



Senate Finance and Budget and Taxation Committees
March 7, 2023
SB 699 – TEDCO - Maryland Equitech Growth Fund and Commission
Position: Support

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.

TEDCO thanks the bill sponsors for their support and leadership on this legislation. TEDCO supports Senate Bill 699 – Maryland Technology Development Corporation – Maryland Equitech Growth Fund and Commission that creates the Equitech Growth Fund and Commission in TEDCO for the purpose of increasing Maryland’s competitiveness as an innovation economy and ensuring that it is accessible to all communities across the State.

Despite Maryland’s significant assets (ex. universities, healthcare systems, anchor corporations and businesses, federal labs/agencies, diverse population), the current lack of a state-wide and strategy for its innovation economy including investment, coordination, and inclusiveness limit the State from becoming more competitive with other states and regions. As a result, Maryland’s lagging job growth versus is leaving many Marylanders behind.

According to TEDCO’s Maryland Innovation Competitiveness Study, Maryland’s overall economic growth rate is slowing (real gross domestic product grew only 1.0% per year from 2011–2021). If this continues, it will have a negative effect on job opportunities, livelihoods, and the state’s overall fiscal health. **The high-tech sector is Maryland’s engine of growth, but the state needs high-tech employment growth of 3% to 4% per year compared to its past-10-years growth rate of 1.6% per year.** If we were to achieve this growth, Maryland would add almost 90,000 family wage-supporting, advanced industry jobs to the economy.

Maryland has yet to act and invest at a scale that will enable it to truly pull ahead of its regional and state competitors and become a top-10 innovation state. At the same time, underrepresentation of people of color and women in high-tech companies and startups continues at an unacceptable rate. In some cases, taking decades or 100’s of years to achieve parity with non-minorities.

To move to a higher growth trajectory, Maryland needs to be proactive and develop a comprehensive strategy to spur stronger high-tech industry and innovation-led growth, make the needed investment to execute that growth, engage industry and diverse communities, and act quickly to remain competitive with other states in attracting and retaining industry and talent. SB 699 enables Maryland to address these issues and TEDCO urges passage of this important legislation.

TEDCO supported amendments: As the fiscal and policy note states, the legislation, as currently drafted, enables funding in FY24 and the outyears, but *mandates* funding for FY25-28. TEDCO supports amending the mandated spending to discretionary spending. Further, the Maryland Technology Council and Maryland Association of Counties requested the bill be amended to include representation on the Commission. TEDCO views these changes as positive and welcomes their representation on the Commission.

Background: Maryland Innovation Competitiveness Study

The Joint Chairmen's Report from the 2022 General Assembly session requested that TEDCO:

1. Conduct a study to assess the effectiveness and impact of the State's current economic development strategy and look at ways to elevate Marylanders who have not been included in early-stage technology and life sciences opportunities; and
2. Develop draft legislation for the establishment of a "Maryland Equitech Growth Fund" in consultation with the Maryland Economic Development Corporation, the Maryland Small Business Development Financing Authority, industry, university, and representative community groups.

The specific areas of the study are:

- Maryland's competitiveness in cybersecurity and IT, biohealth, and other advanced industries; Investments being made by other states to increase their competitiveness;
- Participation of people of color in Maryland's high-tech sector workforce;
- The connection between STEM education and career development in these sectors;
- Participation by people of color in startup activities; and
- Wealth creation in communities of color.

Although some aspects of this study are unique, this is not the first analysis of Maryland's economic competitiveness in recent years. The conclusions of these studies are consistent with the findings of TEDCO's January 2023 report. According to TEDCO's report, "The stakeholders of these studies present a vision for inclusive tech and startup activity ("equitech") that "draws broadly on the brilliance of the populace, across neighborhoods and cultures, as founders, workforce, mentors, investors, and thought leaders." As Fortune 500 companies set diversity and inclusion goals and search for locations in which to expand, the natural diversity of Maryland's talent base, coupled with a long-term focus on its startup ecosystem, provides an opportunity to become a leading equitech economy nationally and globally."

