

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

***Executive Summary***

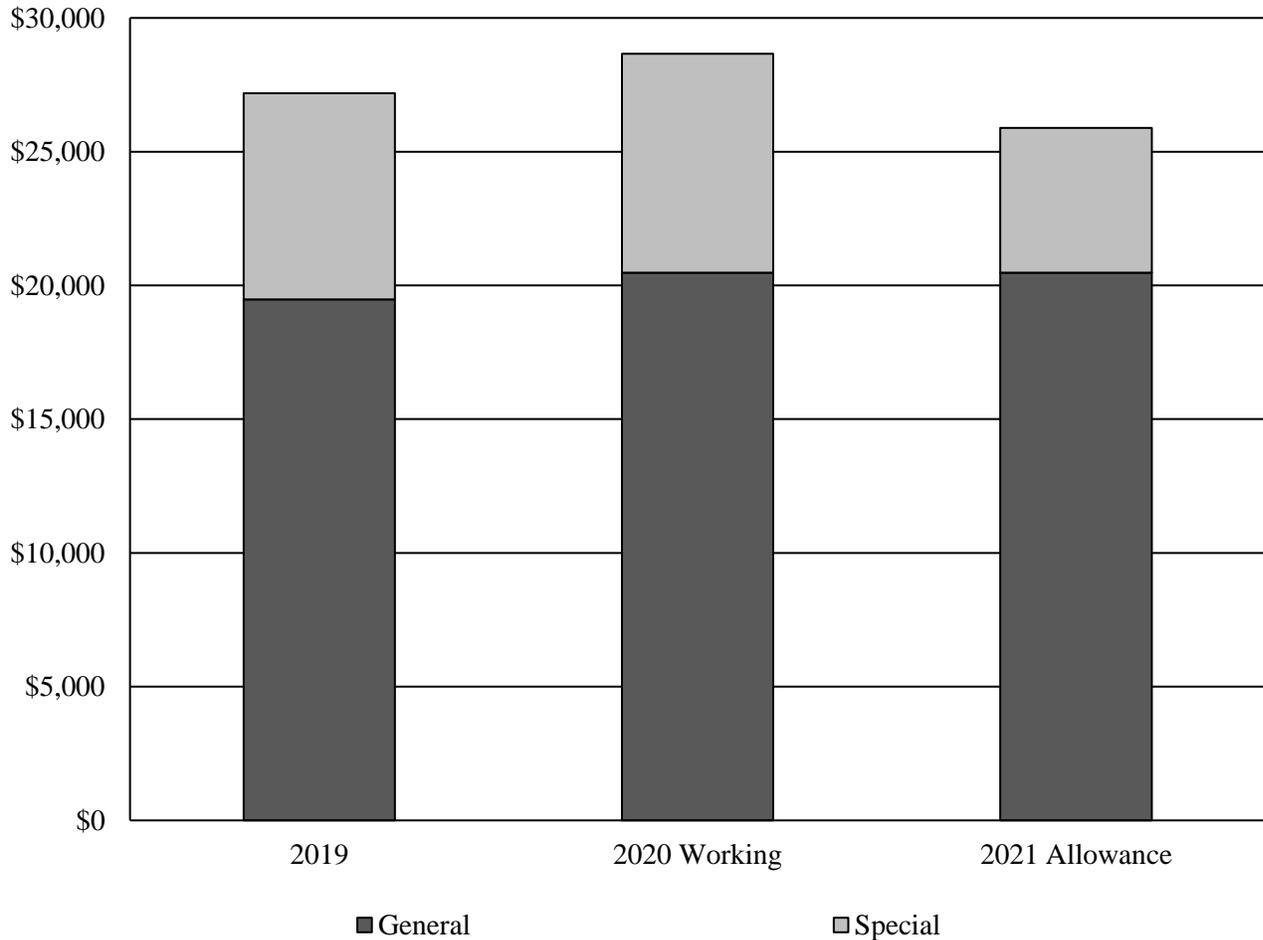
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The Maryland Technology Development Corporation's (TEDCO) mission is to provide early investment and to help build Maryland-based technology companies.

***Operating Budget Summary***

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**Fiscal 2021 Budget Decreases \$2.8 Million or 9.7% to \$25.9 Million**  
**(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

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## ***Key Observations***

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- ***Special Funds Decrease, No Change in General Funds:*** The general fund grant to TEDCO is level-funded in fiscal 2021 at \$20.5 million. Special funds in the Maryland Venture Fund decrease by \$2.8 million due to lower activity and no longer receiving revenues from the Invest Maryland program.
- ***TEDCO Makes Changes in Response to Audit and Legislation:*** As required by legislation passed following a February 2019 audit, TEDCO adopted new regulations and designed a formal application process for each of its programs to verify eligibility. The legislation also includes additional oversight and reporting requirements for the corporation.

## **Operating Budget Recommended Actions**

1. Concur with Governor's allowance.

## **Updates**

- The corporation provides a listing of all of its major grant awards in fiscal 2019.

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**Maryland Technology Development Corporation**

***Operating Budget Analysis***

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**Program Description**

The Maryland Technology Development Corporation (TEDCO) was launched in 1998 to help commercialize the results of scientific research and development conducted by higher education institutions, federal laboratories, and private-sector organizations. TEDCO also aims to promote new research activity and investments that lead to business development in Maryland.

