



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
R. Michael Gill | Secretary of Commerce  
Benjamin H. Wu | Deputy Secretary of Commerce

January 3, 2019

The Honorable Thomas V. Mike Miller, Jr.  
President, Maryland Senate  
State House, H-107  
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House, H-101  
Annapolis, Maryland 21401-1991

The Honorable Edward J. Kasemeyer  
Chairman, Senate Budget and Taxation Committee  
3 W Miller Senate Office Building  
Annapolis, MD 21401

The Honorable Anne R. Kaiser  
Chairman, House Ways and Means Committee  
131 House Office Building  
Annapolis, MD 21401

**RE: E-Nnovation Initiative Fund Program FY 2018 Annual Report**

Dear President Miller, Speaker Busch and Chairmen Kasemeyer and Kaiser,

In accordance with §6-623 of the Economic Development Article, we are pleased to submit the annual report on the E-Nnovation Initiative Fund Program.

We look forward to your review of this report and are happy to furnish any additional information that is required. If you have any questions regarding this report, please contact Sharon Markley at 410-767-6869.

Sincerely,

Benjamin H. Wu  
Deputy Secretary

Robert Hallenbeck  
E-Nnovation Initiative Fund Authority Chair

Enclosure

cc: Members, Senate Budget and Taxation Committee  
Members, House Ways and Means Committee



**FISCAL YEAR 2018 ANNUAL REPORT**  
**OF THE**  
**E-Nnovation Initiative Fund Program**  
**As required by the Economic Development Article Section 6-623**

**Respectfully submitted to the General Assembly of Maryland by**

Robert Hallenbeck, Chairman

401 East Pratt Street

Baltimore, MD 21202

January 2019



Larry Hogan, Governor | Boyd Rutherford, Lt. Governor

**OPEN** *for* **Business**

## Overview

Pursuant to Section §6-623 of the Economic Development Article as amended, on or before January 1<sup>st</sup> of each year beginning in 2016, the Department of Commerce (Commerce) shall submit a report on the implementation of the E-Nnovation Initiative Fund Program (Program) to the Governor and, in accordance with § 2-1246 of the State Government Article, to the Senate Budget and Taxation Committee and the House Ways and Means Committee.

The Program became fully operational on July 1, 2014, and this is the fourth Annual Report. The purpose and intent of the Program is to retain and recruit top university researchers and encourage collaboration among Maryland research universities, federal agencies and the private sector (especially entrepreneurial companies). The combination of top talent and collaboration can enhance the economic competitiveness of the State as it builds on existing clusters of research and innovation. The Program gives Maryland a tremendous advantage in the intense global competition for the best minds in the world, and will provide for opportunities, jobs and industries created by their work.

The Program leverages the impact of State funds through matching funds from private donors to universities. The legislation which created the Program calls for an annual appropriation of \$8.5 million from FY 2016 through FY 2021. The Authority feels that the Program is meeting legislative goals. The breadth of applicants and the stature of the awardees provide Maryland with a depth of experience that will advance the State's competitive advantage. The Authority anticipates bringing a number of these highly talented individuals together in FY 2019 to share their learnings. This will be a highly illustrative and informative convening of select awardees in order to best enable the Authority in driving the Program's implementation and effectiveness.

### I. Members of the E-Nnovation Initiative Fund Authority

Members of the Maryland E-Nnovation Initiative Fund Authority (Authority) are:

- Robert Hallenbeck (Chair), BD Biosciences (retired)
- R. Michael Gill, Secretary, Maryland Department of Commerce *ex officio*
- Robert Caret, Chancellor, University System of Maryland *ex officio*
- George Davis, Executive Director, TEDCO *ex officio*\*
- John M. Wasilisin, President & Chief Operating Officer, TEDCO *ex officio*
- Andrew Jones, Managing Director, Maryland Venture Fund, TEDCO *ex officio*
- Tracye Turner, Co-Owner and COO of Optimal Solutions Group, LLC\*\*

\*This previously vacant position was filled by new TEDCO Executive Director/CEO George Davis effective November 28, 2017.

\*\*This position is one of two on the Authority from the private sector appointed by the President of the Senate and Speaker of the House. Tracye Turner submitted her resignation from the Authority at the June 26, 2018 meeting. A request for her replacement was submitted to the President following the meeting, and a new member will be appointed to fill Ms. Turner's vacated seat in FY 2019.

Commerce staff and the Office of the Attorney General provide administrative and legal support to the Authority.

