

**T50T01**  
**Maryland Technology Development Corporation**

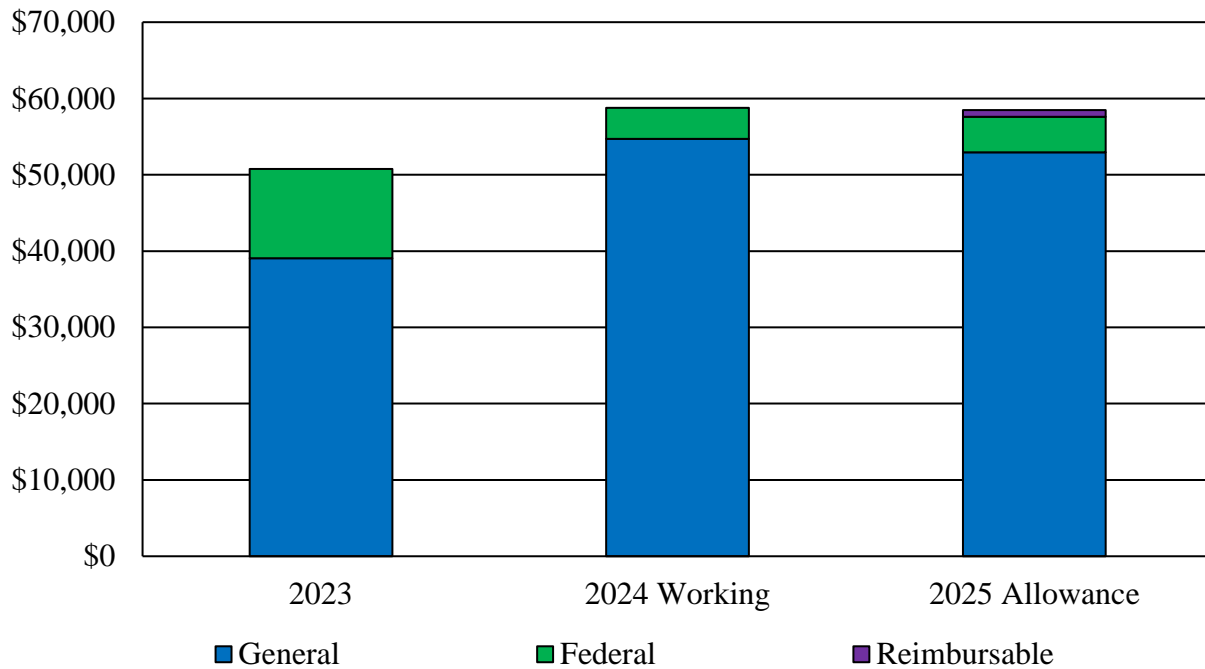
**Program Description**

The Maryland Technology Development Corporation (TEDCO) was launched in 1998 with the mission to provide early investment and to help build Maryland-based technology companies. TEDCO also aims to help commercialize the results of scientific research and development conducted by higher education institutions, federal laboratories, and private-sector organizations. In addition, TEDCO supports stem cell research and development at Maryland’s research universities and private-sector research corporations in accordance with the Maryland Stem Cell Research Act. The corporation’s role was expanded in fiscal 2016 with the transfer of operation of the Maryland Venture Fund from the Department of Commerce.

***Operating Budget Summary***

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**Fiscal 2025 Budget Decreases \$265,000, or 0.5%, to \$58.5 Million**  
(\$ in Thousands)



Note: Numbers may not sum to total due to rounding.

- Ninety percent of TEDCO’s fiscal 2025 allowance is general funds, and 8% is from federal funds.

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## **Fiscal 2024**

### **Implementation of Legislative Priorities**

TEDCO’s fiscal 2024 budget included legislative additions provided in Section 19 of the fiscal 2024 Budget Bill for \$2 million for the Maryland Equitech Growth Fund and \$690,000 for Cyber Maryland.

