

IMPROVING SMALL BUSINESS CYBER SECURITY ACT OF
 2016

JULY 1, 2016.—Ordered to be printed

Mr. McCAUL, from the Committee on Homeland Security,
 submitted the following

R E P O R T

[To accompany H.R. 5064]

The Committee on Homeland Security, to whom was referred the bill (H.R. 5064) to amend the Small Business Act to allow small business development centers to assist and advise small business concerns on relevant cyber security matters, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Improving Small Business Cyber Security Act of 2016”.

SEC. 2. ROLE OF SMALL BUSINESS DEVELOPMENT CENTERS IN CYBER SECURITY AND PREPAREDNESS.

Section 21 of the Small Business Act (15 U.S.C. 648) is amended—

(1) in subsection (a)(1), by striking “and providing access to business analysts who can refer small business concerns to available experts;” and inserting “providing access to business analysts who can refer small business concerns to available experts; and, to the extent practicable, providing assistance in furtherance of the Small Business Development Center Cyber Strategy developed under section 5(b) of the Improving Small Business Cyber Security Act of 2016.”; and

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (E), by striking “and” at the end;

(ii) in subparagraph (F), by striking the period and inserting “; and”; and

(iii) by adding at the end of the following:

“(G) access to cyber security specialists to counsel, assist, and inform small business concern clients, in furtherance of the Small Business Development Center Cyber Strategy developed under section 5(b) of the Improving Small Business Cyber Security Act of 2016.”.

SEC. 3. ADDITIONAL CYBER SECURITY ASSISTANCE FOR SMALL BUSINESS DEVELOPMENT CENTERS.

Section 21(a) of the Small Business Act (15 U.S.C. 648(a)) is amended by adding at the end the following:

“(8) CYBER SECURITY ASSISTANCE.—The Department of Homeland Security, and any other Federal department or agency in coordination with the Department of Homeland Security, may leverage small business development centers to provide assistance to small businesses by disseminating cyber security risk information and other homeland security information to help small business concerns in developing or enhancing cyber security infrastructure, cyber threat awareness, and cyber training programs for employees.”.

SEC. 4. CYBER SECURITY OUTREACH FOR SMALL BUSINESS DEVELOPMENT CENTERS.

Section 227 of the Homeland Security Act of 2002 (6 U.S.C. 148) is amended—

(1) by redesignating subsection (l) as subsection (m); and

(2) by inserting after subsection (k) the following:

“(l) CYBERSECURITY OUTREACH.—

“(1) IN GENERAL.—The Secretary may leverage small business development centers to provide assistance to small businesses by disseminating information on cyber threat indicators, defensive measures, cybersecurity risks, incidents, analysis, and warnings to help small business concerns in developing or enhancing cybersecurity infrastructure, cyber threat awareness, and cyber training programs for employees.

“(2) DEFINITIONS.—For purposes of this subsection, the terms ‘small business concern’ and ‘small business development center’ have the meaning given such terms, respectively, under section 3 of the Small Business Act.”.

SEC. 5. GAO STUDY ON SMALL BUSINESS CYBER SUPPORT SERVICES AND SMALL BUSINESS DEVELOPMENT CENTER CYBER STRATEGY.

(a) REVIEW OF CURRENT CYBER SECURITY RESOURCES.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a review of current cyber security resources at the Federal level aimed at assisting small business concerns with developing or enhancing cyber security infrastructure, cyber threat awareness, or cyber training programs for employees.

(2) CONTENT.—The review required under paragraph (1) shall include the following:

(A) An accounting and description of all Federal Government programs, projects, and activities that currently provide assistance to small business concerns in developing or enhancing cyber security infrastructure, cyber threat awareness, or cyber training programs for employees.

(B) An assessment of how widely utilized the resources described under subparagraph (A) are by small business concerns and a review of whether or not such resources are duplicative of other programs and structured in a manner that makes them accessible to and supportive of small business concerns.

(3) REPORT.—The Comptroller General shall issue a report to the Congress, the Small Business Administrator, the Secretary of Homeland Security, and any association recognized under section 21(a)(3)(A) of the Small Business Act containing all findings and determinations made in carrying out the review required under paragraph (1).

(b) SMALL BUSINESS DEVELOPMENT CENTER CYBER STRATEGY.—

(1) IN GENERAL.—Not later than 90 days after the issuance of the report under subsection (a)(3), the Small Business Administrator and the Secretary of Homeland Security shall work collaboratively to develop a Small Business Development Center Cyber Strategy.

(2) CONSULTATION.—In developing the strategy under this subsection, the Small Business Administrator and the Secretary of Homeland Security shall consult with entities representing the concerns of small business development centers, including any association recognized under section 21(a)(3)(A) of the Small Business Act.

(3) CONTENT.—The strategy required under paragraph (1) shall include, at minimum, the following:

(A) Plans for leveraging small business development centers (SBDCs) to access existing cyber programs of the Department of Homeland Security and other appropriate Federal agencies to enhance services and streamline cyber assistance to small business concerns.

(B) To the extent practicable, methods for the provision of counsel and assistance to improve a small business concern's cyber security infrastructure, cyber threat awareness, and cyber training programs for employees, including—

(i) working to ensure individuals are aware of best practices in the areas of cyber security, cyber threat awareness, and cyber training;

(ii) working with individuals to develop cost-effective plans for implementing best practices in these areas;

(iii) entering into agreements, where practical, with Information Sharing and Analysis Centers or similar cyber information sharing entities to gain an awareness of actionable threat information that may be beneficial to small business concerns; and

(iv) providing referrals to area specialists when necessary.

(C) An analysis of—

(i) how Federal Government programs, projects, and activities identified by the Comptroller General in the report issued under subsection (a)(1) can be leveraged by SBDCs to improve access to high-quality cyber support for small business concerns;

(ii) additional resources SBDCs may need to effectively carry out their role; and

(iii) how SBDCs can leverage existing partnerships and develop new ones with Federal, State, and local government entities as well as private entities to improve the quality of cyber support services to small business concerns.

(4) DELIVERY OF STRATEGY.—Not later than 180 days after the issuance of the report under subsection (a)(3), the Small Business Development Center Cyber Strategy shall be issued to the Committees on Homeland Security and Small Business of the House of Representatives and the Committees on Homeland Security and Governmental Affairs and Small Business and Entrepreneurship of the Senate.

SEC. 6. PROHIBITION ON ADDITIONAL FUNDS.

No additional funds are authorized to be appropriated to carry out this Act or the amendments made by this Act.

PURPOSE AND SUMMARY

H.R. 5064, the Improving Small Business Cyber Security Act of 2016 improves small business cybersecurity by leveraging existing Federal programs, as well as the expertise of nearly 1,000 Small Business Development Centers (SBDCs) around the country to streamline cyber support for small businesses.

