

July 8, 2004

MEMORANDUM

To: Mr. Dalton B. Floyd, Jr., Chairman, and Members, Commission on Higher Education

From: Dr. Vermelle J. Johnson, Chair, and Members, Committee on Academic Affairs and Licensing

Informational Follow-Up Report on South Carolina Research Initiative Grants (SCRIG) Program

Background

In 1999 and again in 2000, the General Assembly authorized a program known as the South Carolina Research Initiative Grants (SCRIG). Each of those two years this competitive grants program was funded at \$2.5 million with \$40,000 reserved for costs of administration, allowing a total of \$2.46 million per year to be distributed to eligible institutions for implementing approved research projects.

Guidelines for the SCRIG program emphasized the funding of applied research projects which showed promise for enhancing the state's economic development. Increasing the number of researchers on the faculties of South Carolina's public research and teaching universities was another goal of the SCRIG program. The SCRIG research grants were themselves relatively modest in size, but were to be used for leveraging additional non-state funding from either charitable foundations, the private-for-profit sector, or federal and international public funding. By law, 90% of all the available SCRIG funds was limited to distribution to the three research institutions of the state. Public teaching universities' faculty members were eligible to apply for the 10% set-aside that the law reserved for that sector. In each year the public teaching universities' sector received a total of \$246,000.

Thirty projects (26 for research institutions and four for teaching universities) were funded as a result of the 1999 competition; similarly, 34 projects (28 for research institutions and six for teaching universities) were funded as a result of the 2000 competition. In each of these years, a national panel of experts recommended to the Commission those proposals to be funded.

Upon completion of the two SCRIG funding cycles, at the request of the Commission the staff conducted a follow-up study. Two studies by Commission staff tracked the demonstrated abilities of the SCRIG 1999 projects to leverage additional funds. A single follow-up study was conducted on the SCRIG 2000 projects for measuring this same dimension. Both studies were encouraging in terms of what the institutions reported concerning the SCRIG program's ability to energize the research functions of South Carolina's public four-year institutions. Those earlier studies examined the numbers of research publications, spin-off corporations, patents/licenses, professional papers, panels, and meetings, and leveraged funds associated with the SCRIG projects.

Current Assessment of SCRIG-related Outcomes

Because of the continuing interest generated by these grants, the Commission on Higher Education requested that staff undertake a final study to show solely the amounts of leveraged funds from all non-state funding sources attributable to both SCRIG cycles. In January 2004 the Commission staff sent a questionnaire to each of the recipient institutions for the SCRIG funds in either 1999 or 2000. The questionnaire requested that the institutional representatives show the sources of additional funding from the time of the project award through December 31, 2003, which might have come into the institution's research effort owing to the original SCRIG-funded project. **Table 1** (page 3) summarizes the results obtained from this institutionally-reported data.

According to the data supplied by the institutions for **Table 1**, the SCRIG program was—and continues to be—a very successful effort in promoting research and leveraging additional non-state funds. The institutional projects funded through SCRIG in 1999 for more than three years after the funds were awarded have continued to leverage non-state funds for SCRIG-based projects. Similarly, for the projects funded in 2000, this leveraging has continued for more than two years thus far.

Table 2 (see page 4) shows the sources of the leveraged funds. The intent of the SCRIG program was to enlist private sector/public sector partnership on behalf of the state's economic development. As self-reported by the institutional recipients, not surprisingly, the overwhelming percentage of all leveraged funds came from the federal government. Private sector funds from industrial and manufacturing partners were third in rank as a source for non-state leveraged dollars on behalf of SCRIG projects, after the federal government and private charitable foundation funding. Since the vast majority of the SCRIG awards were "applied research" more or less customized to meet the needs of South Carolina's private sector, the reasons for the relatively small percentage of leveraged contributions from the private sector in support of the SCRIG projects may be important to note and to understand when other public-private partnerships are being contemplated.

As self-reported by the recipient institutions, the leveraging factor of SCRIG has been impressive for the state's economic development. The total dollar amount leveraged for the four-year period (2000-2003) for the SCRIG 1999 funding cycle was 21.49 times more than the General Assembly appropriated from the state's coffers. For the three year period (2001-2003) for the SCRIG 2000 funding cycle, the total leveraged amount was 7.11 than the General Assembly appropriated.

TABLE 1					
Summary of SCRIG Awards and Non-State Funds Leveraged in Support of SCRIG Funding Cycles of 1999 and 2000, Self-Reported by Recipient Institutions					
		Institutionally Reported Leveraged Funds from 2000-2003 for SCRIG 1999 Funding Cycle, by Source			
		Charitable	Federal	Private for Profit	ALL
	SCRIG \$ Awarded in 1999				
<i>The Citadel</i>	62,300	0	0	0	0
Clemson	580,732	0	6,190,337	636,840	6,827,177
<i>Coastal Carolina</i>	91,800	1,150	275,932	0	277,082
<i>College of Charleston</i>	91,900	25,000	751,538	0	776,538
MUSC	808,996	220,300	39,100,248	0	39,320,548
USC-Columbia	824,272	0	1,068,720	0	1,068,720
Total	2,246,000	246,450	47,386,775	636,840	48,270,065
		Institutionally Reported Leveraged Funds from 2001-2003 for SCRIG 2000 Funding Cycle, by Source			
	SCRIG \$ Awarded in 2000				
<i>The Citadel</i>	64,200	0	290,000	0	290,000
Clemson	538,002	0	10,994,877	0	10,994,877
<i>College of Charleston</i>	181,800	0	431,711	0	431,711
MUSC	903,312	1,025,000	2,868,309	87,000	3,980,309
USC	772,686	0	294,505	0	294,505
Total	2,246,000	1,025,000	14,879,402	87,000	15,991,402

Table 2
Sources for Leveraged Funds
By Sector for SCRIG Awards

	In %	
	1999	2000
Charitable	.5	6.4
Federal Government	98.2	93.1
Private-for-Profit	1.3	.5

Conclusion

The investment by the General Assembly in the SCRIG program appears to have been highly successful from the perspective of bringing more funding into the state. Some economists argue that, on average, every dollar entering a market area circulates nine times before leaving thus the leveraged funds from external sources significantly contribute to South Carolinians' economic health, even before any "spin-off" corporations created as a result of the SCRIG projects might be factored into the economic development equation.

For the past four years, tax receipts available for the General Assembly to allocate have been considerably depressed for several reasons. During this time period, the leveraging of private and public-out-of-state funding of academic research projects in South Carolina's public institutions of higher education through the SCRIG initiative has been in itself a contribution to the economic well-being and development of the state.

This report is presented for information and does not require any action.