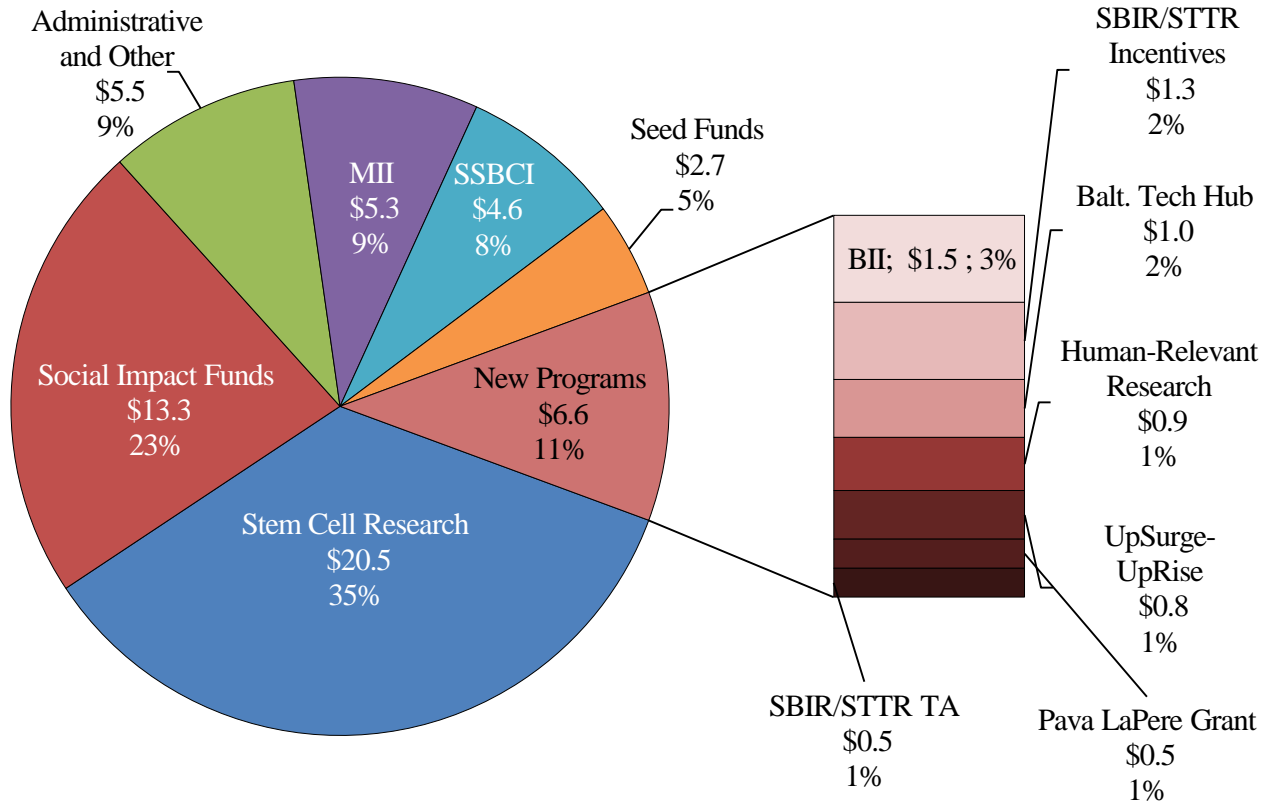
Chapters 461 and 462 of 2023 established the Equitech Growth Fund to award grants, investments, loans, and other financial assistance to target workforce development and infrastructure to attract and retain businesses. The Equitech Growth Commission oversees the fund and is required to develop a long-term strategic plan by July 1, 2025. The Maryland Equitech Growth Fund was first funded in fiscal 2024 with a total of \$3 million – \$1 million in the budget allowance and \$2 million included in Section 19. As of January 2024, the commission overseeing the fund has been appointed, and TEDCO expects to begin the process of making awards in the spring. The statute requires the Governor to include \$5 million for the fund in each of fiscal 2025 through 2033. Consistent with Chapters 461 and 462, the fiscal 2025 allowance includes \$5 million for the fund. The statute did not include a provision allowing money from the fund to be used for administrative costs, as is the case with most of the funds TEDCO administers. HB 410/SB 457 of 2024, as introduced, would specify eligible uses including to allow money in the Equitech Growth Fund to be used to pay the costs of administering the fund.

