Maryland Technology Development Corporation
FY 2027 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Subcommittee on Education & Economic Development
Delegate Stephanie Smith, Chair
February 19, 2026

Senate Budget & Taxation Committee
Subcommittee on Education, Business & Administration
Senator Nancy King, Chair
February 23, 2026

TESTIMONY OF TROY A. LEMAILE-STOVALL
Chief Executive Officer, Maryland Technology Development Corporation

TEDCO Response to DLS Recommendations:

Reduce funding for the Maryland Innovation Initiative Institution Partnership Extension Program to the level authorized by Chapter 217 of 2025, which established the program.
TEDCO Response: *Does Not Concur*

TEDCO respectfully does not concur with DLS' recommendation to reduce funding for the Maryland Innovation Initiative Institution Partnership Extension Program from $1 million to $250,000. The newly established MII Institution Partnership Extension Program, which expands MII's services for technology validation, entrepreneurial development, and industry engagement to all public or private nonprofit institutions of higher education, leveraging MII's unique position, between academia and industry, to encourage collaboration and cooperation between the state's higher education institutions and industry, builds on TEDCO's efforts in support of the growth of Maryland's Lighthouse Sectors by leveraging Maryland's 42 colleges and universities (13 public four-year institutions, 16 community colleges, and 13 private institutions) to support research and development of solutions to challenges which create technological bottlenecks and/or barriers to advancements in the state's Lighthouse sectors.

With the $1 million included in the Governor's FY 2027 budget, MII will launch the Partnership Extension Program and coordinate research, development, and innovation between Maryland's 42 colleges and universities to support innovation and technological advancements driven by industry demand within the lighthouse sectors. By establishing a bold, state-level innovation engine designed to pursue high-risk, high-impact opportunities within the State's higher education system, the effort will accelerate technology breakthroughs and commercialization, bridge academia and industry, and position Maryland at the forefront of transformative innovation.

The proposed funding would provide support for an expansion that has been validated and demonstrated to be effective in Maryland via, the Baltimore Innovation Initiative Pilot Program, which created a two-year pilot extending MII services to colleges and universities in the Baltimore-Columbia-Towson MSA, and the MII Institution Partnership Extension Pilot Program, a lapsed two year pilot that expanded MII services to Frostburg State University and Bowie State University.

Reduction of the $1 million allotment provided in the Governor's proposed FY 2027 budget to $250,000 would significantly limit MII's ability to adequately support existing partnerships developed through the Baltimore Innovation Initiative Pilot and the MII Institution Partnership Extension Pilot Program(s), potentially resulting in a lapse in support and significantly hampering the development of a robust innovation ecosystem in those institutions. Additional information is provided in the Maryland Innovation Initiative
Partnership Extension Program report which is attached to the appendix of this testimony.

Additional information on the impact of the Baltimore Innovation Initiative Pilot and the MII Institution Partnership Extension Pilot Program(s) is provided in TEDCO's testimony.

Delete funding for a grant to the Baltimore Tech Hub Consortium, intended to support the consortium's ongoing pursuit of federal funding, due to the State's fiscal condition and the TEDCO Response: *Does Not Concur*

In October of 2023, the Baltimore – Columbia – Towson Metropolitan Statistical Area (MSA) was designated a Regional Technology and Innovation Hub alongside 30 other regions throughout the United States, selected from a competitive national pool of applications to support regional innovation and technology commercialization. As a recipient of the designation, the Baltimore-Columbia-Towson Tech hub qualifies to submit applications for funding under the program. The Baltimore Tech Hub Consortium was established to compete for federal funding through the U.S. Economic Development Administration's (EDA) Tech Hubs Program.
In FY 2026, the Governor's budget provided $1million to support this initiative with TEDCO serving as an intermediary for the funding. The Governor's FY 2027 Budget proposal provides $500,000 in funding to support the initiative.
As we understand, the Baltimore Tech Hub Consortium Funding was utilized to support the establishment and operation of the Baltimore Tech Hub Consortium's Regional Innovation Office (RIO), which functions to provide shared processes, collaboration mechanisms, and formalize escalation and conflict resolution mechanisms among members of the Consortium. Through the funding, the RIO focuses on:

- Identifying and vetting federal opportunities aligned with priority sectors and evolving federal priorities
- Convening partners to assess opportunity fit, readiness, roles, and competitiveness
- Supporting partner-led applications through alignment with the Tech Hub designation and regional priorities
- Maintaining sustained engagement with relevant federal agencies and program offices; and
- Where appropriate, connecting federal pursuits to private-sector participation and implementation pathways

Although the Baltimore Tech Hub Consortium has not yet been selected for an award under the program, it is our understanding that the US Economic Development Administration plans to continue funding opportunities under the program and that the Baltimore Tech Hub plans to continue to pursue these opportunities. The $500,000 provided for the initiative under the Governor's proposed FY 2027 Budget continues support, ensuring the Baltimore Tech Hub remains competitive in future funding rounds against the 30 Regional Technology and Innovation Hubs designated under the U.S. Economic Development Administration's (EDA) Tech Hubs Program.

Reduce funding for the Equitech Growth Fund to the fiscal 2024 level, due to the State's fiscal condition and the fund's programmatic overlap with other State grant programs.
TEDCO Response: *Does Not Concur*

The Equitech Growth Fund (EGF) was established by legislation in 2023 (CH 461 of 2023), to support the economic competitiveness and inclusive growth of emerging and advanced industries in the state through the creation of supporting infrastructure assets, resources, and diverse workforce that builds the strengths of the state's economy. Funding provided through the EGF is guided by the 10-Year Goals and Strategic Plan: Funding Plan & Priorities, developed by the Equitech Growth Commission, which consisted of leaders from various industry leaders, State entities, institutions of postsecondary education, trade and non-profit organizations, and legislative and gubernatorial appointees from the business community each bringing unique insights and perspectives to inform the development of the strategic plan and 10-year goals. Since its establishment, the Equitech Growth Fund has deployed $11.2 million across two funding rounds, supporting 23 projects, including 9 infrastructure initiatives and 14 workforce development efforts. Collectively, these projects are expected to:

- **Train more than 2,500 Marylanders** for entry- to mid-level roles in data science, cybersecurity, quantum, biomanufacturing, AI, and advanced manufacturing
- **Support over 750 STEM jobs** statewide
- **Advance more than 15 startups** in product development and commercialization
- **Create over 400 direct jobs**, including lab technicians, apprentices, interns, and program leaders
- **Complete construction of nine major facilities** statewide, including modular biomanufacturing labs, cyber ranges, advanced ceramics furnaces, and computing labs

During the most recent funding round (FY26), conducted from August through October 2025, 93 applications were submitted, collectively requesting $41.4 million in support. The round was highly competitive, with numerous strong proposals exceeding available resources. Ultimately, $4,314,926.80 was deployed across nine awarded projects, while several high-quality applications could not be funded due to limited funding availability.
Had funding been available, these initiatives were projected to:

- **Create more than 200 direct jobs** across biomanufacturing, advanced manufacturing, healthcare technology, and cybersecurity
- **Train approximately 2,700 Marylanders** in high-demand, high-wage fields including AI, robotics, bioinformatics, advanced manufacturing, and pharmaceutical production
- **Support strong job placement outcomes**, with several programs targeting 75–80% placement rates and starting salaries of $65,000 or higher
- **Scale Maryland-based manufacturing capacity**, including automated medical device production and next-generation bioconjugation labs
- **Catalyze over $5 million annually in startup capital formation** through accelerator programming
- **Deliver measurable wage impact**, including one project projecting $11 in Maryland wages for every $1 of public investment

The quantity and quality of applications in each of the two funding rounds through the Equitech Growth Fund demonstrate a clear and present need to support an acceleration of Maryland's economy.

Based on the historic outcomes of the projects funded, at its current trajectory and funding levels, over the next five years, the Equitech Growth Fund is projected to:

- **Train more than 6,250 Marylanders** for entry- to mid-level roles in data science, cybersecurity, quantum, biomanufacturing, AI, and advanced manufacturing
- **Support over 1,875 STEM jobs** statewide
- **Advance nearly 40 startups** in product development and commercialization
- **Create over 1000 direct jobs**, including lab technicians, apprentices, interns, and program leaders
- **Complete construction of 23 major facilities** statewide, including modular biomanufacturing labs, cyber ranges, advanced ceramics furnaces, and computing labs

The Equitech Growth Fund was established to help spark the Maryland economy through workforce development initiatives that help drive economic diversity and growth. The focus on advanced industries and economic inclusiveness is already driving results that propel economic growth and family advancing jobs.

However, any reduction to the Equitech Growth Fund would materially limit the achievement of these projected outcomes, directly limiting job creation, workforce training capacity, and infrastructure investment across the state.

Introduction

Chairs King and Smith, members of the Committees, thank you for the opportunity to discuss TEDCO's fiscal 2027 budget allowance. I would also like to thank DLS analyst Elizabeth Waibel, for her thorough analysis.

While many of you are familiar with TEDCO, for the benefit of those who are not, TEDCO, Maryland's **economic empowerment organization,** was created in 1998 to grow the State's technology-based economy through the creation of jobs, new products and services, and other economic opportunities. TEDCO primarily acts through advancing technology, entrepreneurial support, and investment programs.

As Maryland looks at our competitive standing and how to better build an inclusive, equitable economy, innovation will be the thing that drives us forward; innovation is, due to Maryland's strategic investment, something we have leadership on and can do. The status quo is not a viable growth strategy for Maryland. As we look to the rapidly evolving future, new entrepreneurial opportunities will help keep us safe, improve quality of life, allow more efficient and effective global teams, and deliver even more value from e-commerce.

TEDCO appreciates the funding provided by the Moore Administration to TEDCO's funding and programmatic efforts in the State's Fiscal Year (FY) Budget; we stand ready to continue to serve the State.

In FY 2023, TEDCO commissioned an Economic Impact Study which showed that with the support provided by the State of Maryland, TEDCO's six core programs generated **at least $2.7 billion in Maryland economic activity as of 2023, supporting job creation and generating estimated annual state and local government revenues of $140 million.** TEDCO plans to commission an updated study in FY 2027 and will share findings from the study with stakeholders including members of the Maryland General Assembly.

This impact affects every part of Maryland's ecosystem. For example:

- TEDCO supports medical researchers through the Maryland Stem Cell Research Fund as we seek innovations in and cures for addressing diseases like cancer, diabetes, and sickle cell anemia.

- TEDCO collaborates with Maryland's five world class research institutions through the Maryland Innovation Initiative, a program that seeks to move research to the marketplace and builds innovation and entrepreneurial touch points at our comprehensive institutions.

- TEDCO impacts Maryland's first-in-nation number of federal facilities via our federal efforts to bring those innovations to Maryland-based entrepreneurs.

- TEDCO touches every county – urban and rural – via our Rural Business Innovation Initiative and our Urban Business Innovation Initiative efforts that seek to stitch all the necessary elements to ensure early-stage success.

- TEDCO serves as an ecosystem convenor and collaborator through events like the Entrepreneur Expo, which in FY 2026 attracted over 1,150 attendees to hear from 112 speakers and participate in a selection of nearly 25 sessions of interest throughout the day including, Governor Wes Moore, IonQ CEO Niccolo de Massi, Appropriations Education and Economic Development Sub-Committee Chair Stephanie Smith, Comptroller Brooke Lierman, Maryland State Senator Jack Bailey, among others.

- TEDCO positively impacts communities that have long been underserved by increasing our Marketing and Investment efforts, leading to more than half of our investments over the last three years going to Maryland-based enterprises started by a person of color, a woman and/or a founder from our rural communities.

Further, as an organization, TEDCO impacts the 1TEDCO team as we make investments in our talent and infrastructure to better serve each other and the Maryland ecosystem.

With the continued maturation of Maryland's ecosystem, TEDCO has experienced an increase in demand for its programs, services, and investments. For example:

- In FY 2025, the Maryland Innovation Initiative (MII) received over $16.1 million in total funding requests, more than double from $7.1 million in FY 2023. In the first funding cycle of FY 2026, MII received an even higher application volume compared to the same period in FY 2025.
- Since FY 2022, the Maryland Stem Cell Research Fund (MSCRF) has seen a 933% increase in total requested funds and 867% increase in applications submitted year over year when comparing the first award cycle of each fiscal year, and in the first quarter of FY 2026 alone, the MSCRF saw a doubling of the number of applications for funding, with 58 applications received for a total funding requested of $21,750,165.
- The Equitech Growth Fund received 75 applications for awards in its inaugural year (FY 2025), and application volume rose by 25% to 93 applications in its second year (FY 2026).

A core focus for TEDCO, in serving the Maryland innovation ecosystem, is stitching and scaling through collaborative TEDCO efforts, creating more cohesion and connectivity to support our Maryland entrepreneurs.

As the state ecosystem continues to evolve and grow, TEDCO remains focused on scaling and stitching our investments and programs to have a greater impact on Maryland's entrepreneurs, innovation economy, and serving underserved communities and entrepreneurs. TEDCO also recognizes that we must enhance our data collection processes and analysis to support entrepreneurs, provide more meaningful data to our stakeholders, and have initiated efforts to address these needs. TEDCO will also continue to work to improve our reach to underserved communities and individuals. With the right strategies, Maryland has the potential to cultivate an innovation ecosystem with global recognition for social innovation and impact.

TEDCO appreciates the support, leadership, and partnership with the Maryland General Assembly. With your vision and support TEDCO continues to be a national leader in tech transfer, commercialization, and powering ecosystems and innovators across Maryland. The remainder of this written testimony covers each of TEDCO's programs and specific achievements made in the last fiscal year.

The following is a summary of TEDCO initiatives supporting and powering Maryland's entrepreneurs and innovative ecosystem.

TEDCO Program Overview

Mission

Enhance economic empowerment by fostering an inclusive entrepreneurial and innovation ecosystem. Identify, invest in, and help grow technology companies in Maryland.

Vision

TEDCO will be the recognized national leader for supporting translational research, and technology-based, economic, and entrepreneurial development while being the hub of Maryland's innovation ecosystem.

Core Values

TEDCO's core values unite us, guiding our efforts and interactions with people inside and outside of TEDCO. They are critical in TEDCO's commitment to excellence in carrying out its mission and serving its stakeholders:

- ***Accountability*** – We take responsibility for our actions and for adherence to our mission; we ensure that this responsibility is ingrained throughout the organization. We measure our activities and report our outcomes to our stakeholders. We do the right thing.

- ***Collaboration*** – We focus on building trust and credibility across the organization and with our customers. We are transparent in the exchange of ideas and our encouragement of one another. We value teamwork in our pursuit of supporting innovation and entrepreneurial excellence.

- ***Integrity*** – We provide the best quality service to our customers and strive to exceed expectations. We pursue innovation and entrepreneurial success with the highest regard for moral and ethical standards. We stand by what we say and what we do, and we always act in an honest and open way.

- ***Respect*** – We uphold a culture of respect at work, within our communities and nationally. We embrace diversity and value our employees for their individuality and the unique perspectives that they bring to the organization.

- ***Stewardship*** – We take seriously our responsibility to manage scarce resources and to serve as stewards of State, Federal, and private funds. We value our ability to carry out our mission and to serve our customers in an efficient and fiscally responsible manner. We encourage and empower TEDCO's staff to act in accordance with our culture.

Technology Transfer and Commercialization

Maryland Stem Cell Research Fund

Funding for the Maryland Stem Cell Research Fund (MSCRF) is $15.5 million in the Governor's FY 2027 Allowance.

MSCRF was established by the Governor and the Maryland General Assembly under the Maryland Stem Cell Research Act of 2006. The purpose of the fund is to promote state-funded human stem cell research and medical treatments through grants to public and private entities in the state.

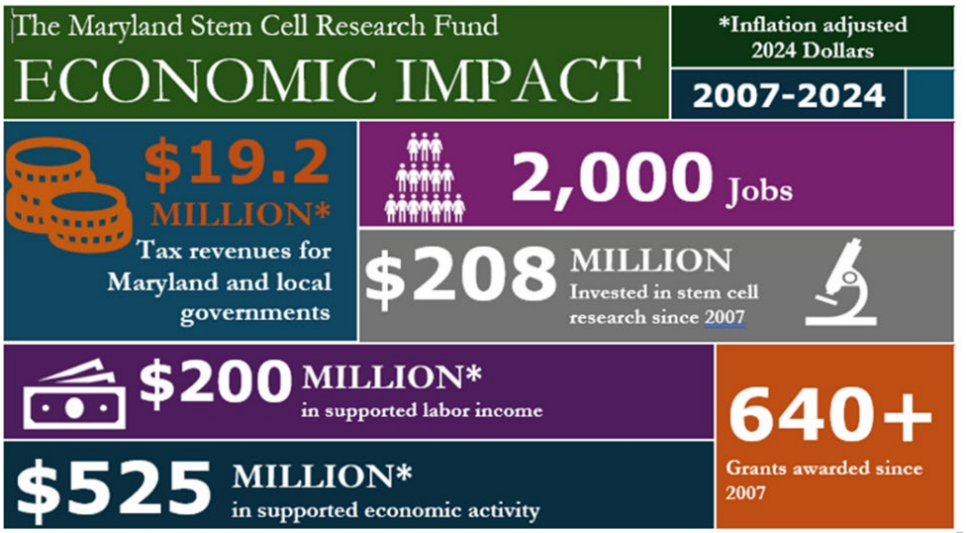
TEDCO, through the Maryland Stem Cell Research Fund, provides crucial funding across Maryland in advancing cutting-edge stem cell research and regenerative medicine initiatives. This vital support for academic institutions, startups, and established companies not only transforms scientific breakthroughs into tangible treatments for patients but also drives economic growth, job creation, and investment in the state. To date, MSCRF supported 716 innovations that have created significant long-term benefits for both the community and the state.