In particular, the bill amends the Small Business Act (15 U.S.C. 631 et seq.; 72 Stat. 384 et seq.) and the Homeland Security Act of 2002 (Pub. L. 107-296) to allow the Department of Homeland Security (DHS), and any other Federal department or agency coordinating with DHS, to provide information on cybersecurity risks and other cyber-related assistance to SBDCs as they help small businesses develop or enhance cybersecurity infrastructure, threat awareness, and training programs. Further, the Small Business

Administration (SBA) and DHS are required to jointly develop a strategy that provides guidance to SBDCs on how they can leverage existing Federal resources to provide better access to much-needed cyber support services. To the extent practicable, SBDCs must offer cybersecurity specialists to counsel, assist, and inform small business clients, and the SBA Administrator is authorized to award SBDC grants in furtherance of the Cyber Strategy.

Additionally, the bill requires the Government Accountability Office (GAO) to review current cybersecurity programs at the Federal level aimed at providing assistance to small businesses. The review will include an assessment of how widely utilized existing resources are by small businesses, whether they are duplicative of other resources, and whether they could be better structured to improve accessibility and effectiveness.

BACKGROUND AND NEED FOR LEGISLATION

In recent years, the frequency of cyber attacks against small and medium-sized businesses and increased along with the costs of preventing and recovering from such attacks. In a recent national survey of small businesses, half of small businesses reported having suffered a cyber attack, and the average amount of money stolen in such an incident has tripled in the past three years—from roughly \$8,000 in 2013 to over \$20,000 in 2015.¹ With 28 million small businesses in the U.S. accounting for 54 percent of annual sales, the damage of cyber attacks and thefts—from intellectual property to sensitive information—has the potential to ripple throughout the American economy.

Small Business Development Centers have existed for more than 30 years with the purpose of helping small businesses remain competitive and navigate an increasingly complex domestic and global marketplace. There are nearly 1,000 SBDCs nationwide, hosted by universities, colleges, and state economic development agencies with a presence in every congressional district and nearly every community. SBDCs offer no-cost consulting and at-cost training on topics such as writing business plans, accessing capital, marketing, and technology development. This bill provides this existing infrastructure with tools, resources, and expert guidance to enable these SBDCs to utilize and leverage existing Federal cyber resources in order to more effectively meet the information security needs of small businesses and the national and economic security needs of the United States.

HEARINGS

No hearings were held on H.R. 5064 in the 114th Congress.

COMMITTEE CONSIDERATION

The Committee met on June 8, 2016, to consider H.R. 5064, and ordered the measure to be reported to the House with a favorable

¹ National Small Business Association, 2015 Year-End Economic Report, available at <http://www.nsba.biz/wp-content/uploads/2016/02/Year-End-Economic-Report-2015.pdf>. Small businesses are often not prepared to prevent cyberattacks or easily recover from the damages of successful intrusions. A recent report by a Internet security firm found that 90 percent of small businesses do not use updated protocols for protecting sensitive consumer information while a separate study conducted by the National Cyber Security Alliance determined that 83 percent of small businesses do not have a formal cybersecurity plan.

recommendation, amended, by voice vote. The Committee adopted H.R. 5064, as amended, by voice vote. The Committee took the following actions:

The following amendment was offered:

An en bloc amendment offered by MR. RICHMOND (#1); was AGREED TO by voice vote.

Consisting of the following amendments:

An amendment:

Page 3, line 11, insert “leverage small business development centers to” before “provide”.

Page 3, line 12, strike “small business development centers” and insert “small businesses”.

Page 3, line 13, strike “through the dissemination of” and insert “by disseminating”.

Page 4, line 4, insert “leverage small business development centers to” before “provide”.

Page 4, line 5, strike “small business development centers” and insert “small businesses”.

Page 4, line 6, strike “through the dissemination of” and insert “by disseminating”.

Page 6, line 21, strike “incorporating small business development centers (SBDCs) into” and insert “leveraging small business development centers (SBDCs) to access”.

Page 6, line 23, insert “of the Department of Homeland Security and other appropriate Federal agencies” before “to enhance”.

An amendment:

Page 4, line 6, strike “of cyber security risk information and other homeland security information” and insert “information on cyber threat indicators, defensive measures, cybersecurity risks, incidents, analysis, and warnings”. Page 4, lines 3-9, strike “cyber security” each place it appears and insert “cybersecurity”;

COMMITTEE VOTES

Clause 3(b) of Rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto.

No recorded votes were requested during consideration of H.R. 5064.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of Rule XIII of the Rules of the House of Representatives, the Committee has held oversight hearings and made findings that are reflected in this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 5064, the Improving Small Business Cyber Security Act of 2016, would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives, a cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall

cause such estimate to be printed in the *Congressional Record* upon its receipt by the Committee.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of Rule XIII of the Rules of the House of Representatives, H.R. 5064 contains the following general performance goals and objectives, including outcome related goals and objectives authorized.

This legislation authorizes the Small Business Administration and the Department of Homeland Security to assist Small Business Development Centers to better improve the cybersecurity of small businesses.

DUPLICATIVE FEDERAL PROGRAMS

Pursuant to clause 3(c) of Rule XIII, the Committee finds that H.R. 5064 does not contain any provision that establishes or reauthorizes a program known to be duplicative of another Federal program.

CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

In compliance with Rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of the Rule XXI.

FEDERAL MANDATES STATEMENT

An estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the *Congressional Record* upon its receipt by the Committee.

PREEMPTION CLARIFICATION

In compliance with section 423 of the Congressional Budget Act of 1974, requiring the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt State, local, or Tribal law, the Committee finds that H.R. 5064 does not preempt any State, local, or Tribal law.

DISCLOSURE OF DIRECTED RULE MAKINGS

The Committee estimates that H.R. 5064 would require no directed rule makings.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short Title.

This section provides that this bill may be cited as the “Improving Small Business Cyber Security Act of 2016”.

Sec. 2. Role of Small Business Development Centers in Cyber Security and Preparedness.

This section amends the Small Business Act to authorize the SBA to support SBDCs in furtherance of the Small Business Development Center Cyber Strategy, which is to be developed jointly by DHS and SBA. SBDCs are also directed to provide small businesses access to cyber security specialists who can, in accordance with the SBDC Cyber Strategy developed under section five, counsel, assist, and inform small businesses on cyber matters.

Sec. 3. Additional Cyber Security Assistance for Small Business Development Centers.

This section authorizes DHS, in addition to any other Federal agency working in coordination with DHS, to provide assistance to SBDCs by disseminating cybersecurity risk information and other homeland security information to help small business concerns in developing or enhancing cybersecurity, cyber threat awareness, and cyber training programs for employees.

Sec. 4. Cyber Security Outreach for Small Business Development Centers.

The Committee intends for DHS to work with SBDCs to help them leverage the Department’s cybersecurity programs and services to improve the security of small business networks and information systems.

Sec. 5. GAO Study on Small Business Cyber Support Services and Small Business Development Center Cyber Strategy.

This section requires the Government Accountability Office (GAO) to conduct a review of current cybersecurity programs at the Federal level aimed at assisting small business concerns with developing or enhancing cybersecurity infrastructure, cyber threat awareness, or cyber training programs for employees. The review will assess how widely small businesses utilize these existing resources, whether they are duplicative of other resources, and whether they could be better structured to improve accessibility and effectiveness.