To achieve its goals, TEDCO provides investments to early-stage technology businesses, and it funds development and patenting of new technologies at research universities. TEDCO also develops linkages with federal research facilities in the State and helps companies pursue research funds from federal and other sources. The corporation's role was expanded in fiscal 2016 with the enactment of Chapter 141 of 2015, to transfer the operation of the Maryland Venture Fund (MVF) and the biotechnology grant program from the Department of Commerce (Commerce).

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 of 2006. The Maryland Stem Cell Commission established an independent scientific peer review committee to review, evaluate, rank, and rate research based on procedures and guidelines that give consideration to scientific, medical, and ethical implications.

The corporation does not report personnel data through the State budget system because its employees are not considered State employees. However, TEDCO reports that it has 21 full-time positions and 3 part-time positions.

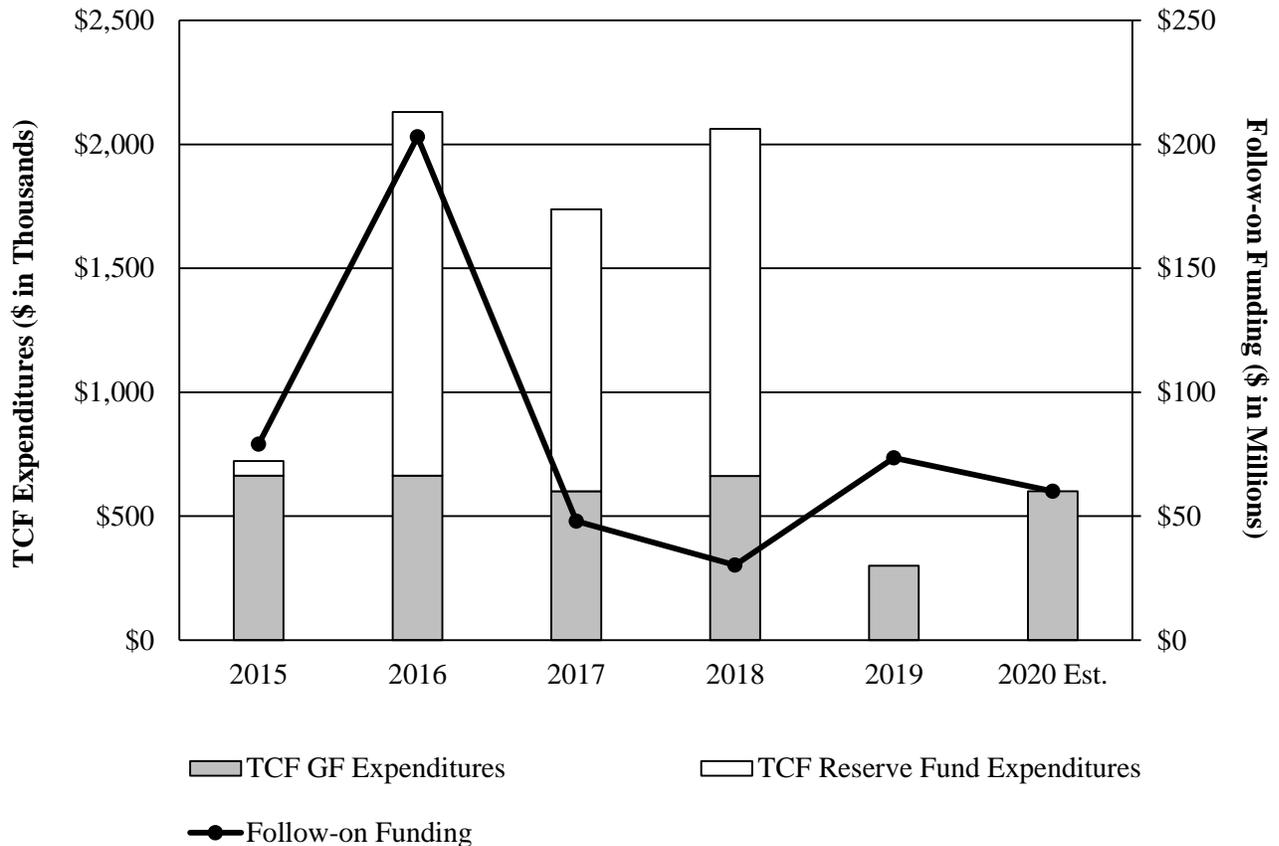
***Performance Analysis: Managing for Results***

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**1. Decline in Seed Investments**

The Technology Commercialization Fund (TCF) provides seed investments to early-stage technology companies that are economically viable but do not yet have the scale needed for a venture capital investment. A measure of success for the TCF is the ability of funded startups to obtain follow-on funding for commercialization. The primary sources of follow-on funds include federal grants, venture capital, and other equity investments. TEDCO tracks leveraged funds for at least five years for each TCF recipient. **Exhibit 1** shows follow-on funding for the TCF recipients compared to the amount of investment in the program. Fiscal 2019 saw about \$73.5 million in follow-on investments into existing TCF companies.

