

HB 1211 - Sponsor Testimony

Uploaded by: Barnes, Darryl

Position: FAV

DELEGATE DR. DARRYL BARNES
Legislative District 25
Prince George's County

DEPUTY MAJORITY WHIP

Ways and Means Committee

Finance Resources Subcommittee
Revenues Subcommittee

Chair

Legislative Black Caucus of Maryland



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

March 23, 2021

**Testimony of Delegate Darryl Barnes in Support of HB 1211
Economic Development – Maryland Technology Development Corporation – Pre-Seed
Builder Fund**

Dear Chair Kelly, Vice-Chairman Feldman, and Members of the Senate Finance Committee:

HB 1211 invests in and provides executive support to Maryland-based technology companies run by entrepreneurs who demonstrate economic disadvantage. The Builder Fund invests with the goal of helping companies reach meaningful milestones and becoming attractive investments to larger institutional investors. The main purpose of the fund is to support the development of start-up companies run by entrepreneurs from disadvantaged backgrounds who have historically lacked access to traditional forms of capital and executive networks at the pre-seed stage.

The passage of HB 1211 serves as a vehicle to help achieve that goal by providing substantial funding and a framework to make the goal feasible. It is well understood that the impact of the COVID-19 pandemic on our state's economy has created budget challenges. Despite these challenges, we should not be stagnated from taking action on this very important bill.

Startup ecosystems are the key to growing a vibrant state economy. Time and time again, these clusters of talent and science drive job creation, new business formation, and attract investment capital. Time and time again, we have seen our economically disadvantaged tech entrepreneurs be overlooked in the process. Ultimately, these are the elusive ingredients that lead to greater prosperity and equity in our communities.

HB 1211 is ***necessary to boost, support, and enable the*** Maryland-based technology companies run by entrepreneurs who demonstrate economic disadvantages the ability to mobilize their company for the greater good of all Marylanders. For all these reasons, **we urge a favorable report on HB 1211.**

Sincerely,

Darryl Barnes

Darryl L. Barnes

HB1211 - 03.23.21 (in Senate) Economic Development

Uploaded by: Fry, Donald

Position: FAV



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE FINANCE AND BUDGET AND TAXATION COMMITTEES

HOUSE BILL 1211 - ECONOMIC DEVELOPMENT – MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION – PRE-SEED BUILDER FUND

Sponsor – Delegate Darryl Barnes

March 23, 2021

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Support

The Greater Baltimore Committee (GBC) supports House Bill 1211 which establishes the Pre-Seed Builder Fund in the Maryland Technology Development Corporation (TEDCO) as a special, nonlapsing fund to support the development of start-up companies run by entrepreneurs from socially or economically disadvantaged backgrounds that hinder access to traditional forms of capital and executive networks at the pre-seed stage.

Entrepreneurs are challenged to gain access to capital to start or grow their business. Since the late 1970s, startups as a percentage of American businesses, has dropped from 15 percent to eight percent.

According to the Minority Business Development Agency in the U.S. Department of Commerce, minority-owned firms are more likely to receive lower loan amounts, pay higher interest rates, or be denied funding altogether. Other studies show that less than one percent of venture capital funding goes to minority founders annually.

Minority businesses in Maryland are disproportionately impacted by lack of access to capital. According to the Maryland Department of Commerce, Maryland is ranked seventh in the nation for percentage of minority owned firms. However, the percentage of minority owned firms sits just under 24 percent while the percentage of Marylanders who identify as minorities is 50 percent. These statistics reflect a need to implement more targeted policy initiatives that encourage robust investment in minority businesses.

By establishing a Pre-Seed Builder Fund in TEDCO specifically designed to aid entrepreneurs from socially or economically disadvantaged backgrounds, Maryland will take an important step in establishing an equitable playing field for minority businesses who historically have been unable to access needed funding.

In the Greater Baltimore Committee report *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, eight core pillars were identified for a competitive business environment. One of these essential pillars is **strategic and effective investments in business growth**. Strategic and effective investment includes the removal of inequitable barriers that stunt the growth potential of certain types of businesses. Increasing access to capital for minority businesses is a strategic and effective investment that will result in business growth.

House Bill 1211 also aligns with two of the key tenets of the GBC's *2021 Legislative Priorities*:

- **Advocacy for policy, funding, and regulatory solutions to accelerate economic recovery with an emphasis on support for small and minority-owned businesses.** Fostering the growth of new

GREATER BALTIMORE COMMITTEE

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businesses that will provide jobs, increase tax revenue, and encourage consumer spending is one of the most effective ways to accelerate economic recovery.

