

Clappsaddle

Uploaded by: Clappsaddle, Mary

Position: FAV

TO: The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee

FROM: Mary Clapsaddle
Director, State Affairs

DATE: February 12, 2020

Johns Hopkins University and Medicine is pleased to offer testimony in support of **Senate Bill 389 – Economic Development – Maryland E-Nnovation Initiative Program – Extension and Alterations**. This program has proven, over its five years of existence, to be invaluable to attracting and supporting high achieving researchers and faculty to campuses across the state. Johns Hopkins is proud of the eight professorships that have been approved since fiscal 2016 – projects where \$8.5 million in state funds have leveraged and been more-than-matched by \$12.3 million in donor funds.

The women and men who hold endowed professorships at Johns Hopkins conduct some of our most significant research. They attract the very best students, who come here in order to work with scientists who are acknowledged leaders in their fields. These are the faculty members who bring prestige and honor to the Johns Hopkins name. Their work makes this a great university, and their ability to chart new courses of research and patient care comes in no small part from the reliable support of an endowed chair.

The Wilmer Eye Institute, which has been awarded three E-Nnovation awards, is often referred to as the jewel in the crown of Johns Hopkins Medicine. The generosity of its supporters and the caliber of its faculty allow Wilmer to serve as a model for other departments of ophthalmology throughout the world. With the support of the state's matching funds, we have three endowed professors and their research teams exploring causes and treatments of age-related macular degeneration.

We urge a favorable report to extend the term of this program, and to increase the funding, either through this dedicated revenue source on electronic tip jars or with a general fund supplement. Further, clarifying the time requirement for time spent in the private business partner to 20% (rather than one day per week) better tracks with the academic calendar. Finally, highly recruited faculty typically require start-up packages, through which the university commits to support the costs of post-docs and research fellows for a specified period of time. Allowing these funds to be used for salaries related to the work of the endowed professor will make the entire package more attractive in recruiting and retaining these high achievers.

For these reasons, Johns Hopkins urges a **favorable committee report on SB 389**.

cc: Members, Senate Budget and Taxation Committee
President Emeritus Thomas V. Mike Miller, Jr.

SB 389 Testimony

Uploaded by: fidler, sara

Position: FAV



Maryland Independent College
and University Association

Written Support

Senate Budget & Taxation Committee

Senate Bill 389: Economic Development - Maryland E-Nnovation Initiative Program - Extension and Alterations

Sara C. Fidler, President
sfidler@micua.org

February 12, 2020

On behalf of Maryland's independent colleges and universities and the 65,600 students we serve, thank you for the opportunity to provide testimony for ***Senate Bill 389: Economic Development - Maryland E-Nnovation Initiative Program - Extension and Alterations***. This program provides a State match to private funds raised in support of research endowments in scientific and technical fields at Maryland's higher education institutions. Since its launch in fiscal 2016, the program has supported newly endowed department chairs, staff, and support personnel; funded research fellowships for graduate and undergraduate students; and paid for lab equipment and research infrastructure. Through the E-Nnovation Initiative, participating campuses have been able to leverage millions of dollars in private donations to support these research efforts.

MICUA supports the provisions of this bill, which we believe will strengthen the Maryland E-Nnovation Initiative Program even further. It extends the funding for this program from fiscal 2022 through 2026 and increases the minimum program funding level to at least \$12.5 million annually during these years. The bill also specifies that endowment proceeds earned through the program may be used to help fund start-up packages for research faculty, and it clarifies the work obligations of faculty who hold endowed positions supported by the program.

MICUA appreciates our ongoing partnership with the Maryland Department of Commerce and its administration of the Maryland E-Nnovation Initiative Program. Several MICUA member institutions have participated in and benefited from this program over the past five years. Of the 11 institutions of higher education in Maryland currently receiving E-Nnovation funds, six are MICUA members: Hood College, Johns Hopkins University, Loyola University Maryland, Maryland Institute College of Art, Mount St. Mary's University, and Washington College. The E-Nnovation Initiative has directly supported these campuses in their ongoing efforts to attract world-class faculty and engage in groundbreaking research and discoveries in a broad range of disciplines, including geographic information systems, public health, computational science, project management, and neurosurgery.

