

Maryland Technology Development Corporation

MISSION

To enhance economic development growth through the fostering of an inclusive entrepreneurial and innovation ecosystem, and to discover, invest in, and help build great Maryland-based technology companies.

The Maryland Technology Development Corporation (TEDCO) facilitates the creation and fosters the growth of technology-based businesses throughout all regions of the State; serves as Maryland's leading source of funding and programs to support technology transfer and business development; provides entrepreneurial business assistance; responds to the needs of the research and development community by establishing and managing programs that fill gaps in the innovation process, focuses on those critical areas where the organization can add unique value; and operates in partnership with other organizations through a flexible, technology-oriented professional staff.

VISION

TEDCO will be the recognized leader for supporting entrepreneurial and innovation development while being the critical central hub of Maryland's Innovation Ecosystem, and it will help Maryland to become internationally recognized as one of the premier 21st century locations for technology commercialization and technology-based economic development.

KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Goal 1. Foster the creation of new ventures through technology transfer and commercialization.

- Obj. 1.1** Manage the Maryland Stem Cell Research Fund and work with the Maryland Stem Cell Commission.
- Obj. 1.2** Manage the Maryland Innovation Initiative and work with the Maryland Innovation Initiative Board of Directors.
- Obj. 1.3** Create new, sustainable companies in Maryland based on innovations from universities and federal laboratories.

Performance Measures	2017 Act.	2018 Act.	2019 Act.	2020 Act.	2021 Act.	2022 Est.	2023 Est.
Number of Stem Cell Research Projects Awarded	30	29	26	28	25	25	25
Maryland Innovation Initiative Projects Awarded	39	45	33	44	33	35	35
Companies Created from University and Federal Technology Transfer	N/A	N/A	16	25	N/A	N/A	N/A

Goal 2. Support the creation, growth, and sustainability of early-stage companies in Maryland through seed investments and entrepreneurial support.

- Obj. 2.1** Provide pre-seed and seed investments in companies with the potential to grow and create jobs in Maryland.
- Obj. 2.2** Provide entrepreneurial assistance, advising, resources, and other support to the State's entrepreneurs.
- Obj. 2.3** Manage the active pre-seed and seed portfolio companies to maximize economic and financial returns to the State.

Performance Measures	2017 Act.	2018 Act.	2019 Act.	2020 Act.	2021 Act.	2022 Est.	2023 Est.
Builder Fund Proposals Received	N/A	N/A	199	40	50	100	100
Number of Builder Fund Investments	N/A	N/A	9	8	4	9	9
Number of Pre-seed and Seed Stage Investments	N/A	N/A	24	21	16	22	22
Annual Amount of Follow-on Funding for Pre-seed and Seed Portfolio (millions)	N/A	N/A	\$153.2	\$190.9	\$204.8	\$115.0	\$115.0

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Goal 3. Provide venture investments in growth-stage companies (i) that help sustain and expand businesses in Maryland, and (ii) that attract other investment into the State.

Obj. 3.1 Identify, evaluate, and approve venture capital investments for emerging high technology businesses.

Obj. 3.2 Use Maryland Venture Fund investments to leverage other investment into Maryland-based companies.

Obj. 3.3 Manage the active venture capital portfolio companies to maximize economic and financial returns to the State.

Obj. 3.4 Manage the Venture Capital Limited Partners (VCLP) fund and work with the Maryland Venture Authority.

Performance Measures	2017 Act.	2018 Act.	2019 Act.	2020 Act.	2021 Act.	2022 Est.	2023 Est.
Number of Enterprise Investment Fund (EIF) Investments	4	4	13	1	6	5	5
Amount of Enterprise Investment Fund Investments (millions)	\$4.5	\$4.5	\$4.5	\$0.7	\$3.3	\$2.0	\$2.0
Amount of Private Investment Leveraged by EIF Investments (millions)	\$95.0	\$89.0	\$89.0	\$3.3	\$37.4	\$10.0	\$10.0
Annual Amount of Follow-on Funding for Active EIF Portfolio (millions)	N/A	N/A	\$290.8	\$133.3	\$197.5	\$150.0	\$150.0
Annual Cash Returns from VCLP Program (millions)	N/A	N/A	\$4.8	\$10.6	\$11.6	\$10.0	\$10.0
VCLP Internal Rate of Return (IRR)	N/A	N/A	0.7%	2.9%	6.1%	6.1%	6.1%

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Summary of Maryland Technology Development Corporation

	2021 Actual	2022 Appropriation	2023 Allowance
Operating Expenses	26,974,480	28,561,625	28,185,816
Net General Fund Expenditure	20,474,480	20,835,816	28,185,816
Special Fund Expenditure	5,000,000	7,725,809	0
American Rescue Plan Act of 21 Expenditure	1,500,000	0	0
Total Expenditure	<u>26,974,480</u>	<u>28,561,625</u>	<u>28,185,816</u>

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T50T01.01 Technology Development, Transfer and Commercialization

Program Description

TEDCO administers the Maryland Technology Incubator Program, which promotes entrepreneurship and the creation of jobs in technology-related industries by establishing and operating effective incubators throughout the State that provide adequate programs and physical space designed and intended to increase or accelerate business success in the field of technology.