Insights – Coalition of the Willing

With competing states and regions actively investing in innovation infrastructure and workforce, it's time for Maryland to step up to the plate and to grow our innovation economy.

To accurately understand Maryland's current position as an innovation economy, and how much growth is needed for the state to maintain and grow its competitiveness, we conducted a study to gather information. This study, the Maryland Innovation Competitiveness Study, told of a slowing growth rate that will, if allowed to continue, negatively impact job opportunities, livelihoods, and the overall fiscal health of the State. The study advises that Maryland needs to create more opportunities for a larger and more diverse workforce including, supporting, and increasing the opportunities for underrepresented individuals to get into high technology-based education, careers, and entrepreneurial activities.

That's where Cultivate Maryland comes in. Creating inclusive tech, life sciences and startup activity will help to attract the brilliant and talented workers scattered throughout Maryland, ensuring founders, workforce, mentors, investors, and thought leaders are included and active in shaping the tech ecosystem and workforce.

The following pages include quotes from an array of Maryland ecosystem partners, expressing support of this initiative.

Coalition of the Willing

“When we invest in our tech entrepreneurs across the state with programs like TEDCO’s Rural and Urban Business Innovative Initiatives, we see real success. We know here in Maryland that innovation isn’t about your address; it’s about ideas. Now is the time for Maryland to act and invest at a scale that will enable it to truly pull ahead of competitors and become known as a top innovation state. We all benefit, from Maryland’s western mountains to our eastern shore and everyone in between.”

– **Malcolm Augustine, Senate President Pro Tem and Member of the Education, Energy, and the Environment Committee**

“Maryland’s competitors are investing significantly in their innovation infrastructure and workforce. It’s time we do the same. The bad news is we’re not growing our tech economy at the rate we should. The good news is that

Maryland has the potential to be a national tech leader, given our many assets and resources. Those include our state’s commitment to diversity, equity, inclusion and accessibility, a commitment that ensures we build and grow a tech ecosystem that taps into the talents of all our innovative entrepreneurs, benefiting communities across our great state.” – **Delegate**

Vanessa Atterbeary, Chair of the Maryland House Ways and Means Committee

“We must choose to invest in inclusive and equitable approaches to diversify Maryland’s economy and drive impactful solutions that accelerate our position as a global leader in equitech. The Equitech Growth Fund is an opportunity to further elevate Maryland’s competitiveness, create new economic interest and drive an inclusive economic growth strategy for our region.” – **Brian Pieninck, President and CEO of CareFirst BlueCross BlueShield**

“When we talk about Maryland’s most valuable innovation assets, there’s one I’m particularly proud of: Our people. Maryland ranks first among states in the education attainment of its workforce. We’re routinely in the U.S. top 5 for PhDs and engineers, for STEM workers, for four-year degree holders. But that’s not enough. Because we know that not everyone participates equally in Maryland’s innovation economy. We’re leaving people behind. And until we invest in a more inclusive, more equitable, more intentional talent development strategy, Maryland won’t be as strong as we were built to be.” –

Jay A. Perman, Chancellor, University System of Maryland

“This study is where Maryland can begin to bridge the gap in being asset rich but strategy poor, as Governor Moore said in his inaugural address. We have to expand opportunities to those who have previously been excluded in our State’s innovation economy, starting from the ground up, and inclusive of all populations, especially community college students.” – **Dr. Brad Phillips, Executive Director of the Maryland Association of Community Colleges**

“Maryland’s innovative spirit shines brightest when its private, public, and non-profit sectors collaborate. The Equitech growth fund will make Maryland even more desirable to inclusive employers and their workers, harnessing more great minds into high tech education and entrepreneurial careers. Once again, Maryland and TEDCO are setting the bar for other states to meet.” – **Matt Power, President, Maryland Independent College and University Association**