Chapter 578 of 2023 established the Cyber Maryland Program to reduce vacancies in Maryland’s cybersecurity workforce by researching and supporting workforce development and training, facilitating partnerships to address workforce needs, and developing a statewide strategic plan for cybersecurity workforce development. Cyber Maryland received \$690,000 in fiscal 2024 through Section 19, with \$250,000 to be used for implementing the U.S. Chamber of Commerce Talent Pipeline Management approach. The Cyber Maryland Board met in December, and TEDCO is currently hiring for an executive director for the program.

### **Fiscal 2025 Overview of Agency Spending**

While TEDCO’s budget is provided as a grant, the corporation provides annual budget detail. **Exhibit 1** shows the fiscal 2025 allowance by program category. The largest category is the Maryland Stem Cell Research Fund (MSCRF), representing 35% of the fiscal 2025 allowance. Social impact funds – the Minority Pre-Seed Investment Fund, the Maryland Equitech Growth Fund, and the Inclusion Fund – account for 23% of the allowance. New programs, including four proposed programs and three previously established but receiving funding for the first time in fiscal 2025, account for 11% of the allowance.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2025 Allowance**  
**(\$ in Millions)**



BII: Baltimore Innovation Initiative  
 MII: Maryland Innovation Initiative  
 SBIR: Small Business Innovation Research  
 SSBCI: State Small Business Credit Initiative  
 STTR: Small Business Technology Transfer  
 TA: technical assistance

