

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	2016 Act.	2017 Act.	2018 Act.	2019 Act.	2020 Act.	2021 Est.	2022 Est.
Number of Stem Cell Research Projects Awarded	26	30	29	26	28	28	28
Maryland Innovation Initiative Projects Awarded	46	39	45	33	44	32	32
Companies Created from University and Federal Technology Transfer	N/A	N/A	N/A	16	25	20	20

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	2016 Act.	2017 Act.	2018 Act.	2019 Act.	2020 Act.	2021 Est.	2022 Est.
Builder Fund Proposals Received	N/A	N/A	N/A	199	40	100	100
Number of Builder Fund Investments	N/A	N/A	N/A	9	8	9	9
Number of Pre-seed and Seed Stage Investments	N/A	N/A	N/A	24	21	22	22
Annual Amount of Follow-on Funding for Pre-seed and Seed Portfolio (millions)	N/A	N/A	N/A	\$153.2	\$190.9	\$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	2016 Act.	2017 Act.	2018 Act.	2019 Act.	2020 Act.	2021 Est.	2022 Est.
Number of Enterprise Investment Fund (EIF) Investments	3	4	4	13	1	5	5
Amount of Enterprise Investment Fund Investments (millions)	\$2.0	\$4.5	\$4.5	\$4.5	\$0.7	\$2.0	\$2.0
Amount of Private Investment Leveraged by EIF Investments (millions)	\$89.1	\$95.0	\$89.0	\$89.0	\$2.7	\$10.0	\$10.0
Annual Amount of Follow-on Funding for Active EIF Portfolio (millions)	N/A	N/A	N/A	\$290.8	\$133.3	\$150.0	\$150.0
Annual Cash Returns from VCLP Program (millions)	N/A	N/A	N/A	\$4.8	\$10.6	\$2.5	\$2.5
VCLP Internal Rate of Return (IRR)	N/A	N/A	N/A	0.7%	2.9%	2.8%	2.8%

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Summary of Maryland Technology Development Corporation

	2020 Actual	2021 Appropriation	2022 Allowance
Operating Expenses	25,985,582	35,884,446	27,061,625
Net General Fund Expenditure	20,724,480	30,474,480	19,335,816
Special Fund Expenditure	5,261,102	5,409,966	7,725,809
Total Expenditure	<u>25,985,582</u>	<u>35,884,446</u>	<u>27,061,625</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 2020	FY 2021	FY 2022
	Actual	Estimated	Estimated
Grant Allocation			
Salaries and Wages	1,620,027	1,800,000	2,000,000
Contractual Services	269,966	290,000	300,000
Equipment	4,966	10,000	10,000
Other Operating Costs	1,879,521	1,474,480	1,125,816
Life Science Investment Fund	800,000	1,000,000	1,000,000
Restricted Funds	250,000	-	-
Total	<u>4,824,480</u>	<u>4,574,480</u>	<u>4,435,816</u>

Appropriation Statement

	2020	2021	2022
	Actual	Appropriation	Allowance
12 Grants, Subsidies, and Contributions	4,824,480	4,574,480	4,435,816
Total Operating Expenses	<u>4,824,480</u>	<u>4,574,480</u>	<u>4,435,816</u>
Total Expenditure	<u><u>4,824,480</u></u>	<u><u>4,574,480</u></u>	<u><u>4,435,816</u></u>
Net General Fund Expenditure	<u>4,824,480</u>	<u>4,574,480</u>	<u>4,435,816</u>
Total Expenditure	<u><u>4,824,480</u></u>	<u><u>4,574,480</u></u>	<u><u>4,435,816</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

	2020 Actual	2021 Appropriation	2022 Allowance
12 Grants, Subsidies, and Contributions	8,200,000	8,200,000	7,200,000
Total Operating Expenses	<u>8,200,000</u>	<u>8,200,000</u>	<u>7,200,000</u>
Total Expenditure	<u><u>8,200,000</u></u>	<u><u>8,200,000</u></u>	<u><u>7,200,000</u></u>
Net General Fund Expenditure	<u>8,200,000</u>	<u>8,200,000</u>	<u>7,200,000</u>
Total Expenditure	<u><u>8,200,000</u></u>	<u><u>8,200,000</u></u>	<u><u>7,200,000</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	2020 Actual	2021 Appropriation	2022 Allowance
12 Grants, Subsidies, and Contributions	4,800,000	4,800,000	4,800,000
Total Operating Expenses	4,800,000	4,800,000	4,800,000
Total Expenditure	4,800,000	4,800,000	4,800,000
Net General Fund Expenditure	4,800,000	4,800,000	4,800,000
Total Expenditure	4,800,000	4,800,000	4,800,000