**Exhibit 1  
TCF Expenditures and Follow-on Funding for Investment Recipients  
Fiscal 2015-2020 Est.**



GF: general funds  
TCF: Technology Commercialization Fund

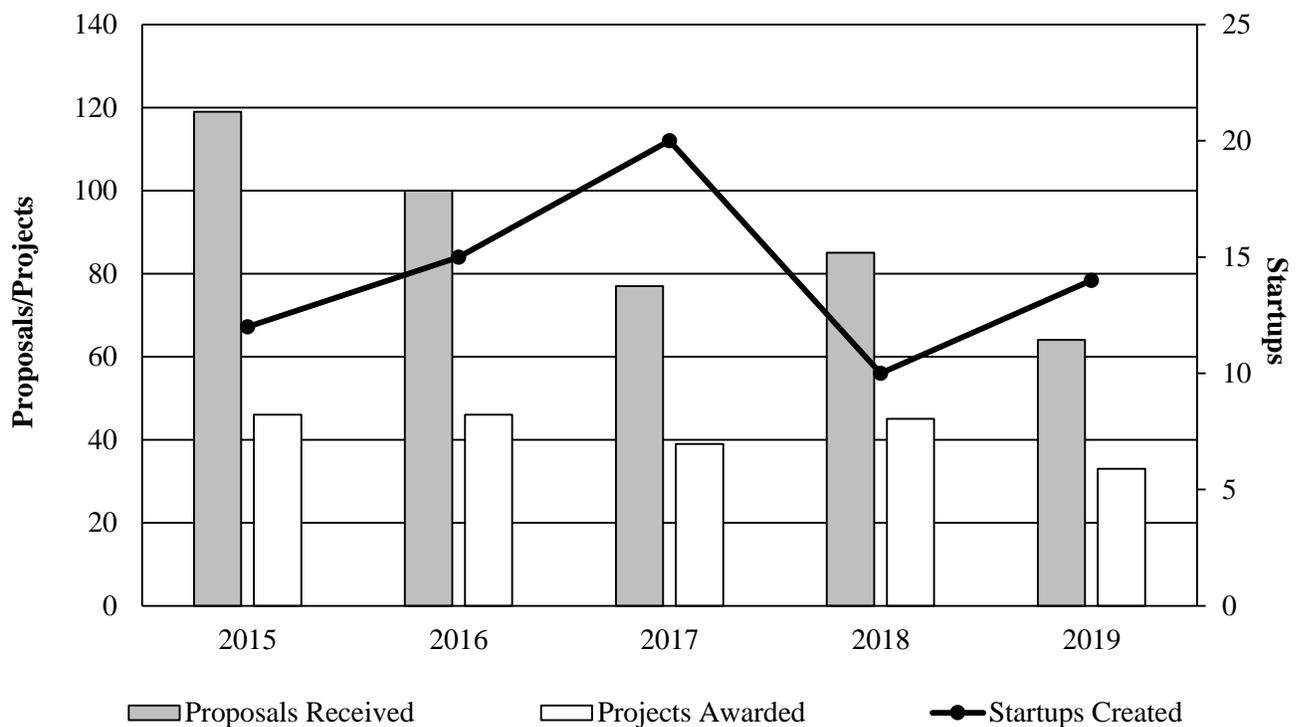
Source: Governor’s Fiscal 2021 Budget Books

In past years, the TCF program has been supplemented by nonbudgeted funds from the corporation’s reserve funds. However, TEDCO provided no reserve funds for the TCF program in fiscal 2019 due to an anticipated decline in reserve fund revenues, although as discussed further in Issue 2 of this analysis, this decline has not occurred. As shown in Exhibit 1, reserve fund expenditures averaged \$1.3 million from fiscal 2016 to 2018, and general funds ranged between \$600,000 and \$663,000 over the same period. No reserve funds were spent in fiscal 2019, and general funds experienced a significant drop as well to \$300,000. TEDCO encumbered an additional \$362,000 in general funds in fiscal 2019, but awards have not yet been made. As a result, the TCF only made 2 investments in fiscal 2019 compared to 20 or more in previous years.

## 2. Program Encourages Startups

The Maryland Innovation Initiative (MII), created by Chapter 450 of 2012, is designed to combine the technology transfer expertise of TEDCO and the expertise of the State’s research universities to create opportunities for commercialization. It is meant to encourage a foundation from which startup companies may be formed from university research. **Exhibit 2** shows the number of proposals received under the program, the number of proposals that were awarded funds, and the number of startup companies formed as a result since fiscal 2015.

**Exhibit 2**  
**Maryland Innovation Initiative Performance Measures**  
**Fiscal 2015-2019**



Source: Governor’s Fiscal 2021 Budget Books

In fiscal 2019, the number of startups increased to 14 after having declined in fiscal 2018, while the number of proposals received (64) and projects awarded (33) decreased slightly. It is expected that as the program matures, more innovations will reach the stage of commercialization, thereby increasing the number of startups. TEDCO notes that the decline in proposals received is normal for a new program. **TEDCO should comment on when it expects the level of proposals received to return to earlier levels and what actions it is taking to encourage proposals.**

## **Fiscal 2020**

The fiscal 2020 budget included language that allowed the Governor to transfer just under \$14 million from the general fund appropriation for the Maryland Technology Infrastructure Fund by budget amendment to various purposes, including to the Baltimore City Police Department in order for the department to make technology improvements; to provide support for the Baltimore Symphony Orchestra; and to provide funding for youth homelessness prevention, an environmental education camp, security personnel at two elderly housing facilities, rape kit testing, pretrial services, and the Crest Regional Higher Education Center. The fiscal 2020 budget also restricted \$250,000 of TEDCO's general fund appropriation to fund new positions in the State's Attorney's offices in Prince George's County and Baltimore City. None of these restricted funds were released by the Governor and are recognized in the fiscal 2021 budget plan as planned reversions.

