecurity posture and areas for improvement, implementing security protections commensurate with risk, and ensuring organization personnel are appropriately trained in cybersecurity.

Eligible Uses

Only a state or tribal government is eligible to apply for moneys from the SLCGP. Per 6 U.S. Code § 665g, moneys from the SLCGP may be used for 1) implementing the applicant's Cybersecurity Plan; 2) developing or revising the applicant's Cybersecurity Plan; 3) paying expenses directly relating to the administration of the grant, which shall not exceed 5% of the grant amount; or 4) assisting with activities that address imminent cybersecurity threats, as confirmed by the Secretary of Homeland Security, to government information systems.

A Cybersecurity Plan must be developed to apply for grant moneys. A state's Cybersecurity Plan is expected to generally incorporate any existing plans to protect against cybersecurity risks; describe how the applicant will manage, monitor, and protect information systems, applications, network traffic, and user accounts; and explain the metrics to use for measuring progress in plan implementation. Further, a Cybersecurity Plan must address the adoption of key cybersecurity best practices, including:

- Implementing multi-factor authentication;
- Implementing enhanced logging;
- Encrypting data at rest and in transit;
- Ending use of unsupported/end of life software and hardware accessible from the internet;
- Prohibiting use of known/fixed/default passwords and credentials;
- Ensuring the ability to reconstitute systems (backups);
- Engaging in bidirectional sharing between government entities to drive down cyber risk; and
- Migrating to the .gov internet domain.

The Cybersecurity and Infrastructure Security Agency must approve a state's Cybersecurity Plan, with renewals necessary every two years. Applicants must also establish a cybersecurity planning committee to manage the Cybersecurity Plan and assist with determining funding priorities. A committee should include representatives of the state and localities, with at least one-half of members having professional experience relating to cybersecurity or information technology.

Moneys from the SLCGP may not be used for supplanting state or local funds, spyware, paying a ransom, physical construction projects, recreational or social purposes, insurance premiums, or any other purpose not addressing cybersecurity risks or threats on information systems owned by the state or localities.

Application Process

For federal fiscal year (FFY) 2023, applications must be submitted by October 6, 2023. Applicants are required to submit complete project-level information detailing how the SLCGP program objectives and goals will be met through the development, implementation, and/or revision of its Cybersecurity Plan using Investment Justifications.

Each Investment Justification must provide a baseline understanding of the existing cybersecurity gaps, risks, and threats the applicant entity faces and include a summary of current capabilities to address these threats and risks. An Investment Justification should also include a description of how each proposed project addresses gaps identified in or sustainment of the approved Cybersecurity Plan.

No more than four Investment Justifications can be submitted with the application. In addition, a Project Worksheet is necessary to identify the budget details and budget narrative portion of the application. Applicants should submit only one Project Worksheet as part of the overall application and must include fiscal information for each Investment Justification.

Allocations

\$374.9 million is available under the SLCGP for FFY 2023. Each state and territory, if they apply, will receive a funding allocation as determined by the statutory formula, with each state receiving at least 1% of the total available funding. Importantly, 80% of total state allocations must support local entities, and 25% of the total state allocations must support rural entities. These two amounts may overlap.

South Dakota's allocation for FFY 2023 is \$4,766,558. If the state were to apply for these moneys, at least \$3,813,246 would go to local governments.

Recipients must meet a 20% cost share requirement for the FFY 2023 SLCGP. This contribution can be cash (hard match) or third-party in-kind (soft match). Unless otherwise authorized by law, federal funds cannot be matched with other federal funds. The recipient's non-federal contributions have the same eligibility requirements as the federal share.