Source: Governor’s Fiscal 2025 Budget Books

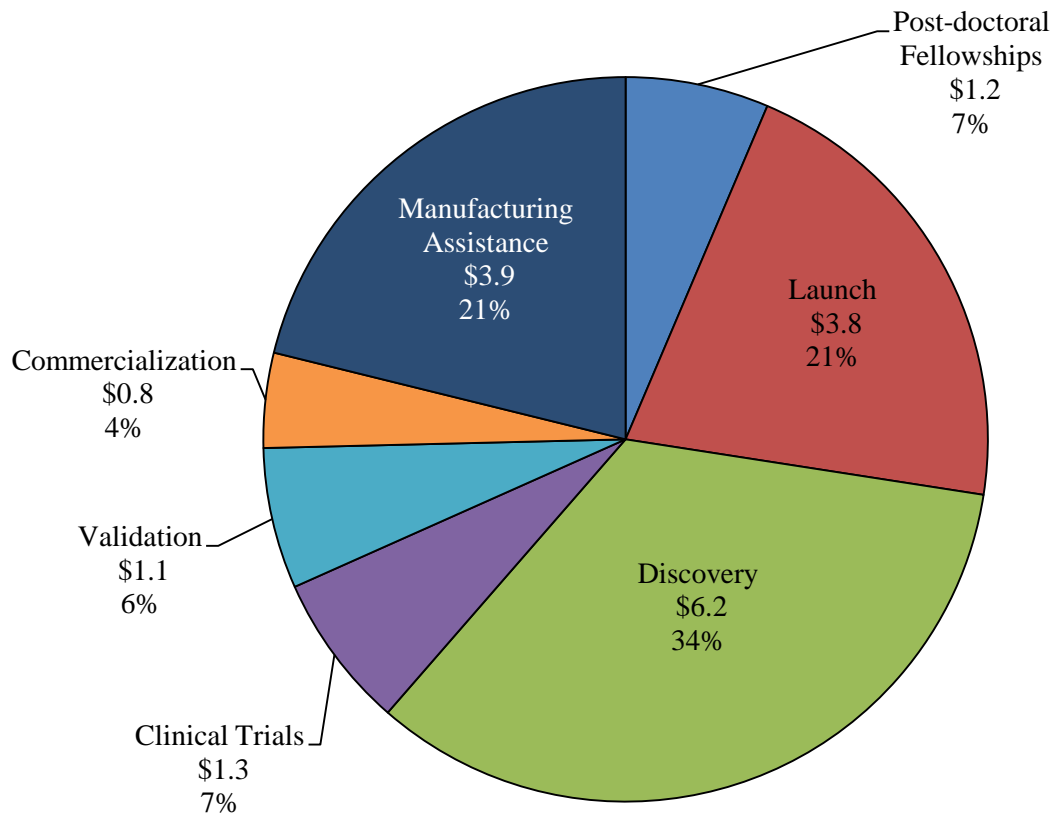
**Maryland Stem Cell Research Fund**

More than one-third (35%) of TEDCO’s allowance goes to the MSCRF, which was established by Chapter 19 of 2006 to support stem cell research and development at Maryland research institutions or private companies. The Maryland Stem Cell Research Commission reviews

applicant projects and makes recommendations about research grant awards. The fiscal 2025 allowance of \$20.5 million is the same level of funding as the fiscal 2023 and 2024 appropriations.

In fiscal 2023, the MSCRF received 91 grant applications and funded 51 projects with a total value of \$18.3 million. Any appropriated funds not awarded as grants remain in the fund for future awards. As shown in **Exhibit 2**, the MSCRF made awards in seven grant categories: (1) post-doctoral fellowship support; (2) launch grants to support new or new-to-the-field researchers; (3) discovery grants for innovative ideas; (4) clinical trials; (5) research validation grants prior to start-up formation; (6) commercialization grants for companies; and (7) manufacturing assistance.

**Exhibit 2**  
**Maryland Stem Cell Research Fund Awards**  
**Fiscal 2023**  
**(\$ in Millions)**



Source: Maryland Technology Development Corporation

## Social Impact Funds

TEDCO’s social impact funds aim to provide investments and mentorship for companies run by individuals with socially or economically disadvantaged backgrounds.

The Builder Fund, also known as the Minority Pre-Seed Investment Fund, receives \$7.5 million in the fiscal 2025 allowance, and the Inclusion Fund receives \$750,000. The Builder Fund provides investments for technology companies led by entrepreneurs from socially or economically disadvantaged backgrounds at the pre-seed stage, and the Inclusion Fund provides investments to technology companies owned or managed by economically disadvantaged individuals at the seed stage. TEDCO reports that, in fiscal 2023, the Builder Fund received 115 applications and funded 20 companies, providing \$4 million. The Inclusion Fund provided \$100,000 to one company.

The Maryland Equitech Growth Fund, discussed in the Implementation of Legislative Priorities section of this analysis, receives \$5 million in the fiscal 2025 allowance.

## Proposed Budget Change

As shown in **Exhibit 3**, TEDCO’s allowance for fiscal 2025 decreases by \$265,000 compared to the 2024 working appropriation. The largest area of decrease is from a one-time appropriation of \$10 million to the Maryland Equity Investment Fund (MEIF) in fiscal 2024 to provide initial capital for the fund. TEDCO will invest MEIF funds in qualified businesses, and investment returns will be divided between TEDCO and the State pension systems. Mandated funding for the Maryland Equitech Growth Fund increases from \$3 million in fiscal 2024 to \$5 million in fiscal 2025. A total of \$3.8 million is allotted for proposed new programs, which are discussed further in the Key Observations section.