For all of these reasons, MICUA urges a favorable Committee report for Senate Bill 389.

GBC_FAV_SB389

Uploaded by: Fry, Donald

Position: FAV



TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE

SENATE BILL 389 -- ECONOMIC DEVELOPMENT - MARYLAND E-NOVATION INITIATIVE PROGRAM - EXTENSION AND ALTERATIONS

February 12, 2020

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

Senate Bill 389 extends the Maryland E-Nnovation Initiative Program and requires the Governor to include in the annual budget bill a \$12,500,000 appropriation to the Maryland E-Nnovation Initiative Fund (MEIF) for fiscal years 2022 through 2026. Currently, \$8.5 million is required to be appropriated annually in fiscal years 2016 through 2021.

The Maryland E-Nnovation Initiative Fund, administered by the Maryland Department of Commerce, offers a match to private funds raised in support of endowed chairs at Maryland's higher education institutions. Investment earnings on the endowments, as determined by the Maryland E-Nnovation Initiative Fund Authority, are used to further basic and applied research in scientific and technical fields of study. The program has been instrumental in spurring basic and applied research in scientific and technical fields at Maryland colleges and universities.

Senate Bill 389 and the Maryland E-Nnovation Initiative Program are consistent with one of the key tenets in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

Strategic and effective investments in business growth. The State must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investments in industry growth.

Additionally, the GBC's *2020 Legislative Priorities* state that an important priority is to "support a strong economic development infrastructure that improves the business climate, creates jobs, and cultivates entrepreneurship." Senate Bill 389 is consistent with this priority by extending the MEIF program and ensuring adequate funding support.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 389.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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MillerSB389

Uploaded by: Senator Miller, Senator Miller

Position: FAV

THOMAS V. MIKE MILLER, JR.
PRESIDENT EMERITUS
PRESIDENT OF THE SENATE
1987-2020
27th Legislative District



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Testimony of Senator Thomas V. Mike Miller, Jr.
Senate Bill 389 - Economic Development –
Maryland E-Nnovation Initiative Program – Extension and Alteration

Chairman Guzzone and Fellow Committee Members:

Senate Bill 389 is an extension of legislation that was unanimously passed out of the Senate in 2014, which had a five-year sunset. This legislation will continue funding for the Maryland E-Nnovation Initiative Program for another five years from fiscal year 2022 through 2026 and will increase the funding level to \$12.5 million.

The E-Nnovation Initiative creates a unique recruitment tool for university and State officials to attract basic and applied research projects in scientific and technical fields to colleges and universities throughout Maryland. Over the past five years, the Program has successfully built on existing clusters of research and innovation to keep Maryland a national competitor in technological progress. As our State continues to encourage technology development and job growth, the E-Nnovation Initiative leverages State funds to match funds from private donors to participating universities and colleges including, Washington College, University of Maryland Baltimore, Johns Hopkins University, University of Maryland Eastern Shore, College of Southern Maryland, and the University of Maryland College Park.

In a global economy, it is essential that Maryland remains at the forefront of innovation. For these reasons, I respectfully ask the Budget and Taxation Committee for a favorable report on Senate Bill 389.

SB389 Testimony UMD

Uploaded by: Stern, Ross

Position: FAV



Senate Budget and Taxation Committee

February 12, 2020

Senate Bill 389 – Economic Development – Maryland E-Nnovation Initiative Program Extension and Alterations

Support

During the 2014 Legislative Session *SB601/HB741 – Business and Economic Development – Maryland E-Nnovation Initiative Program* was passed into law. The Maryland E-Nnovation Initiative Program was created to spur basic and applied research in scientific and technical fields at Maryland colleges and universities by matching private donations with grants from the Maryland Department of Commerce to create endowed chairs in select fields.