	FY 2021	FY 2022	FY 2023
	Actual	Estimated	Estimated
Grant Allocation			
Salaries and Wages	2,074,984	2,000,000	2,100,000
Contractual Services	331,693	300,000	330,000
Equipment	7,551	5,000	5,000
Other Operating Costs	1,360,271	1,330,816	1,500,816
Life Science Investment Fund	799,981	800,000	800,000
RUBRIC COVID-19 Relief	5,000,000	-	-
ARR Challenge COVID-19 Relief	1,500,000	-	-
Total	11,074,480	4,435,816	4,735,816

Appropriation Statement

	2021	2022	2023
	Actual	Appropriation	Allowance
12 Grants, Subsidies, and Contributions	11,074,480	4,435,816	4,735,816
Total Operating Expenses	11,074,480	4,435,816	4,735,816
Total Expenditure	11,074,480	4,435,816	4,735,816
Net General Fund Expenditure	4,574,480	4,435,816	4,735,816
Special Fund Expenditure	5,000,000	0	0
American Rescue Plan Act of 21 Expenditure	1,500,000	0	0
Total Expenditure	11,074,480	4,435,816	4,735,816

Special Fund Expenditure

SWF334 Rainy Day Fund- Covid 19	5,000,000	0	0
Total	5,000,000	0	0

American Rescue Plan Act of 21 Expenditure

21.027 American Rescue Plan Act of 2021	1,500,000	0	0
Total	1,500,000	0	0

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T50T01.03 Maryland Stem Cell Research Fund

Program Description

The Stem Cell Research Fund supports stem cell research and development at Maryland's research universities and private sector research corporations. The Maryland Stem Cell Commission has established an independent scientific peer review committee that reviews, evaluates, ranks, and rates research proposals for State-funded stem cell research based on procedures and guidelines established by the Commission and in a manner that gives due consideration to the scientific, medical, and ethical implications of the research.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	8,200,000	8,200,000	10,000,000
Total Operating Expenses	8,200,000	8,200,000	10,000,000
Total Expenditure	8,200,000	8,200,000	10,000,000
Net General Fund Expenditure	8,200,000	8,200,000	10,000,000
Total Expenditure	8,200,000	8,200,000	10,000,000

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T50T01.04 Maryland Innovation Initiative

Program Description

The purpose of the Maryland Innovation Initiative is to promote the commercialization of research conducted in participating universities, encourage qualifying universities to partner on commercialization proposals, strategies, and funding sources, including with federal laboratories located in Maryland; and facilitate technology transfer from university labs to start-up companies.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	4,800,000	5,300,000	5,300,000
Total Operating Expenses	4,800,000	5,300,000	5,300,000
Total Expenditure	4,800,000	5,300,000	5,300,000
Net General Fund Expenditure	4,800,000	5,300,000	5,300,000
Total Expenditure	4,800,000	5,300,000	5,300,000

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T50T01.05 Cybersecurity Investment Fund

Program Description

The purpose of the Cybersecurity Investment Fund is to provide seed/early-stage investments in emerging technology companies to encourage the development of new cybersecurity technologies and product development.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	900,000	900,000	900,000
Total Operating Expenses	900,000	900,000	900,000
Total Expenditure	900,000	900,000	900,000
Net General Fund Expenditure	900,000	900,000	900,000
Total Expenditure	900,000	900,000	900,000

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T50T01.06 Enterprise Investment Fund - Administration

Program Description

This program reflects administrative expenditures for the Enterprise Investment Fund, also known as the Maryland Venture Fund (MVF).