**Exhibit 3**  
**Proposed Budget**  
**Maryland Technology Development Corporation**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General <u>Fund</u></b>	<b>Federal <u>Fund</u></b>	<b>Reimb. <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2023 Actual	\$39,076	\$11,679	\$0	\$50,755
Fiscal 2024 Working Appropriation	54,716	4,046	0	58,762
Fiscal 2025 Allowance	<u>52,936</u>	<u>4,646</u>	<u>915</u>	<u>58,497</u>
Fiscal 2024-2025 Amount Change	-\$1,780	\$600	\$915	-\$265
Fiscal 2024-2025 Percent Change	-3.3%	14.8%		-0.5%

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<b>Where It Goes:</b>	<u><b>Change</b></u>
<b>Changes Related to Legislation</b>	
New programs contingent on legislation establishing the programs (Baltimore Innovation Initiative, Baltimore Tech Hub Consortium, Upsurge-UpRise, and Pava La Pere Innovation Acceleration grant program) .....	\$3,840
Maryland Equitech Growth Fund increase to meet mandated level of \$5 million (Chapters 461 and 462 of 2023) .....	2,000
Builder Fund (Minority Pre-Seed Investment Program) funding increase mandated by Chapter 415 of 2021 .....	1,300
Human-Relevant Research Program established by Chapter 448 of 2023 .....	915
Cyber Maryland funding added to the fiscal 2024 allowance for implementing the U.S. Chamber of Commerce Talent Pipeline Management approach ....	-250
Maryland Innovation Initiative University Pilot Program funding mandated by Chapter 697 of 2021 .....	-500
Maryland Equity Investment Fund one-time mandated appropriation (Chapter 391 of 2022).....	-10,000
<b>Other Changes</b>	
SBIR and STTR incentives .....	1,330
State Small Business Credit Initiative federal funding .....	600
SBIR and STTR technical assistance.....	500
<b>Total</b>	<b>-\$265</b>

SBIR: Small Business Innovation Research  
 STTR: Small Business Technology Transfer

Note: Numbers may not sum to total due to rounding.

The fiscal 2025 allowance includes \$1.3 million for incentives related to the U.S. Small Business Administration’s Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs and \$500,000 for technical assistance. Chapters 8 and 25 of 2021, amended by Chapter 205 of 2021, created an incentive program for SBIR and STTR participants, but funding has not yet been allocated for the program. The incentive program provides matching funds of up to 25% (with a ceiling of \$25,000 or \$75,000, depending on the type of SBIR or STTR award received) for small businesses that have received SBIR or STTR awards. The comprehensive technical assistance program, created by Chapter 235 of 2021, provides technical assistance to TEDCO award recipients.

Reimbursable funds of \$915,000 are included for the Human-Relevant Research Fund, established by Chapter 448 of 2023, to support the development of alternatives to using animals in medical and product testing and research.

## ***Key Observations***

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### **1. New Programs Contingent on Legislation for Fiscal 2025**

The fiscal 2025 allowance includes \$3,840,000 that is contingent upon legislation establishing or funding four new programs. The programs and contingent funding are:

- Baltimore Innovation Initiative (BII) Pilot Program – \$1.5 million;
- Baltimore Tech Hub Consortium – \$1.0 million;
- UpSurge-UpRise – \$840,000; and
- Pava LaPere Innovation Acceleration Grant Program – \$500,000.

SB 473/HB 582 of 2024 are Administration bills that would establish the Pava LaPere Innovation Acceleration Grant Program and the BII Pilot Program. As introduced, SB 473/HB 582 require the Governor to include funding for the Pava LaPere program each year but does not specify the required amount. SB 473/HB 582 require the Governor to include \$1.5 million in funding for BII in each of fiscal 2025 and 2026 only.

BII would be part of the Maryland Innovation Initiative (MII). MII supports technology commercialization efforts and provides company formation investments to 5 higher education institutions. As shown in **Exhibit 4**, 20 higher education institutions would be eligible for BII. While MII supports technology commercialization generally, the proposed BII program would prioritize products or services aimed at integrating artificial intelligence or machine learning in health care and biotechnology sectors. Like the main MII program, institutions participating in BII would be required to pay an annual contribution to participate. However, the \$50,000 annual requirement for BII is less than the \$100,000 or \$200,000 to participate in MII.