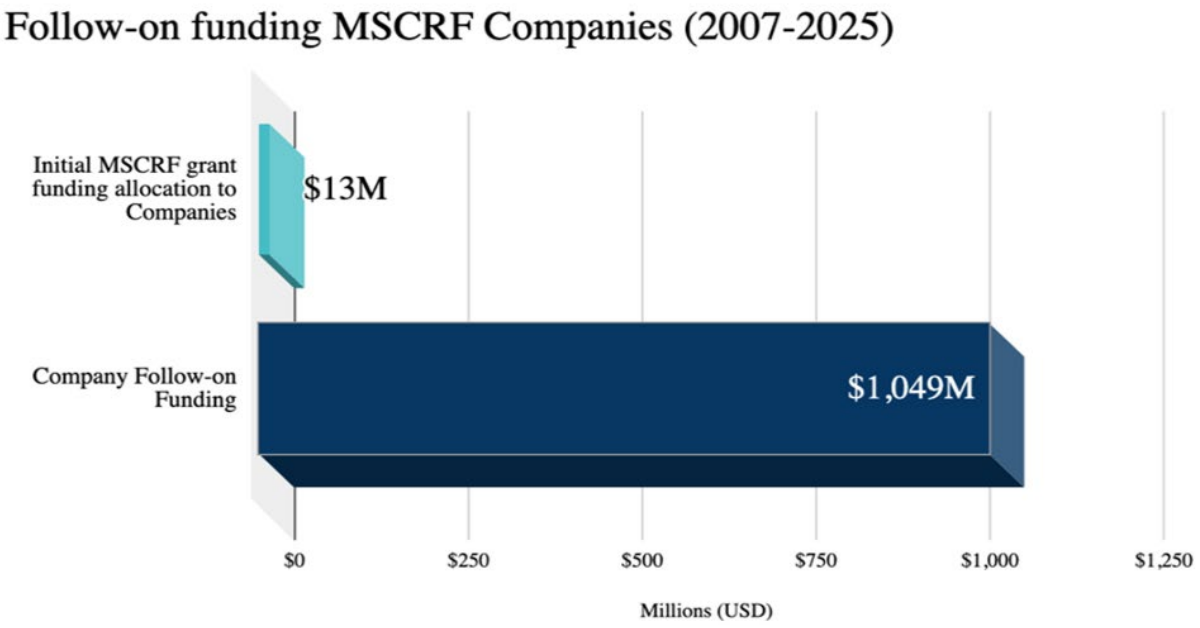
Maryland is a national leader in stem cell technology and regenerative medicine, key industries within the state's Life Sciences sector. A large part of the development of a robust ecosystem of research, commercialization, and policy support can be attributed to the State's establishment of the MSCRF in 2006, which provides grants to both public and private institutions and companies aiming to accelerate breakthroughs from bench to bedside.

Established at a time when the broader, global stem cell research ecosystem was still in its infancy, the MSCRF took bold steps into a frontier science. Since then, it has evolved alongside the global ecosystem, supporting the full journey from discovery to commercialization, and more recently- advanced manufacturing through seven funding programs. Created to accelerate promising science into real-world therapies, MSCRF has grown into a nationally recognized model for how targeted state investment can deliver measurable returns — for patients, for companies, and for Maryland taxpayers.

Economic Impact & Accountability

The results are measurable and well- documented. Independent analyses show that from FY2007 to FY2024, Maryland's investment in MSCRF generated over $525 million in economic activity, $200 million in labor income, and $19.2 million in state and local tax revenue, while supporting more than 2,000 jobs statewide. (2024 MSCRF Economic Impact Study, Sage Policy group).





MSCRF portfolio companies cumulatively raised more than $1 billion in follow-on private (venture) capital after receiving their first MSCRF award. MSCRF's portfolio demonstrates durability and discipline. Most notably, MSCRF funding has proven exceptionally effective at leveraging private investment, with each dollar of state funding helping attract $79 in venture capital.

89% percent of companies supported since 2007 remain in operation—outperforming typical venture-backed survival rates.

Employment across most of the MSCRF-supported companies has more than doubled since initial funding, reflecting sustained growth.

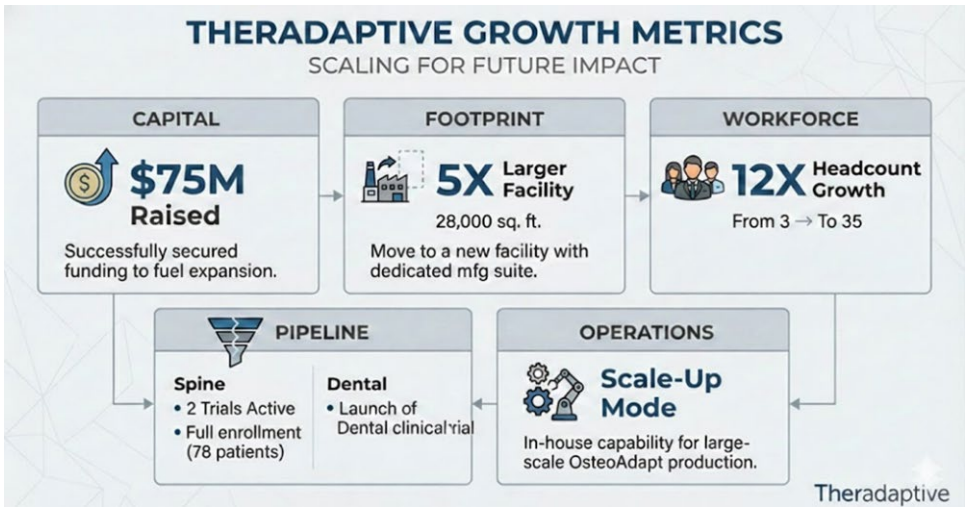
Manufacturing: Driving Growth & Economic Returns

MSCRF deployed over $4.5 million to support local companies in establishing cutting-edge manufacturing capabilities through its Manufacturing Assistance Grant Program launched in FY2023. This vital program allows companies to build critical infrastructure and manufacturing processes, fostering an environment that enhances product development and accelerates market readiness.

The funding supported companies like Frederick County-based RoosterBio, Inc., which has expanded their employee base from 4 to 57 and generated revenues of $80 million, and Theradaptive, Inc., which has expanded their employee base from 3 to 35 people and plans to double the workforce in the next two years, as they continue to grow and innovate in the ecosystem.

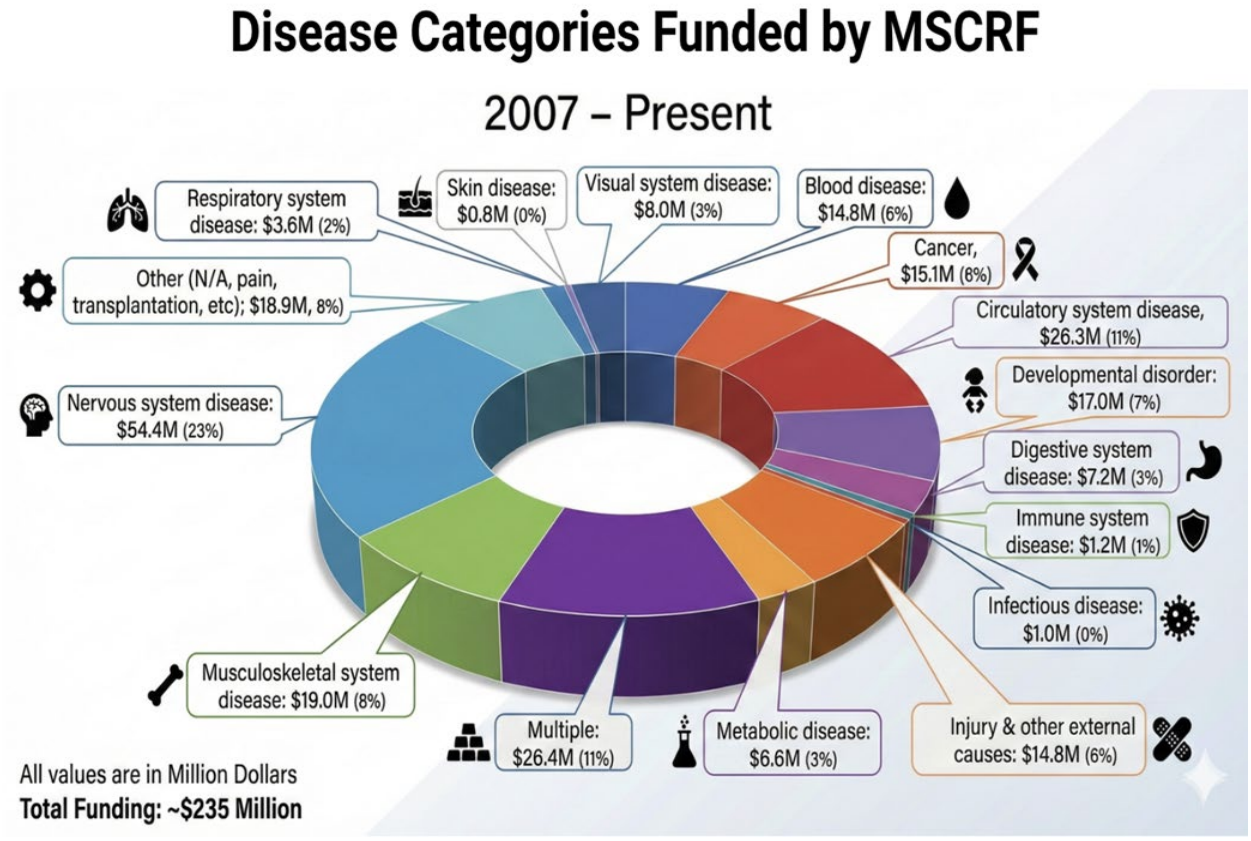
Over the years, MSCRF-funded companies have made remarkable contributions to Maryland's economy, generating substantial returns and creating countless jobs while attracting additional investments. Their innovative therapies not only prove to be viable but also beneficial to both patients and the broader economy.

By nurturing these forward-thinking companies, MSCRF stimulates economic growth throughout the state and cultivates a vibrant ecosystem that encourages collaboration among researchers, entrepreneurs, and investors.



Patients at the Heart of Innovation

Every grant awarded, every facility built, and every job created by MSCRF serves a single purpose: improving lives. Research supported by MSCRF is driving therapies that cure sickle cell disease, reduce insulin dependence in Type 1 diabetes, restore vision, repair cartilage, treat cancer, heart diseases or conditions— from degenerative conditions to rare and life- threatening illnesses once considered untreatable.



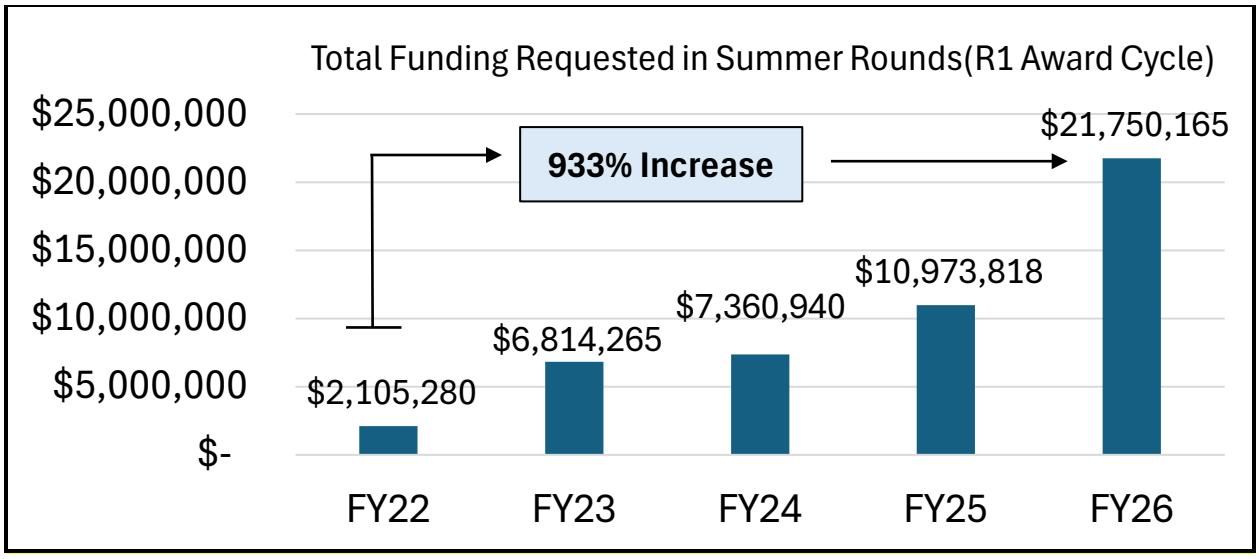
MSCRF has supported 716 projects spanning 197 disease indications. From companies to world-class academic labs, MSCRF awardees span the entire state of Maryland, tackling a vast array of diseases to revolutionize patient care. These researchers and companies are united by a single goal: turning cutting-edge science into life-saving treatments that improve human lives.

MSCRF Fund has jump- started a wave of promising clinical testing across the state and beyond, turning cutting- edge laboratory discoveries into tangible scientific advances for patients in need. For patients and families facing limited options, this work represents not just innovation, but hope.
MSCRF funding has also enabled notable breakthroughs including, treating solid tumors with a cell therapy, healing damaged skin for amputees, half match bone marrow transplants, regenerative therapy for Osteoarthritis, and major advancements in curing sickle cell disease. These are just a few examples of the impact and potential made available through MSCRF.
The economic upside is equally compelling: if technologies enabled by MSCRF grants save just 100 Marylanders, they generate more than $1 billion in economic benefit, based on current estimates of the value of a statistical life.

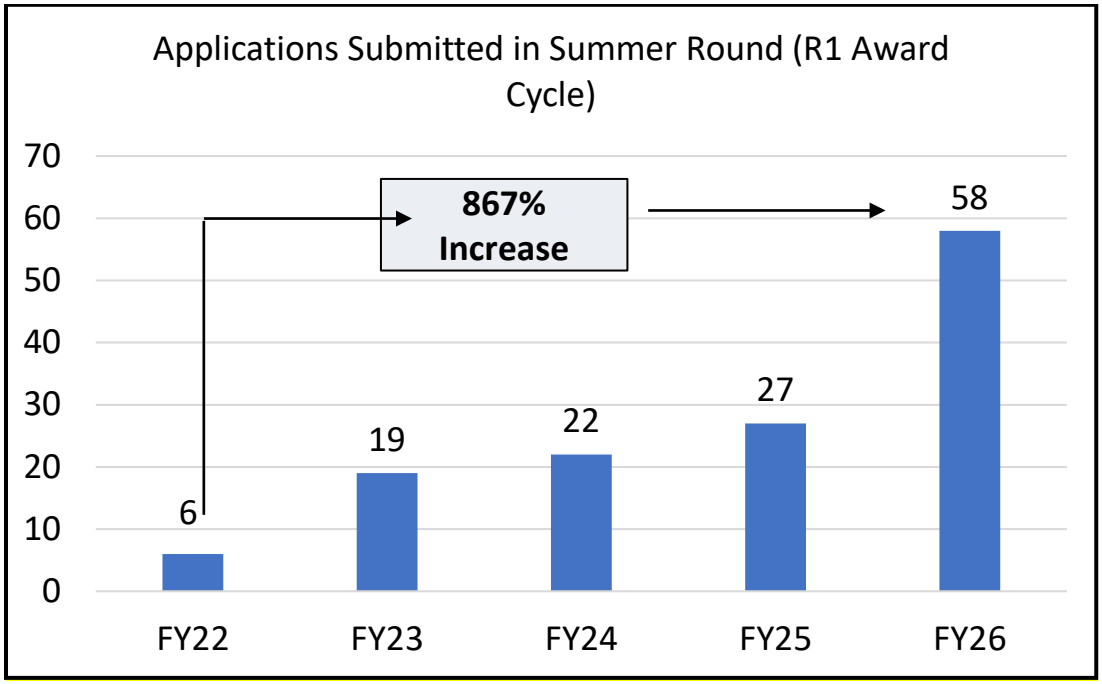
Overall, MSCRF has catalyzed the formation and growth of innovative startups and emerging companies, attracting hundreds of millions of dollars in capital, expanding operations, preserving talent, and advancing transformative therapies toward patients. These investments strengthen Maryland's economy and reinforce the state's position as a leading hub for biotechnology and regenerative medicine.