The purpose and intent of the Program is to retain and recruit top university researchers and encourage collaboration among Maryland research universities, federal agencies and the private sector (especially entrepreneurial companies).

The combination of top talent and collaboration enhances the economic competitiveness of the State as it builds on existing clusters of research and innovation. The program gives Maryland a tremendous advantage in the intense global competition for the best minds in the world, and provides for opportunities, jobs and industries created by their work.

The program also has proved to be tremendously successful in leveraging the impact of State funds through matching funds from private donors to universities. This success has been statewide and has included campuses as diverse as Washington College, University of Maryland Baltimore, Johns Hopkins University, University of Maryland Eastern Shore, the College of Southern Maryland and the University of Maryland. The program has been fully subscribed each year of its existence.

The original legislation had a five-year sunset, and we are seeking to extend the program for another five years, as well as increase funding (if available) to \$12.5 million from the current \$8.5 million. SB 389 also makes a technical change to the language regarding the work requirement outside of campus to 20% of the year from one day a week. Finally, the bill as introduced would allow some portion of E-Nnovation funds to be used in start-up packages to help recruit top academic talent.

The breadth of applicants and the stature of the awardees provide Maryland with a depth of experience that will advance the State's competitive advantage. For all of these reasons we urge a favorable report.

DBM_INFO_SB 389

Uploaded by: Wilkins, Barbara

Position: INFO



LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 389 Economic Development-Maryland E-Nnovation Initiative Program-Extension and Alterations (Miller, et al)

STATEMENT OF INFORMATION

DATE: February 12, 2020

COMMITTEE: Senate Budget & Taxation Committee

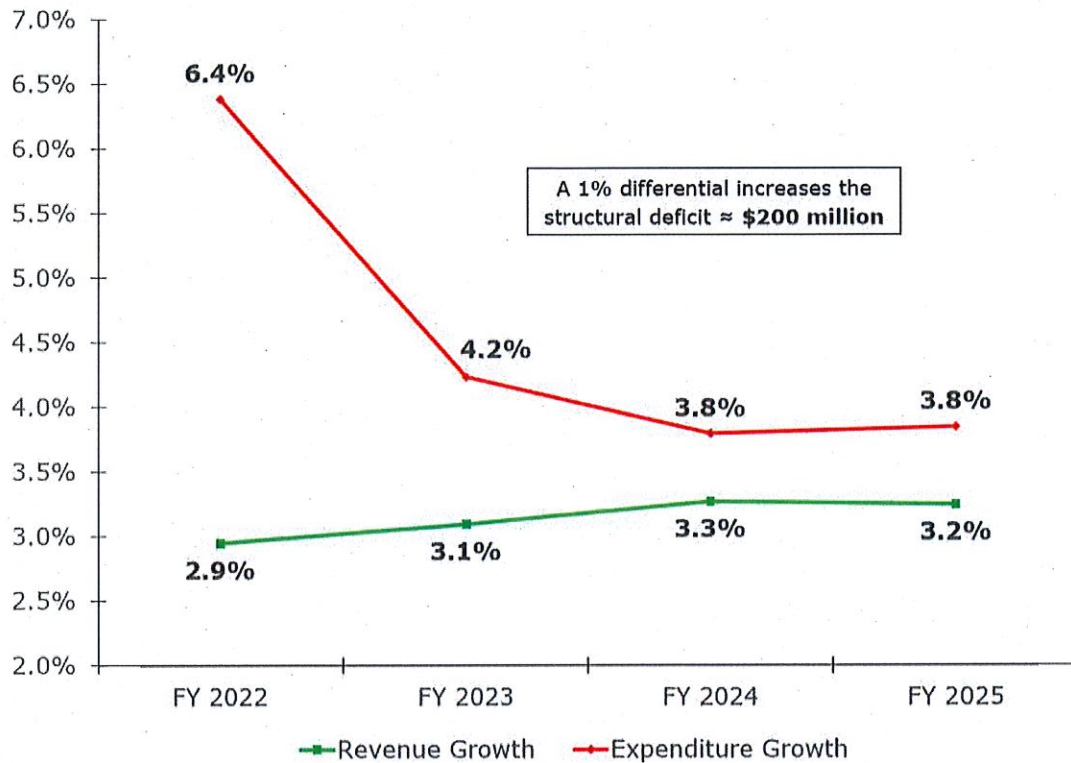
SUMMARY OF BILL: SB 389 mandates an annual appropriation of \$12.5 million in FY 2022 through FY 2026 to the Maryland E-Nnovation Initiative Fund, representing a \$4 million annual increase in the mandated amount. The Department of Commerce may use the Fund to finance research endowments at nonprofit institutions of higher education in scientific and technical fields of study. The distribution of State admissions and amusement tax revenues attributable to a 20% tax rate to the Fund is extended through FY 2026. Endowment proceeds could be used to attract faculty in specific areas of research and to fund infrastructure and staff. Individuals hired with endowment proceeds must work at least 20% of the year.

