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Delia

SB802

FAVORABLE



One University. A World of Experiences.

To: Chairman Delores Kelley, Finance Committee
From: Al Delia, Vice President of Regional Development and Engagement
Date: Tuesday, March 16, 2021
Re: SB 802 – Economic Development – Maryland Innovation Initiative University Expansion Pilot Program – Establishment

Frostburg State University has been pleased to be an active member on the Task Force on the Economic Future of Western Maryland which identified several key initiatives to both jump start and sustain the evolution of the new economy for the region. The Maryland Innovation Initiative, created by the General Assembly in 2012, is designed to leverage the commercialization skills and resources of TEDCO with the research and discovery that occurs in the State’s research institutions. It has been limited to research institutions – Johns Hopkins, Morgan State, UMCP, UMBC, and UMB. Participating universities contribute to the MII fund, which supports the work of “site miners”: experts who work with faculty and researchers to identify discoveries and inventions with commercialization possibility.

Through the work of the Task Force on the Economic Future of Western Maryland, it was obvious that Frostburg plays a critical role as an anchor institution and thought leader, although we do not have the basic research disciplines that are evident in other institutions of the state. In speaking with TEDCO, we developed slightly revised criteria for MII investments that would allow FSU to participate. FSU would make a somewhat smaller contribution to the program, and the ability to partner with private business on the creation of a marketable idea is broadened.

Entrepreneurship and innovation happens anywhere, and a modest investment and targeted and time-limited expansion of a highly successful program like MII will allow Frostburg and its environs to enjoy the same economic successes tied to academic achievement as occurs in other parts of the state. FSU has had recent success in areas of sustainable energy and resiliency, including having been awarded an inaugural Resilient Maryland pilot grant of \$100,000 from the Maryland Energy Administration (MEA) to plan a campus-scale microgrid that will bolster campus energy resilience, further sustainability goals and provide students with real-world applied learning opportunities. A microgrid is a local energy grid that can disconnect from the traditional grid and operate autonomously.

For more information, contact Mary E. Clapsaddle, Director of Government Relations at 410-562-2838
FSU is a constituent institution of the University System of Maryland

FSU is partnering with Optimize Renewables, an energy-systems planning, design, development and finance firm, to be able to leverage the project to help displaced Allegany County workers and others in the region transition to the clean energy industry. The University has named Optimize president Len Jornlin an Entrepreneur-in-Residence. Another recent example is our partnership with Delmock Technologies, a Baltimore-based certified HUBZone business that provides complex mission-critical IT and health solutions, which in December held a ribbon cutting at its new location at the Advanced Technology Center at Frostburg State University.

I urge a FAVORABLE Committee Report on SB802.

Cc: Senators Edwards and Corderman, sponsors

SB 802 - MII Pilot - West. MD -TEDCO.pdf

Uploaded by: LeMaile-Stovall, Troy

Position: FAV



**TESTIMONY PRESENTED TO THE
SENATE FINANCE COMMITTEE**

**SENATE BILL 802 –
ECONOMIC DEVELOPMENT – MARYLAND INNOVATION
INITIATIVE UNIVERSITY EXPANSION PILOT PROGRAM -
ESTABLISHMENT**

POSITION: SUPPORT

MARCH 16, 2021

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.

The Maryland Innovation Initiative (MII) program was established by the General Assembly in 2012 as a partnership between the State of Maryland and the State's five research universities. The purpose has been and remains to help accelerate to market promising technologies with significant commercial potential. According to the Association of University Technology Managers, at the inception of MII, Maryland ranked 5th in the nation in research expenditures at its universities, but only 38th in the rate of commercialization of that research through start-up companies. Today, due, in part, to the efforts of the MII partnership with Maryland's research institutions, Maryland now ranks 6th in the nation for research expenditures and 8th in the rate of commercialization.

MII achieved this success by developing a program that begins with a critical assessment of the commercial potential of a university research project. For projects that pass this first step, funding and technical assistance are provided to help demonstrate feasibility. From that point, a company is formed around a project and further funding and technical assistance are provided to advance a project toward commercial milestones that significantly increase the new company's commercial value and better position them to attract investment from angels, venture capitalists and other early-stage investors. Over the life of the program, State investment of \$43.8 million, coupled with \$7.3 million from the partner universities, has resulted in the creation of 105 new companies to date, who then have raised over \$532 million in follow-on funding. While still fledgling, MII start-up companies already contribute to the economic development of their

communities creating 120 high tech jobs with an average salary of \$103,000 and generating revenue upwards of \$10 million in FY20—a true economic development success.

Senate Bill 802 would build on the success of the MII program by creating a pilot program under the MII umbrella to expand the model to Western Maryland's four-year comprehensive university. The bill is the result of a recommendation from the Task Force on the Economic Future of Western Maryland. It is designed to build on the economic strengths of the region and the anchor institution of Frostburg State University. The bill would create opportunities for technology validation, entrepreneurial development, and industry engagement at the university. It would help identify and fund projects that support the creation of new technology-based businesses or advance technology toward commercialization. It also would support the development of entrepreneurial activities at Frostburg and would help foster collaboration between Frostburg and industry partners.

Frostburg State University is well-positioned to begin the pilot program proposed by the bill. The university features a Center for Regional Engagement and Economic Development; an entrepreneur club for students; a learned faculty steeped in business management and entrepreneurial expertise; and a community that offers a small business incubator, as well as many corporate-university partnerships. Piloting this program at Frostburg will bring invaluable economic opportunities to Western Maryland and will provide a constructive template for future expansion to the State's other four-year public comprehensive universities and beyond.

For these reasons, TEDCO encourages a favorable report on Senate Bill 802.

SB 802 MD Innovation Initiative Univ Expansion Pil

Uploaded by: Wilkins, Barbara

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 802 Economic Development – Maryland Innovation Initiative University Expansion Pilot Program – Establishment (Edwards and Corderman)

STATEMENT OF INFORMATION

DATE: March 16, 2021

COMMITTEE: Senate Finance and Senate Budget & Taxation

SUMMARY OF BILL: SB 802 establishes a three-year pilot program to expand opportunities for technology validation, entrepreneurial development, and industry engagement at Frostburg State University; and mandates an appropriation in the amount of \$500,000 in FY 2023 and FY 2024, with a \$50,000 annual contribution from Frostburg State University to participate in the program.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$500,000 mandated appropriation in FY 2023 and FY 2024.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which requires spending allocations for FY 2022 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2020.

Economic conditions remain precarious as a result of COVID-19, making revenue predictions in the out year forecast susceptible to revenue write downs. Many individuals and households are unemployed or underemployed, with many industry sectors operating at much less than 100% capacity. Federal stimulus programs are providing much needed relief in the short term, but the impact of the COVID-19 pandemic continues to present significant risk in FY 2023 and beyond.

The General Assembly and Administration have successfully enacted the Governor's emergency Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families Act (SB 496 RELIEF Act), which provides \$1.1 billion in direct stimulus and tax relief for Maryland working families, small businesses, and those who have lost their jobs as a result of the COVID-19 pandemic. It is incumbent upon us to allow the impact of this unprecedented relief package on the State's economy to take effect. Further mandated spending increases need to be reevaluated within the context of an ongoing pandemic.

**For additional information, contact Barbara Wilkins at
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