Increasing Demand for MSCRF Funding

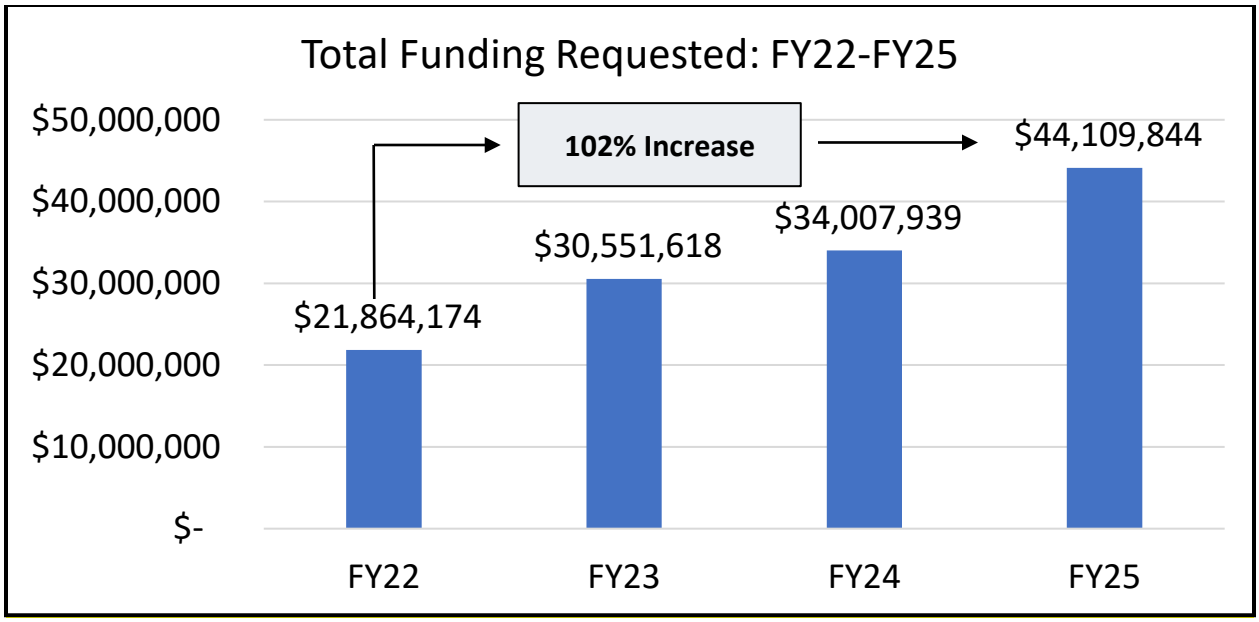
The growth and maturation of the Regenerative Medicine and Stem Cell ecosystem is reflected in the increasing demand for funding through the MSCRF. In the first quarter of FY 2026 alone, MSCRF saw a doubling of the number of applications for funding, with 58 applications received for a total funding requested of $21,750,165. The chart below shows a comparison of total funding requested in the first award cycle of a fiscal year between FY2022 – FY2026. Since FY 2022 there has been a 933% increase in total requested funds year over year when comparing the first award cycle of each fiscal year:



The chart below shows a comparison of applications in the first award cycle of a fiscal year between FY2022 – FY2026. Since FY 2022 there has been an 867% increase in applications submitted year over year when comparing the first award cycle of each fiscal year:



Finally, the chart below shows a comparison of total funding requested annually year over year between FY 2022 – FY 2025. Though only one funding round has been completed for FY 2026, based on application submissions and the total amount requested in the first round of FY 2026, TEDCO anticipates FY 2026 total requested amounts to double that of FY 2025. MSCRF has two funding cycles in a fiscal year and the first funding round is a smaller one with only five of the seven grant programs. The second funding round has all of the seven grant programs and receives almost three times the applications as received in the first funding round.



Investments through the MSCRF have proven to yield returns for the state. Between FY2021 and FY2025, MSCRF funding for translational research more than doubled, rising from $2.75M to over $6.2M—a 125% increase. This remarkable growth reflects the continued maturation of Maryland's stem cell ecosystem as research projects move towards commercialization. Notably, these figures do not capture the additional translational work funded under our Discovery, Launch, and Fellowship programs, suggesting the true scale of impact is even greater.

Maryland Innovation Initiative

The FY 2026 Allowance funds Maryland Innovation Initiative (MII) at $6.3 million. This allowance reflects the sunset for funding toward the Baltimore Innovation Initiative and funding for the Maryland Innovation Initiative Partnership Extension Program.

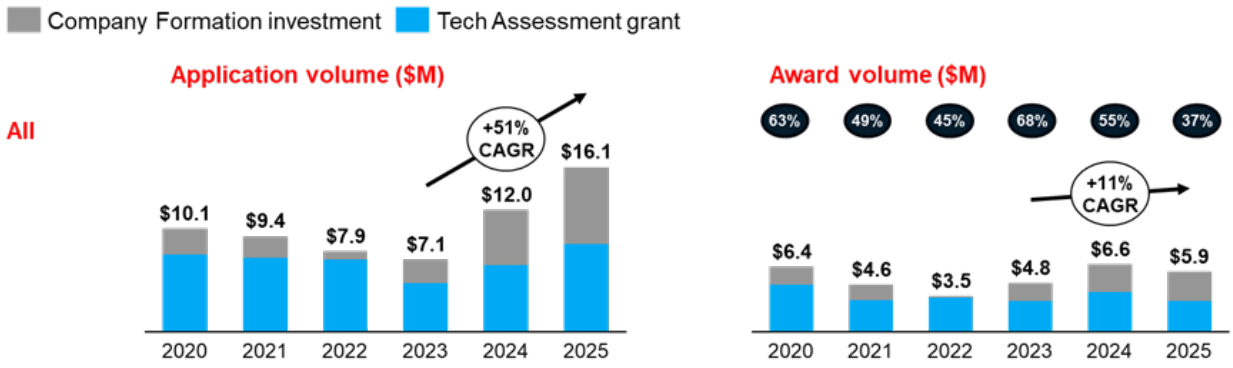
Chapter 450 of 2012 created the MII as Maryland's premier early-stage technology transfer and commercialization program. Established in 2012, MII is a collaboration between the State of Maryland; Johns Hopkins University; Morgan State University; the University of Maryland, College Park; the University of Maryland, Baltimore; and the University of Maryland, Baltimore County. The program's mission is to accelerate promising technologies with significant commercial potential to market while leveraging each institution's strengths. As part of a "Bench-to-Market" approach, the program offers grants to assess commercial viability of technology and investments for companies that form to license the related intellectual property.

In June 2024, MII announced the appointment of Abishek Kulshreshtha, as the new Executive Director of the Program. In his position, Mr. Kulshreshtha began overseeing all MII activities starting at the beginning of the FY 2025 Fiscal Year (July 1, 2024).

Following the 2025 Legislative Session, the Maryland Innovation Initiative Institution Partnership Extension Program was established within the Maryland Innovation Initiative,

resulting from the passage of HB 799/CH217. The Maryland Innovation Initiative Institution Partnership Extension Program expands MII's services for technology validation, entrepreneurial development, and industry engagement to all public or private nonprofit institutions of higher education, leveraging MII's unique position, between academia and industry, to encourage collaboration and cooperation between the state's higher education institutions and industry. Additional information on the Maryland Innovation Initiative Institution Partnership Extension program is provided below.

In recent years, demand for MII funding has grown exponentially, with $16.1 million in total funding requests received in FY 2025, more than double from $7.1 million in FY 2023. The program disbursed $4.8 million in awards in FY 2023 and $5.9 million in FY 2025. The ability to increase funding from FY 2023 to FY 2025 was largely due to carryover and cash returns to the program. MII anticipates continued increases in funding requests due to reduced federal research funding and private early-stage investment activity. In the first funding cycle of FY 2026, MII's application volume rose once again.



The program disbursed $5.9 million in awards in FY 2024 and $5.1 million in FY2025. The decrease in funding awarded from FY 2024 to FY 2025 reflects a return to expected program funding on account of carryover from previous fiscal years and cash returns to the program. MII anticipates continued increases in funding requests due to (1) increased tech transfer and commercialization initiatives from MII institutions, (2) reduced federal research funding and (3) declining private early-stage investment activity.

FY2025 MII Statistics

- # of proposals - 88
- # of awards/investments – 27
- # of start-up companies formed – 25
- # of start-up companies funded – 10
- Total amount granted and invested - $5,092,530

Newly Created Maryland Innovation Initiative Institution Partnership Extension Program
Following the passage of Chapter 217 of 2025, the MII launched the Maryland Innovation Initiative Partnership Extension Program, which expands services for technology

validation, entrepreneurial development, and industry engagement to all public or private nonprofit institutions of higher education, leveraging MII's unique position, between academia and industry, to encourage collaboration and cooperation between the state's higher education institutions and industry.

The establishment of the Maryland Innovation Initiative Partnership Extension Program follows the success of the Baltimore Innovation Initiative Pilot Program, which created a two-year pilot extending MII services to colleges and universities in the Baltimore-Columbia-Towson MSA, and the MII Institution Partnership Extension Pilot Program, a lapsed two year pilot that expanded MII services to Frostburg State University and Bowie State University.

On January 1, 2026, the Maryland Innovation Initiative submitted a report outlining a vision and strategy to facilitate statewide expansion, including coordination with relevant regional and state economic development strategies, benchmarks to peer states, and the potential economic benefits and costs of expanding the Initiative to all public and private nonprofit institutions of higher education operating in the State.

Though the program did not receive funding in FY 2026, the MII has been leveraging existing relationships to engage the newly eligible institutions in conversations to evaluate the demand and potential impact of this program. To this end, MII has been conducting site visits, including with legislators, to understand existing innovation activities and to provide information about the MII model. TEDCO and MII are grateful for the $1 million provided for the program in the Governor's FY 2027 budget proposal. This funding will enable initiation of the Maryland Innovation Initiative Partnership Extension Program at a limited number of institutions and is an important step.

2- year Pilot Program - MII Baltimore Innovation Initiative
Established by CH 711 of 2024, the Baltimore Innovation Initiative (BII) Pilot Program was created to advance technology toward commercialization of a product or service and bolster support systems for entrepreneurs developing technology-based ventures throughout the Baltimore-Columbia-Towson Metropolitan Statistical Area (MSA). The opt-in program is available to public or private colleges or universities located within the Baltimore-Columbia-Towson Metropolitan Statistical Area (MSA) including:

- Anne Arundel Community College
- Baltimore City Community College
- Carroll Community College
- Chesapeake College
- Community College of Baltimore County
- Coppin State University
- Goucher College
- Harford Community College
- Howard Community College
- Johns Hopkins University
- Loyola University Maryland

- Maryland Institute College of Art
- McDaniel College
- Morgan State University
- Notre Dame of Maryland University
- St. John's College
- Stevenson University
- Towson University
- University of Baltimore
- University of Maryland, Baltimore
- University of Maryland Baltimore County

To participate in the Baltimore Innovation Initiative (BII) Pilot Program, institutions must formally join the initiative as collaborators. Only collaborating organizations can submit project proposals for BII funding; these project proposals must:

- advance technology commercialization and support start-up creation; or
- foster entrepreneurship development at the eligible university.

Funding through the program was made available through two funding programs which included:

- **Technology Advancement:** Awards of up to $50,000 to full-time faculty members, students, or student principal investigators at participating institutions to **s**upport the commercialization of new or existing technology at the participating institution.
- **Entrepreneurship Commercialization, Programming, and Infrastructure:** Awards of up to $50,000 to staff or faculty operating entrepreneurship and/or commercialization programs at an participating institution to support the creation or enhancement of entrepreneurship programs and commercialization infrastructure for technology-based ventures.

The inaugural RFA for the Baltimore Innovation Initiative was made available in February 2025 after a period of engagement with eligible institutions. This RFA was closed in May 2025 and announced awards in June 2025. Awards totaled $645,000 across seven institutions.

FY 2025 BII Statistics

- # of proposals – 25
- # of awards/investments – 14
- # of start-up companies formed – 1
- # of start-up companies funded – 4

Total amount granted and invested - $645,472. Funding for the BII will lapse beginning FY 2027.

Human Relevant Research Fund: Positioning Maryland as a National Leader in a Cutting-Edge Industry

In 2023, CH448 passed, establishing the "Human-Relevant Research Fund" (HRRF) at TEDCO. The bill established an annual fee on all Maryland research facilities conducting research with non-human animals, to be collected by the Maryland Department of Health (MDH) based on the number of animals used, with payments ranging from $5,000 to $75,000. Collected funds are transferred to TEDCO and are to be used to establish a program that promotes research focused on developing alternatives to animal testing. Fees were initially expected to generate approximately $870,000. However, in FY 2024, fees generated from the program were $185,000.

As we understand, the Maryland Department of Health (MDH) encountered initial challenges in the collection of the fees, given that APHIS is a form submitted to the U.S. Department of Agriculture (USDA) and not a form that the Department of Health collects. As such, the Department of Health created a list of all Maryland entities that submitted Form 7023 to the USDA that is publicly available on their website. In early January, MDH sent letters, through certified mail, to all entities that submitted a Form 7023 that were listed on the USDA Annual Report Search page notifying them of the required fee. In response, approximately 1/3 of the entities noted that they are associated with the federal government and are exempt from the requirement. Several other facilities have responded that their facility does not conduct animal research but rather is a veterinary program that provides veterinary care and supports the local shelter with spay and castration services and as such, not subject to the fee.

In November 2025, the funds were transferred to TEDCO, and TEDCO is in the process of contracting a Scientific Review Board and will begin promulgation of Regulations as required by statute. We anticipate the first Request for Proposals (RFA) to be issued around the Summer 2026.

Related to the HRRF, TEDCO has become aware of growing developments within Federal Regulatory Agencies in the field of New Approach Methodologies (NAMS) (alternatives to animal testing) ecosystem, and TEDCO has approached a number of organizations focused on the development and acceleration of the NAMS ecosystem to work collaboratively on this initiative to facilitate the development of this burgeoning ecosystem.

Social Impact Funds

TEDCO embraces diversity, equity, inclusion, and merit, supporting all Maryland startup communities. Our Social Impact Funds are purposefully designed to engage and invest in economically underserved founders and communities. TEDCO's social impact funds consists of the Pre-Seed Builder Fund (Builder Fund), and the Inclusion Fund, both of which are designed to engage and invest in economically underserved founders and communities. Companies applying to the Social Impact Funds must be technology-based, headquartered in Maryland, and have at least half of their workforce based in the State. Companies also cannot have received over $15,000,000 in dilutive funding and must have less than 251 employees. To reduce barriers, simplify access, and streamline the process for applicants, TEDCO has implemented a single application that covers both the Builder Fund and the Inclusion Fund.

In response to ecosystem needs, in FY 2025, utilizing funding through the Builder Fund, TEDCO began the Concept Capital program, a TEDCO initiative designed to fill the very early-stage funding gap for underserved and disadvantaged founders, especially those in rural or economically disadvantaged communities in Maryland. Providing convertible notes ranging from $25,000 to $50,000, Concept Capital funds come with founder-friendly terms (e.g. zero interest and negotiable valuation caps). Additional information on the Concept Capital program is available in the Venture Development section of this report.

Builder Fund

The Pre-Seed Builder Fund (Builder Fund) was created to financially and operationally support the development of startup companies run by entrepreneurs who demonstrate a socially and economically disadvantaged background that hinders access to traditional forms of capital and executive networks at the pre-seed stage. Companies selected for Builder Fund support receive direct investment and agree to receive executive management assistance to accomplish specified milestones that better position the company for follow-on, professional investment. The Builder Fund differentiates itself by identifying exceptional investment opportunities statewide operated and majority owned by anyone who can exert proof of their social and economic disadvantaged status (as informed by 13 CFR 124) by collaboratively advancing the development of those opportunities in ways that can lead to the next stage of investment. This program supports TEDCO's overall mission of discovering, investing in, and helping to build great, Maryland-based companies that grow and last. In FY 2025, the program provided funding to 23 companies.

To provide additional support, TEDCO advises companies of other State programs for minority and women-owned businesses. Specifically, all companies are informed of the services and investment programs under the Maryland Small Business Development Financing Authority (MSBDFA). TEDCO systematically makes referrals to MSBDFA for all companies that express an interest in other resources.

FY 2025 Builder Fund Statistics

- # of proposals received - 112
- # of investments - 30
- # of jobs in funded companies – 98
- $ awarded - $6,300,000
- # of mentor hours for Builder Companies – 639 hours

Inclusion Fund

The Inclusion Fund focuses on investment opportunities that are often overlooked by traditional sources of investment and financing due to economic disadvantages. One of the biggest challenges is the gap between pre-seed and seed funding for early-stage technology businesses, and the Inclusion Fund seeks to invest in these companies. Ultimately, the companies create jobs in the State and become attractive candidates for follow-on financing or investing.

The Inclusion Fund is made available to early-stage technology startups that meet all the following qualifications:

- At least one full-time employee;
- The founder, officers, or managers of the Company agree to receive executive support;
- At least 30% of the Company is owned by one or more individuals who have demonstrated social and economic disadvantage; and
- For at least one year after receiving TEDCO's investment, the Company will be controlled and managed by one or more individuals who have demonstrated social and economic disadvantages.

FY 2025 Inclusion Fund Statistics

- # of proposals received - 112
- # of investments - 2
- # of jobs in funded companies – 53
- $ awarded - $1,000,000

Maryland Technology Commercialization Fund

TEDCO's legacy initiative in technology transfer and commercialization is the Maryland Technology Commercialization Fund (TCF). TCF supports technology and product development by start-up companies often deemed too early in their development to gain the interest of traditional venture capital investments. TCF's investments are intended to defray the cost of the additional research and development activities that would move a specific technology or technology package to the threshold of commercialization.