This section also requires the SBA Administrator and the DHS Secretary to consult with SBDC stakeholders to jointly develop a Small Business Development Center Cyber Strategy which must include plans for incorporating SBDCs into existing cyber programs, to enhance services and streamline support for small busi-

nesses in cyber-related matters, and methods for counseling and assisting small businesses to improve their cybersecurity infrastructure, cyber threat awareness, and cybersecurity training. The strategy must further include an analysis of how programs identified in the GAO report can be leveraged by SBDCs.

Sec. 6. Prohibition on Additional Funds.

This section prohibits additional funds from being appropriated to carry out this Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * *

SEC. 21. (a)(1) The Administration is authorized to make grants (including contracts and cooperative agreements) to any State government or any agency thereof, any regional entity, any State-chartered development, credit or finance corporation, any women's business center operating pursuant to section 29, any public or private institution of higher education, including but not limited to any land-grant college or university, any college or school of business, engineering, commerce, or agriculture, community college or junior college, or to any entity formed by two or more of the above entities (herein referred to as "applicants") to assist in establishing small business development centers and to any such labor for: small business oriented employment or natural resources development programs; studies, research, and counseling concerning the managing, financing, and operation of small business enterprises, management and technical assistance regarding small business participation in international markets, export promotion and technology transfer; delivery or distribution of such services and information; [and providing access to business analysts who can refer small business concerns to available experts:] *providing access to business analysts who can refer small business concerns to available experts; and, to the extent practicable, providing assistance in furtherance of the Small Business Development Center Cyber Strategy developed under section 5(b) of the Improving Small Business Cyber Security Act of 2016: Provided, That after December 31, 1990, the Administration shall not make a grant to any applicant other than an institution of higher education or a women's business center operating pursuant to section 29 as a Small Business Development Center unless the applicant was receiving a grant (including a contract or cooperative agreement) on such date. The Administration shall require any applicant for a small business development center grant with performance commencing on or after January 1, 1992 to have its own budget and to primarily utilize institutions of higher education and women's business centers operating pursuant to section 29 to provide services to the small business community. The*

term of such grants shall be made on a calendar year basis or to coincide with the Federal fiscal year.

(2) COOPERATION TO PROVIDE INTERNATIONAL TRADE SERVICES.—

(A) INFORMATION AND SERVICES.—The small business development centers shall work in close cooperation with the Administration's regional and local offices, the Department of Commerce, appropriate Federal, State and local agencies (including State trade agencies), and the small business community to serve as an active information dissemination and service delivery mechanism for existing trade promotion, trade finance, trade adjustment, trade remedy and trade data collection programs of particular utility for small businesses.

(B) COOPERATION WITH STATE TRADE AGENCIES AND EXPORT ASSISTANCE CENTERS.—A small business development center that counsels a small business concern on issues relating to international trade shall—

(i) consult with State trade agencies and Export Assistance Centers to provide appropriate services to the small business concern; and

(ii) as necessary, refer the small business concern to a State trade agency or an Export Assistance Center for further counseling or assistance.

(C) DEFINITION.—In this paragraph, the term "Export Assistance Center" has the same meaning as in section 22.

(3) The Small Business Development Center Program shall be under the general management and oversight of the Administration for the delivery of programs and services to the small business community. Such programs and services shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, pursuant to an executed cooperative agreement between the Small Business Development Center applicant and the Administration.

(A) Small business development centers are authorized to form an association to pursue matters of common concern. If more than a majority of the small business development centers which are operating pursuant to agreements with the Administration are members of such an association, the Administration is authorized and directed to recognize the existence and activities of such an association and to consult with it and develop documents (i) announcing the annual scope of activities pursuant to this section, (ii) requesting proposals to deliver assistance as provided in this section and (iii) governing the general operations and administration of the Small Business Development Center Program, specifically including the development of regulations and a uniform negotiated cooperative agreement for use on an annual basis when entering into individual negotiated agreements with small business development centers.

(B) Provisions governing audits, cost principles and administrative requirements for Federal grants, contracts and cooperative agreements which are included in uniform requirements of Office of Management and Budget (OMB) Circulars shall be incorporated by reference and shall not be set forth in summary or other form in regulations.

(C) Whereas On an annual basis, the Small Business Development Center shall review and coordinate public and private partnerships and cosponsorships with the Administration for the purpose of more efficiently leveraging available resources on a National and a State basis.

(4) SMALL BUSINESS DEVELOPMENT CENTER PROGRAM LEVEL.—

(A) IN GENERAL.—The Administration shall require as a condition of any grant (or amendment or modification thereof) made to an applicant under this section, that a matching amount (excluding any fees collected from recipients of such assistance) equal to the amount of such grant be provided from sources other than the Federal Government, to be comprised of not less than 50 percent cash and not more than 50 percent of indirect costs and in-kind contributions.

(B) RESTRICTION.—The matching amount described in subparagraph (A) shall not include any indirect costs or in-kind contributions derived from any Federal program.

(C) FUNDING FORMULA.—

(i) IN GENERAL.—Subject to clause (iii), the amount of a formula grant received by a State under this subparagraph shall be equal to an amount determined in accordance with the following formula:

(I) The annual amount made available under section 20(a) for the Small Business Development Center Program, less any reductions made for expenses authorized by clause (v) of this subparagraph, shall be divided on a pro rata basis, based on the percentage of the population of each State, as compared to the population of the United States.

(II) If the pro rata amount calculated under subclause (I) for any State is less than the minimum funding level under clause (iii), the Administration shall determine the aggregate amount necessary to achieve that minimum funding level for each such State.

(III) The aggregate amount calculated under subclause (II) shall be deducted from the amount calculated under subclause (I) for States eligible to receive more than the minimum funding level. The deductions shall be made on a pro rata basis, based on the population of each such State, as compared to the total population of all such States.

(IV) The aggregate amount deducted under subclause (III) shall be added to the grants of those States that are not eligible to receive more than the minimum funding level in order to achieve the minimum funding level for each such State, except that the eligible amount of a grant to any State shall not be reduced to an amount below the minimum funding level.

(ii) GRANT DETERMINATION.—The amount of a grant that a State is eligible to apply for under this subparagraph shall be the amount determined under clause (i), subject to any modifications required under clause (iii), and shall be based on the amount available for the fiscal year in which performance of the grant commences, but not including

amounts distributed in accordance with clause (iv). The amount of a grant received by a State under any provision of this subparagraph shall not exceed the amount of matching funds from sources other than the Federal Government, as required under subparagraph (A).

(iii) **MINIMUM FUNDING LEVEL.**—The amount of the minimum funding level for each State shall be determined for each fiscal year based on the amount made available for that fiscal year to carry out this section, as follows:

(I) If the amount made available is not less than \$81,500,000 and not more than \$90,000,000, the minimum funding level shall be \$500,000.

(II) If the amount made available is less than \$81,500,000, the minimum funding level shall be the remainder of \$500,000 minus a percentage of \$500,000 equal to the percentage amount by which the amount made available is less than \$81,500,000.

(III) If the amount made available is more than \$90,000,000, the minimum funding level shall be the sum of \$500,000 plus a percentage of \$500,000 equal to the percentage amount by which the amount made available exceeds \$90,000,000.