The MII University Partnership Pilot Program during fiscal 2023 and 2024 expanded eligibility to two additional universities: Bowie State University (BSU) and Frostburg State University (FSU). In August 2023, TEDCO announced awards to three technology and entrepreneurship programs at the universities: \$77,540 to Entrepreneurship Xtreme Pilot at BSU; \$100,000 for the Bobcat Innovation Launch Pad at FSU; and \$150,000 for a Regional Cyber Security Operations Center feasibility study at FSU. The pilot program funding ends in fiscal 2024.

**Exhibit 4**  
**Maryland Innovation Initiative and Pilot Programs**  
**Eligible Institutions**

	<u>Maryland Innovation Initiative (MII)</u>	<u>MII University Partnership Pilot Program</u>	<u>Baltimore Innovation Initiative</u>
Anne Arundel Community College			●
Baltimore City Community College			●
Bowie State University		●	
Carroll Community College			●
Community College of Baltimore County			●
Coppin State University			●
Frostburg State University		●	
Goucher College			●
Harford Community College			●
Howard Community College			●
Johns Hopkins University	●		●
Loyola University Maryland			●
Maryland Institute College of Art			●
McDaniel College			●
Morgan State University	●		●
Notre Dame of Maryland University			●
St. John’s College			●
Stevenson University			●
Towson University			●
University of Baltimore			●
University of Maryland, Baltimore Campus	●		●
University of Maryland Baltimore County	●		●
University of Maryland, College Park Campus	●		

Note: MII has been active from fiscal 2013 to the present; MII University Partnership Pilot Program has been active in fiscal 2023 and 2024; and the Baltimore Innovation Initiative is proposed for fiscal 2025 and 2026.

Source: Department of Legislative Services



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The Pava LaPere Innovation Acceleration Grant Program would provide awards of \$50,000 to companies in the Baltimore Metropolitan Statistical Area founded by students or faculty of postsecondary institutions located in the Baltimore Metropolitan Statistical Area. Awardees must use at least 20% of the award to hire third-party consultants. Based on program criteria, which allow up to 10%, or \$50,000, of the allowance to be used for administrative costs, the fiscal 2025 allowance would fund grants for nine startup companies.

Although language in the fiscal 2025 Budget Bill provides funding for the UpSurge-UpRise program and the Baltimore Tech Hub Consortium, the Department of Budget and Management advises that these are not intended to be new programs but rather funding provided through TEDCO's existing capabilities, and that a supplemental budget will remove the contingency language. UpRise is a proposed program at UpSurge Baltimore, an organization that provides grants, investments, and other support to local startup companies. The Baltimore Tech Hub Consortium is participating in a federal program to invest in regions with the potential for rapid growth in key technology sectors. According to the Governor's Budget Highlights, the \$1 million for the Baltimore Tech Hub Consortium would support its application for Phase 2 of the U.S. Economic Development Administration's Tech Hubs Program that would bring additional federal investment to the region. The \$840,000 for the Upsurge-UpRise program is intended to be part of a \$2.5 million three-year commitment to the program, which connects founders with investors, experienced entrepreneurs, and service providers to accelerate growth.

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

## *Updates*

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- The Governor’s Budget Books reported that TEDCO has \$517,420 in unspent federal funding from the American Rescue Plan Act from fiscal 2021 through 2023 funding, which was allocated to rural and agricultural business grants. TEDCO reports that it currently has only \$45,000 in unspent funds, which it plans to deploy to a previous awardee who has continued, specific funding needs. This funding is not included in TEDCO’s fiscal 2025 allowance.