## II. Meetings of the Authority

The Authority conducted four meetings from July 1, 2017 to June 30, 2018 (FY 2018).

- November 28, 2017 – Review, discussion and approval of round 2 applications (due November 1, 2017)
- December 8, 2017 – Revisit of the November 1, 2017 application submitted by the University of Maryland, College Park; review of their response to the Authority’s request for supplemental information; discussion and determination
- March 8, 2018 – Review, consideration and determination of Stevenson University’s request to amend its FY 2017 Distinguished Professorship in Nursing Research Endowment Plan
- June 26, 2018 – Review, discussion and approval of FY 2019 round 1 applications (due June 1, 2018); discussion of the in-progress Maryland Department of Commerce Legislative Audit of the Program by the Department of Legislative Services

## III. FY 2018 Matching Fund Awards and Disbursements

### FY 2018 Matching Fund Awards

Activities which continued in FY 2018 included the approval of matching funds to successful applicants. The Authority made eight awards to four different institutions. Three of the eight awards were made during the Round 1 application process, with the Authority approving awards at the June 27, 2017 meeting. The Authority made five additional awards during the Round 2 application process, with those awards finalized at the November 28, 2017 meeting.

Awards totaled \$8.02 million in FY 2018.

### The following decisions were announced for FY 2018 round 1 awards:

- College of Southern Maryland for the *Endowment for the Entrepreneur and Innovation Institute* – (\$500,000)
- Johns Hopkins University for the *Charles Glenn Grover Estate for Advanced Macular Degeneration* – (\$1 million)
- University of Maryland, College Park for the *Capital One Chair in Machine Learning and Computer Science* – (\$2.1 million)

Total Awarded \$3.6 million

### The following decisions were announced for FY 2018 round 2 awards:

- Johns Hopkins University for the Endowed Fund - *Branna and Irv Sisenwein Estate* – (\$1 million)
- Johns Hopkins University for the *Jennison Family Professorship in Neurosurgery* – (\$1 million)

- University of Maryland, Baltimore for the *Dr. Bizhan Aarabi Professorship in Neurotrauma* – (\$570,000)
  - University of Maryland, Baltimore for the *Dr. Martin Helrich Professorship in Anesthesiology* – (\$850,000)
  - University of Maryland, College Park for the *Ray R. Weil Distinguished Endowed Professorship in Soil Science* – (\$1 million)
- Total Awarded \$4.42 million

FY 2018 Disbursements

The following are the nonprofit institutions of higher education that received allocation and distribution of funds from the Fund during FY 2018:

The College of Southern Maryland

P.O. Box 910

La Plata, MD 20646-0910

- Contact: Maureen Murphy, President (at time of award: Bradley Gottfried, President)
- Number of FY 2018 Awards: 1
- Amount of FY 2018 Awards: \$500,000
- Cumulative Awards: \$500,000
- Undisbursed amount at the end of FY 2018: \$250,000
- Funding:
  - *Endowment for the Entrepreneur and Innovation Institute* – FY 2018

The Johns Hopkins University

3400 North Charles Street

Baltimore, MD 21218

- Contact: Denis Wirtz, Ph.D., Vice Provost of Research
- Number of FY 2018 Awards: 3
- Amount of FY 2018 Awards: \$3,000,000
- Cumulative Awards: \$6,481,250
- Undisbursed amount at the end of FY 2018: \$2,500,000
- Funding:
  - *Professorship in Water and Public Health* – FY 2016
  - *Reta Hiers Professorship in Tarlov Cyst Disease* – FY 2016
  - *Mary Jo Rogers Professorship in Melanoma* – FY 2017
  - *Charles Glenn Grover Estate for Advanced Macular Degeneration* – FY 2018
  - *Branna and Irv Sisenwein Estate* – FY 2018
  - *Jennison Family Professorship in Neurosurgery* – FY 2018

University of Maryland, Baltimore

220 Arch Street, 14<sup>th</sup> Floor

Baltimore, MD 21201

- Contact: Bruce Jarrell, Ph.D., Senior Vice President and Chief Academic Officer
- Number of FY 2018 Awards: 2
- Amount of FY 2018 Awards: \$1,420,000
- Cumulative Awards: \$4,970,250