FY 2025 TCF Statistics

- # of proposals received - 49
- # of investments - 1
- # of jobs in funded companies – 1
- Total $ invested - $200,000
- Annual amount of follow-on funding for active TCF portfolio - $16,851,872

Cybersecurity Investment Fund

Chapter 535 of 2014 created the Cybersecurity Investment Fund (CIF). The CIF is targeted support for cyber security technologies, building on TEDCO's Technology Commercialization Fund.

FY 2025 CIF Statistics

- # of proposals received - 10
- # of investments - 1
- # of jobs in funded companies – 1
- Total $ invested-$500,000

- Annual amount of follow-on funding for active CIF portfolio - $21,373,094

Life Science Investment Fund

The Life Science Investment Fund (LSIF) provides funding to companies developing products for human health that require FDA approval. This fund was transferred to TEDCO from the Department of Commerce's BioMaryland program. This program previously provided awards under the names Biotechnology Development Awards and the Translational Research Awards. TEDCO modified the funding program to better meet the demand of those life science companies with the most challenging commercialization pathways.

FY 2025 LSIF Statistics

- # of proposals received - 18
- # of investments - 1
- # of jobs in funded companies – 7
- Total $ invested- $500,000
- Annual amount of follow-on funding for active LSIF portfolio - $102,165,732

Gap Investment Fund

The Gap Investment Fund seeks to make disbursements to start-up technology-based companies that need capital to grow their businesses in Maryland. The disbursements are matched by investments the company has received from other sources. The purpose of this Fund is to help bridge the gap to traditional institutional venture capital and retain companies in Maryland who might be vulnerable to leave the state for other funding opportunities at this stage of investment. Companies must use Gap Investment Funds to employ new staff to grow and become more firmly established in Maryland.

FY 2025 Gap Investment Fund Statistics

- # of proposals received - 19
- # of investments – 3
- # of jobs in funded companies – 4
- $ awarded - $840,000

Maryland Venture Fund

In 2015, CH141 of 2015 facilitated transfer of the Enterprise Fund and Invest Maryland Program from the Maryland Department of Commerce to TEDCO. Collectively, these funds are referred to as the Maryland Venture Fund (MVF).

Below are descriptions of the Maryland Enterprise Fund and Invest Maryland Program.

Maryland Enterprise Fund: This program provides capital through equity purchases for start-up companies that are developing innovative technologies. Individual investments, except those made in venture capital limited liability companies, are limited to $500,000 and may not exceed 15 years in duration. Beginning in fiscal 2013, this program became the means for the

department to implement the Invest Maryland Program.

Invest Maryland Program: Chapter 409 of 2011 created the Invest Maryland Program. The legislation created a State-supported venture capital program and also increased funding for the Enterprise Fund and other Maryland Commerce programs. These programs were funded through an auction of a tax credit against the insurance premium tax for insurance companies. Proceeds totaling $84 million were collected under the program, a portion of which was allocated to TEDCO each year in the State budget.

At this point, TEDCO does not receive any new appropriations for the operation of MVF and the MVF is considered an Evergreen Fund.

The Maryland Venture Fund now serves as an early-stage, evergreen venture capital fund, to make direct investments in early-stage technology and life science companies and indirect investments in venture capital funds

Investments made through the Maryland Venture Fund vary between $500,000 to $1.5 million.

FY2025 Maryland Venture Fund Statistics

- # of proposals received - 89
- # of investments - 11
- # of jobs in funded companies – 426 total (283 MD Jobs)
- $ awarded - $2.3M
- Annual amount of follow-on funding for active MVF portfolio - $320M

State Small Business Credit Initiative (SSBCI)

In fiscal 2022, it was announced that TEDCO would receive additional funding through the U.S. Treasury Department's State Small Business Credit Initiative (SSBCI). TEDCO developed plans to allocate the federal funds into four existing programs targeting technology-based Maryland businesses and entrepreneurs through SSBCI.

Three programs—the Venture Equity Fund, Venture Capital Limited Partnership Equity program (VCLP), and Seed Funds Equity program—are primarily focused on venture capital and startup funding. The fourth, the Social Impact Funds, provide investment and support to entrepreneurs who demonstrate economic or social disadvantage. Through these four programs, TEDCO continues to leverage its relationships with top-tier technology companies, entrepreneurs, and investors in the state while collaborating with universities, regional business accelerators and incubators, and other organizations.

From the start of the program through FY 2025, TEDCO allocated the following amounts:

Social Impact Fund: $1,650,000
Seed Funds Equity Program: $7,891,022
Venture Equity Fund: $6,999,957

Venture Capital Limited Partnership (VCLP) Equity Program: $7 million committed; $291,923 deployed (invested)

VCLP Partners:

- Collide Capital
- 100KM Venture Capital
- AIN Ventures

Venture Development
(formerly Entrepreneur and Ecosystem Empowerment (E3))

TEDCO's Entrepreneur and Ecosystem Empowerment (E3) was renamed Venture Development in FY 2025.

TEDCO's Venture Development department managed several programs throughout FY 2025 to assist start-up companies in accelerating their growth as well as support ecosystem partners with the same goals. Venture Development programs and services take several different forms, depending on the company's stage and an assessment of its likely path forward.

The Venture Development team collaborates with the start-up company to create mentorship and advisory solutions that complement and build on other assistance the entrepreneur receives. Some of the programs include Concept Capital, Rural Business Innovation Initiative (RBII), Urban Business Innovation Initiative (UBII), Network Advisors, Loaned Executives, Maryland Makerspace Initiative Program, Prelude Pitch, Equitech Growth Fund, and more.

Equitech Growth Fund: Powering Maryland Innovation Job Growth and Infrastructure

Established by CH 461 of 2023, the Equitech Growth Fund provides grants for infrastructure and workforce development initiatives that support Maryland's economic competitiveness, foster economic opportunity for all and accelerate growth of emerging and advanced industries in the State, with the goal of positioning Maryland as a leading global and inclusive innovation economy by 2040.

In FY 2026, TEDCO announced awardees for the second round of the Equitech Growth Fund. Awards were made in accordance with the Equitech Growth Commission's Strategic Plan: Funding Plan & Priorities and more than $4.3 million was distributed across nine projects throughout Maryland. Of these awards, more than $2.9 million will support three projects focusing on building Maryland's infrastructure, while more than $1.3 million will support six entities uplifting workforce development efforts.

In its second round, the Equitech Growth Fund saw a 25% increase in application volume (increasing from 75 application in FY 2025 to 93 applications in FY 2026) as well as a 15% increase in geographic diversity with nearly all 14 categories represented with advanced manufacturing, entrepreneur development, STEM Education and Cybersecurity emerging as

most common industries for which funds addressed.

Awarded projects included:

Workforce Development

- **Wicomico County**
  - Salisbury University - $249,000 (Entrepreneur Development)

- **Howard County**
  - Consult Lemonade - $250,000 (Cybersecurity/IT)

- **Baltimore City**
  - BioBuzz Networks, Inc - $224, 800 (Healthcare, Lifesciences & Bioinformatics)
  - Code in the Schools - $112,500 (STEM Education)
  - Maryland Center for Construction Education and Innovation - $240,626.80 (Advanced Manufacturing)

- **Prince George's County**
  - Energetics Technology Center - $250,000 (Cybersecurity/IT)

Infrastructure

- **Montgomery County**
  - Rise Therapeutics - $998,000 (Healthcare, Lifesciences & Bioinformatics)
  - Xcellon Biologics - $990,000 (Advanced Laboratory Space)

- **Harford County**
  - BrightWave LLC - $1,000,000 (Advanced Manufacturing)

In total, the awards are projected to generate at least 380 direct jobs and internships, with 65% or more from underrepresented communities. Additionally, the projects anticipate at least a dozen startup companies receiving direct support through infrastructure-funded equipment and materials.

In FY 2025, TEDCO announced 13 awardees for the initial round of Equitech Growth Fund. These finalists were selected from a pool of 74 applicants. One awardee (LaunchPort, LLC) received funding for two projects, an infrastructure project and a workforce development project. The 14 awarded projects for the first round of the Equitech Growth Fund include three (3) projects housed in Baltimore City, four (4) located in Montgomery County, two (2) located in Prince George's County, and one each (1) in Talbot, Allegany, Howard, Caroline, and Washington County. A total of $6,734,460 was distributed amongst awardees. Six (6) awards are infrastructure projects, and eight (8) are workforce development projects.

Awardees included:

- **Allegany County**

    - CLYM Environmental Services, LLC - $1,000,000
- **Baltimore City**
    - LaunchPort, LLC (received awards for two projects) - $41,500 & $234,100
    - Early Charm Ventures -$1,200,000
- **Caroline County**
    - Health Tech Alley - $135,500
- **Howard County**
    - Maryland Association of Community Colleges - $935,680
- **Montgomery County**
    - The Henry M. Jackson Foundation for the Advancement of Military Medicine, Inc. - $904,237
    - KID Museum - $250,000
    - Escalate USA Inc - $250,000
    - Worksource Montgomery Inc. - $250,000
- **Prince George's County**
    - The Coding School - $250,000
    - TCecure, LLC - $786,216
- **Talbot County**
    - Eastern Shore Entrepreneurship Center - $625,000
- **Washington County**
    - University System of Maryland at Hagerstown - $97,127.50

Additionally, at the end of FY 2025, the Equitech Growth Commission concluded its work to complete the Equitech Growth Commission Strategic Plan, an inclusive, comprehensive, long-term strategic plan and 10-year goals for growing the State's innovation economy to be highly competitive with other states and regions relative to growing, attracting, and retaining a skilled workforce and high-growth businesses. The Commission consisted of leaders from various State entities, institutions of higher education, trade and non-profit organizations, and legislative and gubernatorial appointees from the business community each bringing unique insights and perspectives to inform the development of the strategic plan and 10-year goals. The strategic plan, was submitted on July 1, 2025, and guides the funding priorities of the Equitech Growth Fund.

Pava LaPere Innovation Acceleration Grant Program

Established by CH 711 of 2024, the Pava LaPere Innovation Acceleration Grant Program honors the legacy of Baltimore entrepreneur and CEO Pava LaPere, an influential and respected thought leader in the Maryland innovation ecosystem who tragically passed in late 2023.

The Pava LaPere Innovation Acceleration Grant Program makes available $50,000 to qualifying technology-based start-up companies founded by students of post-secondary institutions in the Baltimore-Towson-Columbia area. The grant funds are used, in part, to support costs associated with planning, development, regulatory compliance, and/or other technical assistance related to establishing the entrepreneur's company.

In FY 2025, TEDCO partnered with ecosystem stakeholder, UpSurge, to manage the inaugural award cycle for the awards. Thirteen participating institutions nominated 39 student ventures and

ultimately nine awardees were provided a $50,000 non-dilutive award through the program. Awardees were honored at the Maryland Student Venture Showcase on February 18, 2025.

Awardees included:

- **DegreeMap** (Towson University): An intuitive platform that streamlines the process for students and advisors to collaboratively plan, track, and manage degree completion plans.
- **Elastic Energy** (University of Maryland, Baltimore County (UMBC)): Develops innovative energy storage solutions derived from tree sap, providing a cost-effective, sustainable, and durable way to accelerate the global transition to renewable energy.
- **Fetal Therapy Technologies** (Johns Hopkins University): The first platform microsurgical device company developing surgical instruments and training models optimized for the uterine environment to improve the safety of life-saving fetal surgical procedures.
- **Luminova Beauty LLC** (Loyola University): Redefining skincare with affordable science-backed products that empower you to feel confident in your own skin.
- **SneakerSyncLabs.com** (Towson University): Enables anyone to start a plug-and-play resell business by offering streamlined sourcing automations.
- **Somnair** (Johns Hopkins University): Developing the first entirely non-invasive, clinically effect neurostimulation device for the treatment of obstructive sleep apnea, a disease affecting 54 million Americans and 1 billion people worldwide.
- **Sustainabli** (University of Maryland, Baltimore (UMB)): Building easy-to-retrofit IoT systems to promote energy efficiency and safety in healthcare and laboratory settings.
- **WholeSite** (Community College of Baltimore County (CCBC)): Drio's AI-assisted platform that simplifies website creation for growing businesses by combining guided content planning, dynamic design integration, and the power of WordPress to deliver professional, purpose-driven websites that reflect their values and attract their ideal audience.

Rural Business Innovation Initiative

Studies conducted by the United States Small Business Administration (SBA) have shown that high-tech companies based in rural areas are often impeded by the absence of infrastructure necessary to support technical commercial enterprises and the inability to recruit critical masses of people with the appropriate education and skill sets to fully staff such enterprises. However, the same studies show that when rural policy initiatives are enacted to provide small business assistance through non-profits and rural development centers, economic development in those areas is enhanced.

The Rural Business Innovation Initiative (RBII) was created to address the needs of small businesses in the rural areas of Maryland (Western Maryland, Southern Maryland, Northeastern Maryland, Upper Eastern Shore and Lower Eastern Shore) through the RBII. Since its inception in 2009, the program has been supported by state, federal, and TEDCO funds. To implement the program, TEDCO brought on business mentors from the local areas to enhance technology commercialization activities by providing technical and business assistance to incubator-stage companies and incubators in the targeted counties. The program currently provides project grants and pre-seed investments.

The RBII program has been well-received by rural businesses and elected officials and has been successful in providing technical assistance to the entrepreneurs in the rural areas. The hands-on involvement of the Business Mentors and the technical assistance of third-party consultants have been key factors in furthering the growth of these start-up companies.

In fiscal 2025, Business Mentors mentored approximately 45 new companies, resulting in 1,151 hours of mentoring. Six companies received pre-seed investments and five companies received project grant funding.

Examples of business assistance included:

- Market studies
- Competitive analysis
- Funding for product development

In addition, the RBII program organized regional meetings with TEDCO's CEO and continued to support the virtual I-Corps course in conjunction with UMD. To increase participation and access for underrepresented entrepreneurs, while maintaining focus on rural companies, access to this course was also extended to companies from other TEDCO programs.

Concept Capital

Concept Capital is TEDCO's initiative to bridge the early-stage funding gap for underrepresented entrepreneurs across Maryland. The program was created to provide flexible funding and specialized support to founders, thereby ensuring they are prepared for future venture opportunities.

With a focus on socially and economically disadvantaged and rural-based founders, Concept Capital offers convertible notes ranging from $25,000 to $50,000. These funds come with founder-friendly terms (e.g. zero interest and negotiable valuation caps). To qualify, applicants must meet the following requirements:

- Maryland-based business (principal office in Maryland with 51%+ workforce in-state)
- Technology-driven business (non-retail focus)
- Founded within the last 7 years
- Founder or business located in a rural or disadvantaged community, or a socially and economically disadvantaged individual (SEDI), including minority, disabled, or female

Additionally, through the program, TEDCO offers services beyond funding to eligible founders including:

- One-on-one mentoring and advisory services
- Advanced software for performance tracking and investment-readiness
- Tailored guidance to achieve critical venture milestones

In FY 2025, 19 awards were made totaling $450,000.

The first two deployments through the program were to Plainr and Sybal, and in December 2024, TEDCO held its first ever Concept Capital Pitch Competition at TEDCO's 2024 Entrepreneur Expo, which resulted in the winner receiving an additional $25,000 in funding through the program, on top of $25,000 that they already received. The five participating companies included:

- Plainr (Winner)
- Game4Good
- Cravvn
- Pedestal
- ThermoReg

Additionally, the following companies received funding under the Concept Capital Program in FY 2025:

- NurseLynx, Westminster, $25,000
- NeurosBio, Frederick, $25,000
- Atme, Frederick, $25,000
- Bioevanesce, Frederick, $25,000
- Forager Station, Frederick, $25,000
- Annie's Guard, Waldorf, $25,000
- Kuya, Gaithersburg, $25,000
- Oaks Hospitality, Silver Spring, $25,000
- Warranty Pilot, Baltimore City, $25,000
- Postcare AI, Ocean City, $25,000
- Tight & Right, Baltimore City, $25,000
- Worlds of Hello, Adelphi, $25,000

In FY 2026, TEDCO hosted the 2025 Entrepreneur Expo where the second Concept Capital Pitch Competition took place. The winner of the competition received and additional $25,000 in funding through the program. The participating companies included:

- BioEvanesce (Winner)
- Neuros Biotechnology, Inc.
- Atme, Inc.
- Forager Station, Inc.
- AnnieGuard Corporation
- Kuya App, Inc.
- Spacii
- Postcare AI
- Worlds of Hello

Rural Pre-Seed Fund

In FY 2018, the RBII program launched a Rural Pre-Seed Investment Fund which invests $25,000 in rural companies in the RBII program. In FY 2025, a total of 7 investments were made totaling $175,000.

Urban Business Innovation Initiative

In FY 2021, TEDCO expanded the RBII concept to assist underserved entrepreneurs in two urban areas, Prince George's County and Baltimore City. By 2025, the program had further grown to include Montgomery, Howard, and Anne Arundel counties. This program is referred to as the Urban Business Innovation Initiative (UBII).

In FY 2025, UBII representatives mentored 52 new companies with a total of 559 mentoring hours and 1,745 hours of outreach. In addition, the program approved three project grants to startups – examples of assistance included market assessment and product development. Like RBII, the mentor representatives in these regions also work with other ecosystem organizations, accelerators, and incubators to ensure entrepreneurs are connected to the right resources at the right time in their growth. The UBII program has formalized these relationships and meets quarterly as a group.

