



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 17, 2016

H.R. 3869 **State and Local Cyber Protection Act of 2015**

As passed by the House of Representatives on December 10, 2015

H.R. 3869 would require the Department of Homeland Security (DHS) to provide cybersecurity assistance to state and local governments. Such assistance would include help with identifying information system vulnerabilities, providing incident response support, and delivering other policy, training, and risk management support. CBO estimates that implementing H.R. 3869 would cost \$65 million over the 2016-2021 period, assuming appropriation of the estimated amounts.

DHS currently provides some cybersecurity assistance to state and local governments and the act would codify those activities. For example, CBO expects that the cybersecurity and privacy training that DHS already provides to state and local governments would fulfill the training that would be required by H.R. 3869. Thus, CBO ascribes no additional cost for that requirement. DHS also provides cybersecurity services to state and local governments through a partnership with the Multi-State Information Sharing and Analysis Center (MS-ISAC). In 2015, all 50 states, 5 territories, and 825 local and tribal governments received such services from MS-ISAC. Those operations are funded by an annual grant from DHS. Based on information from the department, CBO expects that amount to be \$9.5 million for fiscal year 2016. In addition to that grant funding, MS-ISAC provides certain services to state and local governments for a fee. State and local governments will pay about \$3 million in fees to MS-ISAC for such services in fiscal year 2016, CBO estimates.

Under H.R. 3869, CBO expects that DHS, through MS-ISAC, would offer all services to state and local governments at no charge. Providing those services at no charge would encourage more local governments to become members of MS-ISAC and increase the demand for all offered services. Based on information from DHS and MS-ISAC, CBO estimates that an additional 1,400 local and tribal governments would become MS-ISAC members by 2021. As detailed in the following table, CBO estimates that providing services to existing and new members for free would cost \$65 million over the 2016-2021 period.

	By Fiscal Year, in Millions of Dollars						2016- 2021
	2016	2017	2018	2019	2020	2021	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	7	8	10	12	14	16	67
Estimated Outlays	6	7	10	12	14	16	65

Because enacting H.R. 3869 would not affect direct spending or revenues, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 3869 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

H.R. 3869 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would benefit state and local cybersecurity agencies by authorizing federal technical assistance and training. Any costs incurred by those entities, including matching contributions, would be incurred voluntarily.

The CBO staff contact for this estimate is William Ma. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.