- Undisbursed amount at the end of FY 2018: \$2,114,000
- Funding:
  - *Endowed Professorship in Entrepreneurial Surgical Science* – FY 2016
  - *Robert C. Gallo Distinguished Professorship* – FY 2016
  - *Robert E. Fischell, ScD Dean's Endowed Professorship* – FY 2017
  - *Drs. Angela and Harry Brodie Distinguished Professorship in Translational Cancer Research* – FY2017
  - *Dr. Bizhan Aarabi Professorship in Neurotrauma* – FY 2018
  - *Dr. Martin Helrich Professorship in Anesthesiology* – FY 2018

University of Maryland, College Park  
 4114 Samuel Riggs IV Alumni Center  
 College Park, MD 20742

- Contact: Brian Darmody, Associate Vice President, Corporate and Foundation Relations
- Number of FY 2018 Awards: 2
- Amount of FY 2018 Awards: \$3,100,000
- Cumulative Awards: \$7,318,750
- Undisbursed amount at the end of FY 2018: \$2,114,000
- Funding:
  - *Michael and Eugena Brin Endowed Chair in Mathematics* – FY 2016
  - *Endowed Professorship in Computer Science* – FY 2016  
 (Note that the application was amended in FY 2016 into two endowed professorships consisting of:
    - *Paul Chrisman Iribe Endowed E-Nnovate Professorship*
    - *Reginald Allan Hahne Endowed E-Nnovate Professorship*)
  - *Andrew and Mary Balo and Nicolas and Susan Simon Endowed Professorship* – FY 2017
  - *Elizabeth Stevinson Iribe Chair in Computer Science* – FY 2017
  - *Capital One Chair in Machine Learning and Computer Science* – FY 2018
  - *Ray R. Weil Distinguished Endowed Professorship in Soil Science* – FY 2018

#### **IV. Observations and Recommendations**

##### Supply and Demand

The Authority notes that there was strong demand for the matching grants, and expects this demand to continue as Commerce increased promotion of the Program to non-profit institutions of higher education in the State in FY 2018. The Authority recommends continued level funding in future years.

##### Increased Participation of Institutions

The College of Southern Maryland became the first Maryland community college to receive a grant from the Program through its successful application for the *Endowment for the Entrepreneur and Innovation Institute* in FY 2018. The Authority believes that this example will draw greater participation by the smaller colleges and community colleges to the Program thereby contributing more broadly to economic development across Maryland. Continued

funding of the Program should continue to stimulate private, multi-million dollar donations to Maryland's colleges and universities.

#### Diversity of Awards

The Authority notes that the awards and the recipient institutions in the fourth year of the Program are characterized by diversity in demographics, geography, and technical and scientific fields of study. While large, research-oriented universities garnered seven of the eight awards, the Authority was pleased to see participation in the Program for the first time by a community college. It is important to note that highly talented, entrepreneurial individuals need not contribute only through the State's traditional research institutions. Fields of study funded by the Program in FY 2018 include disease management and drug discovery, cybersecurity, and a number of environmental projects.

#### Request for Change in Research Endowment Plan and Determination

The Authority met on March 8, 2018 to review and consider Stevenson University's request to amend its FY 2017 *Distinguished Professorship in Nursing* Research Endowment Plan (REP). The Authority had awarded the institution \$1,180,000 on December 12, 2016 in round two of the selection process. Stevenson University made an appeal to amend its REP due to the unexpected resignation of the faculty member who held the grant-funded position. The Authority determined that the proposed amendment did not yield a distinct plan to continue to support the approved REP. The Authority determined to reject the amendment, claw back the awarded funds, and encourage Stevenson to submit a revised application in a subsequent round, subject to the caveat that such application would be considered de novo and that no award of matching funds could be guaranteed.

#### Morgan State University Update

The Authority awarded Morgan State University \$1 million in matching funds in the Round 2 of FY 2016 based on a letter of intent from a donor with respect to a qualified donation in the amount of \$1 million to be received by Morgan State University (MSU) by the end of FY 2016. In June 2016, MSU informed the Deputy Secretary of Commerce that the donor was unable to fulfill the donation. At the time of this disclosure, MSU had received disbursements totaling \$750,000 in matching funds. Pursuant to COMAR 24.05.22.08A, which addresses the situation in which a nonprofit institution of higher education is unable to adhere to the matching fund requirements of the Program, MSU returned the \$750,000 to the Department of Commerce, withdrew its FY 2016 application and stated that it would determine if it would resubmit the application in a future round of funding pending obtaining donor support for the research endowment plan.

Morgan State University did not submit an application for funding in either round in FY 2018.