Comprehensive Technical Assistance Program

The Comprehensive Technical Assistance Program, established by Chapter 235 of 2021, was created to provide comprehensive technical assistance to any business that qualifies for TEDCO's funding programs. Many early-stage companies engage with TEDCO for financial and other technical support. The types of service required by these companies, a concierge-like service, requires a significant commitment of staff time. TEDCO staff can provide technical assistance themselves, direct the company to other resources in the State, or match the company with expertise through its vast network of advisors. The fiscal note for this legislation estimated it would cost TEDCO about $250,000 annually and would impact approximately 130 companies.

While the legislation passed, TEDCO has not yet received funding for this program. As required, TEDCO has promulgated regulations to implement the program, however, TEDCO lacks the funding to move forward with the program.

Maryland Makerspace Initiative Program

In FY 2023, TEDCO managed the Maryland Makerspace Initiative Program (Makerspace Program). Created through legislation passed by the Maryland General Assembly, the Makerspace Program provides grants up to $100,000 and technical assistance (provided by Open Works) for qualified entities looking to establish a new Makerspace, expand an existing Makerspace, or develop Makerspace programming. The mission of this initiative is to grow a state-wide community of Makerspaces that provides entrepreneurs with access to tools, technologies, and knowledge to support their growth and development as well as expand workforce training.

In its second year of execution, the Makerspace Program received 44 applications and awarded

18 makerspaces with a collective funding total of $817,577. Of that, 48% ($396,979) went to makerspaces located in rural counties in Maryland. Twenty awardees were previously funded last year while seven new awardees were selected.

In its third year of execution, the Makerspace Program received 27 applications and awarded 14 Makerspaces with a collective funding total of $784,065. Of that, $323,500 (41%) went to Makerspaces located in rural counties in Maryland. Five of the awardees (38%) are newly funded by the Makerspace Program.

Network Advisors

Growing great companies takes more than money and Maryland's entrepreneurs repeatedly express the need for assistance in certain very specific areas. To help meet that need, TEDCO has curated a highly diverse network of advisors who have current, relevant experience in one or more of these specific areas. This group, the Network Advisors, brings its broad and diversified depth of experience to bear on the unique needs of Maryland's start-up companies – the entire effort is dedicated to helping the State's technology-based entrepreneurs reach their full potential. Network Advisors typically provide 2 – 3 hours of pro bono advising to individual companies multiple times a year. In FY 2025, this program continued to grow to 122 Network Advisors with over 45 requests.

Loaned Executives

In certain cases, companies that have already received, or are likely to receive, an investment from TEDCO, can engage one of the Network Advisors on a contractual basis to provide paid advisory services to a company to help it achieve a specific milestone and make it competitive for the next round of funding and growth. In FY 2025, TEDCO funded 21 loaned executive projects totaling a maximum of 1,029.25 hours served. Projects have demographically and geographically spanned the state and range from designing medical device prototypes to filing non-provisional patents to developing customer acquisition and sales strategies. All projects went to underserved entrepreneurs.

Prelude Pitch

Each month, TEDCO invites start-up companies to practice their pitch in front of TEDCO team members and experienced mentors (Network Advisors) to receive valuable feedback and an introduction to TEDCO. In FY 2025, TEDCO held multiple Prelude Pitch events which provided 59 companies an opportunity to pitch their ideas.

On-line Educational Resources & Workshops

While several educational materials on entrepreneurship can be found on-line, the current thinking around best practices in entrepreneurship revolves around the lean start-up approach. TEDCO believes strongly that entrepreneurs in most technology sectors should follow these practices when working to establish a company. The TEDCO website links entrepreneurs to a variety of available and accessible on-line educational resources including several focused on the lean start-up approach.

Maryland Entrepreneur Hub

In FY 2021, TEDCO partnered with Commerce and the University System of Maryland (USM)

to build and develop a state-wide AI enabled platform designed to connect all parts of the entrepreneurial community. The Maryland Entrepreneur Hub now enables innovators, startup founders, and small business owners to find and connect with the right resources for their business, including investors, universities, mentoring programs, networking groups, training programs, and more. Resources can also be viewed on a map by region or by type of resource, industry sector, stage of growth, type of business, and/or by founder focus (e.g., Female led, Black led, Latino led, BIPOC led, Veteran- led, and underserved founders).

Market Search Databases and IPGen

Many start-up companies fail due to a lack of understanding the market. While there is no substitute for talking to potential customers, entrepreneurs first need to assess their potential market at a general level. An understanding of competitors, industry trends, and market segments through secondary research is an important part of developing a plan to launch and grow a business. Moreover, entrepreneurs that do not have a solid understanding of their market will find it difficult to raise funding from TEDCO and other investors.

Market Search Services provided by TEDCO continue to be available to entrepreneurs via remote access. The services are a resource to help entrepreneurs address the challenges of conducting market assessments. The goal is to improve the market assessment and opportunity analysis associated with the development of business plans and applications for TEDCO's funding programs.

In addition to research, entrepreneurs often need assistance in understanding their intellectual property (IP) and the patent process. With this in mind, TEDCO partnered with a Builder Fund portfolio company called IPGen, which was founded by a patent attorney. IPGen uses AI, natural language processing (NLP), machine learning, and natural language generation (NLG), to streamline and simplify various stages of the patent process. The platform is free for entrepreneurs to use for one year as they navigate the complexities around securing their IP.

Workgroup on Independent Innovation in Prince George's County

CH 677 of 2023 established the *"Workgroup on Independent Innovation in Prince George's County"* in TEDCO, tasking the workgroup with:

- Discussing and making recommendations regarding strategies to support investments in industry opportunities and potential areas of innovation;
- Identifying and collaborating with a group of angel investors based in Prince George's County in order to encourage investment in Prince George's County, including investments at the preconceptual stage and strengthen an innovation–focused entrepreneurial system; and
- Collaborating with TEDCO and other stakeholders in order to build partnerships and develop strategies to build Prince George's County's potential to become a hub for entrepreneurs and technology start–up companies.

The workgroup has since completed its work and submitted its "Recommendations Regarding Strategies to Support Investments in Industry Opportunities and Potential Areas of Innovation"

Federal Laboratory Technology Initiatives

Given Maryland's position as the home of more Federal Laboratories than any state in the country, Federal Laboratory Technology Initiatives are another important aspect of TEDCO's mission. Federal labs have an interest and a mandate to transfer their innovations to the commercial sector. TEDCO continues to work with the Federal labs in support of technology transfer efforts; we also connect the labs to Maryland entrepreneurs who are creating technology-based companies and to existing companies adopting new technologies to become more competitive and helping companies to scale. Additionally, the Federal labs have equipment and facilities with excess capacity that they are willing to make available, usually for a fee.

TEDCO wants Maryland entrepreneurs to be aware of and to have access to these capabilities. To facilitate this exchange, TEDCO has entered into formal agreements with Federal labs to provide access to their technology, data sets, facilities, and more, all to benefit Maryland entrepreneurs. Additionally, thanks to the support from the State of Maryland, TEDCO recently began implementing the SBIR/STTR Matching Grant Program which provides State support for Maryland businesses that have received a Phase I or Phase II award under the U.S. Small Business Administration Office of Technology's Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) program. This important tool along with others, such as the SBIR/STTR Technical Assistance Program, has helped Maryland maintain its position as a top state for SBIR/STTR awards to Maryland small businesses.

In addition to TEDCO's ongoing Federal Technology Transfer Initiatives, TEDCO has been more aggressive in its pursuit of applying for and coordinating applications for Federal Funding. Though TEDCO's efforts have been effective in receiving additional Federal Funds to help Maryland entrepreneurs, TEDCO remains cautious, recognizing the possibility that federal funding streams may be rescinded or reprogrammed given the present environment.

SBIR/STTR: Improving Maryland Small Business "Win" Rate on Federal Funds

The SBIR/STTR programs, coined "America's Seed Fund," brings federal dollars into the State of Maryland to support early-stage, technology-based companies and better prepare them for capital investment from TEDCO and other investors, which is needed to scale the businesses and create jobs. Increasing the number of entrepreneurs pursuing this funding through incentives and increasing the award rate by improving proposals through technical assistance presents a significant economic benefit to the State.

SBIR/STTR Matching Grant Program

Established by Chapters 8 and 25 of 2021, the Maryland Small Business Innovation Research (SBIR) and Technology Transfer (STTR) Incentive Program was enacted to foster job creation and economic development by creating an incentive for Maryland businesses to pursue and secure SBIR and STTR funding from the Federal Government.

Through the program, Maryland businesses that have received a Phase I or Phase II award under the U.S. Small Business Administration Office of Technology's SBIR/STTR program(s) are eligible to apply for an investment or grant of up to 25% of the award (limited to $25,000 for Phase I funding or $75,000 for Phase II funding). Companies that received an SBIR or STTR award within six (6) months of the application cycle are eligible to apply.

In FY 2025, TEDCO received 26 applications. The applications were reviewed on a quarterly schedule..TEDCO finished the first and second round of reviews, selecting five (5) awardees for SBIR/STTR Matching Funds from a pool of 11 applicants. An exact total of $275,000.00 was distributed amongst awardees. Awardees included:

- **Main Engineering:** Main Engineering is developing innovative integrated circuits for spacecraft instrumentation and other applications.
- **Simmbion, LLC (Chariot Biosciences):** Simmbion is developing a novel a long-term (at least 3 months) therapeutic delivery approach (patent pending) for in-vivo expressed biologics to safely deliver and significantly reduce the cost and time of care.
- **Whoosh HPC Lab, LLC:** Whoosh HPC Lab is developing disruptive, state-of-the-art, GPU-native computational fluid dynamics software for use in hypersonics design and aviation.
- **SpringWear, LLC:** SpringWear is developing HandSOME I, an affordable, lightweight, wearable solution that allows stroke patients to practice tasks at home, integrating daily activities with reduced effort and fatigue.
- **Tao Treasures LLC DBA Nanobiofab:** NanoBioFab is developing WoundSentry™, an Integrated Smart Dressing for Non-Invasive, Real-Time Detection of Burn Wound Infections.

SBIR/STTR Technical Assistance Program

The SBIR/STTR Technical Assistance program was established to help Maryland technology and life sciences companies build the expertise needed to access funding from America's Seed Fund (SBIR/STTR) and grow their businesses. The program targets small businesses with limited experience in securing federal SBIR/STTR investments, helping them navigate SBIR/STTR program requirements, understanding the resources available, and guiding them through the SBIR/STTR proposal process with technical and business resource support.

The program is divided into several workshops that offer an overview of federal SBIR/STTR programs, along with in-depth sessions on agency-specific processes and proposal writing. It also includes guest presentations from industry experts and individual expert proposal reviews to help participants enhance their capability of proposal writing. The program is organized into two parts:

Part 1: Workshops for SBIR/STTR knowledge and proposal training

Federal SBIR/STTR program overview: This session is an overview of federal SBIR/STTR programs, funding agencies, differences between SBIR and STTR, and availability of various related resources.

- DoD SBIR/STTR program overview: This session is an overview of DoD SBIR/STTR programs, differences from other agencies, program requirements and expectations, and the proposal submission process.
- NIH SBIR/STTR program overview: This session is an overview of NIH SBIR/STTR programs, differences from other agencies, NIH topic areas, and the proposal submission process.

- DoE SBIR/STTR program overview: This session is an overview of DoE SBIR/STTR programs, differences from other agencies, program requirements and expectations, and the proposal submission process.
- Training session 1 - Find the right topics and write good technical proposals: This workshop is a practical training session, focusing on helping companies understand different agency requirements, identifying the right topic based on their technical backgrounds, and preparing a good technical proposal.
- Training session 2 - Commercialization and TABA support: This workshop is a practical training session, focusing on helping companies understand the importance of technology transition and commercialization, guiding them to write a strong commercialization plan, and obtaining suitable TABA support.
- Training session 3 - Prepare the budget proposal: This workshop is a practical training session, focusing on helping companies prepare a reasonable cost proposal.

Part 2: Individual proposal reviews

- This program will provide two rounds of reviews for each proposal by technical and/or business expertise.
- TEDCO will work with each participant and domain experts to determine the review schedule.

The program was funded for the first time in 2025, and the first round of training began in July 2025. In FY 2025, the program accepted 25 early-stage start-up companies with interest of leveraging SBIR/STTR resources to grow the company. TEDCO, partnered with OST Global Solutions, delivered six full day training workshops to 22 participants, mentoring them on how to understand SBIR/STTR requirements and how to draft a high-quality research proposal to DoD, NIH and DoE. All 25 companies will participate in Part 2 of the program on proposal reviews with the target submission date between November 2025 to January 2025.

Venture Well's Aspire

TEDCO partnered with VentureWell to set up a new subprogram, Aspire, to support Medtech startups to prepare for investor engagement. Aspire Medtech is a five-week hybrid program that equips early-stage, technology-based startups with the training, guidance, and investor connections they need to cross the critical funding gap often called the "valley of death." Through a combination of cohort-based learning, one-on-one mentoring, and hands-on activities, startups enhance their commercialization capability, tackle real-world business challenges, and strengthen their investment readiness.

FAST Grant – SBIR/STTR Proposal Lab

The Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Proposal Lab is a series of workshops funded, in part, by the Small Business Administration with a TEDCO match of cash and in-kind effort. TEDCO teamed with the GovCon Incubator and the Small Business Development Center (SBDC) on a Small Business Administration FAST grant. The grant was extended by the SBA for one additional year (FY 2024). The output of the program has been an increase in the win rate for first-time SBIR/STTR proposals from Women-Owned, Small Disadvantaged, and Rural Maryland businesses. The original program's goal was to double the national win rate of 16% to 32% for Proposal Lab participants. The program has an

overall award rate of 40%. Cohort graduates have been awarded more than $28 million in SBIR and STTR Phase I and Phase II awards from multiple agencies. Not only does the SBIR/STTR Proposal Lab help with the SBIR/STTR win rate, but also provides business skills that improve the entrepreneur's overall business acumen. For FY 2024, TEDCO accepted 27 companies into the cohort.

In FY 2025 the program:

- Conducted eight full-day training workshops with invited guest speakers. The lab was split into two parts: Part 1 focused on the project pitch preparation, and Part 2 focused on the proposal preparation and submission. The lab provided interactive training presentations with hand-on experiments to ensure interest and engagement from participants. The lab provided updated Annotated Outlines to ensure proposal compliance with the National Science Foundation's (NSF) FY 2025 solicitation.
- Engaged with over 50 small businesses through interviews, and selected 28 small businesses to join Part 1 of the lab and 14 small businesses for Part II through a competitive application process that culminates in submission of NSF Phase I proposals by the NSF's July submission window. 57% of their pitch submissions were accepted by NSF, and 100% accepted pitch submitted proposal.
- Invited presentation provided insights and strategic direction by special guest speakers from government agencies and prior successful SBIR/STTR winners, including: two previous cohort members with SBIR success, a TEDCO's investment team member, a business cost and pricing senior expert, a legal and IP expert, an NSF proposal reviewer, and a NASA Program Director. The talks cover a wide range of topics, from a reviewer's perspective, experience sharing of a successful SBIR journey, to effective business investment strategy, to IP and legal advice.
- The lab provided two rounds of formal Proposal Reviews (pink and red) and in total five reviews for each company's proposal in addition to two project pitch reviews from business and industry experts selected to meet Cohort members' specific needs, with 80% of the cohort participation.
- The lab provided advanced market segment understanding with detailed insights from TEDCO's Market Search services. Members accessed Frost and Sullivan and Global Data to make data-driven decisions and demonstrate a precise level of market understanding.

In FY 2025, TEDCO was advised by the Office of the Attorney General that certain new terms included in the renewal contract with the Small Business Administration would not be acceptable, and TEDCO has since ceased its FAST Grant.

Business Resource Information, Development, and Guidance Ecosystem (BRIDGE) Program

Funded mostly by grant funding through the US Department of Treasury, TEDCO's Business Resource Information, Development, and Guidance Ecosystem (BRIDGE) Program was created to provide legal, accounting and financial advisory services to Socially and Economically Disadvantaged Individuals (SEDI)-owned businesses and Very Small Businesses (VSBs) with fewer than 10 employees.

With this additional support, SEDI-owned businesses and VSBs receive better access to capital,

including funds from the State Small Business Credit Initiative (SSBCI) Capital Program and other federal funding opportunities resulting from the Bipartisan Infrastructure Law, Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, Inflation Reduction Act, and SBIR/STTR funding.

The three-year project is led by TEDCO in collaboration with Small Business Development Centers (SBDCs - MD-UMCP, VA-George Mason University, DC-Howard University), University of Maryland Francis King Carey School of Law and supported by SBDC (Delaware), Delaware Division of Small Business and the Virginia Small Business Financing Authority.

