



To: Delegate Vanessa Atterbeary, Chair

House Ways and Means Committee

Date: February 23, 2022

From: Mary Clapsaddle, Director of Government Relations, Frostburg State University

House Bill 730 – Economic Development – Maryland E-Nnovation Initiative

Program Qualifying Donations

Thank you for the opportunity to provide testimony in **SUPPORT** of HB730.

This program was created to support research and commercialization at institutions of higher education by matching private donations to increase the size of research endowments. These endowments can support research faculty, graduate assistants, equipment, and/or collaborations with other entities.

Currently, the Maryland E-Nnovation Initiative Program requires a minimum of \$500,000 in single or bundled donations and pledges to qualify for a matching grant from the state. For small and medium sized public institutions, this is a high bar.

As early as 2016, the Maryland E-Nnovation Initiative Fund Authority began to consider ways that smaller schools, with smaller donor bases, could effectively participate. Ch 258 of 2017 helped in that interest by allowing the use, in the short term, of other eligible funds to fulfill the match, and this bill furthers that objective by setting a two-tiered system. At its meeting on December 2, 2021, the Task Force on the Economic Future of Western Maryland recommended that legislation be introduced so that institutions with an annual unrestricted current funds budget of less than \$250 million only need to obtain a qualifying donation, pledge, or combination of donations and pledges of \$200,000 instead of the current level of \$500,000. HB730 implements that recommendation.

In the FY2023 budget, the following institutions have Current Unrestricted Appropriations of less than \$250,000, making them eligible for the reduced level of qualifying donations: Bowie State, UMES, Frostburg State, Coppin State, University of Baltimore, Salisbury University, UMCES and St Mary's College of Maryland.

It's true that even an endowment of \$400,000 doesn't throw off very much in investment earnings, but, if it's the policy of the State that institutions large and small have access to funds to help endowed research efforts, you must start somewhere. In addition, once a research

endowment is established and is successful in getting matching funds, it would be much easier to get more donations for the same purpose.

An institution doesn't need to be large and sprawling to have researchers and faculty in scientific and technical fields of study. The statute articulates these as: physical sciences; life and neuro-sciences; engineering; mathematical and computational sciences; regulatory science; autonomous systems; aeronautical and space science; environmental sciences; behavioral and language science; health sciences; agriculture; or cybersecurity.

As more schools are able to participate in the Program and retain and recruit university researchers and encourage collaboration among Maryland research universities, federal agencies, and the private sector (especially entrepreneurial companies), momentum builds for the entire State. The combination of top talent and collaboration can enhance the economic competitiveness of the State as it builds on existing clusters of research and innovation. Even in places where you may not expect it.

If the committee is concerned that additional participants would detract from the existing appropriation, I would not be opposed to an amendment increasing the mandate or seeking a supplemental appropriation from the Governor.

For these reasons, and to level the playing field among institutions, we request a favorable committee report on HB730.

For more information, contact Mary Clapsaddle at meclapsaddle@frostburg.edu or 410-562-2838.

Frostburg State University is a constituent institution of the University System of Maryland