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SmartState[™]
SC Centers of Economic Excellence

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SmartState Program Produces Seven-Fold Return on State Investment, Creates 8,000-plus Jobs

*New numbers show state's investment in academic research
has billion-dollar impact on state's knowledge-based economy.*

The South Carolina SmartState Review Board delivered a timely report to the South Carolina General Assembly in preparation for the upcoming legislative session. According to its fiscal year 2012 Annual Report, the SmartState Program has resulted in more than \$1.4 billion in non-state investment entering, or committed to enter, the South Carolina economy. The program has created 8,078 new jobs.

The more than 8,000 SmartState-related jobs were created in part by companies that invested or expanded in South Carolina because of the SmartState Program, by start-up companies that were launched based on SmartState research, and by research universities in the form of positions funded by grants and Center investments. Nearly 1,100 of these new jobs are from the state's burgeoning automotive industry, with other SmartState job sectors which include the energy and biomedical industries. The average salary of jobs created by the SmartState Program is \$77,000—more than twice the 2010 annual personal income per capita in the state.

The \$1.4 billion investment in South Carolina is more than seven times the \$180 million in South Carolina Education Lottery proceeds that the General Assembly appropriated for the SmartState Program between 2003 and 2008, including more than \$1.1 billion directed into the South Carolina economy, plus more than \$300 million in committed investments scheduled for the near-future. The total represents a 7-to-1 return on investment for the state. No additional funds have been appropriated to the program since 2008.

“Such a wellspring of corporate and philanthropic investment in public academic research demonstrates that the private sector believes South Carolina is ready to sit at the table as a major player in the global knowledge economy,” said SmartState Review Board Chair Regan Voit. “One of the most gratifying facts is that the SmartState Program was built with lottery revenue—not tax dollars.”

By the numbers

The \$1.4 billion total comes from a variety of sources including corporations, non-profit organizations, federal agencies, and private philanthropy. More than \$191 million derives from direct matches of state award dollars, as required by statute. These funds were used to create 48 unique research centers, called Centers of Economic Excellence, representing a variety of commercially-viable science and engineering fields at the state's three public senior research institutions, Clemson University, Medical University of South Carolina, and University of South Carolina. Each Center of Economic Excellence is led by one or more world-class researchers, known as SmartState Endowed Chairs, who have been recruited to the state from prestigious institutions such as Northwestern University, Georgetown University, and Harvard University.

In addition to the \$191-plus million in match investments, the SmartState Endowed Chairs and their research teams have secured more than \$715 million in extramural (outside) grants from industry and the federal government to propel their research and commercialization efforts. Of this total, more than \$408 million in grant funding has already been received, with \$315 million in near-future commitments.

Finally, corporations that need to be in close proximity to the Centers and the SmartState Endowed Chairs have invested nearly \$530 million to develop major infrastructure projects in South Carolina. These plans include the construction of factories and innovative research and development facilities by companies such as American Titanium Works, Proterra, and Trulite.

Currently, more than 40 companies and organizations have made direct investments of \$500,000 or more in SmartState Program Centers for a total of \$111 million. Examples of major direct investment contributors include BMW, which has invested \$11 million, and The Duke Endowment and Health Sciences South Carolina, which combined have invested nearly \$30 million.

Keeping talent in-state

Another strength of the SmartState Program is the incentive for South Carolina students to remain in-state to study with the SmartState Endowed Chairs and their world-class research teams. For a third straight year, the SmartState Program partnered with the South Carolina Governor's School for Science and Mathematics to place rising seniors with SmartState Endowed Chairs in special summer laboratory internships. The SmartState Program is also a recruitment tool for the best and brightest science and engineering graduate students from outside the state. According to the University of South Carolina Darla Moore School of Business, the impact from graduate students who stay in South Carolina following their mentorship under SmartState Endowed Chairs annually is \$4.2 million.

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“South Carolina’s investment in research and innovation distinguishes our state and helps attract new industry and new jobs,” said South Carolina Secretary of Commerce Bobby Hitt, a former member of the SmartState Review Board. “Partnerships with industry and academia are essential to fueling innovation and industry growth in South Carolina. The SmartState Program is transforming South Carolina so we can better compete in the global economy.”