Services made available under the BRIDGE Program include:

- **BRIDGE Advising**: TEDCO's BRIDGE advisors work with each business, providing mentoring and advising support. Once a business applies to BRIDGE, they then complete an assessment to help advisors understand their business status and guide them to the best resources available.
- **Financial Literacy, Credit Repair, and Building:** This is a new program that provides consulting services to help business owners improve credit to better position them for loans and other debt capital.
- **Community Development Financial Institutions (CDFI) Technical Assistance:** This is a new competitive program that will engage CDFI partners across the region by awarding 8 grants of up to $100K each year to support technical assistance programs managed by the CDFIs.
- **Back-Office-In-A-Box:** This is a new competitive program that will provide 3-5 grants of up to $100K to partner organizations that can provide accounting, bookkeeping and other support to companies.
- **Women's Access to Capital & Entrepreneurship (ACE) Program:** This funding expands the current Institute for Women Entrepreneur Excellence (IWEE) entrepreneurial leadership program to reach more SEDI women and women leading VSBs to better position them for funding.
- **Rural & Urban Business Innovation Initiatives (R/UBII):** This funding will support the expansion of TEDCO's R/UBII program by adding two additional venture advisors for the duration of the program.
- **BRIDGE Proposal Lab:** The Proposal Lab is an intensive business development accelerator program designed to equip SEDI entrepreneurs and VSBs with the skills, resources, assistance, and mentorship necessary to compete and win proposals in today's increasingly consolidated federal funding environment. It is open for applications to government contractors registered to do business in Maryland, DC, Virginia, and Delaware. This cohort-based initiative blends U.S. Department of Labor–certified Apprenticeship instruction with hands-on pipeline, capture, and proposal development.
- **Carey Business Law Clinic + Intellectual Property & Entrepreneurship Clinic (IPEC):** This funding will support an expansion of the Carey School's legal clinic, which provides pro bono legal services to entrepreneurs – especially for corporate formation and related business matters.
- **Loaned Executive Program:** These funds will expand TEDCO's Loaned Executive program by allowing for 30 more loaned executive engagements each year.

The BRIDGE team is very active, attending community events, receiving business-to-business referrals, and gaining exposure to the vast ecosystems of organizations. The BRIDGE team met with and spoke to 118 companies that have not yet officially registered, and an additional 127 companies have completed their applications.

The Maryland Defense Technology Commercialization Center (DefTech)

DefTech is funded by the Department of Defense (DoD) Office of Local Defense Community Cooperation (OLDCC), TEDCO, and the Maryland Department of Commerce to connect Maryland businesses to the DoD laboratories to further product development, engage in cooperative research, and access the unique facilities, equipment, and expertise available through DoD lab engagement. The program started in mid-FY 2023 through August 2024 and based upon its exceptional performance, received follow-on funding from OLDCC through June 20, 2026.

At the end of Q4, the program was at near capacity with 42 members. During Q4, six new members were approved and a total of 13 T2 agreements are progress or completed. A sample of DefTech members includes the following:

- **Biosynthesis AI** – The company is developing a pilot-scale biomanufacturing plant in Harford County to produce materials relevant to forces in forward positions where regular supply lines may be degraded. They are in the process of negotiating a Cooperative Research and Development Agreement (CRADA) with DEVCOM Chemical Biological Center (CBC) which operates its own in-house facility and both parties wish to develop solutions for both civilian and military applications. The company participated in the DefTech-organized tour of the CBC facility in May.
- **NanoBioFab** – In Q3, the company received a $2 million SBIR direct to Phase 2 award from the DoD and also submitted five further SBIR proposals to the DoD. The testing of the company's wound infection sensor on non-human animals has been progressing well assistance has been requested with introductions to Walter Reed National Military Medical Center, which the DefTech Advisor is pursuing with the assistance of Henry M Jackson Foundation for the Advancement of Military Medicine (HJF). The company is also collaborating with a major medical device manufacturer.
- **Algisense** is using AI to process electrical signals in the brain to provide tools to help manage pain and stress, with a focus on both military and civilian use. Seeking partners that can provide access data from patients with chronic pain and/or PTSD, the company is in discussion with the Henry M Jackson Foundation for the Advancement of Military Medicine (HJF) regarding access to patients from Walter Reid and is under consideration for participation in the HJF incubation program. The company is also considering an application in response to a call for proposals from DoD relevant to the company's focus.
- **AlarisPro** has developed a unique comprehensive fleet management system for unmanned systems of all kinds and is seeking to enter into a CRADA with the Navy to further develop the system. The company attended an information session with Naval Air Warfare Center Aircraft Division (NAWCAD) organized by DefTech and is pursuing contacts obtained during the session.
- **CarrTech** developed the FROG (Filter Removal of Glass) filter needle. They recently

received FDA Approval for their FROG device under Section 510k of the Food, Drug and Cosmetic Act and can now sell the FROG as an approved medical device. Manufacturing partners for the device have been identified and it is anticipated that the company will begin sales in 2026.

- **Pervista** is developing a standoff distance-weapons detection capability. They have submitted proposals for two different Defense Advanced Research Projects Agency (DARPA) opportunities, one as a result of the DefTech Opportunities distribution. As a follow-up to DefTech Opportunities, they have reached out to NAWCAD, Southern Maryland Tech Bridge, and the AFDW Industry Day. They also attended the Navy 'Tide Talks' as a result of DefTech.
- **Redhelm** is developing laser-beamed energy technology; currently the company is applying for DoD Operational Energy Capability Improvement Funding and also pursuing Other Transaction Authority funding based on an "Awardable" status in DARPA a Navy SBIR Phase 2 proposal and has submitted an application for a Special Operation Forces opportunity. They attended the Aberdeen Proving Ground Advance Planning Briefing for Industry and a tour of the Advanced Manufacturing Facility at Aberdeen Proving Ground, both of which were organized by the DefTech team.
- **WearableDose** – Developing a dosimeter for proton therapy. Submitted a proposal to Robert Wood Johnson Foundation's Rapid Response Research Award. Prepared pre-submission documentation for an NIH SBIR Phase I and developed a concept submission for xTechOverwatch program (Army). They received $35,000 from the Alliance for Pediatric Device Innovation.
- **BioEvanesce** – The company is developing a technology to eliminate post-surgical adhesions using a novel hydrogel-based barrier and delivery mechanism. There is a significant risk of adhesions in 90% of abdominal and pelvic surgeries such as appendectomies and caesarean sections. The company has submitted an SBIR Phase I proposal to the National Science Foundation in Q3.
- **Sybal** – The company provides Proof of Governance solutions, based on a patented AI system. They have received contracts from the Department of Defense, and in Q2 submitted a $750,000 follow-on proposal to the Defense Logistics Agency (DLA) Weapon System Sustainment Program (WSSP) in response to a Broad Agency Announcement (BAA), for which contract negotiations are now under way. They also participated in two DefTech member networking events in Q3.

Federal Labs Leveraging Innovation to Products (FLLIP)

The FLLIP Pilot Program is a new program, with a three-year period of performance starting July 1, 2024 through June 30, 2027. It is structured around a phased timeline designed to maximize strategic planning, expert deployment, and company engagement over a multi-year period. FLLIP is underway with material program infrastructure established by the end of the first year. By January 2025, the program was fully up and running with exploratory meetings involving program stakeholders, federal laboratory partners, and ecosystem collaborators to establish alignment and define initial opportunities.

By February 2025, TEDCO had recruited and procured a team of technical experts prepared to engage with federal labs. Recognizing potential attrition, the program will maintain flexibility by recruiting more than ten experts and conducting additional RFAs as needed.

By September 2025, initial lab briefings with three federal labs were completed, satisfying a major program requirement ahead of schedule. Building up on these initial engagements, lab tour planning will begin for the second and third years. Throughout this period, lab tours will be open to both technical experts and the selected companies.

Between November 2025 and June 2026, company engagement will progress in three phases:

- 25–50% of target companies identified and supported by November 2025
- 75% of target companies identified and supported by February 2026
- 100% of target companies identified and supported by June 2026

Target companies will be identified through a combination of expert recommendations, workshop outreach, and recruitment efforts by TEDCO and Frederick Innovative Technology Center (FITCI) from September 2026 through June 2027. During this time, the technical experts will continue to provide one-on-one support to participating companies, while lab tours proceed as a key engagement tool.

At the conclusion of the performance period, FLLIP will have supported 30 companies with tailored education and advisory services, with the goal of establishing material relationships with between 5 - 10 of these companies and participating federal labs, demonstrating the program's impact on federal commercialization and innovation.

Marketing

Expanded awareness for TEDCO and its portfolio companies is driven through targeted outreach to innovation ecosystem collaborators, regional and national publications, alongside TEDCO's digital channels, to share funding opportunities, success stories, and Maryland's tech and life science startup updates with stakeholders statewide and beyond. TEDCO's Entrepreneur Expo deepens this impact by convening startups, investors, and ecosystem leaders in a high-value, in-person setting that accelerates business development, catalyzes follow-on funding, and reinforces Maryland's position as a leading innovation hub.

Portfolio Company Exposure

Leading innovation to market starts with actively engaging in the ecosystem, promoting company growth, building awareness, and fostering new connections. Through TEDCO's Development & Marketing department, we work to not only promote our programs, resources, and support, but the opportunities offered across the state that can foster entrepreneurial and ecosystem growth. We ensure portfolio companies receive increased visibility through targeted regional and national media placements, supporting company growth, talent attraction, and expansion into new markets.

In FY 2025 alone, TEDCO facilitated the recognition of more than 90 companies and founders through regional and national recognition, with over 100 press releases and 28 articles featured in various publications highlighting different companies across the ecosystem.

Ecosystem Marketing Support

TEDCO's marketing efforts extend beyond portfolio company support and into sustained, on-the-ground engagement with Maryland's economic development community to strengthen our collective resources for startups to grow and stay in Maryland. In FY 2025, TEDCO collaborated with business chambers, industry associations, economic development partners, and higher ed in various ways, to include exhibiting at 27 events and contributing to over 100 speaking engagements and panels; maximizing visibility, strengthening partnerships, and demonstrating strong value for budget investment.

Fostering Collaboration and Coordination in Maryland's Entrepreneurial Ecosystem

In response to the overwhelming positive feedback from the ecosystem of the Entrepreneur Expo, TEDCO again hosted the event in December of 2025. This award-winning event was established to spotlight entrepreneurship in the region by bringing together Maryland's various assets for a day of celebration and connections to much needed resources for our companies to grow. Over 1,150 attendees participated in the event which included over 100 exhibitors (to include 50 startup exhibitors), hosted 23 unique sessions featuring 112 speakers including, Governor Wes Moore, IonQ CEO Niccolo de Massi, Appropriations Education and Economic Development Sub-Committee Chair Stephanie Smith, Comptroller Brooke Lierman, and Maryland State Senator Jack Bailey, among others.

In addition, during the Expo, TEDCO announced international collaborations that will encourage further growth. Joining Governor Moore, APAC Investment and Innovation Development Association Taiwan, and SangFroid International Capital in announcing an agreement to unlock up to $50 million in co-investments into Maryland's innovation economy as well as signed agreements with Korea Venture Investment Corporation, KUnicorn Investment LLC, and the Ministry of Digital Economy and Entrepreneurship of the Hashemite Kingdom of Jordan to further pursue co-investment opportunities in Maryland.

TEDCO's Entrepreneur Expo continues to provide a dynamic platform for startups, investors, and ecosystem leaders to connect, collaborate, and accelerate innovation in Maryland. The event fosters meaningful interactions that support business growth, investment opportunities, and cross-sector partnerships.

Participants consistently highlight the value of the Entrepreneur Expo in facilitating real-world connections and advancing their ventures. As Shastrah.AI, a life sciences startup, shared:
"We had focused conversations with founders, investors, and ecosystem leaders who understand the realities of building something from scratch in life sciences and diagnostics. The guidance and feedback we received will directly inform how we navigate our next phase of product development, clinical validation, and funding. Thank you TEDCO for building a space where real conversations happen and real progress gets made."

Exhibitors also report tangible business outcomes as a result of their participation. Mike Malloy of Malloy Industries stated:
"Business moves at the speed of trust. Thanks to the TEDCO Expo, I made the fastest sale I've had in the past 5 years! I met my new client during the evening reception, and within 25 minutes we reviewed the scope of work and closed the sale right at my exhibit booth. The project kicked

off just days later, and we began onboarding the following week!"

TEDCO's Entrepreneur Expo also showcases Maryland's strategic positioning and global engagement. EcoMap Technologies highlighted:
"Throughout the event, Maryland leaders reinforces the state's focus on growing life sciences, aerospace, and manufacturing and distribution. The state also announces partnerships bringing foreign direct investment from Korea, Jordan, and Taiwan, with quantum being positioned as a tool to accelerate growth across sectors. Thanks to TEDCO for having us, and for bringing Maryland's entrepreneurial community together!"

These testimonials illustrate the Entrepreneur Expo's dual role in both driving measurable business outcomes and reinforcing Maryland's leadership as a hub for innovation and entrepreneurship.

Management and Administration

Effective management and administration are fundamental to TEDCO's success in providing programs and services that meet Maryland's entrepreneurial needs. One indicator of effective administration is a clean audit, and I am pleased to report that for the 24th consecutive year, TEDCO received an unqualified (clean) audited financial statement. TEDCO is required by statute to seek an independent audit of its annual financial statements, and we take this requirement very seriously, as we do TEDCO's additional reporting requirements.

Transparency and accountability are fundamental to our leadership approach and have been front and center. With that context, after about a year and a half into my tenure as TEDCO's CEO, our management and administration focus has included:

- Bringing more rigor to TEDCO's business processes;
- Building investments in our data systems to provide a higher level of intelligence on what we do, how we serve, and when we should intervene;
- Being intentional on diversity, equity, and inclusion in TEDCO's talent management, vendor selection, investment thesis and entrepreneurial support;
- Ensuring the TEDCO team is supported and coached to achieve their highest potential;
- Through marketing and communication efforts, implementing aggressive outreach to communities that have not been traditionally reached by TEDCO and tech-based innovation opportunities;
- Ensuring TEDCO's information technology infrastructure is secure and accessible; and
- Most importantly, doing all that we do through and by our five core values:
    - Accountability
    - Collaboration
    - Integrity
    - Respect
    - Stewardship.

By focusing on these values and management practices, we are telling the story of how we build and sustain Maryland's innovation ecosystem while attracting talented and diverse people to

work at TEDCO. We are moving towards a sense of belonging for those that have historically been excluded in our industry and Maryland's economic development.

It is worth noting that, in general, TEDCO's funding is considered a general fund grant of the State and is not subject to annual adjustments for inflation, COLA's, or other annual increases like other State agencies. This has been especially impactful on TEDCO's administration and operating budget. The expenses are driven, not just by normal inflationary pressures, but also by increases in operational and programming responsibilities.

Maryland Innovation Initiative Partnership Extension Program

Maryland Technology Development Corporation

January 2026

MARYLAND INNOVATION INITIATIVE: LEGISLATIVE REPORT REGARDING THE MARYLAND INNOVATION INITIATIVE PARTNERSHIP EXTENSION PROGRAM

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I. EXECUTIVE SUMMARY

This report is submitted pursuant to §10-461(G)(1) of the Economic Development Article, which requires the Maryland Innovation Initiative to report on similar programs in peer states and the potential economic benefits and costs of expanding the Initiative to all public and private nonprofit institutions of higher education in the State.

Since 2012, MII has awarded approximately $63 million via grant and investment toward university-based technologies, generating over $830 million in follow-on funding, supporting the creation of more than 200 startups, and contributing to over 420 sustained high-skill jobs—a return of approximately thirteen dollars for every dollar invested. MII's originating statute defines five participating institutions: Morgan State University, Johns Hopkins University, the University of Maryland – College Park, the University of Maryland – Baltimore, and the University of Maryland – Baltimore County. From FY2023-2026, MII was funded by the State of Maryland to engage in pilots with higher education institutes throughout the State, including those with nascent or emerging research and innovation capacity. MII's impact and the success of its pilot program demonstrate the potential for the program to serve as a driver of regional economic development strategy as well as a potent driver of university-industry engagement to facilitate business attraction and expansion through collaborative research and development.

Peer states have recognized the strategic value of technology commercialization programs and invested accordingly. Virginia's Innovation Partnership Corporation deploys approximately $43 million annually toward university commercialization, representing 1.9% of its higher education R&D base, and has attracted transformational investments including AstraZeneca's $4.5 billion pharmaceutical manufacturing facility. Texas's CPRIT program, investing $300 million annually (3.6% of R&D), has recruited over 300 world-class scientists and brought the first state-funded cancer drug to market. Maryland's current $5.3 million appropriation represents just 0.1% of its $6 billion university R&D base—roughly one-tenth the investment rate of peer states with comparable research assets.

This report examines three expansion scenarios indexed to peer state benchmarks: (1) scaling the program to meet demonstrated demand (up to $18 million annually); (2) matching peer state investment rates ($60 million annually); and (3) driving industry-specific efforts that draw coordinated industry investment ($210 million annually). At the highest investment level, MII could generate an estimated $2.6–2.8 billion in annual follow-on funding and 1,200–1,400 sustained jobs per year, while positioning Maryland to anchor focused centers of excellence that attract sustained private co-investment and corporate relocation.

Recommended approach: A deliberate phase-in period, beginning with a FY27 total appropriation of $10.3 million (an additional $5 million to FY26 MII funding of $5.3 million), would enable MII to build the capacity necessary to execute on statewide engagement, industry convening, and challenge-aligned programming before scaling to higher investment levels.

This level of funding is consistent with TEDCO's funding priorities for FY27 and would provide the ability to fund HB799, in a measured, phased-in approach, while maintaining core MII funding and incorporating pre-existing, successful pilot programs into on-going funding.

Anticipated impact of recommendation: An increase of $5 million in FY27 (for a total of $10.3 million in MII funding), would equip MII to generate roughly $130-$140 million in follow-on, private funding per year, support formation of an additional 20-30 new start-ups, and 50-70 Maryland jobs.