**Appendix 1**  
**TEDCO Budget Detail**  
**Fiscal 2023-2025 Allowance**  
**(\$ in Thousands)**

	<u>2023</u> <u>Actual</u>	<u>2024</u> <u>Working</u>	<u>2025</u> <u>Allowance</u>	<u>Change</u>
<b>General Funds</b>				
<b>Operations</b>				
Salaries and Wages	\$2,455	\$2,500	\$2,550	\$50
Contractual Services	355	360	360	0
Equipment	22	25	25	0
Other Operating Costs	554	251	201	-50
<b>Subtotal</b>	<b>\$3,386</b>	<b>\$3,136</b>	<b>\$3,136</b>	<b>\$0</b>
<b>Programs</b>				
Maryland Stem Cell Research Fund	\$20,500	\$20,500	\$20,500	\$0
Minority Pre-Seed Investment Fund (Builder Fund)	5,000	6,200	7,500	1,300
Maryland Innovation Initiative (current program)	5,300	5,300	5,300	0
Maryland Equitech Growth Fund	0	3,000	5,000	2,000
Baltimore Innovation Initiative	0	0	1,500	1,500
SBIR and STTR Incentives	0	0	1,330	1,330
Baltimore Tech Hub Consortium	0	0	1,000	1,000
Gap Investment Fund (Second Stage Business Incubator)	1,000	1,000	1,000	0
Maryland Makerspace Initiative Program	0	1,000	1,000	0
Cybersecurity Investment Fund	900	900	900	0
Upsurge-UpRise	0	0	840	840
Life Science Investment Fund	800	800	800	0
Inclusion Fund	750	750	750	0
Rural Business Innovation	640	640	640	0
Pava LaPere Innovation Acceleration Grant	0	0	500	500
SBIR and STTR Technical Assistance	0	0	500	500
Cyber Maryland Program	0	690	440	-250
Maryland Industrial Partnerships	300	300	300	0
Maryland Innovation Initiative University Pilot Program	500	500	0	-500
Maryland Equity Investment Fund	0	10,000	0	-10,000
<b>Subtotal</b>	<b>\$35,690</b>	<b>\$51,580</b>	<b>\$49,800</b>	<b>-\$1,780</b>
<b>General Fund Total</b>	<b>\$39,076</b>	<b>\$54,716</b>	<b>\$52,936</b>	<b>-\$1,780</b>

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	<u>2023 Actual</u>	<u>2024 Working</u>	<u>2025 Allowance</u>	<u>Change</u>
<b>Reimbursable and Federal Funds</b>				
State Small Business Credit Initiative	\$11,679	\$4,046	\$4,646	\$600
Human-Relevant Research Fund	0	0	915	915
<i>Subtotal</i>	<i>\$11,679</i>	<i>\$4,046</i>	<i>\$5,561</i>	<i>\$1,515</i>
<b>Grand Total</b>	<b>\$50,755</b>	<b>\$58,762</b>	<b>\$58,497</b>	<b>-\$265</b>

Source: Governor's Fiscal 2025 Budget Books

**Appendix 2**  
**Maryland Venture Fund (Enterprise Investment Fund)**  
**Fiscal 2022-2025**  
**(\$ in Thousands)**

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>
<b>Beginning Balance</b>	<b>\$10,959</b>	<b>\$7,749</b>	<b>-\$401</b>	<b>\$549</b>
<b>Revenue</b>				
InvestMaryland Revenue	\$3,334	\$855	\$2,500	\$2,000
Equity Investment Earnings	2,526	171	1,500	1,000
Interest Income on Balance	57	15	0	0
SSBCI Distributions	0	11,679	4,046	4,646
Loan Repayments	1,054	0	0	0
<b>Total Revenue</b>	<b>\$6,972</b>	<b>\$12,720</b>	<b>\$8,046</b>	<b>\$7,646</b>
<b>Total Available Funds</b>	<b>\$17,931</b>	<b>\$20,469</b>	<b>\$7,644</b>	<b>\$8,194</b>
<b>Expenditures/Encumbrances</b>				
Enterprise Investments/Grants Encumbrance	\$8,225	\$1,550	\$0	\$0
InvestMaryland – Venture Capital Investments	345	266	200	100
InvestMaryland – Direct Investments	0	5,150	1,000	1,000
SSBCI Activity	0	11,679	4,046	4,646
Operating Expenses	1,249	1,586	1,250	1,250
Indirect Expenses	364	639	600	600
<b>Total Expenditures/Encumbrances</b>	<b>\$10,183</b>	<b>\$20,870</b>	<b>\$7,096</b>	<b>\$7,596</b>
<b>Ending Balance</b>	<b>\$7,749</b>	<b>-\$401</b>	<b>\$549</b>	<b>\$599</b>

