



SmartState Program Mission Statement:

The South Carolina Centers of Economic Excellence Program serves the public interest by creating incentives for the state's research universities, in cooperation with other institutions of higher education in the state, to raise capital from non-state sources to fund endowments for specialized research professorships. These professorships in turn serve as the nucleus for unique, university-based research centers which cultivate critical, public-private industrial partnerships, expand the state's knowledge base, create well-paying jobs, and enhance economic opportunities and improve the quality of life for the people of South Carolina.

—Approved February 11, 2008

Summary of Program Purposes and Goals

During the 2002 legislative session, the South Carolina General Assembly passed the *South Carolina Research Centers of Economic Excellence (RCEE) Act*. With an annual allocation of lottery proceeds, to be matched on a dollar-for-dollar basis with non-state funds, the General Assembly established a competitive grants program to award to South Carolina's three research universities funds for endowed professorships in areas that will enhance economic opportunities for the state's citizens.

The Act created the *Centers of Excellence Matching Endowment*, which is to be funded annually by South Carolina Education Lottery Account proceeds in an annual amount of \$30 million per year (with provisions as stated in S.C. 2-75-30). Moreover, the Act established the *SmartState Review Board* consisting of fourteen members (including the three senior research university presidents as ex-officio, non-voting members). The South Carolina Commission on Higher Education provides staff assistance to the Board. The *Board* is responsible for awarding state Center of Economic Excellence grants, for oversight and operation of the Centers of Excellence Matching Endowment, and for various accountability requirements established in statute for the program.

The enabling legislation establishing this program is explicit as to its purpose:

“It is in the public interest to create incentives for the senior research universities of South Carolina consisting of Clemson University, the Medical University of South Carolina, and the University of South Carolina to raise capital from the private sector to fund endowments for professorships in research areas targeted to create well-paying jobs and enhanced economic opportunities for the people of South Carolina.

“These endowed professorships should be used to recruit and maintain leading scientists and engineers at the senior research universities of South Carolina for the purposes of developing and leveraging the research capabilities of the universities for the creation of well-paying jobs and enhanced economic opportunities in knowledge-based industries for all South Carolinians” (S.C. 2-75-5).

As the legislation title implies, the intent of the program is to create a critical mass of senior researchers around whom a Center of Economic Excellence can be built. Such a Center will include other senior and junior faculty, graduate students, and public/private partnerships with business and industry. The legislation acknowledges the success of other communities in creating economic opportunity through knowledge-based industries by providing, through state or local governments, incentives and a long-term commitment to public and private funding for “a significant number of endowments for professorships in targeted knowledge-based industries” (S.C. 2-75-5). Through research and its eventual application, the clear expectation of the Act is that job creation and other economic stimuli (e.g., patents, licenses) will result over time.

The legislation stipulates that awards are to be made through a competitive application process which encourages collaboration among the three research institutions as well as cooperation with other public institutions of higher education. Funding decisions are to be made by the eleven voting members of the SmartState Review Board, three members of which are appointed by the Governor, the President Pro Tempore of the Senate, and the Speaker of the House respectively, with one appointment by the Chair of the Senate Finance Committee and one appointment by the Chair of the House Ways and Means Committee.

During the 2010 legislative session, the RCEE Act was amended to create a new type of SmartState Award to be made in concert with the S.C. Department of Commerce. One-quarter of the unobligated funds in the Centers of Excellence Matching Endowment are reserved to fund such SmartState Commerce Awards. Such awards are exempted from the dollar-for-dollar non-state matching requirement. In place of a matching requirement, the Secretary of Commerce is required to certify that a “significant capital investment” has been made in the related research field of a proposed SmartState Commerce Award professorial endowment.