

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	2018 Act.	2019 Act.	2020 Act.	2021 Act.	2022 Act.	2023 Est.	2024 Est.
Number of Stem Cell Research Projects Awarded	29	26	28	25	27	41	41
Maryland Innovation Initiative Projects Awarded	45	33	44	33	36	30	30
Companies Created from University and Federal Technology Transfer	N/A	16	25	N/A	13	14	14

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	2018 Act.	2019 Act.	2020 Act.	2021 Act.	2022 Act.	2023 Est.	2024 Est.
Builder Fund Proposals Received	N/A	199	40	50	61	80	80
Number of Builder Fund Investments	N/A	9	8	4	10	10	10
Number of Pre-seed and Seed Stage Investments	N/A	24	21	16	24	30	30
Annual Amount of Follow-on Funding for Pre-seed and Seed Portfolio (millions)	N/A	\$153.2	\$190.9	\$204.8	\$215.3	\$216.0	\$217.0

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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	2018 Act.	2019 Act.	2020 Act.	2021 Act.	2022 Act.	2023 Est.	2024 Est.
Number of Enterprise Investment Fund (EIF) Investments	4	13	1	6	10	6	6
Amount of Enterprise Investment Fund Investments (millions)	\$4.5	\$4.5	\$0.7	\$3.3	\$7.1	\$3.3	\$3.3
Amount of Private Investment Leveraged by EIF Investments (millions)	\$89.0	\$89.0	\$3.3	\$37.4	\$58.0	\$37.4	\$37.4
Annual Amount of Follow-on Funding for Active EIF Portfolio (millions)	N/A	\$290.8	\$133.3	\$197.5	\$255.5	\$197.5	\$197.5
Annual Cash Returns from VCLP Program (millions)	N/A	\$4.8	\$10.6	\$11.6	\$12.5	\$2.0	\$2.0
VCLP Internal Rate of Return (IRR)	N/A	0.7%	2.9%	6.1%	7.2%	7.2%	7.2%

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Summary of Maryland Technology Development Corporation

	2022 Actual	2023 Appropriation	2024 Allowance
Operating Expenses	21,100,021	50,504,979	58,571,649
Net General Fund Expenditure	20,835,816	38,825,816	54,525,816
Special Fund Expenditure	264,205	0	0
American Rescue Plan Act of 21 Expenditure	0	11,679,163	4,045,833
Total Expenditure	<u>21,100,021</u>	<u>50,504,979</u>	<u>58,571,649</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 2022	FY 2023	FY 2024
	Actual	Estimated	Estimated
Grant Allocation			
Salaries and Wages	2,400,861	2,400,000	2,400,000
Contractual Services	311,326	350,000	350,000
Equipment	17,308	15,000	15,000
Life Science Investment Fund (LSIF)	600,000	800,000	800,000
Maryland Industrial Partnerships (MIPS)	300,000	300,000	300,000
Rural Business Innovation (RBI)	500,000	640,000	640,000
Other Operating Costs	306,321	370,816	370,816
Total	<u>4,435,816</u>	<u>4,875,816</u>	<u>4,875,816</u>

Appropriation Statement

	2022	2023	2024
	Actual	Appropriation	Allowance
12 Grants, Subsidies, and Contributions	<u>4,435,816</u>	<u>4,875,816</u>	<u>4,875,816</u>
Total Operating Expenses	<u>4,435,816</u>	<u>4,875,816</u>	<u>4,875,816</u>
Total Expenditure	<u><u>4,435,816</u></u>	<u><u>4,875,816</u></u>	<u><u>4,875,816</u></u>
Net General Fund Expenditure	<u>4,435,816</u>	<u>4,875,816</u>	<u>4,875,816</u>
Total Expenditure	<u><u>4,435,816</u></u>	<u><u>4,875,816</u></u>	<u><u>4,875,816</u></u>

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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

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	8,200,000	20,500,000	20,500,000
Total Operating Expenses	<u>8,200,000</u>	<u>20,500,000</u>	<u>20,500,000</u>
Total Expenditure	<u><u>8,200,000</u></u>	<u><u>20,500,000</u></u>	<u><u>20,500,000</u></u>
Net General Fund Expenditure	<u>8,200,000</u>	<u>20,500,000</u>	<u>20,500,000</u>
Total Expenditure	<u><u>8,200,000</u></u>	<u><u>20,500,000</u></u>	<u><u>20,500,000</u></u>

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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

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	5,300,000	5,300,000	7,800,000
Total Operating Expenses	5,300,000	5,300,000	7,800,000
Total Expenditure	5,300,000	5,300,000	7,800,000
Net General Fund Expenditure	5,300,000	5,300,000	7,800,000
Total Expenditure	5,300,000	5,300,000	7,800,000

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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

	2022 Actual	2023 Appropriation	2024 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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T50T01.07 Enterprise Investment Fund - Capital

Program Description

This program originally reflected 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. While MVF funds were fully depleted in FY2020, current appropriations reflect deployment of federal State Small Business Credit Initiative (SSBCI) dollars through the American Rescue Plan Act (ARPA) which is expected to be deployed through FY 2030. The grant program provides support for small businesses recovering from the pandemic via funding for capital access support, including venture capital, loan participation, loan guarantee, collateral support, and capital access programs.

