



**TESTIMONY PRESENTED TO THE SENATE EDUCATION, ENERGY, AND THE
ENVIRONMENT COMMITTEE**

SENATE BILL 867 - CYBER MARYLAND PROGRAM - REVISIONS

**MARCH 6, 2025
SUPPORT WITH AMENDMENTS**

The Maryland Technology Development Corporation (TEDCO) is dedicated to economic growth through the fostering of an inclusive entrepreneurial and innovation ecosystem. TEDCO discovers, invests in, and helps build great Maryland-based technology companies.

As drafted, SB 867 - Cyber Maryland Program - Revisions transfers the Cyber Maryland Program from TEDCO to the Maryland Department of Labor (MD Labor), requires the Program to issue certain competitive grants and contracts beginning in fiscal year 2026; alters the purposes for which the Cyber Maryland Fund may be used; alters certain funding requirements related to the Program; requires that certain unused balances from certain programs and funds be transferred to the Program at the close of the fiscal year, and alters the membership of the Cyber Maryland Board.

SB 867 requires that unused balances from the Cybersecurity Investment Fund, among other programs and funds, be transferred to the Program at the close of the fiscal year. Established in 2014 by Maryland Chapter 534, the Cybersecurity Investment Fund (CIF) is a special, non-lapsing fund in TEDCO to invest in seed stage, Maryland-based cybersecurity startup companies. This investment fund was established by the Maryland General Assembly to function as an evergreen fund. By statute, any investment earnings the fund, are credited to fund, and used to make future investments.

The proposed sweeper provision to CIF, included in SB 867, would have the impact of eliminating the evergreen nature of the CIF fund, by redirecting carry-over balances, including CIF investment earnings that currently are credited to the fund and used to make additional investments.

Since FY2015, CIF has invested in over 50 Maryland cybersecurity companies. During that time, CIF investment earnings enabled TEDCO to fund nine of those companies, at about \$200,000 each.

The CIF consists of:

- (1) appropriations as provided in the State budget;
- (2) money made available to the Fund through federal programs or private contributions;
- (3) repayment of capital or principal or payment of interest on any debt or equity investments from the Fund;
- (4) investment earnings of the Fund; and
- (5) any other money accepted by TEDCO for the Fund.

The CIF fund is governed by Economic Development Section 10-464 (statute). The fund may be used to invest in cybersecurity technology product development companies and for the costs necessary to administer the fund. Currently, it is a non-lapsing fund, that is any remaining unspent money at the end of a fiscal year would remain in the fund and not revert to the State's general fund.

However, SB 867, as currently written, will change the current statute to require that any unspent balance in the CIF, including investment earnings, at the end of the fiscal year be transferred into Cyber Maryland fund.

The FY 2026 proposed budget includes a \$900,000 allocation for the fund, which is relatively small, given the high demand. Given Maryland's robust Cybersecurity ecosystem, there is high demand for funding under the Cybersecurity Investment Fund, and the balance of the fund is generally fully deployed each fiscal year. If funds are left at the end of the fiscal year, the funds will have already been dedicated to reserves for additional investments for qualified companies that are already in the CIF application pipeline.

To ensure the CIF is properly equipped to support and invest in the ecosystem as originally designed, TEDCO respectfully requests an amendment to remove the Cybersecurity Investment Fund in the list of funds that will be required to transfer unused funds to the Cyber Maryland Fund. TEDCO has shared its concerns with the bill sponsor and appreciates the sponsor's support of the amendment.

Chapter 578 of 2023 established the Cyber Maryland Program in TEDCO and tasked the program with creating a cybersecurity talent pipeline, serving as a hub for State workforce development programs in cybersecurity, and generally coordinating cybersecurity, research, and innovation in the State. The Act also created the Cyber Maryland Fund, a special, non-lapsing fund, and the Cyber Maryland Board.

TEDCO is appreciative of the opportunity to manage the program and is proud of the work it has achieved to date under the guidance of the Cyber Maryland Board. Last summer, to better understand the state's robust, but fragmented ecosystem, the Cyber Maryland Program, under the guidance of the Cyber Maryland Board, commissioned and released '[*Cybersecurity Workforce Analysis and Strategy*](#)' which provided an analysis of the current state of Maryland's cybersecurity workforce ecosystem. Building off the findings of the report, the Cyber Maryland Board partnered with the Governor's Workforce Development Board within the Maryland Department of Labor to engage over 65 industry leaders, educators, and other state and local stakeholders across the state to coordinate a unified ecosystem wide action plan.

Throughout this process, it became clear that Maryland is the national epicenter for cybersecurity; as a result, there is a global significance to developing Maryland's cybersecurity workforce. The development of a robust workforce pipeline that meets the demands of Maryland's cybersecurity ecosystem requires extensive resources and staff capacity, which can be achieved most efficiently and effectively through strong mission alignment.

Given the strong strategic alignment between the mission of the Cyber Maryland Program and the mission of the Maryland Department of Labor, TEDCO fully supports the transfer of the Cyber Maryland Program, Fund, and Board as proposed in SB 867, and is committed to working collaboratively and strategically with the Maryland Department of Labor to facilitate the proposed program transfer.

TEDCO appreciates the opportunity to provide testimony on SB 867 and urges a favorable with amendments committee report.