II. INTRODUCTION AND BACKGROUND

Purpose of this Report

This report is submitted in accordance with §10-461(G)(1) of the Economic Development Article. . Chapter 217 of 2025, established the Maryland Innovation Initiative Institution Partnership Extension Program (MII-PEP), effectively authorizing the expansion of the Maryland Innovation Initiative to public and private nonprofit institutions of higher education beyond its five original partner universities.

The enabling legislation also required a report to the Governor and General Assembly, on or before January 1, 2026, on:

1. Similar programs in neighboring states
2. The potential economic benefits and costs of expanding the Initiative to all public and private nonprofit institutions of higher education operating in the State

Overview of the Maryland Innovation Initiative

The Maryland Innovation Initiative (MII) was established by statute in 2012 as a collaboration between the State of Maryland and five research universities: Johns Hopkins University, Morgan State University, the University of Maryland – College Park, the University of Maryland – Baltimore, and the University of Maryland – Baltimore County.

MII provides grant and investment funding toward technologies developed at participating research institutions. MII funding includes direct awards to university faculty labs as well as early capital investment in licensed spinouts. The program operates through two primary funding mechanisms:

- **Technology Assessment:** Technology Assessment awards provide up to $130,000 (or $180,000 for joint institution applications) to support technology validation and development; and
- **Company Formation:** Investments up to $300,000 for startups licensing university-assigned intellectual property

The Maryland Innovation Initiative is credited not only with supporting successful technologies and startups that have drawn jobs and investment to the State of Maryland, but also with promoting the culture of innovation and entrepreneurship that transforms academic ideas into viable, impactful businesses.

Program Impact to Date

Since its inception, MII has established itself as a nationally unique program that has delivered substantial economic impact for Maryland:

The Maryland Innovation Initiative – By the numbers since inception

$60m+	Awarded (convertible notes and grants)	**$800m+**	Follow-on funding attracted
400+	Sustained jobs created	**200+**	Startups launched

The Maryland Innovation Initiative has generated over $800 million in follow-on funding and 400 sustained jobs from its roughly $60 million awarded in convertible notes and grants. This follow-on funding figure represents a return-on-investment multiplier of over thirteen times. Two-thirds of follow-on funding has come from private sources, demonstrating the program's effectiveness in attracting private investment to Maryland. Jobs created are in high-skill sectors such as biotechnology, information technology, and engineering. The MII job creation figure implies the creation of one sustained job per $150,000 invested, a job creation effect exceeding federal programs such as the CHIPS Act, which has so far created approximately 40,000 jobs from $52.7 billion in public investment.

MII has seeded the creation of several startups in the state that have not only demonstrated substantial economic impact, but have also addressed critical challenges in healthcare delivery, defense, and other sectors. For example:

- **Scene Health** (formerly eMocha) received MII funding from its origin at Johns Hopkins University in 2015 to develop a telehealth platform. The company became instrumental to Maryland's COVID-19 response in 2020 and scaled to serve over 30 states. Today, Scene Health remains headquartered in Maryland with approximately 100 employees; and
- **North American Wave Engine Corporation** was seeded by MII from the University of Maryland – College Park in 2016 to advance low-cost, fuel-versatile jet propulsion technology. NAWEC raised $8 million from private and public sources including DARPA, secured multi-million dollar U.S. military contracts, and began delivering J-1 propulsion units to the U.S. Air Force in 2024.

Expansion Efforts and the Genesis of MII-PEP

While MII has historically served the five institutions identified in its originating statute, the State has previously authorized limited pilot programs to expand the Initiative's reach:

- **FY2023-24 (Funding Lapsed):** A pilot engagement with Bowie State University and Frostburg State University to build technology transfer and innovation infrastructure at these institutions. This pilot program was funded at $500,000 in fiscal 2023 and 2024.
- **FY2025-26 (Funding expires at the end of FY26):** The Baltimore Innovation Initiative (BII) Pilot, a $1.5 million annual appropriation serving all universities, colleges, and community colleges in the Baltimore-Columbia-Towson MSA. BII made its first awards in June 2025, totaling $645,000 to seven institutions. As of December 2025, BII has engaged nine institutions, ranging from community colleges to research-intensive universities.

These pilots validated demand from non-core institutions to establish technology transfer infrastructure and participate in regional innovation strategies. They also built MII's capacity to support research and innovation from emerging centers of innovation. In addition to direct funding for new technologies as in the traditional MII model, MII has also funded efforts to build innovation and commercialization infrastructure, such as technology transfer offices, entrepreneurship training, and broad business support programming.

III. STRATEGIC OBJECTIVES OF THE MARYLAND INNOVATION INITIATIVE

MII's Mission in Maryland's Innovation Ecosystem

The Maryland Innovation Initiative serves as a bridge between Maryland's world-class research institutions and the State's economic development priorities. MII's core mission is to accelerate the commercialization of university-based research, creating new technology-based businesses, high-value jobs, and economic opportunity throughout Maryland.

As the program has matured, MII has identified three overarching objectives for FY2026 and beyond:

1. Support the innovation and economic development objectives of the State of Maryland and respective regions by defining technology strategy and promoting innovation within existing economic development plans and strategies;
2. Catalyze industry-academic collaboration to advance Maryland's economic development objectives and support programs aligned to the State's lighthouse sectors; and
3. Expand MII's statewide engagement through the Maryland Innovation Partnership Extension Program.

A Statewide Platform for Region-Specific Economic Development

House Bill 799, which define the Maryland Innovation Initiative Partnership Extension Program (MII-PEP), provides the legislative framework for MII to extend its model to public and private nonprofit institutions of higher education across Maryland. This expansion is not simply about increasing the number of institutions served, but also about building a statewide platform that aligns the distinct capabilities of Maryland's diverse higher education institutions to the technology and workforce needs of industry stakeholders in different regions and sectors.

Maryland's institutions of higher education are not uniform. They vary in research focus, regional location, industry relationships, and student demographics. This heterogeneity is an asset to State and regional economic development efforts. Emerging research institutes like Frostburg State University have close ties to Western Maryland industry stakeholders in energy and environment. Community colleges like Montgomery College are already driving workforce development efforts aligned to corporate stakeholders like Marriott as well as federal labs like the National Institute for Standards and Technology (NIST). An established research institute like the University of Maryland - Baltimore County holds large contracts with the National Security Agency (NSA) and the National Aeronautics and Space Administration (NASA), sharpening expertise in materials engineering and cybersecurity. Universities on Maryland's Eastern Shore are already working hand-in-hand with agriculture and aquaculture industry groups to advance clean and efficient processes.

Even in 2025, innovation-driven economic development is necessarily driven by proximity. Industry-university partnerships can not only advance local and regional economies but can proliferate technologies that make the State and the nation more productive as a whole. These partnerships require trust, repeated interaction, and strategic alignment.

The value of statewide expansion lies in MII's already-demonstrated ability to:

- Identify and cultivate the specific innovation strengths of institutions across Maryland;
- Connect those strengths to the technology priorities of industry stakeholders in each region;
- Induce collaboration across academic and private sector institutions; and
- Support region-specific economic development objectives through targeted programming, funding, and capacity building.

IV. COMPARATOR PROGRAMS IN PEER STATES

The Strategic Role of Technology Commercialization Programs

The Maryland Innovation Initiative is the State's primary mechanism for connecting higher education innovation to Maryland's economic development priorities. Through its scientific depth, hands-on award management processes, and startup support resources, MII can serve as the strategic bridge between Maryland's $6 billion university R&D enterprise and the industry clusters that drive economic growth, job creation, and business attraction.

When functioning at scale, technology commercialization programs like MII do not merely fund individual projects. They shape statewide innovation ecosystems by (a) aligning research investment to sectors and technologies where the state has competitive advantage; (b) creating pathways for industry to engage with university capabilities; (c) building the pipeline of startups and talent that anchor industry clusters; and (d) positioning the state as a destination for corporate R&D and manufacturing investment

Peer states have recognized this strategic function and invested accordingly. The following sections examine three state programs that have leveraged technology commercialization as a tool for economic development and industry attraction: Virginia's Innovation Partnership Corporation (VIPC), Texas's Cancer Prevention and Research Institute (CPRIT), and Georgia's Research Alliance (GRA).

Virginia Innovation Partnership Corporation (VIPC)

Virginia has emerged as one of the most aggressive states in using technology commercialization as a tool for industry attraction, particularly in life sciences and advanced manufacturing. The Virginia Innovation Partnership Corporation (VIPC), operating as the nonprofit arm of the Virginia Innovation Partnership Authority (VIPA), receives approximately $63 million in annual state appropriations and coordinates a suite of programs spanning the full innovation lifecycle, of which approximately $43 million is dedicated to university commercialization and technology centers of excellence. This $43 million figure excludes broader ecosystem support efforts, SBIR / STTR matching, and SSBCI deployment. Like MII, VIPC operates several lab-to-launch programs that focus on supporting innovation from institutes of higher education broadly. Unlike MII, VIPC also drives technology-specific centers of excellence that serve as convening points for industry and university stakeholders.

This coordination has produced tangible results. In February 2023, Virginia's government announced $66.7 million in state investments to advance the life sciences industry, supporting biotechnology facilities including UVA's Institute for Biotechnology and a new innovation center at Richmond's VA Bio+Tech Park. These investments built on a sustained focus in central Virginia on advanced biomanufacturing that began with a regional cluster accelerator launched in 2021 with GO Virginia funding and continued through Virginia's federal Build Back Better Regional Challenge consortium awarded in 2022. These investments were explicitly framed as building the infrastructure necessary to attract corporate partners.

The strategy has already demonstrated results. In July 2025, AstraZeneca announced a manufacturing facility in Virginia—the company's largest single manufacturing investment worldwide—which has since grown to $4.5 billion. This decision followed Virginia's multi-year effort to build a "biotech-friendly environment" through programs including Virginia Catalyst, GO Virginia, and over $100 million in targeted state investments.

Virginia Catalyst, administered in coordination with VIPC, focuses specifically on translating university research into commercial applications with industry partners. This program was leveraged heavily to identify and advance biomanufacturing techniques sought by pharmaceutical partners. The program created the basis for collaborative relationships between academic researchers and corporate partners, creating a mechanism for industry to shape research priorities and access emerging technologies.

This industry engagement model has attracted significant corporate participation. In October 2025, the Virginia Government announced a partnership with AstraZeneca, Eli Lilly, and Merck to create the Virginia Center for Advanced Pharmaceutical Manufacturing (VCAPM), the nation's largest innovation and workforce development center for advanced pharmaceutical manufacturing, backed by $120 million in industry investment to augment aforementioned State funds. The partnership demonstrates the manner in which strategic commercialization programs can evolve into platforms for industry engagement that extend well beyond individual grants.

VIPC's baseline funding toward university commercialization and technology-specific centers of excellence in FY2025 totaled approximately $43 million, which represents 1.9% of the State's university R&D base of $2.3 billion. With the addition of biotechnology-focused funds in FY2026, spend totaled over $77 million, or 3.4% of the State's university R&D base. In Maryland, a proportional spend on the State's university R&D base of $5.99 billion would total $114 million at Virginia's FY2025 levels, or $204 million at Virginia's FY2026 levels.

Cancer Prevention and Research Institute of Texas (CPRIT)

Texas offers a dramatic example of how a state can use a sector-specific technology investment program to reshape its economic landscape. The Cancer Prevention and Research Institute of Texas (CPRIT), created by constitutional amendment in 2007 and renewed in 2019, represents a $6 billion commitment to cancer research and prevention—the largest state investment of its kind in American history and the second largest cancer research program in the world after the National Cancer Institute. CPRIT is authorized to issue up to $300 million in bonds annually, funding three program areas: academic research, prevention services, and product development. To date, the agency has awarded more than $3.7 billion in grants to Texas research institutions and organizations.

CPRIT demonstrates a highly focused commitment by the State of Texas to establish the State as a world-leading center for cancer research. This focus enables deep expertise, sustained relationships with industry, and the kind of long-term commitment that attracts major corporate and institutional partners. CPRIT operates a Product Development Research program that funds companies commercializing cancer-related technologies. This program creates a direct pipeline from university research to Texas-based companies, ensuring that discoveries made with CPRIT funding generate economic activity within the state.

CPRIT has been used to aggressively court world-class scientific talent to Texas. The CPRIT Scholars program coordinates with its commercialization programs to provide substantial recruitment packages, up to $6 million for Established Investigators and $4 million for Rising Stars, to attract leading cancer researchers from institutions worldwide. To date, CPRIT has recruited 324 distinguished researchers to Texas institutions.

The program's impact demonstrated its impact within ten years of launch. In 2021, Welireg, the first CPRIT-funded drug, received FDA approval and reached the market to treating tumors associated with von Hippel-Lindau disease. Today, over one-quarter of Phase I cancer trials occur at Houston's MD Anderson Cancer Center. The Texas Medical Center is today home to a cluster of contract research and manufacturing organizations and pharmaceutical companies.

The success of this model has already inspired Texas's next technology-specific effort. The Texas legislature approved the Dementia Prevention and Research Institution of Texas (DPRIT) in November 2025, another $3 billion and ten-year investment in research for neurodegenerative diseases. At $300 million per year, CPRIT and DPRIT demonstrate an investment that totals 3.6% of the State's university R&D base. A proportional investment in Maryland would total $216 million.

Georgia Research Alliance (GRA)

The Georgia Research Alliance, founded in 1990, represents one of the earliest and most sustained state efforts to use university research as a driver of economic development. GRA is a nonprofit organization that brings together Georgia's research universities, business community, and state government to create opportunities for technology-based economic growth.

GRA's technology-based economic development strategy focuses on three areas:

1. Development of sophisticated research infrastructure to support competitive research programs;
2. Commercialization of university research through startup formation and industry partnerships; and
3. Recruitment of world-class scientific talent to Georgia universities

This three-part strategy that successful technology-based economic development requires sustained investment and coordination across multiple dimensions, moving beyond project-level awards. Like CPRIT, GRA operates a talent recruitment program designed to attract leading researchers to Georgia. The Eminent Scholars program provides funding to recruit senior faculty with established research programs, while the Distinguished Investigators program targets mid-career researchers with exceptional potential. These recruitment efforts have been central to Georgia's emergence as a life sciences hub. By building research strength at institutions like Georgia Tech, Emory University, and

the University of Georgia, GRA has created the intellectualinfrastructure that attracts corporate R&D and startup activity.

GRA Ventures, the commercialization arm of the Georgia Research Alliance, accelerates the formation and launch of university-based startups. The program provides Phase 1 grants ($50,000), Phase 2 grants ($100,000), and Phase 3 loans (up to $250,000) to help researchers reduce market and technical risk as they work toward commercialization.

Over more than three decades, GRA's programs have generated substantial economic returns, $2.1 billion in new investment in the state, more than 150 new companies formed, and over 5,500 new science and technology jobs created. GRA's 2024 operating budget of $13.0 million represents 0.4% of the State's university R&D base. A proportional figure in Maryland would total $21 million.

The table below summarizes each State highlighted in this report, in addition to Maryland.

State	Program	Technology focus	Annual appropriation[1]	% of university R&D base
Maryland	Maryland Innovation Initiative	Generalist	$5.3 million	0.1%
Virginia	Virginia Innovation Partnership Corporation	Generalist plus technology centers, including biotechnology	$43 million (base) plus $35 million (FY26 biotechnology focus)	1.9% (base) or 3.4% (base plus FY26 biotechnology increase)
Texas	Cancer Prevention and Research Institute of Texas	Cancer treatments and diagnostics	$300 million	3.6%
Georgia	Georgia Research Alliance	Generalist	$13 million	0.4%

Implications for Maryland

Maryland possesses the research assets to compete with any of these states with its $6 billion in annual university R&D, world-class institutions, and proximity to federal research agencies. The Maryland Innovation Initiative Partnership Extension Program can serve as a strategic technology commercialization program operating at the scale and with the sector focus necessary to convert those assets into industry attraction and economic development outcomes.

V. POTENTIAL ECONOMIC BENEFITS AND COSTS OF EXPANSION

House Bill 799 authorizes the expansion of the Maryland Innovation Initiative to any public or private nonprofit institution of higher education in Maryland at the discretion of the MII Board. The legislation provides the statutory framework for this expansion and this report aims to define the scales at which the program should operate, including according economic cost and benefit. This section examines three scale scenarios indexed to peer state benchmarks and assesses the costs and potential economic benefits of each.

[1] This figure includes funding for university translation and startup creation, plus funding for technology centers of excellence. It does not include dedicated state venture capital funding, State Small Business Credit Initiative deployment, or generalist entrepreneurship support programming.

The scenarios presented here are defined as a percentage of Maryland's approximately $6 billion university R&D base. This approach enables direct comparison to peer states. Maryland's current appropriation of $5.3 million to the core MII program represents an investment rate of approximately 0.1% of university R&D expenditures[2].

The three scenarios contemplated here include:

- **Current investment levels (Baseline):** This scenario envisions MII's ongoing operation at present State funding level of $5.3 million. It provides a baseline for other scenarios.
- **Scaling to meet demand (Scenario 1):** Over the last three years, MII has seen its award rate drop from its historical range that fluctuated between 40% and 60% to its current award rate of 15%. This is driven by a substantial increase in demand for the program demonstrated by application volume. This scenario envisions an increase in program appropriations to proportionally meet historical demand levels.
- **Matching peer state efforts in broad-based university commercialization (Scenario 2):** Peer states such as Pennsylvania and Virginia (at its baseline FY2025 levels) invest approximately 0.5% and 1.9% of State higher education R&D bases respectively. This figure excludes general state venture capital activity, and focuses solely on State investments in university commercialization and technology-specific centers of excellence that involve universities and industry. This scenario envisions proportional investment to Maryland's R&D base at 1.0% of higher education R&D expenditures.
- **Driving transformative industry-specific efforts (Scenario 3):** Peer states have demonstrated the ability of industry-university coordinated investments to drive transformative innovation and business attraction efforts. Virginia's biotechnology-focused effort (as of FY2026) and Texas's CPRIT effort represent 3.4% and 3.6% of higher education R&D bases respectively. This scenario envisions technology-aligned investment of 3.5% of higher education R&D expenditures in Maryland.