Appropriation Statement	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	264,205	11,679,163	4,045,833
Total Operating Expenses	<u>264,205</u>	<u>11,679,163</u>	<u>4,045,833</u>
Total Expenditure	<u><u>264,205</u></u>	<u><u>11,679,163</u></u>	<u><u>4,045,833</u></u>
Special Fund Expenditure	264,205	0	0
American Rescue Plan Act of 21 Expenditure	<u>0</u>	<u>11,679,163</u>	<u>4,045,833</u>
Total Expenditure	<u><u>264,205</u></u>	<u><u>11,679,163</u></u>	<u><u>4,045,833</u></u>
Special Fund Expenditure			
T00311 Maryland Enterprise Fund (MEF)	<u>264,205</u>	<u>0</u>	<u>0</u>
American Rescue Plan Act of 21 Expenditure			
21.027SB State Small Business Credit Initiative	<u>0</u>	<u>11,679,163</u>	<u>4,045,833</u>

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T50T01.07 Enterprise Investment Fund - Capital

	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimated	FY 2024 Estimated
Beginning Balance	5,234,904	10,958,830	7,748,609	4,961,012
Revenue				
InvestMaryland Revenue	3,655,537	3,334,462	1,500,000	1,500,000
Equity Investment Earnings	6,616,015	2,526,424	1,000,000	1,000,000
Interest Income on Balance	82,822	57,362	-	-
SSBCI Distributions	-	-	11,679,163	4,045,833
Loan Repayments	1,795,354	1,054,225	100,000	100,000
Total Revenue	12,149,728	6,972,473	14,279,163	6,645,833
Total Funds Available	17,384,632	17,931,303	22,027,772	11,606,845
Expenditures/Encumbrances				
Enterprise Investments/Grants Encumbrance	3,341,952	8,224,999	-	-
InvestMaryland - VC Investments	1,404,945	345,292	500,000	500,000
InvestMaryland - Direct Investments	200,000	-	3,000,000	3,000,000
SSBCI Activity	-	-	11,679,163	4,045,833
Operating Expenses	1,230,884	1,248,638	1,250,000	1,250,000
Indirect Expenses	248,021	363,765	637,597	637,597
Total Expenditures/Encumbrances	6,425,802	10,182,694	17,066,760	9,433,430
Ending Balance	10,958,830	7,748,609	4,961,012	2,173,415

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

	2022 Actual	2023 Appropriation	2024 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	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	<u>1,000,000</u>	<u>5,000,000</u>	<u>6,200,000</u>
Total Operating Expenses	<u>1,000,000</u>	<u>5,000,000</u>	<u>6,200,000</u>
Total Expenditure	<u><u>1,000,000</u></u>	<u><u>5,000,000</u></u>	<u><u>6,200,000</u></u>
Net General Fund Expenditure	<u>1,000,000</u>	<u>5,000,000</u>	<u>6,200,000</u>
Total Expenditure	<u><u>1,000,000</u></u>	<u><u>5,000,000</u></u>	<u><u>6,200,000</u></u>

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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

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	0	500,000	500,000
Total Operating Expenses	0	500,000	500,000
Total Expenditure	0	500,000	500,000
Net General Fund Expenditure	0	500,000	500,000
Total Expenditure	0	500,000	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

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	0	750,000	750,000
Total Operating Expenses	0	750,000	750,000
Total Expenditure	0	750,000	750,000
Net General Fund Expenditure	0	750,000	750,000
Total Expenditure	0	750,000	750,000

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T50T01.13 Maryland Makerspace Initiative Program

Program Description

CH 322 of 2022 establishes the Maryland Makerspace Initiative Program to encourage the establishment and expansion of makerspaces throughout the State.

Appropriation Statement

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	0	0	1,000,000
Total Operating Expenses	0	0	1,000,000
Total Expenditure	0	0	1,000,000
Net General Fund Expenditure	0	0	1,000,000
Total Expenditure	0	0	1,000,000

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T50T01.14 Maryland Equity Investment Fund

Program Description

Chapter 391 of 2022 establishes the Maryland Equity Investment Fund to allow unappropriated general fund surplus to be invested in a "qualified business" – with a goal to increase private equity and venture capital in the State – and the interest earnings and investment returns realized to the benefit of participants of the several pension systems managed by the State Retirement and Pension System (SRPS). For fiscal 2024, the Governor must include an appropriation to the new fund equal to 10% of the unappropriated general fund surplus in excess of \$10.0 million from the second prior fiscal year, up to a maximum of \$10.0 million.

Appropriation Statement

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	0	0	10,000,000
Total Operating Expenses	0	0	10,000,000
Total Expenditure	0	0	10,000,000
Net General Fund Expenditure	0	0	10,000,000
Total Expenditure	0	0	10,000,000

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T50T01.15 Maryland Equitech Growth Fund

Program Description

The Maryland Equitech Growth Fund (the "Fund") will use multiple investment vehicles including direct investments, grants, and loans leveraged with private capital to promote a culture of innovation & entrepreneurship and to meet the goals of promoting equitable economic development in Maryland's advanced technology sectors. The Fund will be used to support: 1) minority entrepreneur participation in science, technology, engineering, and math (STEM) related startups; 2) expanded opportunities for minority students to access STEM-related experiential learning opportunities and career paths; 3) raising levels of minority-owned businesses and housing to create greater wealth in underserved communities; and 4) encourage minority participation in Maryland's in cyber, biohealth, and advanced and emerging technology industries.

Appropriation Statement

	2022 Actual	2023 Appropriation	2024 Allowance
12 Grants, Subsidies, and Contributions	0	0	1,000,000
Total Operating Expenses	0	0	1,000,000
Total Expenditure	0	0	1,000,000
Net General Fund Expenditure	0	0	1,000,000
Total Expenditure	0	0	1,000,000