## **Fiscal 2021 Allowance**

While TEDCO's budget is provided as a grant, the corporation provides annual budget detail. **Exhibit 3** shows TEDCO's fiscal 2019 actual expenses through the fiscal 2021 allowance. The only change in fiscal 2021 is a decrease of \$2.8 million in special funds for the MVF program.

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

	<u>2019</u>	<u>Working 2020</u>	<u>Allowance 2021</u>	<u>Change</u>
<b>General Funds</b>				
<b>Operations</b>				
Salaries and Wages	\$2,047	\$2,113	\$2,113	\$0
Contractual Services	49	50	50	0
Equipment	15	10	10	0
<b>Subtotal</b>	<b>\$2,111</b>	<b>\$2,173</b>	<b>\$2,173</b>	<b>\$0</b>
<b>Programs</b>				
Maryland Stem Cell Research Fund	\$8,200	\$8,200	\$8,200	\$0
Maryland Innovation Initiative	4,800	4,800	4,800	0
Life Science Investment Fund	1,001	1,001	1,001	0
Builder Fund	0	1,000	1,000	0
Gap Investment Fund	1,000	1,000	1,000	0
Cybersecurity Investment Fund	900	900	900	0
Maryland Technology Commercialization Fund	662	600	600	0
Rural Business Innovation Initiative	500	500	500	0
Maryland Industrial Partnership Program	300	300	300	0
<b>Subtotal</b>	<b>\$17,363</b>	<b>\$18,301</b>	<b>18,301</b>	<b>\$0</b>
<b>General Fund Total</b>	<b>\$19,474</b>	<b>\$20,474</b>	<b>\$20,474</b>	<b>\$0</b>
<b>Special Funds</b>				
Enterprise Fund	\$6,000	\$6,500	\$4,200	-\$2,300
Enterprise Fund Administration	1,714	1,685	\$1,210	-\$475
<b>Special Fund Total</b>	<b>\$7,714</b>	<b>\$8,185</b>	<b>5,410</b>	<b>-\$2,775</b>
<b>Grand Total</b>	<b>\$27,188</b>	<b>\$28,659</b>	<b>25,884</b>	<b>-\$2,775</b>

Source: Maryland Technology Development Corporation

## Builder Fund

The Builder Fund is a pre-seed stage investment program targeted at businesses run by socially and economically disadvantaged entrepreneurs. The program received general funds for the first time in fiscal 2020 and was previously funded from TEDCO's Reserve Fund in fiscal 2017 to 2019. The fund was formerly known as the Minority Business Pre-seed Investment Fund and was piloted with

African-American-owned businesses. The program received \$180,000 from the Reserve Fund in fiscal 2017 and 2018 combined. The fund changed its name and expanded its targeted population in fiscal 2019, and TEDCO added \$725,000 from the Reserve Fund that year, which included both investments and operating expenses. The fiscal 2021 allowance includes \$1 million in general funds for the program, the same as the fiscal 2020 appropriation.

### **Maryland Stem Cell Research Program**

The Maryland Stem Cell Research Fund was established by Chapter 19 of 2006 to support Maryland 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 2021 allowance includes \$8.2 million in general funds for the program, the same as the fiscal 2020 appropriation. The commission redesigned the program in fiscal 2017 to focus on company formation and moving technology from universities to the commercial market with an ultimate goal of finding cures. In November 2019, the commission announced a new initiative within the program called Launch Grants, which are targeted at new researchers in the field.

### **MII**

The fiscal 2021 allowance includes \$4.8 million in general funds for MII. MII is designed to combine the technology transfer expertise of TEDCO and the expertise of the State's research universities to speed commercialization opportunities. To qualify for participation in the initiative, each university must provide funds annually. Funds may be used to (1) provide funding to a qualifying university-based entrepreneur or other startup entity to promote the commercialization of technology developed in whole, or in part, by a qualifying university; (2) pursue funding for the initiative or its qualifying universities; (3) develop and implement guidelines for the technology transfer; and (4) identify projects at qualifying universities that may be viable for commercialization. TEDCO and participating universities are providing an additional \$800,000 in nonbudgeted funds.

### **Life Sciences Investment Fund**

The fiscal 2021 allowance includes \$1 million in general funds for the Life Sciences Investment Fund. The fund was formerly a grant program housed under Commerce's BioMaryland Center. It was transferred to TEDCO through legislation in fiscal 2016. TEDCO has tailored the program to meet the needs of Maryland companies developing products addressing human health that require approval from the U.S. Food and Drug Administration for commercialization. According to TEDCO, the program makes investments that will enable companies to reach critical milestones early in their product development efforts; increase the company's valuation; and better position the company for follow-on investment, product commercialization, and job creation. Through this program, TEDCO is also providing access to biotechnology market research databases by using its own nonbudgeted funds, including \$72,000 in fiscal 2021.

## **Gap Investment Fund**

The fiscal 2021 allowance includes \$1 million in general funds for the Gap Investment Fund. The program is intended to fill the gap between TEDCO's traditional seed investment programs and the venture capital programs recently shifted to the corporation from Commerce.