EXPLANATION: DBM's focus is not on the underlying policy proposal being advanced by the legislation, but rather on whether the aggregate increased spending is sustainable when spending growth continues to exceed revenue growth.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues. Actions by the General Assembly to mandate spending levels makes it exceedingly difficult for the Administration to achieve structural balance.

The FY 2022 General Fund forecast shows spending growth of 6.4%, whereas revenue growth is forecast to be 2.9%. Growth in State spending will outpace otherwise healthy revenue growth not only next year, but also for the foreseeable future. The result is a short and long-term structural gap that will continue to strain State resources until the underlying causes have been resolved.

Future Spending Outpaces Revenue Growth



Source: Department of Budget and Management, FY 2021 Budget Highlights Book, Appendix F (January 2020)

General Fund Budget Outlook Fiscal 2022 - 2025

	Est. 2022	Est. 2023	Est. 2024	Est. 2025
Cash Balance	-\$833	-\$1,135	-\$1,201	-\$1,298
Structural Balance	-\$701	-\$905	-\$984	-\$1,071

Department of Legislative Services, January 2020 Fiscal Briefing

For FY 22 – FY 25, the cumulative impact of an ongoing imbalance between spending and revenues is a \$3.6 billion structural gap. Our structural budget problem reflects a spending problem; not a revenue problem.

The ever-increasing use of mandates and entitlement spending by the General Assembly is a more recent practice, making the State's structural budget deficit a chronic challenge. According to the Department of Legislative Services (DLS), 70.2% of the FY 2020 General Fund allowance is mandated or entitlement spending.

Until we achieve long-term structural balance, programs cannot rely on a consistent funding level. Constituencies for these proposed programs or enhanced spending bills should be forewarned that passage

of this legislation does not guarantee future funding. Whatever specific funding is mandated will likely be repealed or otherwise modified in a subsequent Budget Reconciliation and Financing Act (BRFA) – this action is necessary to ensure a constitutionally required balanced budget in the next fiscal year.

The Administration is cognizant of the downside risks facing our economy and, in the FY 2021 Budget, has set aside \$1.3 billion in reserves. The Rainy Day Fund balance is equal to 6.25% of revenues, \$48 million more than recommended by the Spending Affordability Committee (SAC). Moody's Analytics has recently advised of a slowdown in employment growth in the latter part of FY 2021, which DLS estimates would add \$241 million to the structural budget gap in FY 2021 and \$419 million in FY 2022. Historic increases in funding for both K-12 education, as proposed by the Kirwan Commission, and school construction will further aggravate the budget gap.

The 2019 SAC commentary encourages a cautious fiscal approach -- **“Out-year fiscal stress is anticipated despite the expectation that personal income and employment will continue to grow steadily, and entitlement and prison caseloads will hold steady or decline. An imbalance is forecast before accounting for any recommendations from the Commission on Innovation and Excellence in Education.”**

**For additional information, contact Barbara Wilkins at
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