- **Advocate for inclusive policies and programs that strengthen economic competitiveness and job creation.** A competitive economy is contingent upon equitable policy that affords minority businesses equal opportunities to participate in the Maryland economy.

For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 1211.

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 66-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.

HB1211 - Senate_FAV_MTC_Eco. Dev. - TEDCO - Pre-Se

Uploaded by: Kasemeyer, Pam

Position: FAV



MARYLAND TECH COUNCIL

TO: The Honorable Delores G. Kelley, Chair
The Honorable Guy Guzzone, Chair
Members, Senate Finance Committee
Members, Senate Budget and Taxation Committee
The Honorable Darryl Barnes

FROM: Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman

DATE: March 23, 2021

RE: **SUPPORT** – House Bill 1211 – *Economic Development – Maryland Technology Development Corporation – Pre-Seed Builder Fund*

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for House Bill 1211.

House Bill 1211 creates a Pre-Seed Builder Fund under the Maryland Technology Development Corporation to support the development of start-up companies run by entrepreneurs from socially or economically disadvantaged backgrounds that hinder access to traditional forms of capital and executive networks at the pre-seed stage. MTC is committed to supporting the growth of life science and technology businesses in the State and strongly supports the State's commitment to address challenges faced by entrepreneurs due to socioeconomic status limitations. The passage of Senate Bill 1211 will provide funding and a framework to achieve that objective. A favorable report is requested.

For more information call:

Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman
410-244-7000

HB1211_StrongFutureMaryland_FAV.pdf

Uploaded by: Wilkerson, Alice

Position: FAV



House Bill 1211
Pre-Seed Builder Fund
Finance Committee
SUPPORT

March 23, 2021

To Chair Kelley and Esteemed Members of the Ways & Means Committee:

On behalf of Strong Future Maryland, we write in support of House Bill 1211. Strong Future Maryland works to advance bold, progressive policy changes to address systemic inequality and promote a sustainable, just and prosperous economic future for all Marylanders.

The Racial & Economic Justice Agenda proposed by Speaker Jones seeks to address many of the factors exacerbating the racial wealth gap. Black families, on average, possess just 5% of the wealth of a white family in America. One of the many facets that the Agenda focuses on is the role of entrepreneurship in wealth building. Black entrepreneurs face additional barriers that their white counterparts do not, including access to capital, resources, and networks. In 2018, only 5% of U.S. Small Business Administration's loan guarantee program went to Black-owned businesses. Black entrepreneurs are less likely to access financial support from friends and family and are underrepresented in venture capital and equity markets.

The Maryland Technology Development Corporation (TEDCO) was created to address many of the challenges related to funding, resources, and networks. The creation of a Pre-Seed Builder Fund that HB1211 calls for would provide critical resources to help fight these disparities. This Fund would help diversify the ecosystem of start-up companies in Maryland and make our economy more resilient.

We respectfully urge a favorable report.

On behalf of Strong Future Maryland,

John B. King

Alice Wilkerson

Founder & Board Chair

Executive Director

info@strongfuturemd.org

PO Box 164 | Arnold MD 21012

240-643-0024 | strongfuturemd.org

@FutureMaryland @StrongFutureMD

Former Builder Fund Director Witness Testimony and

Uploaded by: Singleton, Angela

Position: FWA

FROM THE DESK OF ANGELA SINGLETON, FORMER TEDCO BUILDER FUND DIRECTOR
MARYLAND RESIDENT, DISTRICT 30

TESTIMONY PRESENTED TO THE
SENATE FINANCE COMMITTEE

HOUSE BILL 1211 –
ECONOMIC DEVELOPMENT – MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION

POSITION: FAVORABLE with Proposed Amendment

MARCH 19, 2021

- TEDCO hires and flaunts African Americans and women as “window dressing”, especially when there are rumbles of discrimination.
- I and two other African Americans were hired due to rumbles of discrimination in 2016.
- TEDCO headquarters proved challenging. Minority managers fought to secure funding for minority businesses within TEDCO, particularly on its Seed Investment Funds.
- There are code words at TEDCO for not supporting women and minorities. Black females were “too vocal” and “not likeable,” including those who went on to raise money elsewhere. Minority- and female-owned companies were flagged for not having “quality” management teams.
- Minority managers were excluded from leadership meetings.
- Minority managers sat in cubicles while their white counterparts occupied offices.
- Minority managers were designated program managers while their white peers were designated Directors. TEDCO did not budge until an outside HR Consultant classified me as Director.
- TEDCO resorted to “window dressing” to showcase minority managers before the legislature to obtain funding from the State for a minority-focused fund, but then proceeded to try and strip the funding away from its minority managers upon funding.
- Attempt was made to have the funds absorbed by the all white male Seed Investment Fund in place of minority managers.
- There were also complaints of gender discrimination for years before TEDCO’s **Board of Directors** chose to investigate.
- At the time of the investigation, TEDCO hired two females as its Chair and Vice Chair of its **Board of Directors** as more “window dressing.”

- When the investigation was concluded, the four female employees who reported discrimination were retaliated against by the **Board of Directors**. The **Board of Directors** hired two interim (temporary), female managers as more “window dressing” to fire those women who reported discrimination. Two were successfully fired.
- Once again, **TEDCO’s Board of Directors** continued its strategy of “window dressing” and hired an African American male CEO to overshadow what happened to these women.
- It is illegal to discriminate against someone because of that person’s race, color and gender. It is also illegal to retaliate against a person because he or she complained about discrimination and participated in an employment discrimination investigation.
- TEDCO engaged in illegal conduct. On February 26, 2021, I filed an EEOC complaint with the Maryland Commission on Civil Rights to report this misconduct by TEDCO and its **Board of Directors**. My charge is attached.
- Why would you want to invest Constituent money into an organization that does not have an authentic interest in minorities and women *at all levels*, including at the **Board** level?
- My recommendation is to **amend the bill** to provide for a comprehensive, independent investigation of the ongoing race and gender discrimination at TEDCO and its **Board of Directors** and to implement the recommendations of the investigation before placing additional funds there.

MY BACKGROUND

I am the former Director of TEDCO’s Builder Fund and TEDCO’s first African American Investment Director. Prior to joining TEDCO, I invented, patented, and commercialized my own footwear technology. I also licensed and sold intellectual property to a formidable, venture-backed U.S. corporation through the course of a multi-year relationship and transaction.

I was invited to join TEDCO in August 2012 as a Rural Business Innovation Initiative (“RBI”) Mentor. In that capacity, I mentored entrepreneurs in Southern Maryland and my territory was expanded to include Harford County in the Upper Shore. My role involved fostering networking opportunities for these businesses and regions, including by co-founding Southern Maryland Innovation and Technology with Naval Air Systems Command (NAVAIR) and St. Mary’s County. TEDCO brought me on at its Columbia, Maryland headquarters in August 2016, initially as a member of the Seed Investment Funds Deal Team. In 2018, I proposed and implemented the Builder Fund concept to transform a pre-seed pilot program for African-American companies into a minority- and women-focused investment program paired with executive management support to bolster venture development.

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| CHARGE OF DISCRIMINATION This form is affected by the Privacy Act of 1974; See Privacy Act Statement before completing this form. | AGENCY <input type="checkbox"/> OHR <input checked="" type="checkbox"/> EEOC | CHARGE NUMBER 531-2021-01400 R'cvd EEOC-BFO: 2/26/2021 |
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Maryland Commission on Civil Rights
State or local Agency, if any

| | |
|---|---|
| NAME (Indicate Mr., Ms., Mrs.) Ms. Angela Singleton | HOME TELEPHONE (Include Area Code) (646) 320-2888 |
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| STREET ADDRESS 136 Island View Drive | CITY, STATE & ZIP CODE Annapolis, MD 21401 | DATE OF BIRTH [REDACTED] |
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Named is the Employer, Labor Organization, Employment Agency, Apprenticeship Committee, or State or Local Government Agency That I Believe Discriminated Against Me or Others. (If more than two are named, list under PARTICULARS below.)

| | | |
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| NAME Maryland Technology Development Corporation | NUMBER OF EMPLOYEES, MEMBERS 31 | TELEPHONE (Include Area Code) 410-740-9442 |
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|---|----------------------------------|-------------------------|
| STREET ADDRESS 7021 Columbia Gateway Drive, Suite 200, Columbia, MD 21046 | CITY, STATE, AND ZIP CODE | COUNTY Howard |
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THE PARTICULARS ARE (If additional paper is needed, attach extra sheet (s)):
 See attached.

