

**Job Creation Speech @ University of Maryland College Park by
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So, I can't start any conversation without just a little bit of good news because I think there is good news out there and some of that is emanating out of Maryland. Last year, we added over 3,000 net new jobs in this economy. We brought our unemployment rate down to 6.7%. Now that is still too high, but it is one of the better rates in the United States. It is 21% below the national average. Part of that story is all of you. Part of that story is the innovation economy that we built up in this state. I'm going to run some stats for you; I'm going to ask you some questions:

Anybody know where we rank in Federal Research per Capita? We're number **one**.

Number of PhD's and engineers per capita? We're number **one**.

If you look at science and tech according to the Milken foundation we rank number **two**. In Human capital we rank number **one**. If you look at the Kauffmann study and you ranked how we did in our capacity to innovate we ranked number **three**.

Anybody got a guess on where we rank on University-based startups? Per R&D expenditures? 38th. If we look at startups throughout our state, just start-ups in general, 42nd.

We have a built up a gap. The gap is between our capacity to innovate and frankly, our capacity to be entrepreneurs. There are a lot of things that go into that gap. There are limited things that the state can do in terms of policy, but for our things we can do. One big thing that is beyond state policy but is something we should think about is changing culture. Culture has more to do with entrepreneurship than anything else. We can do a lot of things that culture is critical to and I applaud all the efforts that are being had on tenure and discussions around alternative tax on folks who choose to be entrepreneurs.

What are we doing as a state and what are the key steps we are taking? First off as a state, we realize we cannot be all things to all people and so the question is where do we have to get our strengths and where can we win? Just like any business, where do we want to invest our capital?

So, Biotech is very extreme for us. If you take NIH, FDA, the stuff that you guys are doing now on regulatory science which is very innovative. We have a cluster of life science jobs that is almost impossible to replicate. One-third of all net new jobs from 2002 -2010 came from life sciences. If you're running a business the first thing you're looking at is "where is the growth numbers?" That's where the growth is coming from. We've laid out a \$1.2 billion plan, more in-state than any in the country, to invest in this. We've already deployed about \$300 million dollars into everything from bio-tech tax credits to stem cell grants to a host of other things like infrastructure. We believe this is an area of opportunity for us: that's an area that we want to invest in, that's an area that we want to partner with and we cannot do it without our friends in the university system.

Secondary for us is cyber security. We are the epicenter for cyber security. Cyber security was born here. The National Security Agency created it before anybody knew what it was. And now, if you look at the assets from a federal perspective that are all here: the NSA, the Defense Systems Agency, the National Institutes for Standards and Technologies, C4I's up in Aberdeen. All the key federal assets have been concentrated on Maryland soil.

What's happening is that the Federal Government is leading private industry innovation. This is a huge opportunity for the university system. I saw Darryl Pines earlier; where is Darryl? Well he serves our federal facilities advisory board and we realize that the university system is going to play an integral step in helping us develop this industry and opportunities that serve around it. We've laid out a detailed plan and innovation is a forefront of that plan, education is a forefront of that plan and you are all part of that and very much helping our effort tonight. I want to applaud your work on the cyber center that you have done as well and the efforts to make sure that we have folks that are up to speed in our place producing the degrees that we're going to need to be successful.

So, focus in our efforts. The second thing is really about understanding that we need a continuum of capital to take and translate the innovations that occur in our university system. I keep referring to you all because I think the biggest step for improvement is looking at how the university system can become, frankly, as productive as possible in spinning out these companies and new innovations. I know it's part of your plan, you're trying to create 325 companies, 100 of them are coming out of College Park; that's no small feat. We want to help you in that.

One of the things we passed last year was something called InvestMaryland. We are going to be deploying somewhere between 70 to 80 million dollars in venture capital into some of Maryland's most innovative companies. It's a public/private partnerships, two-thirds of the money will be put into private venture capitalists who will manage the money for us. One-third will be coming through the state venture fund.

You might say that's a lot of money. The last time we put \$25 million into our state venture fund, in 16 years it returned \$61 million, created 2,000 jobs; a billion dollars of capital followed our money into the companies we helped seed. We want you all to be a part of that story and we want you to be an integral part of that story and so that's part of what I that hope we can discuss: how do we intertwine those efforts?

The second thing, that's legislation, that's actually being debated as we speak, is something called the Maryland Innovation Initiative. This actually stems from that when we went out and talked about Invest Maryland last year and that you wanted to ask us, some of the feedback we got was "listen, venture capital money is great. Our innovations are before venture capital, we're too early. We need proof of concept money."

So the Maryland Innovation Initiative really seeks to address that. We're putting in 5 million to basically allow for funding for proof of concept; small slots up to \$1,000. We're going to throw a lot of things at the wall and we're going to find what sticks. It's going to be about small investments to bring research to

proof of concept to take to the market place. For us that continuum of capital is critical; that's the second thing we're committed to do.

The third thing is, as a state, we need to figure out, frankly, how to get out of entrepreneurs and businesses way more often than not. We need to make it easier to do business in Maryland. In that spirit, we have taken on a whole host of initiatives that part of the legislation that's pending is with the university system to make it easier for you all to do major projects requiring less approvals and be able to do it faster.

There's no one silver bullet that's going to change this. I leave you with a story of Chinese bamboo. You plant it, you keep watering it. Every year it grows an inch. It gets to the 5th year and it shoots up 50 feet. We're here to plant a lot of seeds. We need your help in watering them, nurturing them, and helping to get these things to market. That's what's going to change our state, that's the most powerful thing we have in front of us. That's the biggest opportunity to grow our economy. Thank you for everything that you do in that spirit; it's appreciated.