“We need to invest in certain industries and technologies today in order to create long-term value and the good paying jobs of the future. The investment will also ensure that Maryland plays a strategic role in the nation’s global competitiveness for years to come. I’m confident that the Equitech Growth Fund is a bold first step toward investing in our collective future.” – **Michael J. Howard, CPA, Founder and Managing Member, MJH Group, LLC**

“Maryland possesses numerous resources that need to be brought to bear to address future needs that demand attention, none more important than the full realization of the invaluable human resources potential across the state of Maryland and the contribution that can make to a bright future. This critical initiative will bring together those threads that include innovation, education, investment and regional approaches to that challenge.” – **Clifford P. Coppersmith, Ph.D., President, Chesapeake College**

“Maryland is often accused of not achieving the full potential of all of our deep entrepreneurial community and our rich inventory of technology-focused institutions, academia, labs, and private sector partners. The Equitech Growth Fund is a critical investment necessary to bring the power of ALL of our entrepreneurs and ALL of our assets to bear to create jobs, grow the economy, create opportunity, and continue to lead the nation and the world.” – **David W. Tohn, CEO, BTS Software Solutions**

“Equitech will elevate talent, innovation and competitiveness, and close the workforce diversity gap throughout emerging technologies in Maryland. Developing a strategy to catapult the innovation economy forward will change lives and create lasting opportunities across the state in rural and urban communities.” – **Susan Banks, Director, Dorchester County Economic Development**

"In today's economy, every company is a tech company. The competition for business location, tech startups and retaining tech talent will depend largely on a STEM-enabled workforce. Ensuring access by the broadest range of Marylanders will be critical to Maryland competitiveness." – **Jeffrey A. Rhoda, retiring in June 2019, Jeff was the General Manager, Greater China Group located in Beijing and responsible for IBM's business in China.**

“Maryland must start now investing in the incredible untapped talent that is strewn throughout the state. We must seek a more equitable and inclusive ecosystem—that’s why I’m excited to see the creation of Cultivate Maryland. As a state, we are finally taking the necessary steps towards a successful, sustainable, and competitive innovation economy.” - **Myra Norton, President and CEO, Arena**

“UpSurge is optimistic about the potentially transformative impact of the Equitech Growth Fund and the opportunity to supercharge our urban and rural economies through entrepreneurship and high quality, well-paying jobs in the innovation sector. As Governor Moore said in his inauguration address, “We do not have to choose between a competitive economy and an equitable one.” We can celebrate the growth of our core innovation sectors, like life sciences and cybersecurity, and work to unlock the potential of underestimated entrepreneurs who struggle to access the financial and social capital that anchors the success of so many emerging leaders. There is no thriving state or city in the country that does not have a robust tech sector, and many of our post-industrial state counterparts have leapt past us as they have invested deeply in their state technology economies and workforce initiatives. The Equitech Fund is a vital component of a comprehensive strategy to ensure we become the first Equitech state in the country and a model for the world of a truly equitable innovation economy.” – **Jamie McDonald, CEO, UpSurge Baltimore**

"Foresightedly, the State of Maryland has been putting resources into research and discovery to advance the health of its citizens since 2006, capitalizing on its academic and corporate assets to make itself a magnet

and driver in the stem cell and regenerative medicine field." – **Avram I. Reisner, PhD, Maryland Stem Cell Research Commission**

"It is time for Maryland to lead, addressing today's challenges in such a way that we are the center of opportunity for all going forward." – **J. Thomas Sadowski, Executive Director, Maryland Economic Development Corporation (MEDCO)**

"BGE has had a long-held belief that a diverse, equitable and inclusive workforce benefits everyone. This study will help us continue to move forward with our partners in workforce development, as we consider who is trained and what they are trained to do. Providing opportunities for education and training in a wide variety of STEM fields, with a focus on innovation, is not only the right thing to do, but it is a necessity for future growth not only for BGE, but for all of Maryland." – **Carim Khouzami, President and CEO of BGE**