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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

	2020 Actual	2021 Appropriation	2022 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	2020 Actual	2021 Appropriation	2022 Allowance
08 Contractual Services	0	10,654	11,463
12 Grants, Subsidies, and Contributions	<u>1,684,566</u>	<u>1,199,312</u>	<u>1,214,346</u>
Total Operating Expenses	<u>1,684,566</u>	<u>1,209,966</u>	<u>1,225,809</u>
Total Expenditure	<u><u>1,684,566</u></u>	<u><u>1,209,966</u></u>	<u><u>1,225,809</u></u>
Special Fund Expenditure	<u>1,684,566</u>	<u>1,209,966</u>	<u>1,225,809</u>
Total Expenditure	<u><u>1,684,566</u></u>	<u><u>1,209,966</u></u>	<u><u>1,225,809</u></u>
Special Fund Expenditure			
T00311 Maryland Enterprise Fund (MEF)	<u>1,684,566</u>	<u>1,209,966</u>	<u>1,225,809</u>
Total	<u><u>1,684,566</u></u>	<u><u>1,209,966</u></u>	<u><u>1,225,809</u></u>

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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	2020 Actual	2021 Appropriation	2022 Allowance
12 Grants, Subsidies, and Contributions	3,576,536	4,200,000	6,500,000
Total Operating Expenses	<u>3,576,536</u>	<u>4,200,000</u>	<u>6,500,000</u>
Total Expenditure	<u><u>3,576,536</u></u>	<u><u>4,200,000</u></u>	<u><u>6,500,000</u></u>
Special Fund Expenditure	<u>3,576,536</u>	<u>4,200,000</u>	<u>6,500,000</u>
Total Expenditure	<u><u>3,576,536</u></u>	<u><u>4,200,000</u></u>	<u><u>6,500,000</u></u>
Special Fund Expenditure			
T00311 Maryland Enterprise Fund (MEF)	<u>3,576,536</u>	<u>4,200,000</u>	<u>6,500,000</u>
Total	<u><u>3,576,536</u></u>	<u><u>4,200,000</u></u>	<u><u>6,500,000</u></u>

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T50T01.07 Enterprise Investment Fund - Capital

	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Beginning Balance	10,437,167	7,360,071	5,234,904	4,089,904
Revenue				
InvestMaryland Revenue	6,000,000	4,418,819	-	-
Equity Investment Earnings	3,418,300	(2,206,049)	3,000,000	4,000,000
Interest Income on Balance	899	377,182	150,000	100,000
Loan Repayments	193,846	528,038	1,428,000	1,000,000
Total Revenue	9,613,045	3,117,990	4,578,000	5,100,000
Total Funds Available	20,050,212	10,478,061	9,812,904	9,189,904
Expenditures/Encumbrances				
Enterprise Investments/Grants Encumbrance	3,236,687	749,999	1,000,000	1,000,000
InvestMaryland - VC Investments	5,353,601	2,851,325	1,000,000	1,000,000
InvestMaryland - Direct Investments	-	-	2,500,000	4,500,000
SSBCI Activity	2,189,601	473,700	-	-
Operating Expenses	1,506,841	828,688	985,000	1,000,000
Indirect Expenses	403,410	339,445	238,000	225,809
Total Expenditures/Encumbrances	12,690,141	5,243,157	5,723,000	7,725,809
Ending Balance	7,360,071	5,234,904	4,089,904	1,464,095

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

	2020 Actual	2021 Appropriation	2022 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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T50T01.09 Maryland Technology Infrastructure Fund

Program Description

The purpose of the Maryland Technology Infrastructure Fund is to promote technological development in Opportunity Zones. An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the State and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.

Appropriation Statement

	2020 Actual	2021 Appropriation	2022 Allowance
12 Grants, Subsidies, and Contributions	0	10,000,000	0
Total Operating Expenses	0	10,000,000	0
Total Expenditure	0	10,000,000	0
Net General Fund Expenditure	0	10,000,000	0
Total Expenditure	0	10,000,000	0

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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

	2020 Actual	2021 Appropriation	2022 Allowance
12 Grants, Subsidies, and Contributions	1,000,000	1,000,000	1,000,000
Total Operating Expenses	1,000,000	1,000,000	1,000,000
Total Expenditure	1,000,000	1,000,000	1,000,000
Net General Fund Expenditure	1,000,000	1,000,000	1,000,000
Total Expenditure	1,000,000	1,000,000	1,000,000