(iv) **DISTRIBUTIONS.**—Subject to clause (iii), if any State does not apply for, or use, its full funding eligibility for a fiscal year, the Administration shall distribute the remaining funds as follows:

(I) If the grant to any State is less than the amount received by that State in fiscal year 2000, the Administration shall distribute such remaining funds, on a pro rata basis, based on the percentage of shortage of each such State, as compared to the total amount of such remaining funds available, to the extent necessary in order to increase the amount of the grant to the amount received by that State in fiscal year 2000, or until such funds are exhausted, whichever first occurs.

(II) If any funds remain after the application of subclause (I), the remaining amount may be distributed as supplemental grants to any State, as the Administration determines, in its discretion, to be appropriate, after consultation with the association referred to in subsection (a)(3)(A).

(v) **USE OF AMOUNTS.**—

(I) **IN GENERAL.**—Of the amounts made available in any fiscal year to carry out this section—

(aa) not more than \$500,000 may be used by the Administration to pay expenses enumerated in subparagraphs (B) through (D) of section 20(a)(1); and

(bb) not more than \$500,000 may be used by the Administration to pay the examination expenses enumerated in section 20(a)(1)(E).

(II) **LIMITATION.**—No funds described in subclause (I) may be used for examination expenses under section 20(a)(1)(E) if the usage would reduce the amount

of grants made available under clause (i)(I) of this subparagraph to less than \$85,000,000 (after excluding any amounts provided in appropriations Acts, or accompanying report language, for specific institutions or for purposes other than the general small business development center program) or would further reduce the amount of such grants below such amount.

(vi) EXCLUSIONS.—Grants provided to a State by the Administration or another Federal agency to carry out subsection (a)(6) or (c)(3)(G), or for supplemental grants set forth in clause (iv)(II) of this subparagraph, shall not be included in the calculation of maximum funding for a State under clause (ii) of this subparagraph.

(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph—

- (I) \$130,000,000 for fiscal year 2005; and
- (II) \$135,000,000 for fiscal year 2006.

(viii) LIMITATION.—From the funds appropriated pursuant to clause (vii), the Administration shall reserve not less than \$1,000,000 in each fiscal year to develop portable assistance for startup and sustainability non-matching grant programs to be conducted by eligible small business development centers in communities that are economically challenged as a result of a business or government facility down sizing or closing, which has resulted in the loss of jobs or small business instability. A non-matching grant under this clause shall not exceed \$100,000, and shall be used for small business development center personnel expenses and related small business programs and services.

(ix) STATE DEFINED.—In this subparagraph, the term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(5) FEDERAL CONTRACTS WITH SMALL BUSINESS DEVELOPMENT CENTERS.—

(A) IN GENERAL.—Subject to the conditions set forth in subparagraph (B), a small business development center may enter into a contract with a Federal department or agency to provide specific assistance to small business concerns.

(B) CONTRACT PREREQUISITES.—Before bidding on a contract described in subparagraph (A), a small business development center shall receive approval from the Associate Administrator of the small business development center program of the subject and general scope of the contract. Each approval under subparagraph (A) shall be based upon a determination that the contract will provide assistance to small business concerns and that performance of the contract will not hinder the small business development center in carrying out the terms of the grant received by the small business development center from the Administration.

(C) EXEMPTION FROM MATCHING REQUIREMENT.—A contract under this paragraph shall not be subject to the matching funds or eligibility requirements of paragraph (4).

(D) ADDITIONAL PROVISION.—Notwithstanding any other provision of law, a contract for assistance under this paragraph shall not be applied to any Federal department or agency's small business, woman-owned business, or socially and economically disadvantaged business contracting goal under section 15(g).

(6) Any applicant which is funded by the Administration as a Small Business Development Center may apply for an additional grant to be used solely to assist—

(A) with the development and enhancement of exports by small business concerns;

(B) in technology transfer; and

(C) with outreach, development, and enhancement of minority-owned small business startups or expansions, HUBZone small business concerns, veteran-owned small business startups or expansions, and women-owned small business startups or expansions, in communities impacted by base closings or military or corporate downsizing, or in rural or underserved communities;

as provided under subparagraphs (B) through (G) of subsection (c)(3). Applicants for such additional grants shall comply with all of the provisions of this section, including providing matching funds, except that funding under this paragraph shall be effective for any fiscal year to the extent provided in advance in appropriations Acts and shall be in addition to the dollar program limitations specified in paragraphs (4) and (5). No recipient of funds under this paragraph shall receive a grant which would exceed its pro rata share of a \$15,000,000 program based upon the populations to be served by the Small Business Development Center as compared to the total population of the United States. The minimum amount of eligibility for any State shall be \$100,000.

(7) PRIVACY REQUIREMENTS.—

(A) IN GENERAL.—A small business development center, consortium of small business development centers, or contractor or agent of a small business development center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

(i) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

(ii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a small business development center, but a disclosure under this clause shall be limited to the information necessary for such audit.

(B) ADMINISTRATOR USE OF INFORMATION.—This section shall not—

(i) restrict Administrator access to program activity data; or

(ii) prevent the Administrator from using client information to conduct client surveys.

(C) REGULATIONS.—

(i) IN GENERAL.—The Administrator shall issue regulations to establish standards—

(I) for disclosures with respect to financial audits under subparagraph (A)(ii); and

(II) for client surveys under subparagraph (B)(ii), including standards for oversight of such surveys and for dissemination and use of client information.

(ii) MAXIMUM PRIVACY PROTECTION.—Regulations under this subparagraph, shall, to the extent practicable, provide for the maximum amount of privacy protection.

(iii) INSPECTOR GENERAL.—Until the effective date of regulations under this subparagraph, any client survey and the use of such information shall be approved by the Inspector General who shall include such approval in his semi-annual report.

(8) *CYBER SECURITY ASSISTANCE.*—*The Department of Homeland Security, and any other Federal department or agency in coordination with the Department of Homeland Security, may leverage small business development centers to provide assistance to small businesses by disseminating cyber security risk information and other homeland security information to help small business concerns in developing or enhancing cyber security infrastructure, cyber threat awareness, and cyber training programs for employees.*

(b)(1) Financial assistance shall not be made available to any applicant if approving such assistance would be inconsistent with a plan for the area involved which has been adopted by an agency recognized by the State government as authorized to do so and approved by the Administration in accordance with the standards and requirements established pursuant to this section.

(2) An applicant may apply to participate in the program by submitting to the Administration for approval a plan naming those authorized in subsection (a) to participate in the program, the geographic area to be served, the services that it would provide, the method for delivering services, a budget, and any other information and assurances the Administration may require to insure that the applicant will carry out the activities eligible for assistance. The Administration is authorized to approve, conditionally approve or reject a plan or combination of plans submitted. In all cases, the Administration shall review plans for conformity with the plan submitted pursuant to paragraph (1) of this subsection, and with a view toward providing small business with the most comprehensive and coordinated assistance in the State or part thereof to be served.

(3) ASSISTANCE TO OUT-OF-STATE SMALL BUSINESS CONCERNS.—

(A) IN GENERAL.—At the discretion of the Administration, the Administration is authorized to permit a small business development center to provide advice, information and assistance, as described in subsection (c), to small businesses located outside the State, but only to the extent such businesses are located within close geographical prox-

imity to the small business development center, as determined by the Administration.