"I have had the wonderful opportunity to start and build two technology companies in Maryland – Bithgroup Technologies and Bithenergy. Additionally, I have written six books on entrepreneurship and wealth creation and competed to become the next Mayor of Baltimore City in 2020. In all these endeavors, it has remained crystal clear to me that our growth and prosperity as a state will be a function of how well we invest in our technological and innovation infrastructure. To win the future, we must be the one to create the future! This is why I am extremely excited about the Equitech Growth Fund and will do all that I can to make it a real and a reliable engine for entrepreneurial growth and wealth creation in our great state." – **Robert L. Wallace, Author: Black Wealth through Black Entrepreneurship, CEO, Bithenergy, Inc.**

"There's a deep commitment within Baltimore's tech community to equitable growth. There's not many of us that want Baltimore to be the next Silicon Valley or Boston with a massive gentrification driven by a group of VCs and a small handful of entrepreneurs. We want to keep the diversity of neighborhoods and cultures that makes us the Charm City. We have to have a different model for growth that benefits everyone. Cultivate Maryland is certainly a step in the right direction." – **Ken Malone, Founder, Early Charm Ventures, LLC**

"Innovation and exponential technologies are upending traditional approaches to business and work. This shift provides an opportunity for Maryland to invest in cultivating a thriving and inclusive ecosystem, making

Maryland a model for others, and the State a leader in the innovation economy.” – **Mahan Tavakoli, CEO, Strategic Leadership Ventures**

“Cultivate Maryland is a groundbreaking initiative that will undoubtedly continue to position Maryland as a center of innovation. This will, in turn, help attract the world’s most cutting-edge companies from around the country and the world.” – **David Speer, Executive Director, Maryland/Israel Development Center**

“Maryland consistently ranks as a top tech market in terms of its raw assets: technologies, talent, and concentration of national funding agencies. We stand ready to seize this position of immense opportunity by investing intentionally in infrastructure, and the results will be companies, jobs, and wealth creation for families. We have seen infrastructure investment deliver returns in other states; this study will help us chart the course for Maryland’s own, unique strategy that will prioritize inclusion.” – **Christy Wyskiel, Senior Advisor to the President of JHU for Innovation and Entrepreneurship; Executive Director of Johns Hopkins Technology Ventures**

“By investing in entrepreneurs, we secure Maryland’s place as a national leader in innovation and competitiveness while promoting diversity and inclusiveness in this model. The success seen through TEDCO’s Cultivate Maryland innovation initiative is a testament to the state’s unwavering commitment to the future and its’ efforts to provide opportunities for a diverse range of individuals to succeed in the tech industry. TEDCO’s initiative has paved the way for tech entrepreneurs to have a bright future in Maryland and has set the standard for fostering innovation and unlocking success.” **Rick Kohr, Chief Executive Officer, Evergreen Advisors**

“In response to the Cultivate Maryland Study, Eastern Shore Entrepreneurship Center’s F3 Tech Accelerator and Frederick Innovative Technology Center’s The EDGE Accelerator have initiated a targeted effort to engage socially and economically disadvantaged individuals (SEDI). Through a collaborative effort, both programs will recruit SEDI that are interested in commercializing innovations and technologies within the agriculture and biotechnology sectors. Involving both rural and urban regions of Maryland, this effort will contribute, on a number of levels, to the inclusivity being sought Maryland.” – **Mike Thielke, Executive Director, Eastern Shore Entrepreneurship Center (ESEC)**

“It is a sadly accepted fact that greatness and potential are evenly distributed while pathways and opportunity are not. At the same time, we celebrate Maryland as a state rich in intellectual and physical assets that has not yet reached its greatest heights. This study helps to bridge that persistent

gap. By strategically investing in people and their ingenuity, Cultivate Maryland writes an ambitious playbook for inclusive growth and a thriving economy.” **Shanaysha Sauls, Baltimore Community Foundation**