SSBCI: State Small Business Credit Initiative

Source: Governor’s Fiscal 2025 Budget Books

**Appendix 3**  
**TEDCO Reserve Fund**  
**Fiscal 2022-2025**  
**(\$ in Thousands)**

	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Est.</u>
<b>Beginning Balance</b>			
<b>Revenue</b>			
<b>Cash</b>			
MII Program – University Contributions	\$800,000	\$800,000	\$800,000
Repayments from Seed Grants/Investments	1,532,174	2,012,368	500,000
Event Income (Registration, Sponsorship, etc.)	9,000	42,578	20,000
Licensing Agreement Royalty (MII)	0	345,137	50,000
Interest and Dividend Income	173,507	830,291	500,000
Incubator Capital Note Repayment	25,000	25,000	25,000
Prior Year Awards Rescinded	637,433	1,471,892	500,000
Miscellaneous	251,258	768,646	0
<b>Noncash</b>			
Increase Value of Investments	2,200,095	9,881,050	7,000,000
Increase Value of Notes Receivable	2,374,808	12,051,648	7,000,000
Interest on Convertible Notes	883,500	1,665,268	1,000,000
<b>Total Revenue</b>	<b>\$8,886,775</b>	<b>\$29,893,877</b>	<b>\$17,395,000</b>
<b>Total Assets*</b>	<b>\$31,884,019</b>	<b>\$59,673,591</b>	<b>\$74,575,748</b>
<b>Expenditures/Encumbrances</b>			
MII Program (Site Miner Costs and Awards)	\$800,000	\$800,000	\$800,000
Event Expense (Expo and Stem Cell Symposium)	0	193,318	0
Stem Cell Awards (Prior Rescinded and Rewarded)	877,608	0	0
Builder Fund (Minority Pre-Seed Investment Fund)	0	0	0
Executive Exchange (Mentoring Services)	426,696	1,112,979	1,000,000
Administrative Support	0	386,547	0
<b>Total Expenditures/Encumbrances</b>	<b>\$2,104,304</b>	<b>\$2,492,844</b>	<b>\$1,800,000</b>
<b>Ending Balance</b>	<b>\$29,779,715</b>	<b>\$57,180,748</b>	<b>\$72,775,748</b>

\*Note: Most cash revenues are restricted to use by certain programs, and most noncash assets are valuations of assets, rather than cash on hand.

Source: Maryland Technology Development Corporation

**Appendix 4**  
**Object/Fund Difference Report**  
**Maryland Technology Development Corporation**

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Objects</b>					
12 Grants, Subsidies, and Contributions	\$ 50,754,979	\$ 58,761,649	\$ 58,496,649	-\$ 265,000	-0.5%
<b>Total Objects</b>	<b>\$ 50,754,979</b>	<b>\$ 58,761,649</b>	<b>\$ 58,496,649</b>	<b>-\$ 265,000</b>	<b>-0.5%</b>
<b>Funds</b>					
01 General Fund	\$ 39,075,816	\$ 54,715,816	\$ 52,935,816	-\$ 1,780,000	-3.3%
05 Federal Fund	11,679,163	4,045,833	4,645,833	600,000	14.8%
09 Reimbursable Fund	0	0	915,000	915,000	N/A
<b>Total Funds</b>	<b>\$ 50,754,979</b>	<b>\$ 58,761,649</b>	<b>\$ 58,496,649</b>	<b>-\$ 265,000</b>	<b>-0.5%</b>