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
08 Contractual Services	0	11,463	0
12 Grants, Subsidies, and Contributions	0	1,214,346	0
Total Operating Expenses	0	1,225,809	0
Total Expenditure	0	1,225,809	0
Special Fund Expenditure	0	1,225,809	0
Total Expenditure	0	1,225,809	0
Special Fund Expenditure			
T00311 Maryland Enterprise Fund (MEF)	0	1,225,809	0
Total	0	1,225,809	0

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T50T01.07 Enterprise Investment Fund - Capital

Program Description

This program reflects disbursements from the Enterprise Investment Fund, also known as the Maryland Venture Fund (MVF). The MVF was developed to make equity investments in early-stage enterprises located in the State or willing to move to the State. MVF activities are provided through the InvestMaryland and Enterprise Investment Fund. Investments may be in the form of equity, convertible debt or limited partnership interests, and venture capital investments.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	0	6,500,000	0
Total Operating Expenses	0	6,500,000	0
Total Expenditure	0	6,500,000	0
Special Fund Expenditure	0	6,500,000	0
Total Expenditure	0	6,500,000	0
Special Fund Expenditure			
T00311 Maryland Enterprise Fund (MEF)	0	6,500,000	0
Total	0	6,500,000	0

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T50T01.07 Enterprise Investment Fund - Capital

	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimated	FY 2023 Estimated
Beginning Balance	7,360,071	5,234,904	10,958,830	7,258,830
Revenue				
InvestMaryland Revenue	4,418,819	3,655,537	1,500,000	1,500,000
Equity Investment Earnings	(2,206,049)	6,616,015	1,000,000	1,000,000
Interest Income on Balance	377,182	82,822	50,000	5,000
Loan Repayments	528,038	1,795,354	800,000	50,000
Total Revenue	3,117,990	12,149,728	3,350,000	2,555,000
Total Funds Available	10,478,061	17,384,632	14,308,830	9,813,830
Expenditures/Encumbrances				
Enterprise Investments/Grants Encumbrance	749,999	3,341,952	3,000,000	4,000,000
InvestMaryland - VC Investments	2,851,325	1,404,945	2,000,000	2,000,000
InvestMaryland - Direct Investments	-	200,000	500,000	500,000
SSBCI Activity	473,700	-	-	-
Operating Expenses	828,688	1,230,884	1,300,000	1,540,000
Indirect Expenses	339,445	248,021	250,000	260,000
Total Expenditures/Encumbrances	5,243,157	6,425,802	7,050,000	8,300,000
Ending Balance	5,234,904	10,958,830	7,258,830	1,513,830

Numbers may not add due to rounding

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T50T01.08 Second Stage Business Incubator

Program Description

The Second Stage Business Incubator, also known as the Gap Investment Fund, makes disbursements to start-up technology-based companies that are in need of capital to grow their businesses in Maryland. The disbursements are matched by investments the company has received from other sources. The purpose of this Fund is to help bridge the gap between seed funding and venture capital investments. Companies use Gap Investment Funds to employ new staff to grow and become more firmly established in Maryland.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	1,000,000	1,000,000	1,000,000
Total Operating Expenses	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Expenditure	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
Net General Fund Expenditure	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Expenditure	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

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T50T01.10 Minority Pre-Seed Investment Fund

Program Description

The purpose of the Minority Pre-Seed Investment Fund is to provide investments in emerging technology companies led by entrepreneurs who demonstrate a socially or economically disadvantaged background that hinders access to traditional forms of capital and executive networks at the pre-seed stage. The Fund also incorporates seasoned business mentors/advisors into the program curriculum to increase the likelihood of successful start-up companies.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	1,000,000	1,000,000	5,000,000
Total Operating Expenses	1,000,000	1,000,000	5,000,000
Total Expenditure	1,000,000	1,000,000	5,000,000
Net General Fund Expenditure	1,000,000	1,000,000	5,000,000
Total Expenditure	1,000,000	1,000,000	5,000,000

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T50T01.11 Maryland Innovation Initiative University Pilot Program

Program Description

The purpose of the Maryland Innovation Initiative University Pilot Program is to expand opportunities for technology validation, entrepreneurial development, and industry engagement at eligible universities. The eligible universities are Bowie State University and Frostburg State University.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	0	0	500,000
Total Operating Expenses	0	0	500,000
Total Expenditure	0	0	500,000
Net General Fund Expenditure	0	0	500,000
Total Expenditure	0	0	500,000

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T50T01.12 Inclusion Fund

Program Description

The Inclusion Fund makes capital and nonequity investments to technology-based companies that are owned or managed by economically-disadvantaged individuals at the seed stage of a company's lifecycle.

Appropriation Statement

	2021 Actual	2022 Appropriation	2023 Allowance
12 Grants, Subsidies, and Contributions	0	0	750,000
Total Operating Expenses	0	0	750,000
Total Expenditure	0	0	750,000
Net General Fund Expenditure	0	0	750,000
Total Expenditure	0	0	750,000