## **Cybersecurity Investment Fund**

The fiscal 2021 allowance includes \$900,000 in general funds for the Cybersecurity Investment Fund (CIF). The CIF provides up to \$200,000 to support projects that advance cybersecurity technology toward commercialization. Specifically, the funds are meant to move their technology further along the commercialization pathway, increase the company's valuation, and lead to follow-on investment for further growth and sustainability.

## **TCF**

This program awards seed funding to early-stage companies developing technology. The \$200,000 awards are meant to develop and commercialize technology products of Maryland early-stage companies. The fiscal 2021 allowance includes \$600,000 in general funds to support the program.

## **Rural Business Innovation Initiative**

The fiscal 2021 allowance includes \$500,000 in general funds for the Rural Business Innovation Initiative (RBII). RBII is designed to provide technical and business assistance to small and early-stage technology-based companies that are located in rural Maryland. This assistance is provided by regional business mentors that are contractual staff under TEDCO.

## **Maryland Industrial Partnership Program**

The fiscal 2020 allowance includes \$300,000 in general funds for the Maryland Industrial Partnership program. This program is designed to accelerate commercialization by matching funds for university-based research projects that help companies develop new products.

## **Maryland Technology Infrastructure Program**

SB 270 and HB 343 of 2020 are Administration bills that would establish the Maryland Technology Infrastructure Program, Authority, and Fund (MTIF) in TEDCO. This new program would be intended to accelerate commercially driven, innovation-related investment and job growth with a focus on life science and cyber-related industries. Under the authority's guidance, the MTIF would (1) provide capital and operating assistance to public or private institutions to develop large-scale place-making projects to attract talent and enable industry concentration; (2) foster public-private collaboration between research and industry; (3) attract new lead venture capital firms to fund startup and emerging companies in the State; and (4) support talent development initiatives for an advanced

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technology workforce. The proposed legislation is a reintroduction of SB 175 and HB 235 from the 2019 session.

The fiscal 2021 allowance does not include funding for the program. If legislation is passed establishing the program, TEDCO would require additional funds to implement it in fiscal 2021 and in future years. The fiscal note for the 2019 legislation assumed that the program would cost \$16 million annually, which would represent a 62% increase over TEDCO's total fiscal 2021 allowance.

**Special Funds: MVF**

The MVF (formerly known as the Enterprise Fund) provides capital through equity and convertible debt purchases for startup companies that are developing innovative technologies. Due to the transfer of the MVF from Commerce to TEDCO, the corporation's budget began to include special funds in fiscal 2016. The fiscal 2021 allowance includes \$1.2 million in special funds for the administration of the program and \$4.2 million in special funds for investments of the MVF. The \$5.4 million allowance is a 34% decrease from the fiscal 2020 appropriation. Part of the reason for the decline is that TEDCO plans to cancel nearly \$900,000 in special funds in fiscal 2020 due to decreased activity and a lower staffing level to administer the program. The remaining decline (nearly \$1.9 million) is because the last of the funds raised through the InvestMaryland program tax credit auction were used in fiscal 2020. The MVF is discussed in further detail in Issue 1 of this analysis.

## ***Issues***

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### **1. Changes in Response to 2019 Audit and Related Legislation**

The Office of Legislative Audits (OLA) completed an examination of TEDCO in February 2019 that included three findings related to how the corporation operates the MVF. In response to the audit findings, Chapters 487 and 488 of 2019 were enacted, which establish eligibility criteria for TEDCO investments, require TEDCO to adopt relevant regulations, and establish additional reporting requirements.

#### **Background**

The MVF (formerly known as the Enterprise Fund) was transferred from Commerce to TEDCO in fiscal 2016. The MVF provides capital through equity and convertible debt purchases for startup companies that are developing innovative technologies. Beginning in fiscal 2013, this program also became the means for the implementation of the Invest Maryland program. This is a State-supported venture capital program that was funded through an auction of a tax credit against the premium tax for insurance companies. A portion of these funds is invested directly by TEDCO, and a portion is invested by private venture capital funds on behalf of the State.

The OLA audit included three findings: (1) TEDCO had not adopted regulations for MVF direct equity investments and had invested in non-Maryland businesses; (2) the MVF had created its own advisory committee without adequate policies and procedures to prevent conflicts of interest; and (3) TEDCO did not sufficiently monitor third-party venture firms that received funding through the MVF: specifically, TEDCO did not have procedures to monitor the accuracy of management fees charged by the firms and did not establish a process to resolve investment shortfalls on a timely basis.