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| I will advise the agencies if I change my address or phone number and I will cooperate fully with them in the processing of my charge in accordance with their procedures. I declare under penalty of perjury that the foregoing is true and correct. 2/26/2021 Date | *NOTARY – (When necessary for State and Local Requirements) |
| | I swear or affirm that I have read the above charge and that it is true to the best of my knowledge, information and belief. |
| | SIGNATURE OF COMPLAINANT SUBSCRIBED AND SWORN TO BEFORE ME THIS DATE (Day, month, and year) |

DocuSigned by:

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 Charging Party (Signature)

Statement of Particulars

Background

I am an African American, female entrepreneur and investor. I was employed by the Maryland Technology Development Corporation (“TEDCO”) from August 2012 until I was terminated in June 2020.

TEDCO is an instrumentality of the state of Maryland that provides Maryland early-stage technology and life sciences companies with funding, resources and connections. From August 2012 to approximately August 2016, I worked mentoring Maryland entrepreneurs in the field. In approximately August 2016, I began working from TEDCO’s Columbia, Maryland headquarters. When TEDCO terminated my employment in June 2020, I was employed as the Director of TEDCO’s Builder Fund, which invests in and provides executive support to Maryland-based companies run by entrepreneurs who demonstrate economic disadvantage.

TEDCO Discriminates Against Women and African American Employees and Entrepreneurs.

Within months of beginning work at TEDCO’s headquarters, I began to experience and witness significant race- and sex-based discrimination, including against African American women who applied for TEDCO funding. The discrimination I experienced increased substantially in 2017, when my team and I were transferred to work within the Maryland Venture Fund (“MVF”), a subdivision of TEDCO. The MVF was a very discriminatory and hostile environment for both women and African Americans, myself included. For example, my male MVF colleagues shunned and excluded me from important meetings and networking events, often refused to speak to me, refused to come to meetings about my deals they were charged by their managing director to attend, and insulted me and screamed at me when I offered my comments during meetings. My male colleagues did not treat each other like this. However, they did treat the only other female member of the team (who was also a woman of color) similarly.

In January 2018, I complained to TEDCO’s then-President and COO about this discrimination. In response, he reported it to the then-CEO who took no disciplinary action against any member of the MVF team. Instead, the President and COO took it upon himself to transfer me and the other woman of color out of the MVF, and I was placed into a new position. In my new position, I continued to be subjected to race- and sex-based discrimination. For example, even though I came up with the idea for TEDCO’s new “Builder Fund,” and was instrumental in securing funding for it, TEDCO resisted making me the Director of the Builder Fund, and instead was only willing to make me a “co-program manager” of the Fund along with a less-qualified male. Then, only weeks after we presented before the Maryland General Assembly to secure funding for the Builder Fund program, we were notified that the funds would be moved to the jurisdiction of a white male investment director in charge of another fund. In addition, both my co-program manager (an African American male) and I were excluded from

“leadership” meetings, while more junior white employees were invited. Similarly, we were initially relegated to cubicles, while our white peers generally were given offices. We only received office space after I made repeated requests.

Three Other Female Employees and I Complain About Discrimination at TEDCO.

In 2019, TEDCO’s Board of Directors commissioned a “workplace cultural study.” An outside law firm conducted the study, and I met with the investigator on two occasions between February and May 2019 and discussed my experiences of discrimination at TEDCO. I understand that three other women all raised similar concerns about sex and race discrimination at TEDCO to the investigators. In early 2019, I was invited to share my concerns about discrimination at TEDCO with a member of TEDCO’s board of directors along with these three other women. The workplace cultural study turned out to be a sham – in particular, it was later revealed that members of the MVF were coached on what to tell the investigators – and in May 2019, TEDCO informed us that it revealed no evidence of discrimination.

In July 2019, I met with TEDCO’s human resources representative and again disclosed my multi-year experiences of discrimination at TEDCO. She responded by telling me that my male colleagues were not going to change, and that perhaps I should look for another job. She did not investigate and took no other action. Then, at a November 2019 management-wide training organized by human resources, multiple employees, myself included, raised further concerns about discrimination. Notably, several employees spoke up about TEDCO’s discriminatory treatment of Black women in general and of me in particular.