(B) DISASTER RECOVERY ASSISTANCE.—

(i) IN GENERAL.—At the discretion of the Administrator, the Administrator may authorize a small business development center to provide advice, information, and assistance, as described in subsection (c), to a small business concern located outside of the State, without regard to geographic proximity to the small business development center, if the small business concern is located in an area for which the President has declared a major disaster.

(ii) TERM.—

(I) IN GENERAL.—A small business development center may provide advice, information, and assistance to a small business concern under clause (i) for a period of not more than 2 years after the date on which the President declared a major disaster for the area in which the small business concern is located.

(II) EXTENSION.—The Administrator may, at the discretion of the Administrator, extend the period described in subclause (I).

(iii) CONTINUITY OF SERVICES.—A small business development center that provides counselors to an area described in clause (i) shall, to the maximum extent practicable, ensure continuity of services in any State in which the small business development center otherwise provides services.

(iv) ACCESS TO DISASTER RECOVERY FACILITIES.—For purposes of this subparagraph, the Administrator shall, to the maximum extent practicable, permit the personnel of a small business development center to use any site or facility designated by the Administrator for use to provide disaster recovery assistance.

(c)(1) Applicants receiving grants under this section shall assist small businesses in solving problems concerning operations, manufacturing, engineering, technology exchange and development, personnel administration, marketing, sales, merchandising, finance, accounting, business strategy development, and other disciplines required for small business growth and expansion, innovation, increased productivity, and management improvement, and for decreasing industry economic concentrations. Applicants receiving grants under this section may also assist small businesses by providing, where appropriate, education on the requirements applicable to small businesses under the regulations issued under section 38 of the Arms Export Control Act (22 U.S.C. 2778) and on compliance with those requirements.

(2) A small business development center shall provide services as close as possible to small businesses by providing extension services and utilizing satellite locations when necessary. The facilities and staff of each Small Business Development Center shall be located in such places as to provide maximum accessibility and benefits to the small businesses which the center is intended to serve. To the extent possible, it also shall make full use of other Federal

and State government programs that are concerned with aiding small business. A small business development center shall have—

(A) a full-time staff, including a full-time director who shall have the authority to make expenditures under the center's budget and who shall manage the program activities;

(B) access to business analysts to counsel, assist, and inform small business clients;

(C) access to technology transfer agent to provide state or art technology to small businesses through coupling with national and regional technology data sources;

(D) access to information specialists to assist in providing information searches and referrals to small business;

(E) access to part-time professional specialists to conduct research or to provide counseling assistance whenever the need arises; **[and]**

(F) access to laboratory and adaptive engineering facilities**[.]; and**

(G) access to cyber security specialists to counsel, assist, and inform small business concern clients, in furtherance of the Small Business Development Center Cyber Strategy developed under section 5(b) of the Improving Small Business Cyber Security Act of 2016.

(3) Services provided by a small business development center shall include, but shall not be limited to—

(A) furnishing one-to-one individual counseling to small businesses, including—

(i) working with individuals to increase awareness of basic credit practices and credit requirements;

(ii) working with individuals to develop business plans, financial packages, credit applications, and contract proposals;

(iii) working with the Administration to develop and provide informational tools for use in working with individuals on pre-business startup planning, existing business expansion, and export planning; and

(iv) working with individuals referred by the local offices of the Administration and Administration participating lenders;

(B) assisting in technology transfer, research and development, including applied research, and coupling from existing sources to small businesses, including—

(i) working to increase the access of small businesses to the capabilities of automated flexible manufacturing systems;

(ii) working through existing networks and developing new networks for technology transfer that encourage partnership between the small business and academic communities to help commercialize university-based research and development and introduce university-based engineers and scientists to their counterparts in small technology-based firms; and

(iii) exploring the viability of developing shared production facilities, under appropriate circumstances;

(C) in cooperation with the Department of Commerce and other relevant Federal agencies, actively assisting small busi-

nesses in exporting by identifying and developing potential export markets, facilitating export transactions, developing linkages between United States small business firms and prescreened foreign buyers, assisting small businesses to participate in international trade shows, assisting small businesses in obtaining export financing, and facilitating the development or reorientation of marketing and production strategies; where appropriate, the Small Business Development Center and the Administration may work in cooperation with the State to establish a State international trade center for these purposes;

(D) developing a program in conjunction with the Export-Import Bank and local and regional Administration offices that will enable Small Business Development Centers to serve as an information network and to assist small business applicants for Export-Import Bank financing programs, and otherwise identify and help to make available export financing programs to small businesses;

(E) working closely with the small business community, small business consultants, State agencies, universities and other appropriate groups to make translation services more readily available to small business firms doing business, or attempting to develop business, in foreign markets;

(F) in providing assistance under this subsection, applicants shall cooperate with the Department of Commerce and other relevant Federal agencies to increase access to available export market information systems, including the CIMS system;

(G) assisting small businesses to develop and implement strategic business plans to timely and effectively respond to the planned closure (or reduction) of a Department of Defense facility within the community, or actual or projected reductions in such firms' business base due to the actual or projected termination (or reduction) of a Department of Defense program or a contract in support of such program—

(i) by developing broad economic assessments of the adverse impacts of—

(I) the closure (or reduction) of the Department of Defense facility on the small business concerns providing goods or services to such facility or to the military and civilian personnel currently stationed or working at such facility; and

(II) the termination (or reduction) of a Department of Defense program (or contracts under such program) on the small business concerns participating in such program as a prime contractor, subcontractor or supplier at any tier;

(ii) by developing, in conjunction with appropriate Federal, State, and local governmental entities and other private sector organizations, the parameters of a transition adjustment program adaptable to the needs of individual small business concerns;

(iii) by conducting appropriate programs to inform the affected small business community regarding the anticipated adverse impacts identified under clause (i) and the

- economic adjustment assistance available to such firms;
and
- (iv) by assisting small business concerns to develop and implement an individualized transition business plan.
 - (H) maintaining current information concerning Federal, State, and local regulations that affect small businesses and counsel small businesses on methods of compliance. Counseling and technology development shall be provided when necessary to help small businesses find solutions for complying with environmental, energy, health, safety, and other Federal, State, and local regulations;
 - (I) coordinating and conducting research into technical and general small business problems for which there are no ready solutions;
 - (J) providing and maintaining a comprehensive library that contains current information and statistical data needed by small businesses;
 - (K) maintaining a working relationship and open communications with the financial and investment communities, legal associations, local and regional private consultants, and local and regional small business groups and associations in order to help address the various needs of the small business community;
 - (L) conducting in-depth surveys for local small business groups in order to develop general information regarding the local economy and general small businesses strengths and weaknesses in the locality;
 - (M) in cooperation with the Department of Commerce, the Administration and other relevant Federal agencies, actively assisting rural small businesses in exporting by identifying and developing potential export markets for rural small businesses, facilitating export transactions for rural small businesses, developing linkages between United States' rural small businesses and prescreened foreign buyers, assisting rural small businesses to participate in international trade shows, assisting rural small businesses in obtaining export financing and developing marketing and production strategies;
 - (N) assisting rural small businesses—
 - (i) in developing marketing and production strategies that will enable them to better compete in the domestic market—
 - (ii) by providing technical assistance needed by rural small businesses;
 - (iii) by making available managerial assistance to rural small business concerns; and
 - (iv) by providing information and assistance in obtaining financing for business startups and expansion;
 - (O) in conjunction with the United States Travel and Tourism Administration, assist rural small business in developing the tourism potential of rural communities by—
 - (i) identifying the cultural, historic, recreational, and scenic resources of such communities;
 - (ii) providing assistance to small businesses in developing tourism marketing and promotion plans relating to tourism in rural areas; and