#### **Legislation Enacted in 2019**

Chapters 487 and 488 define a qualified business for the purpose of TEDCO’s investment programs, establish general requirements for TEDCO’s grant-making and investment activity, specify requirements for the use of MVF funds by third-party venture firms, increase oversight and reporting requirements, and require TEDCO to adopt relevant regulations. Key provisions of this legislation include:

- ***Definition of a Qualified Business:*** a “qualified business” for the purpose of TEDCO’s programs must (1) have its principal business operations located in the State, over half its workforce in the State, and intend to maintain its operations in the State after receiving an investment; or (2) be an approved business that will, as a result of the investment, have a substantial economic impact in the State;
- ***Adoption of Regulations for Investment Activity:*** TEDCO is required to adopt regulations that specify eligibility criteria for each program, including procedures and criteria for investment

decisions and a process for the consideration of whether investments help to foster inclusive and diverse entrepreneurship. Investments must also be made based on written applications that contain sufficient information to verify the location of principal business operations;

- ***Increased Oversight:*** The MVF Authority, which the legislation required to be reconstituted, is required to meet at least quarterly and is prohibited from having additional advisors or advisory boards, whether informal or formal. The TEDCO board, TEDCO’s officers and employees, and members of the newly established investment committee must disclose to the State Ethics Commission any financial interest in an entity that currently has or will apply for funds or an investment in a TEDCO program;
- ***Use of Funds by Venture Firms:*** Each venture firm that receives funds under the Invest Maryland program must use at least 50% of the allocated capital to make equity investments in qualified businesses within three years of receipt of the funds. In the event that a venture firm fails to meet this requirement, TEDCO must rescind the allocation, cease payment of management fees to the venture fund, and consult with the Office of the Attorney General regarding the recovery of funds;
- ***Additional Reporting Requirements:*** TEDCO’s annual report must include information regarding businesses’ activities both in and out of the State, a list of businesses that have received investments that would no longer qualify, efforts related to support for minority- and women-owned businesses, and information related to TEDCO employees and their compensation. TEDCO must also report quarterly to the Governor, the Maryland Economic Development Commission, the Joint Audit and Evaluation Committee, and the General Assembly on the qualified businesses receiving support through TEDCO’s programs; and
- ***Statute Review by the Department of Legislative Services (DLS):*** The legislation required DLS to review TEDCO’s statute by December 2019. DLS recommended that the language related to the Invest Maryland program be consolidated and clarified. No substantive changes were recommended. SB 747 of 2020 would make the recommended revisions.

## **Related Changes and Implementation**

As required, TEDCO adopted relevant regulations, which took effect December 30, 2019. TEDCO also resumed the MVF and other investments at that time, which the corporation had put on hold in July 2019 pending the resolution of the issues raised in the audit. TEDCO designed a formal application process for each of its programs that requires businesses to submit data that can be used to verify eligibility. Per the adopted regulations, a three-member Investment Committee of the Board of Directors was established, which is required to meet at least two times a year to review investments and ensure businesses meet the requirements of a “qualified business.” The MVF Authority, which oversees MVF investments, has also been reconstituted as required, and all nine members have been appointed and confirmed as of February 2020.

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TEDCO is in the process of hiring a new chief executive officer and a new MVF managing director. These positions are currently filled by individuals serving in an interim status. TEDCO is also hiring an outsourced chief financial officer to ensure management fees paid to venture firms are appropriate.

## 2. Decline in Reserve Fund Expenditures

Beginning in 2018, TEDCO began providing detailed information on its Reserve Fund in order to provide the budget committees with a more systemic, consistent, and transparent approach to better inform budget decision making. **Exhibit 4** shows the status of the Reserve Fund, including its revenues, expenditures, and balances from fiscal 2017 through the fiscal 2021 budget. Growing cash reserves allowed the corporation to provide additional nonbudgeted assistance in fiscal 2018 to a variety of programs. However, the corporation is estimating a reduction in available revenues and plans to provide only \$1.5 million in each of fiscal 2020 and 2021, down from \$2.5 million in fiscal 2019 and \$8.1 million in fiscal 2018, in order to avoid drawing down the reserve fund balance. TEDCO has drafted a policy for its reserve fund to ensure that funds are properly monitored and are used in a way to effectively meet budget shortfalls and make strategic investments in TEDCO programs. The new policy is currently under review by TEDCO’s board.

**Exhibit 4**  
**TEDCO Reserve Fund**  
**Fiscal 2017-2021 Est.**

	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Est.</u>	<u>2021</u> <u>Est.</u>
<b>Beginning Balance</b>	<b>\$8,754,892</b>	<b>\$10,311,847</b>	<b>\$12,635,150</b>	<b>\$15,618,549</b>	<b>\$15,613,549</b>
<b>Revenue</b>					
<b>Cash</b>					
MII Program – University Contributions	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Repayments from Seed Grants/Investments	361,539	469,353	1,388,164	300,000	300,000
Event Income (Registration, Sponsorship, etc.)	112,918	88,147	148,190	150,000	150,000
Licensing Agreement Royalty (MII)	100,000	-7,804	6,000	0	0
Interest and Dividend Income	111,222	125,596	196,924	100,000	100,000
Incubator Capital Note Repayment	137,652	425,000	25,000	25,000	25,000
Prior year awards rescinded	0	0	1,173,906	0	0
Miscellaneous	53,078	0	394,436	0	0