In 2019, after I lodged my multiple complaints, my relationship with my direct supervisor, Stephen Auvil, who was also serving as TEDCO’s interim executive director, also began to deteriorate. Upon information and belief, Mr. Auvil was made aware of my prior complaints. In addition, I also complained to Mr. Auvil about my less-qualified, male co-program manager not performing his assigned duties, leaving me with significant additional work. In addition, I complained to Mr. Auvil that I was performing the job duties of a Director but was unfairly and incorrectly classified and paid only as a co-program manager. Ultimately, TEDCO did make me Director of the Builder Fund, consistent with the duties I was already performing. But Mr. Auvil resisted changing my title, and took steps to undermine my reclassification at every step. For example, after asking me to draft my own job description, Mr. Auvil removed key areas of my responsibility, including my ability to hire staff. He also attempted to impose a six-month probationary period on my eligibility for pension benefits, notwithstanding the fact that I had worked with TEDCO for seven years at that point. I was ultimately able to resolve most of these concerns by engaging human resources. But I allege that Mr. Auvil’s treatment of me during this time period was both discriminatory and retaliatory.

In addition, after I was reclassified as Director of the Builder Fund (and my co-program manager was transferred to a different department within TEDCO), Mr. Auvil interfered with my ability to hire an additional staff person for the Builder Fund. He told me that the Builder Fund’s budget would not support additional staff, even though other programs with similar or lower budgets had at least two full-time staff members. These

other programs were run by whites and/or men and/or individuals who had not engaged in protected activity, and these other programs did not focus on assisting minority entrepreneurs. During discussions about the Builder Fund position, Mr. Auvil also used coded language to criticize me based on my race and sex. For example, during a November 5, 2019 conversation about the position, Mr. Auvil told me that I had an “aggressive” communication style that made me difficult to work with. I later learned that on the same day, Mr. Auvil informed TEDCO’s only other Black female manager, who was among the four women who complained about discrimination, that her communication style was also “aggressive.” In addition, Mr. Auvil cautioned me against hiring another staff person by saying “If it doesn’t work out, we’re stuck with them.” Because I knew Mr. Auvil already felt “stuck” with my former co-program manager (an African American male), as well as with another African American female staff member (and, perhaps, even with me), and because a position at the Builder Fund would likely attract minority candidates, I understood Mr. Auvil’s comments as an attempt to dissuade me from hiring a female or a minority. In February 2020, I finally hired a white male candidate for the position, with Mr. Auvil’s approval.

Around this same time, TEDCO denied me a bonus, which I believe was discriminatory and retaliatory.

TEDCO Terminates Me.

In December 2019, TEDCO hired Linda Singh, an African American woman with no venture capital experience, as interim executive director. Shortly after her hire, I disclosed to Ms. Singh the discrimination I experienced at TEDCO and my unaddressed complaints.

Soon thereafter, TEDCO began retaliating against me and the other women who had previously complained. In March 2020, Ms. Singh fired one of the women without explanation or cause. Ms. Singh then reassigned me to report to another female interim hire, Elizabeth Good Mazhari, who immediately began retaliating against me and setting me up for termination. She delayed the closing of my program’s deals, and at the same time tried to solicit negative feedback about me from the companies that would be impacted by the delays. She also began communicating with my direct report behind my back and undermining my authority. Ms. Mazhari reassigned my one direct report to only work part-time for me, and later criticized me for supposedly working him (a white male) too hard. As hard as I worked, she never even suggested that I was working too hard.

Then, on May 26, 2020, Ms. Singh informed me that my employment contract would be extended for 90 days, but not be renewed (thereby essentially firing me). She alleged this was due to my performance, though she and Ms. Mazhari did not identify specifics except that I was, paradoxically, both working my white male subordinate too hard and also not giving him sufficient responsibility to interact with Builder Fund executives, which was beyond the scope of his duties, but included in my job description. The same day, TEDCO informed another one of the women who complained that it was not renewing her contract (thereby essentially firing her). Two weeks later, Ms. Mazhari put me on a 90-day performance development plan which was vague, subjective, and primarily focused on the “unhappiness” and work-life balance of my white male subordinate. Then, four days into the performance development plan, TEDCO fired

me without explanation or justification.

Conclusion

I contend my termination was the culmination of discriminatory treatment based on my race and sex, as well as retaliation for complaining about the discrimination. I believe that TEDCO has a pattern and practice of engaging in discrimination and retaliation against women and members of racial minorities, and that I am part of a broader class of persons subjected to these discriminatory and retaliatory practices. The foregoing particulars are submitted without prejudice to or waiver of any of my additional claims against TEDCO.