- (iii) assisting small business concerns to obtain capital for starting or expanding businesses primarily serving tourists;
 - (P) maintaining lists of local and regional private consultants to whom small business can be referred;
 - (Q) providing information to small business concerns regarding compliance with regulatory requirements;
 - (R) developing informational publications, establishing resource centers of reference materials, and distributing compliance guides published under section 312(a) of the Small Business Regulatory Enforcement Fairness Act of 1996;
 - (S) providing small business owners with access to a wide variety of export-related information by establishing on-line computer linkages between small business development centers and an international trade data information network with ties to the Export Assistance Center program; and
 - (T) providing information and assistance to small business concerns with respect to establishing drug-free workplace programs on or before October 1, 2006.
- (4) A small business development center shall continue to upgrade and modify its services, as needed, in order to meet the changing and evolving needs of the small business community.
- (5) In addition to the methods prescribed in section 21(c)(2), a small business development center shall utilize and compensate as one of its resources qualified small business vendors, including but not limited to, private management consultants, private consulting engineers and private testing laboratories, to provide services as described in this subsection to small businesses on behalf of such small business development center.
- (6) In any State (A) in which the Administration has not made a grant pursuant to paragraph (1) of subsection (a), or (B) in which no application for a grant has been made by a Small Business Development Center pursuant to paragraph (6) of such subsection within 60 days after the effective date of any grant under subsection (a)(1) to such center or the date the Administration notifies the grantee funded under subsection (a)(1) that funds are available for grant applications pursuant to subsection (a)(6), whichever date occurs last, the Administration may make grants to a non-profit entity in that State to carry out the activities specified in paragraph (6) of subsection (a). Any such applicants shall comply with the matching funds requirement of paragraph (4) of subsection (a). Such grants shall be effective for any fiscal year only to the extent provided in advance in appropriations Acts, and each State shall be limited to the pro rata share provisions of paragraph (6) of subsection (a).
- (7) In performing the services identified in paragraph (3), the Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the local small business community, and appropriate State and local agencies.
- (8) The Associate Administrator for Small Business Development Centers, in consultation with the Small Business Development Centers, shall develop and implement an information sharing system. Subject to amounts approved in advance in appropriations Acts, the Administration may make grants or

enter cooperative agreements with one or more centers to carry out the provisions of this paragraph. Said grants or cooperative agreements shall be awarded for periods of no more than five years duration. The matching funds provisions of subsection (a) shall not be applicable to grants or cooperative agreements under this paragraph. The system shall—

(A) allow Small Business Development Centers participating in the program to exchange information about their programs; and

(B) provide information central to technology transfer.

(d) Where appropriate, the Small Business Development Centers shall work in conjunction with the relevant State agency and the Department of Commerce to develop a comprehensive plan for enhancing the export potential of small businesses located within the State. This plan may involve the cofunding and staffing of a State Office of International Trade within the State Small Business Development Center, using joint State and Federal funding, and any other appropriate measures directed at improving the export performance of small businesses within the State.

(e) Laboratories operated and funded by the Federal Government are authorized and directed to cooperate with the Administration in developing and establishing programs to support small business development centers by making facilities and equipment available; providing experiment station capabilities in adaptive engineering; providing library and technical information processing capabilities; and providing professional staff for consulting. The Administration is authorized to reimburse the laboratories for such services.

(f) The National Science Foundation is authorized and directed to cooperate with the Administration and with the Small Business Development Centers in developing and establishing programs to support the centers.

(g) NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AND REGIONAL TECHNOLOGY TRANSFER CENTERS.—The National Aeronautics and Space Administration and regional technology transfer centers supported by the National Aeronautics and Space Administration are authorized and directed to cooperate with small business development centers participating in the program.

(h) ASSOCIATE ADMINISTRATOR FOR SMALL BUSINESS DEVELOPMENT CENTERS.—

(1) APPOINTMENT AND COMPENSATION.—The Administrator shall appoint an Associate Administrator for Small Business Development Centers who shall report to an official who is not more than one level below the Office of the Administrator and who shall serve without regard to the provisions of title 5, governing appointments in the competitive service, and without regard to chapter 51, and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not less than the rate of GS-17 of the General Schedule.

(2) DUTIES.—

(A) IN GENERAL.—The sole responsibility of the Associate Administrator for Small Business Development Centers shall be to administer the small business development center program. Duties of the position shall include recommending the annual program budget, reviewing the annual

budgets submitted by each applicant, establishing appropriate funding levels therefore, selecting applicants to participate in this program, implementing the provisions of this section, maintaining a clearinghouse to provide for the dissemination and exchange of information between small business development centers and conducting audits of recipients of grants under this section.

(B) CONSULTATION REQUIREMENTS.—In carrying out the duties described in this subsection, the Associate Administrator shall confer with and seek the advice of the Board established by subsection (i) and Administration officials in areas served by the small business development centers; however, the Associate Administrator shall be responsible for the management and administration of the program and shall not be subject to the approval or concurrence of such Administration officials.

(i)(1) There is established a National Small Business Development Center Advisory Board (herein referred to as “Board”) which shall consist of nine members appointed from civilian life by the Administrator and who shall be persons of outstanding qualifications known to be familiar and sympathetic with small business needs and problems. No more than three members shall be from universities or their affiliates and six shall be from small businesses or associations representing small businesses. At the time of the appointment of the Board, the Administrator shall designate one-third of the members and at least one from each category whose term shall end in two years from the date of appointment, a second third whose term shall end in three years from the date of appointment, and the final third whose term shall end in four years from the date of appointment. Succeeding Boards shall have three-year terms, with one-third of the Board changing each year.

(2) The Board shall elect a Chairman and advise, counsel, and confer with the Associate Administrator for Small Business Development Centers in carrying out the duties described in this section. The Board shall meet at least semiannually and at the call of the Chairman of the Board. Each member of the Board shall be entitled to be compensated at the rate not in excess of the per diem equivalent of the highest rate of pay for individuals occupying the position under GS-18 of the General Schedule for each day engaged in activities of the Board and shall be entitled to be reimbursed for expenses as a member of the Board.

(j)(1) Each small business development center shall establish an advisory board.

(2) Each small business development center advisory board shall elect a chairman and advise, counsel, and confer with the director of the small business development center on all policy matters pertaining to the operation of the small business development center, including who may be eligible to receive assistance from, and how local and regional private consultants may participate with the small business development center.

(k) PROGRAM EXAMINATION AND ACCREDITATION.—

(1) EXAMINATION.—Not later than 180 days after the date of enactment of this subsection, the Administration shall develop and implement a biennial programmatic and financial exam-

ination of each small business development center established pursuant to this section.

(2) ACCREDITATION.—The Administration may provide financial support, by contract or otherwise, to the association authorized by subsection (a)(3)(A) for the purpose of developing a small business development center accreditation program.