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	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Est.</u>	<u>2021</u> <u>Est.</u>
<b>Noncash</b>					
Increase Value of Investments	711,432	2,720,568	2,582,263	0	0
Increase Value of Notes Receivable	875,232	4,802,610	-2,142,459	0	0
Interest on Convertible Notes	645,353	1,020,560	900,667	150,000	150,000
<b>Total Revenue</b>	<b>\$3,908,425</b>	<b>\$10,444,031</b>	<b>\$5,473,091</b>	<b>\$1,525,000</b>	<b>\$1,525,000</b>
<b>Total Available Funds</b>	<b>\$12,663,318</b>	<b>\$20,755,878</b>	<b>\$18,108,241</b>	<b>\$17,143,549</b>	<b>\$17,138,549</b>
<b>Expenditures/Encumbrances</b>					
MII Program (Site Miner Costs and Awards)	\$566,909	\$1,662,304	\$1,209,043	\$800,000	\$800,000
Event Expense (Expo and Stem Cell Symposium)	141,765	295,564	232,347	230,000	230,000
Gap Investment Fund (Awards)	0	1,000,000	0	0	0
Technology Commercialization Funds (Awards)	1,138,000	1,400,000	0	0	0
Stem Cell Awards (Prior Rescinded and Rewarded)	0	1,106,687	3,468	500,000	500,000
Minority Business Pre-seed Fund (MBPSF)	60,000	120,000	0	0	0
Builder Fund (Previously MBPSF)	0	0	724,676	0	0
Executive Exchange (Mentoring Services)	394,809	339,237	284,927	0	0
Incubation Challenge (Pilot Initiative)	0	750,000	0	0	0
IT Reconfiguration (New CRM and New Website)	0	115,507	0	0	0
New Initiatives	0	0	0	0	0
Tech Validation (Awards)	49,988	0	0	0	0
Administrative Support	0	1,331,429	35,231	0	0
<b>Total Expenditures/Encumbrances</b>	<b>\$2,351,471</b>	<b>\$8,120,728</b>	<b>\$2,489,692</b>	<b>\$1,530,000</b>	<b>\$1,530,000</b>
<b>Ending Balance</b>	<b>\$10,311,847</b>	<b>\$12,635,150</b>	<b>\$15,618,549</b>	<b>\$15,613,549</b>	<b>\$15,608,549</b>

CRM: customer relationship management  
IT: information technology

MII: Maryland Innovation Initiative  
TEDCO: Maryland Technology Development Corporation

Source: Maryland Technology Development Corporation

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

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1. Concur with Governor's allowance.

## Updates

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### 1. Major Grants

**Exhibit 5** shows award recipients for all deals closed or projects approved in fiscal 2019 for all of TEDCO’s programs, including those funded with general, federal, or nonbudgeted funds. Some programs, such as the Stem Cell Research Program, award funds over multiple years, so funding levels do not necessarily match appropriation amounts. The total amount awarded in fiscal 2019 totaled \$15.6 million, down from \$20.1 million in fiscal 2018.

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#### **Exhibit 5 TEDCO Award Recipients Fiscal 2019**

<u>Recipient</u>	<u>Award Amount</u>
<b>Cyber Investment Fund</b>	
Attila Security, Inc.	\$250,000
HighSide, Inc.	200,000
Reform Labs, Inc.	115,000
Syncurity Corporation	199,999
<b>Subtotal</b>	<b>\$764,999</b>
<b>Gap Funding</b>	
Discourse Analytics, Inc.	\$250,000
LifeSprout, Inc.	300,000
ReGelTec, Inc.	500,000
<b>Subtotal</b>	<b>\$1,050,000</b>
<b>Incubator Assistance</b>	
MBIA Grant	\$175,000
Program Management	5,000
<b>Subtotal</b>	<b>\$180,000</b>
<b>Life Science Investment Fund</b>	
Asclepix Therapeutics, LLC	\$200,000
Coaptech, LLC	200,000
Cooltech, LLC	200,000
Orpheris, Inc.	200,000
Veralox Therapeutics, Inc.	200,000
Vixiar Medical, Inc.	200,000
<b>Subtotal</b>	<b>\$1,200,000</b>

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<b><u>Recipient</u></b>	<b><u>Award Amount</u></b>
<b>Maryland Innovation Initiative</b>	
ActiveCharge, LLC	\$150,000
Gardner Industries, LLC	150,000
Magic Blue LLC	150,000
Mind-X Corporation	150,000
OncoSTING, LLC	150,000
Johns Hopkins University	1,580,000
Renalert, LLC	150,000
Sonoval, LLC	150,000
UMB	624,156
UMCP	575,000
UMBC	510,000
<b><i>Subtotal</i></b>	<b><i>\$4,339,156</i></b>
<b>Builder Fund (TEDCO-only Investment)</b>	
EduMD	\$50,000
ProTrackr Inc.	50,000
Novel Microdevices	50,000
M5 Enterprises	50,000
GameChanger	50,000
ScholarMr	50,000
Azubu Distilling Co.	25,000
RemodelMate Inc.	50,000
Elite Gaming Live LLC	50,000
<b><i>Subtotal</i></b>	<b><i>\$425,000</i></b>
<b>Rural Business Innovation Initiative</b>	
Veralox	\$25,000
Datakwip	25,000
SolarCube	7,500
HopFlyt	9,890
RYGLight	7,500
Motobriiz	8,000
Sochu	8,800
Molecular Tools	7,500
IPS/Omnibioscience	7,500
Blue Sources	7,500
GOAT Systems	10,000
MedPak	7,500
Warble	7,500
Stella Tray	7,500