All scenarios listed below would benefit from an appropriate phase-in period that enables the Maryland Innovation Initiative to deliberately build its capacity to execute on the objectives previously outlined. For example, an intermediate total appropriation of $10.3 million, $5 million above FY26 core MII funding ($5.3 million) and 0.2% of the State's higher education R&D base, would enable continuation of core activities; continue pilot activities with Frostburg State University, Bowie State University, the Baltimore Innovation Initiative institutions, and other select institutions; and to engage region- and sector-specific industry-university roundtables to identify technologies core to industrial growth in Maryland. It would additionally enable MII to augment subject-matter expertise necessary to evaluate and manage awards across various technology focus areas.

Recommendation: While the scenarios listed below include a range of funding options, given Maryland's budget outlook, this report ultimately recommends, a phased-in funding approach. Phased in funding provides critical support to advance the goals and priorities contained in HB 799, and Maryland's economic development priorities. TEDCO recommends an increase in FY27 of $5 million

[2] NSF HERD Survey (2023)

in MII funding for total MII program funding of $10.3 million. This is also consistent with TEDCO and MII funding priorities.

Potential Costs of Implementation

Baseline: Current investment levels

This scenario reflects MII's continued operation at its present State appropriation of $5.3 million annually. It provides a reference point for evaluating alternative investment levels and represents the trajectory of the program absent additional state commitment.

At this funding level, MII would sustain its existing grant-making activities but remain constrained in its capacity to respond to the growing demand it has experienced in recent years. The program would continue to operate on a reactive, application-driven basis, with limited ability to engage proactively with universities and industry partners across the state. MII's role in broader economic development initiatives, including business attraction, would continue in its current convening and *ad hoc* engagement capacity.

Scenario 1: Scaling to meet demand

MII has experienced a marked increase in application volume over the past three years, with award rates declining from a historical range of 40% to 60% down to approximately 15% in recent cycles. This shift reflects not a reduction in application quality but a surge in demand that has outpaced available funding. Restoring award rates to levels consistent with prior program performance would require appropriations of approximately $18 million annually, representing a roughly 3.5-fold increase proportional to observed demand growth.

At this investment level, MII would regain the capacity to fund a meaningful share of qualified applicants, reversing the recent compression of its award pipeline. Beyond restoring core grant-making, the program would begin statewide engagement on a deliberative basis, initiating coordinated convenings that connect university research strengths with industry workforce and technology priorities across Maryland's regions. These activities would remain nascent at this funding level, but they would establish a foundation for deeper coordination. MII would also be positioned to play a supporting role in business attraction, offering evidence of a functioning commercialization pipeline and according talent development activities supported through funded innovative projects.

Scenario 2: Matching Peer State Efforts

States with comparable research assets have made substantially larger commitments to university commercialization than Maryland has to date. Pennsylvania invests approximately 0.5% of its higher education R&D base in programs like Ben Franklin Technology Partners and its Life Sciences Greenhouses, while Virginia's baseline investment in programs such as the Commonwealth Commercialization Fund and Virginia Catalyst approaches 1.9%, excluding federally funded venture programs. Investment at 1.0% of Maryland's approximately $6 billion higher education R&D base would position the state between these peers, requiring annual appropriations of roughly $60 million.

At this investment level, MII would be able to move beyond *ad hoc* convening toward sustained, systematic engagement across the state's university and industry landscape. The program would have the resources to maintain dedicated staff, programming, and relationships in each of Maryland's regions, ensuring that commercialization opportunities are identified and supported regardless of where they originate. Industry engagement could evolve in a strategic manner, with MII positioned to

facilitate ongoing dialogue and engagement between employers and research institutions about workforce needs, technology roadmaps, and collaboration and investment opportunities. For business attraction purposes, this level of investment would allow Maryland to present a visible, credible innovation ecosystem to site selectors and corporate decision-makers, comparable to what peer states currently offer.

Scenario 3: Competitive Investment

Several states have made concentrated investments in specific technology sectors that have materially reshaped their competitive positioning. Virginia's recent commitment to biotechnology, anchored by a $40 million allocation to the UVA Institute for Biotechnology, brings its total sector-aligned investment to approximately 3.4% of its higher education R&D base. Texas's CPRIT program, which has deployed over $3 billion since 2007 for cancer research and prevention, represents roughly 3.6% of the state's R&D base and has attracted billions more in private co-investment, clinical trials, and company relocations. Investment at a comparable 3.5% of Maryland's R&D base would require annual appropriations of approximately $210 million.

At this investment level, the State of Maryland would be positioned to anchor one or more focused centers of excellence in strategically selected technology areas where Maryland holds existing research advantages and where market demand supports long-term growth. This could build on existing state investments in lighthouse sectors, such as the $52.5m Capital of Quantum effort, a university-industry effort anchored by the State, quantum leader IonQ, and the University of Maryland – College Park. Similar centers could be accordingly structured to attract sustained private co-investment, with state innovation dollars serving as catalytic capital to de-risk corporate R&D partnerships, recruits anchor industry stakeholders, and fund the infrastructure and talent pipelines that cluster development requires. The result would be a level of ecosystem density sufficient to influence corporate relocation and expansion decisions at the executive level. At this scale, MII would no longer function primarily as a grant-making program but as a strategic instrument of economic development, capable of positioning Maryland as a national destination for targeted industries rather than one competitor among many in the mid-Atlantic region.

Economic Benefits of Implementation

The economic benefits of expanding the Maryland Innovation Initiative can be estimated by reference to the program's historical performance. Since its inception in 2012, MII has invested approximately $63 million in awards and has tracked over $830 million in follow-on funding attracted by its portfolio companies, representing a return of approximately thirteen dollars for every dollar invested. The program has supported the launch of more than 200 startups and the creation of over 420 sustained jobs, with an average salary exceeding $100,000.

If these outcomes scale roughly linearly with investment, an assumption consistent with the experience of larger programs in peer states, then each investment scenario produces expected benefits as described below.

Baseline: Level Funding Current Investment Levels

At the current appropriation of $5.3 million annually, MII can be expected to generate approximately $65 to $70 million in follow-on funding per year, support the formation of 10 to 15 new startups annually, and contribute to the creation of 25 to 35 sustained jobs each year. Over a five-year period,

this trajectory would yield roughly $325 to $350 million in follow-on funding, 50 to 75 new startups, and 125 to 175 new jobs.

These figures represent a meaningful return on the State's investment, but they also reflect a program operating well below its demonstrated potential. The decline in award rates from historical norms of 40% to 60% down to approximately 15% means that MII is increasingly unable to fund promising technologies that meet its criteria. The absence of capacity for geographic or institutional expansion means that the program's economic benefits remain concentrated in the communities surrounding its five current partner institutions. Regions of the state without access to MII, including Western Maryland, the Eastern Shore, and Southern Maryland, receive no direct benefit from the program's activities and no pathway to participation under current funding levels.

Scenario 1: Scaling to Meet Demand

At an appropriation of approximately $18 million annually, MII would be expected to generate roughly $230 to $240 million in follow-on funding per year, support the formation of 50 to 60 new startups annually, and contribute to the creation of 100 to 120 sustained jobs each year. Over a five-year period, this trajectory would yield approximately $1.15 to $1.2 billion in follow-on funding, 250 to 300 new startups, and 500 to 600 new jobs.

A phased-in approach to Scenario 1, with an increase of $5 million in FY27, would equip MII to generate roughly $130-$140 million in follow-on, private funding per year, support formation of an additional 20-30 new start-ups, and 50-70 Maryland jobs.

Beyond restoring the program's capacity to meet applicant demand, this investment level would begin extending MII's economic benefits to regions currently outside its reach. With site liaisons and award capacity at additional institutions, the program could initiate technology commercialization support at schools like Frostburg State University in Western Maryland, the University of Maryland Eastern Shore, and comprehensive and community colleges throughout the Baltimore region. These institutions serve student populations and regional economies that differ meaningfully from those surrounding the five research universities currently in the MII network, and the startups and technologies that emerge from them would reflect those regional strengths and priorities. This investment level would also support nascent industry engagement activities, allowing MII to begin convening stakeholders and identifying shared priorities even if the scale does not yet permit sustained sector-specific programming.

Scenario 2: Matching Peer State Efforts

At an appropriation of approximately $60 million annually, MII would be expected to generate roughly $750 to $800 million in follow-on funding per year, support the formation of 165 to 200 new startups annually, and contribute to the creation of 350 to 400 sustained jobs each year. Over a five-year period, this trajectory would yield approximately $3.75 to $4.0 billion in follow-on funding, 825 to 1,000 new startups, and 1,750 to 2,000 new jobs.

These aggregate figures represent a substantial increase in the program's economic output, but many benefits at this investment level are also qualitative. At this scale, MII would have the capacity to achieve full statewide coverage consistent with the MII-PEP vision, with every eligible institution receiving support appropriate to its capacity and regional context.

This investment level would also enable sustained industry engagement programming, with dedicated resources for convening employers and aligning MII's commercialization pipeline with the workforce and technology priorities of the State's target sectors. Virginia's success in attracting major corporate investments, including AstraZeneca's multi-billion dollar biomanufacturing commitment, emerged not just from singular incentive-driven efforts, but rather from years of coordinated state investment in research infrastructure, workforce pipelines, and industry relationships that created the conditions for large-scale private commitment. At $60 million annually, the State of Maryland and MII would have the tools to pursue similar outcomes.

Scenario 3: Driving Transformative Industry-Specific Efforts

At an appropriation of approximately $210 million annually, MII would be expected to generate roughly $2.6 to $2.8 billion in follow-on funding per year, support the formation of 580 to 700 new startups annually, and contribute to the creation of 1,200 to 1,400 sustained jobs each year. Over a five-year period, this trajectory would yield approximately $13 billion to $14 billion in follow-on funding, 2,900 to 3,500 new startups, and 6,000 to 7,000 sustained jobs.

At this investment level, however, the most consequential economic benefits would stem not from the aggregate scaling of existing activities but from the capacity to pursue fundamentally different strategies. MII would be positioned to coordinate one or more focused centers of excellence in technology sectors where Maryland holds research advantages and where market conditions support long-term cluster development. Such efforts could replicate and scale efforts like the Capital of Quantum investment, which involved state, federal, private, and philanthropic commitments, to other sectors and regions throughout the state.

The experience of peer states suggests that investments at this scale produce returns that extend well beyond the direct outputs of the program itself. Texas's CPRIT has deployed over $3 billion since 2007 and is credited with attracting billions more in private investment, clinical trial activity, and company relocations that would not otherwise have occurred. Virginia's coordinated biotechnology investments have positioned the state to compete for, and win, transformational corporate commitments that reshape regional economies for decades. At $210 million annually, MII would operate as a strategic instrument of economic development for the State of Maryland.

The table below summarizes the scenarios, costs, and economic impacts described above.

			Annual estimated economic impacts		
Scenarios	**Annual cost**	**Description and justification**	**Sustained jobs**	**Follow-on investment**	**Startups created**
Baseline	$5.3 million	Current appropriation (0.1% of R&D base). Sustains existing award-making capacity.	25-35	$65-70 million	10-15
Phase-in period	$10.3 million	Phase-in appropriation (0.2% of R&D base) to enable capacity-building. Funding enables continuation of core activities, pilot activities with Frostburg State, Bowie State, BII institutions; industry-university roundtables; augmented subject-matter expertise.	50-70	$130-140 million	20-30

Scenario 1	$18 million	Appropriation scales to meet demand., restoring award rates from 15% to historical 40–60% range. MII engages with institutions throughout State and initiates statewide convenings connecting universities to industry; supports nascent business attraction role.	100-120	$230-240 million	50-60
Scenario 2	$60 million	Appropriation scales to 1.0% of R&D base, matching peer states like PA (0.5%) and VA baseline (1.9%) Funding enables Statewide coverage through, sustained industry engagement, dedicated regional staff, and technology-specific funding opportunities.	350-400	$750-800 million	165-200
Scenario 3	$210 million	Appropriation scales to 3.5% of R&D base, matching Virginia's FY26 biotech (3.4%) and TX CPRIT (3.6%) spending MII anchors focused centers of excellence, attracts sustained private co-investment, and positions MD as national destination for targeted technology focus areas.	1,200-1,400	$2.6-$2.8 billion	580-700

VI. A PATH FORWARD: RECOMMENDATIONS AND NEXT STEPS

Connecting Institutional Strengths to Industry Priorities

To realize the potential of statewide expansion, MII is already engaging and will continue to engage industry stakeholders to understand their technology priorities and workforce needs, alongside higher education stakeholders to understand existing programming in talent development and innovation. This industry engagement is not a separate initiative from MII-PEP implementation, but the mechanism by which MII identifies how to deploy resources effectively across its growing network of institutional partners.

MII is already undertaking this mission through a phased approach.

In its first phase, MII is conducting visits to institutes of higher education throughout the State and is co-leading roundtables that bring together higher education institutions, industry stakeholders, and economic development partners in specific regions and sectors. These convenings aim to:

- Surface the technology and workforce challenges facing regional employers;
- Identify the research capabilities, facilities, and programs that regional institutions can contribute; and
- Define opportunities for collaboration that serve both institutional and industry objectives

Drawing on insights from the convening process, MII will develop a clearer picture of the innovation assets across Maryland's higher education landscape. This includes research expertise, specialized

facilities, industry partnerships, and workforce training programs. This mapping enables MII to match institutional strengths to industry needs as new partners are considered under MII-PEP.

MII will work with university, industry, and State government partners to define technology grand challenges, or priority areas where Maryland has competitive advantages and where targeted investment could drive outsized economic impact. These challenges will be informed by both institutional strengths and industry demand and will align to the State's lighthouse sectors of life sciences, information technology, and aerospace and defense.

Illustrative examples include:

- **Life Sciences:** Non-animal models (NAMs) for drug development; distributed biomanufacturing of cell and gene therapies
- **Information Technology:** Verifiable and explainable AI for high-stakes decision systems; quantum-classical hybrid computing
- **Aerospace & Defense:** Autonomous systems for GPS-denied environments; rapid satellite reconstitution and on-orbit servicing

Through this process, MII ultimately aims to establish Maryland as among the first U.S. states to launch challenge-aligned funding that seeks to align action among higher education and industry stakeholders. MII-PEP's structure, as described in this approach, evokes the federal Advanced Research Projects Agencies such as DARPA and ARPA-H. These programs are famous for their focus on transformative technologies, their simultaneous engagement of industry and academic stakeholders, and their focus on efficiency and results-driven award management. This model leverages the full statewide network enabled by HB 799, funding projects that draw on the complementary strengths of multiple institutions to address industry-defined technology priorities.

Alignment to State Economic Development Strategy

This integrated approach connects statewide institutional engagement to industry-informed technology priorities. In doing so, it directly supports economic development goals of the State of Maryland outlined via the Winning the Decade roadmap:

- **Lighthouse Sector Growth:** By aligning funding to life sciences, information technology, and aerospace/defense, MII contributes to the State's industry cluster development goals.
- **Inclusive Regional Economic Development:** Statewide expansion ensures that innovation infrastructure reaches all corners of Maryland, supporting economic opportunity in underserved regions.
- **Decrease in Reliance on Federal Funding:** As a State whose jobs are disproportionately funded directly and indirectly by federal funds, Maryland's economic development objectives strongly emphasize the growth of private sector jobs and investment that rely less on the federal government.
- **Leveraging Maryland's Knowledge Economy Base:** Among Maryland's greatest assets is the base of world-leading experts who call the State home because of its proximity to federal agencies and laboratories. Maryland's economic development strategies aim to build upon this nationally unique base of talent to re-engage the federal workforce to drive private sector growth.

VII. CONCLUSION

Chapter 217 of 2025 established a framework for transforming the Maryland Innovation Initiative from a modest grant program serving five universities into a statewide platform for technology commercialization and economic development. The legislation recognizes that Maryland's extraordinary research assets, including nearly $6 billion in annual university R&D, world-class federal laboratories, and a concentration of scientific talent rivaled by few states, represent an opportunity, given appropriate levels of funding, for innovation-driven economic growth that the State has not fully realized.

The experience of peer states demonstrates what is possible when a state commits to technology commercialization at scale. Virginia, investing at roughly ten times Maryland's current rate, has built the infrastructure that attracted a $2 billion pharmaceutical manufacturing investment. Texas, through a $6 billion commitment to cancer research, has recruited over 300 world-class scientists and brought the first state-funded cancer drug to market. Georgia, through three decades of sustained investment, has generated over $2 billion in new investment and launched more than 150 companies.

Maryland has the research base to achieve comparable outcomes. The Maryland Innovation Initiative, strategically deployed, can serve as the mechanism for that conversion by connecting university discoveries to industry needs and supporting the formation of Maryland-based companies, and positioning the State to compete for the next generation of technology investment.