(3) EXTENSION OR RENEWAL OF COOPERATIVE AGREEMENTS.—

(A) IN GENERAL.—In extending or renewing a cooperative agreement of a small business development center, the Administration shall consider the results of the examination and accreditation program conducted pursuant to paragraphs (1) and (2).

(B) ACCREDITATION REQUIREMENT.—After September 30, 2000, the Administration may not renew or extend any cooperative agreement with a small business development center unless the center has been approved under the accreditation program conducted pursuant to this subsection, except that the Associate Administrator for Small Business Development Centers may waive such accreditation requirement, in the discretion of the Associate Administrator, upon a showing that the center is making a good faith effort to obtain accreditation.

(1) CONTRACT AUTHORITY.—The authority to enter into contracts shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts. After the administration has entered a contract, either as a grant or a cooperative agreement, with any applicant under this section, it shall not suspend, terminate, or fail to renew or extend any such contract unless the Administration provides the applicant with written notification setting forth the reasons therefore and affording the applicant an opportunity for a hearing, appeal, or other administrative proceeding under the provisions of chapter 5 of title 5, United States Code. If any contract or cooperative agreement under this section with an entity that is covered by this section is not renewed or extended, any award of a successor contract or cooperative agreement under this section to another entity shall be made on a competitive basis.

(m) PROHIBITION ON CERTAIN FEES.—A small business development center shall not impose or otherwise collect a fee or other compensation in connection with the provision of counseling services under this section.

(n) VETERANS ASSISTANCE AND SERVICES PROGRAM.—

(1) IN GENERAL.—A small business development center may apply for a grant under this subsection to carry out a veterans assistance and services program.

(2) ELEMENTS OF PROGRAM.—Under a program carried out with a grant under this subsection, a small business development center shall—

(A) create a marketing campaign to promote awareness and education of the services of the center that are available to veterans, and to target the campaign toward veterans, service-disabled veterans, military units, Federal agencies, and veterans organizations;

(B) use technology-assisted online counseling and distance learning technology to overcome the impediments to

entrepreneurship faced by veterans and members of the Armed Forces; and

(C) increase coordination among organizations that assist veterans, including by establishing virtual integration of service providers and offerings for a one-stop point of contact for veterans who are entrepreneurs or owners of small business concerns.

(3) AMOUNT OF GRANTS.—A grant under this subsection shall be for not less than \$75,000 and not more than \$250,000.

(4) FUNDING.—Subject to amounts approved in advance in appropriations Acts, the Administration may make grants or enter into cooperative agreements to carry out the provisions of this subsection.

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HOMELAND SECURITY ACT OF 2002

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TITLE II—INFORMATION ANALYSIS AND INFRASTRUCTURE PROTECTION

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Subtitle C—Information Security

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SEC. 227. NATIONAL CYBERSECURITY AND COMMUNICATIONS INTEGRATION CENTER.

(a) DEFINITIONS.—In this section—

(1) the term “cybersecurity risk”—

(A) means threats to and vulnerabilities of information or information systems and any related consequences caused by or resulting from unauthorized access, use, disclosure, degradation, disruption, modification, or destruction of such information or information systems, including such related consequences caused by an act of terrorism; and

(B) does not include any action that solely involves a violation of a consumer term of service or a consumer licensing agreement;

(2) the terms “cyber threat indicator” and “defensive measure” have the meanings given those terms in section 102 of the Cybersecurity Act of 2015;

(3) the term “incident” means an occurrence that actually or imminently jeopardizes, without lawful authority, the integrity, confidentiality, or availability of information on an information system, or actually or imminently jeopardizes, without lawful authority, an information system;

(4) the term “information sharing and analysis organization” has the meaning given that term in section 212(5);

(5) the term “information system” has the meaning given that term in section 3502(8) of title 44, United States Code; and

(6) the term “sharing” (including all conjugations thereof) means providing, receiving, and disseminating (including all conjugations of each of such terms).

(b) CENTER.—There is in the Department a national cybersecurity and communications integration center (referred to in this section as the “Center”) to carry out certain responsibilities of the Under Secretary appointed under section 103(a)(1)(H).

(c) FUNCTIONS.—The cybersecurity functions of the Center shall include—

(1) being a Federal civilian interface for the multi-directional and cross-sector sharing of information related to cyber threat indicators, defensivemeasures, cybersecurity risks, incidents, analysis, and warnings for Federal and non-Federal entities, including the implementationof title I of the Cybersecurity Act of 2015;

(2) providing shared situational awareness to enable real-time, integrated, and operational actions across the Federal Government and non-Federal entities to address cybersecurity risks and incidents to Federal and non-Federal entities;

(3) coordinating the sharing of information related to cyber threat indicators, defensive measures,cybersecurity risks, and incidents across the Federal Government;

(4) facilitating cross-sector coordination to address cybersecurity risks and incidents, including cybersecurity risks and incidents that may be related or could have consequential impacts across multiple sectors;

(5)(A) conducting integration and analysis, including cross-sector integration and analysis, of cyber threat indicators, defensivemeasures, cybersecurity risks, and incidents; and

(B) sharing the analysis conducted under subparagraph (A) with Federal and non-Federal entities;

(6) upon request, providing timely technical assistance, risk management support, and incident response capabilities to Federal and non-Federal entities with respect to cyber threat indicators, defensive measures, cybersecurityrisks, and incidents, which may include attribution, mitigation, and remediation;

(7) providing information and recommendations on security and resilience measures to Federal and non-Federal entities, including information and recommendations to—

(A) facilitate information security;

(B) strengthen information systems against cybersecurity risks and incidents; and

(C) sharing cyber threat indicators and defensive measures;

(8) engaging with international partners, in consultation with other appropriate agencies, to—

(A) collaborate on cyber threat indicators, defensive measures, and information related to cybersecurity risks and incidents; and

(B) enhance the security and resilience of global cybersecurity;

(9) sharing cyber threat indicators, defensive measures, and other information related to cybersecurity risks and incidents with Federal and non-Federal entities, including across sectors of critical infrastructure and with State and major urban area fusion centers, as appropriate;

(10) participating, as appropriate, in national exercises run by the Department; and

(11) in coordination with the Office of Emergency Communications of the Department, assessing and evaluating consequence, vulnerability, and threat information regarding cyber incidents to public safety communications to help facilitate continuous improvements to the security and resiliency of such communications.

(d) COMPOSITION.—

(1) IN GENERAL.—The Center shall be composed of—

(A) appropriate representatives of Federal entities, such as—

- (i) sector-specific agencies;
- (ii) civilian and law enforcement agencies; and
- (iii) elements of the intelligence community, as that term is defined under section 3(4) of the National Security Act of 1947 (50 U.S.C. 3003(4));

(B) appropriate representatives of non-Federal entities, such as—

- (i) State, local, and tribal governments;
- (ii) information sharing and analysis organizations, including information sharing and analysis centers;
- (iii) owners and operators of critical information systems; and
- (iv) private entities;

(C) components within the Center that carry out cybersecurity and communications activities;

(D) a designated Federal official for operational coordination with and across each sector;

(E) an entity that collaborates with State and local governments on cybersecurity risks and incidents, and has entered into a voluntary information sharing relationship with the Center; and

(F) other appropriate representatives or entities, as determined by the Secretary.