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<b><u>Recipient</u></b>	<b><u>Award Amount</u></b>
BetterWay	3,750
Bytelion	1,600
<b><i>Subtotal</i></b>	<b><i>\$152,040</i></b>
<b>Stem Cell Research Fund</b>	
Johns Hopkins University	\$3,899,999
Domicell, Inc.	300,000
Gemstone Biotherapeutics, LLC	299,998
RoosterBio Inc.	300,000
Theradaptive, Inc.	299,990
UMB	1,368,544
UMCP	345,000
UMBC	339,141
<b><i>Subtotal</i></b>	<b><i>\$7,152,672</i></b>
<b>Technology Commercialization Fund</b>	
Datakwip Holdings LLC	\$200,000
Everywhere Communications	100,000
<b><i>Subtotal</i></b>	<b><i>\$300,000</i></b>
<b>Total</b>	<b>\$15,588,867</b>

MBIA: Maryland Business Innovation Association  
TEDCO: Maryland Technology Development Corporation  
UMB: University of Maryland, Baltimore Campus  
UMBC: University of Maryland Baltimore County  
UMCP: University of Maryland, College Park Campus

Source: Maryland Technology Development Corporation

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**Appendix 1**  
**2019 Joint Chairmen’s Report Responses from Agency**

The 2019 *Joint Chairmen’s Report* (JCR) requested that the Maryland Technology Development Corporation (TEDCO) prepare two reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report on TEDCO Efforts to Boost Investments to Women- and Minority-owned Businesses:*** The requested report details the share of women- and minority-owned businesses that received investments under each of TEDCO’s programs. For the Maryland Venture Fund and TEDCO Seed Funds, self-identified women- or minority-owned businesses accounted for slightly over 10% of funding in fiscal 2017, but this proportion declined to 7% in fiscal 2018 and to 0% in fiscal 2019. For the Maryland Innovation Initiative, funding for minority- or women-owned businesses ranged from 15% to 71% over the same period. The Builder Fund was created for the purpose of supporting socially or economically disadvantaged entrepreneurs, and 100% of businesses that received funding were minority- or women-led. TEDCO holds a monthly Women’s Executive Leadership Roundtable and also launched a Task Force for Women Entrepreneurs in 2019 to develop strategies to address the challenges women entrepreneurs face in accessing capital.
- ***Report on Use of TEDCO Investment Funds:*** The requested report outlines actions taken by TEDCO to ensure the appropriate use of TEDCO funds to invest in Maryland businesses. Further discussion can be found in Issue 1 of this analysis.

**Appendix 2**  
**Object/Fund Difference Report**  
**Maryland Technology Development Corporation**

<u>Object/Fund</u>	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u> <u>Appropriation</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20 - FY 21</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Objects</b>					
08 Contractual Services	\$ 13,440	\$ 12,123	\$ 10,654	-\$ 1,469	-12.1%
12 Grants, Subsidies, and Contributions	27,175,199	42,876,923	25,873,792	-17,003,131	-39.7%
<b>Total Objects</b>	<b>\$ 27,188,639</b>	<b>\$ 42,889,046</b>	<b>\$ 25,884,446</b>	<b>-\$ 17,004,600</b>	<b>-39.6%</b>
<b>Funds</b>					
01 General Fund	\$ 19,474,480	\$ 34,704,480	\$ 20,474,480	-\$ 14,230,000	-41.0%
03 Special Fund	7,714,159	8,184,566	5,409,966	-2,774,600	-33.9%
<b>Total Funds</b>	<b>\$ 27,188,639</b>	<b>\$ 42,889,046</b>	<b>\$ 25,884,446</b>	<b>-\$ 17,004,600</b>	<b>-39.6%</b>

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

**Appendix 3  
Fiscal Summary  
Maryland Technology Development Corporation**

<u>Program/Unit</u>	<u>FY 19 Actual</u>	<u>FY 20 Wrk Approp</u>	<u>FY 21 Allowance</u>	<u>Change</u>	<u>FY 20 - FY 21 % Change</u>
01 Tech. Development, Transfer and	\$ 4,574,480	\$ 4,824,480	\$ 4,574,480	-\$ 250,000	-5.2%
03 Maryland Stem Cell Research Fund	8,200,000	8,200,000	8,200,000	0	0%
04 Maryland Innovation Initiative	4,800,000	4,800,000	4,800,000	0	0%
05 Cybersecurity Investment Fund	900,000	900,000	900,000	0	0%
06 Enterprise Investment Fund Administration	1,714,159	1,684,566	1,209,966	-474,600	-28.2%
07 Enterprise Investment Fund	6,000,000	6,500,000	4,200,000	-2,300,000	-35.4%
08 Second Stage Business Incubator	1,000,000	1,000,000	1,000,000	0	0%
09 Maryland Technology Infrastructure Fund	0	13,980,000	0	-13,980,000	-100.0%
10 Minority Pre-Seed Investment Fund	0	1,000,000	1,000,000	0	0%
<b>Total Expenditures</b>	<b>\$ 27,188,639</b>	<b>\$ 42,889,046</b>	<b>\$ 25,884,446</b>	<b>-\$ 17,004,600</b>	<b>-39.6%</b>
General Fund	\$ 19,474,480	\$ 34,704,480	\$ 20,474,480	-\$ 14,230,000	-41.0%
Special Fund	7,714,159	8,184,566	5,409,966	-2,774,600	-33.9%
<b>Total Appropriations</b>	<b>\$ 27,188,639</b>	<b>\$ 42,889,046</b>	<b>\$ 25,884,446</b>	<b>-\$ 17,004,600</b>	<b>-39.6%</b>

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.