Competing in the global economy is not just good business. It is the future of developing local businesses and an educated workforce in practical ways.

“The SmartState Program has attracted more than \$1 billion in outside investment to South Carolina and helped to create thousands of new, high-paying jobs in businesses large and small, but the greatest yield is ahead of us as these Centers of Economic Excellence continue to produce tangible and practical results,” said University of South Carolina President Harris Pastides.

South Carolina is no longer perceived as primarily a beautiful place to live and travel. Industry influencers are well aware that the state is serious about developing its knowledge-based economy.

"Today, pharmaceutical companies and medical device companies are actively looking at South Carolina as a prime location for research and development," said Ray Greenberg, M.D., Ph.D., Medical University of South Carolina President. "This was unimaginable just a few years ago, and the SmartState program was a key ingredient in building the platform for this success."

South Carolina’s research institutions play a critical role in the development of the state’s knowledge-based economy and serve as incubators of commercialized research endeavors.

“This report is another indicator of the critical role that research universities play in creating jobs and economic growth, both by providing a highly educated workforce and generating innovations that support existing and emerging industry sectors, from agribusiness and manufacturing to biotechnology and energy systems, as well as the launch of new startup enterprises,” said President James Barker of Clemson University.

The Advisory Group at Huron, a Washington, D.C.-based consultancy firm, called the SmartState Program “an extraordinary effort by the state of South Carolina to invest in its Knowledge Economy and ... a best-in-kind program that is, or should be, the envy of other states.” In 2012, the SmartState Program was nominated for an Innovations in American Government Award by the Harvard University Ash Center for Democratic Governance and Innovation.

About the SmartState Program

The SmartState Program was created by the South Carolina legislature in 2002 and is funded through South Carolina Education Lottery proceeds. The legislation authorizes the state's three public research institutions, Clemson University, Medical University of South Carolina, and University of South Carolina, to use state funds to create Centers of Economic Excellence in research areas that will advance South Carolina's economy. Each Center of Economic Excellence is awarded from \$2 million to \$5 million in South Carolina Education Lottery funds, which must be matched on a dollar-for-dollar basis with non-state investment. To date, 48 Centers of Economic Excellence have been created and 42 SmartState Endowed Chairs have been appointed to lead the Centers. For more information, please visit www.smartstatesc.org.

About Clemson University

Ranked #25 among national public universities, Clemson University is a major land-grant, science- and engineering-oriented research university that maintains a strong commitment to teaching and student success. Clemson is an inclusive, student-centered community characterized by high academic standards, a culture of collaboration and school spirit, and a competitive drive to excel. For more information, please visit www.clemson.edu.

About Medical University of South Carolina

Founded in 1824 in Charleston, The Medical University of South Carolina is the oldest medical school in the South. Today, MUSC continues the tradition of excellence in education, research, and patient care. MUSC educates and trains more than 3,000 students and residents, and has nearly 13,000 employees, including approximately 1,500 faculty members. As the largest non-federal employer in Charleston, the university and its affiliates have collective annual budgets in excess of \$1.7 billion. MUSC operates a 750-bed medical center, which includes a nationally recognized Children's Hospital, the Ashley River Tower (cardiovascular, digestive disease, and surgical oncology), and a leading Institute of Psychiatry. For more information on academic information or clinical services, please visit www.musc.edu. For more information on hospital patient services, please visit www.muschealth.com.

About University of South Carolina

The University of South Carolina develops leaders and inspires cutting-edge thinking and practical problem solving through innovation in learning, research, and engagement. Founded in 1801, this vibrant and diverse community with 46,000 students on eight campuses, more than 300-degree programs—including law, engineering, public health and medicine—and 250,000 alumni, improves the lives of individuals and builds healthier, more educated communities in South Carolina and around the world. A recognized global leader in fuel cell research and other advanced technologies, USC has received the highest research designation awarded by the Carnegie Foundation. In 2012, faculty generated more than \$238 million in funding for research and sponsored awards. Additionally, USC garners national recognition for its prestigious South Carolina Honors College and undergraduate and graduate International Business programs. To learn more, please visit www.sc.edu.