“Since its earliest days, Maryland has been in the forefront of technological advancement. Before the Internet, railroads created a network that opened an entire continent to possibilities of the future. The first common carrier railroad in America began in Baltimore (1828). One of the first great scientists in the new county was Maryland’s Benjamin Banneker, often called the “African American Benjamin Franklin.” These are just two examples of the aspiration of bringing all Marylanders, not just the few, into a common enterprise to create progress in which all participate. This is the spirit of Cultivate Maryland.” – **David W. Wise, Retired business executive, Board Member, Maryland Venture Fund Authority**

“Progress is centered on forward momentum and foregoing complacency. We've done much in cultivating Maryland's entrepreneurial landscape and bringing more equitable access to those who currently and traditionally have gone without. Yet, there is still more to be done. Investment is required to keep Maryland on the competitive forefront, to encourage and engage a widely diverse base of entrepreneurs to raise their hands and step up to building technologies and companies that will benefit local communities, networks, and the state. More importantly, we have a responsibility to provide those resources and investments to help these companies to grow and reach sustainability in order to provide long standing benefits, which will in turn encourage even more innovation and economic growth.” – **Grace Garry, Y93C**

“This is an important initiative for our state, its citizens and especially for all our current and aspiring tech entrepreneurs. Innovation, as well as the sustainable competitive advantages and positive outcomes that result, don't 'just happen,' but instead need to be encouraged, nurtured and available to all. This initiative and the insight gleaned will go a long way towards driving success for Maryland's communities and citizens now and in the years to follow.” – **Mike Tumbarello, GeoComm Media Group**

"The end goal of all that we do as educators is to change lives for the betterment of the individual and for society. Our state's powerful ecosystem of pre-K to 12 educators, higher education, employers, researchers, and funders can be amplified through convening around our innovation economy. The Equitech Growth Fund provides Maryland the means to better achieve our true potential as a high employment growth outlier. In the

process, we can realize the shared vision of a more equitable future for all students." -**Mary Ann Scully, Dean, Loyola University Maryland's Sellinger School of Business and Management**

"As a small business owner focused on the intersection between innovation and economic growth, I am very interested in seeing the cultivation of additional assets and resources that leverage innovation to help increase our great state's competitiveness, not only in the region, but across the nation. To that end, I enthusiastically support the advancement of HB 781 and SB 699 which will result in the establishment of the Equitech Growth Fund and Commission within TEDCO." - **Vennard Wright, President/CEO, Wave Welcome**

"Starting with the development of its post-doctoral fellowship program in 2008, the MSCRF has sought to support the training of the next generation of human stem cell researchers and expand Maryland's biotech community by funding younger scientists at an earlier stage in their career. Additional funding for this MSCRF program would train more awardees who already trend only younger, but also more diverse in various ways, thereby affording critical support to scientists who especially need funding to enhance their training and contribute to Maryland's effort to accelerate treatments and cures. At MSCRF, much of our funding is devoted to researching treatments and cures for ailments that disproportionately afflict underserved communities. If we are serious about continuing to advance this important, inclusive work and ensure that all Marylanders benefit, we need additional funding to support this innovative, high-risk but high-reward work." - **Diane Hoffmann, M.S., J.D., Chair, Maryland Stem Cell Research Commission; Professor of Law, Director Law & Health Care Program, University of Maryland School of Law**

"On behalf of TEDCO, we thank the General Assembly for their directive and RTI International and Keen Point Consulting for their work on this illuminating report. The findings are clear: our state can lead the U.S. in tech innovation and growth in a way that is inclusive of talented but traditionally underrepresented Marylanders. Now is the time for Maryland to take the crucial next steps to ensure our place as a top innovation leader, beginning with the creation of an Equitech Growth Fund and a major new commission that is laser-focused on growing a thriving, diverse tech sector." – **Troy LeMaile-Stovall, TEDCO CEO**