(2) INCIDENTS.—In the event of an incident, during exigent circumstances the Secretary may grant a Federal or non-Federal entity immediate temporary access to the Center.

(e) PRINCIPLES.—In carrying out the functions under subsection (c), the Center shall ensure—

(1) to the extent practicable, that—

(A) timely, actionable, and relevant cyber threatindicators, defensive measures, and information related to cybersecurity risks, incidents, and analysis is shared;

(B) when appropriate, cyber threatindicators, defensive measures, and information related to cybersecurity risks, incidents, and analysis is integrated with other relevant information and tailored to the specific characteristics of a sector;

- (C) activities are prioritized and conducted based on the level of risk;
- (D) industry sector-specific, academic, and national laboratory expertise is sought and receives appropriate consideration;
- (E) continuous, collaborative, and inclusive coordination occurs—
- (i) across sectors; and
 - (ii) with—
 - (I) sector coordinating councils;
 - (II) information sharing and analysis organizations; and
 - (III) other appropriate non-Federal partners;
- (F) as appropriate, the Center works to develop and use mechanisms for sharing information related to cyber threat indicators, defensive measures, cybersecurity risks, and incidents that are technology-neutral, interoperable, real-time, cost-effective, and resilient;
- (G) the Center works with other agencies to reduce unnecessarily duplicative sharing of information related to cyber threat indicators, defensive measures, cybersecurity risks, and incidents; and
- (H) the Center designates an agency contact for non-Federal entities;
- (2) that information related to cyber threat indicators, defensive measures, cybersecurity risks, and incidents is appropriately safeguarded against unauthorized access or disclosure; and
- (3) that activities conducted by the Center comply with all policies, regulations, and laws that protect the privacy and civil liberties of United States persons, including by working with the Privacy Officer appointed under section 222 to ensure that the Center follows the policies and procedures specified in subsections (b) and (d)(5)(C) of section 105 of the Cybersecurity Act of 2015.
- (f) **NO RIGHT OR BENEFIT.**—
- (1) **IN GENERAL.**—The provision of assistance or information to, and inclusion in the Center of, governmental or private entities under this section shall be at the sole and unreviewable discretion of the Under Secretary appointed under section 103(a)(1)(H).
- (2) **CERTAIN ASSISTANCE OR INFORMATION.**—The provision of certain assistance or information to, or inclusion in the Center of, one governmental or private entity pursuant to this section shall not create a right or benefit, substantive or procedural, to similar assistance or information for any other governmental or private entity.
- (g) **AUTOMATED INFORMATION SHARING.**—
- (1) **IN GENERAL.**—The Under Secretary appointed under section 103(a)(1)(H), in coordination with industry and other stakeholders, shall develop capabilities making use of existing information technology industry standards and best practices, as appropriate, that support and rapidly advance the development, adoption, and implementation of automated mechanisms

for the sharing of cyber threat indicators and defensive measures in accordance with title I of the Cybersecurity Act of 2015.

(2) ANNUAL REPORT.—The Under Secretary appointed under section 103(a)(1)(H) shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Homeland Security of the House of Representatives an annual report on the status and progress of the development of the capabilities described in paragraph (1). Such reports shall be required until such capabilities are fully implemented.

(h) VOLUNTARY INFORMATION SHARING PROCEDURES.—

(1) PROCEDURES.—

(A) IN GENERAL.—The Center may enter into a voluntary information sharing relationship with any consenting non-Federal entity for the sharing of cyber threat indicators and defensive measures for cybersecurity purposes in accordance with this section. Nothing in this subsection may be construed to require any non-Federal entity to enter into any such information sharing relationship with the Center or any other entity. The Center may terminate a voluntary information sharing relationship under this subsection, at the sole and unreviewable discretion of the Secretary, acting through the Under Secretary appointed under section 103(a)(1)(H), for any reason, including if the Center determines that the non-Federal entity with which the Center has entered into such a relationship has violated the terms of this subsection.

(B) NATIONAL SECURITY.—The Secretary may decline to enter into a voluntary information sharing relationship under this subsection, at the sole and unreviewable discretion of the Secretary, acting through the Under Secretary appointed under section 103(a)(1)(H), for any reason, including if the Secretary determines that such is appropriate for national security.

(2) VOLUNTARY INFORMATION SHARING RELATIONSHIPS.—A voluntary information sharing relationship under this subsection may be characterized as an agreement described in this paragraph.

(A) STANDARD AGREEMENT.—For the use of a non-Federal entity, the Center shall make available a standard agreement, consistent with this section, on the Department's website.

(B) NEGOTIATED AGREEMENT.—At the request of a non-Federal entity, and if determined appropriate by the Center, at the sole and unreviewable discretion of the Secretary, acting through the Under Secretary appointed under section 103(a)(1)(H), the Department shall negotiate a non-standard agreement, consistent with this section.

(C) EXISTING AGREEMENTS.—An agreement between the Center and a non-Federal entity that is entered into before the date of enactment of this subsection, or such an agreement that is in effect before such date, shall be deemed in compliance with the requirements of this subsection, notwithstanding any other provision or requirement of this subsection. An agreement under this subsection shall in-

clude the relevant privacy protections as in effect under the Cooperative Research and Development Agreement for Cybersecurity Information Sharing and Collaboration, as of December 31, 2014. Nothing in this subsection may be construed to require a non-Federal entity to enter into either a standard or negotiated agreement to be in compliance with this subsection.

(i) DIRECT REPORTING.—The Secretary shall develop policies and procedures for direct reporting to the Secretary by the Director of the Center regarding significant cybersecurity risks and incidents.

(j) REPORTS ON INTERNATIONAL COOPERATION.—Not later than 180 days after the date of enactment of this subsection, and periodically thereafter, the Secretary of Homeland Security shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Homeland Security of the House of Representatives a report on the range of efforts underway to bolster cybersecurity collaboration with relevant international partners in accordance with subsection (c)(8).

(k) OUTREACH.—Not later than 60 days after the date of enactment of this subsection, the Secretary, acting through the Under Secretary appointed under section 103(a)(1)(H), shall—

(1) disseminate to the public information about how to voluntarily share cyber threat indicators and defensive measures with the Center; and

(2) enhance outreach to critical infrastructure owners and operators for purposes of such sharing.

(l) CYBERSECURITY OUTREACH.—

(1) IN GENERAL.—*The Secretary may leverage small business development centers to provide assistance to small businesses by disseminating information on cyber threat indicators, defensive measures, cybersecurity risks, incidents, analysis, and warnings to help small business concerns in developing or enhancing cybersecurity infrastructure, cyber threat awareness, and cyber training programs for employees.*

(2) DEFINITIONS.—*For purposes of this subsection, the terms “small business concern” and “small business development center” have the meaning given such terms, respectively, under section 3 of the Small Business Act.*

[1] (m) COORDINATED VULNERABILITY DISCLOSURE.—The Secretary, in coordination with industry and other stakeholders, may develop and adhere to Department policies and procedures for coordinating vulnerability disclosures.

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