

South Carolina

Centers of Economic Excellence (CoEE)

Comprehensive Program Evaluation 2003-2008

Prepared by

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Executive Summary

In the summer of 2008, the South Carolina Commission on Higher Education (CHE), on behalf of the CoEE Review Board, engaged the Washington Advisory Group (WAG) to prepare a review of the Centers of Economic Excellence (CoEE) Program for the period 2003-2008 with respect to enabling legislation originally passed in 2002 and amended by the South Carolina General Assembly in 2008. The objective was to assess the effectiveness of the program in meeting its statutory goals, not to evaluate the work carried out within the Centers. As part of this process, WAG consultants interviewed over 150 CoEE participants and stakeholders at universities and in the public and private sectors during August through October 2008. This report provides the results of the evaluation.

The evaluation team has found that the CoEE program has had a profound and positive impact on the prospects for economic growth and diversification in the State of South Carolina. It has raised the quality and relevancy of university research, improved the stature of the research universities, and increased collaboration among the universities and between the universities and the private sector. Economic impacts in terms of increased external funding, new job creation, and business location decisions have been significant and can be expected to grow as the program continues and matures.

The key findings regarding the program are:

1. The CoEE Program has brought cutting-edge research programs and equipment, matching funds and competitive research awards, and Knowledge Economy jobs to the state.
2. The CoEEs and Endowed Chairs are of high quality in terms of scholarship, research and economic impact.
3. The CoEE program has transformed the culture of South Carolina's research universities. Collaboration and entrepreneurship are now the norms.
4. The CoEE program has raised the national and international reputations of the universities and made South Carolina more competitive in the global economy.
5. The CoEE program benefits from strong business support, and the industry partners are pleased with the outcomes to date.
6. The CoEE program has solidified relationships among the universities, hospitals, national laboratories, and industry, and has created a statewide network for innovation.
7. A single, integrated statewide economic development plan does not yet exist in South Carolina, but the CoEE program has coalesced around clusters that could be components of such a plan.
8. Graduate education is an industry attractor and a workforce and economic benefit of the CoEEs.
9. The universities have made significant investments in the CoEEs, but they may not be able to continue investing at the same rate in the future.

10. In certain instances, the universities lack the institutional capacity to adequately manage functions and infrastructure associated with the CoEE program.
11. Public awareness of the program is limited and its image and audiences are not yet well-defined.
12. The CoEE Review Board has performed effective oversight with support from the Commission on Higher Education.

The evaluation team determined that over 2,000 new jobs have been created or attracted to South Carolina by the CoEE program; that the state's investment has been leveraged more than 3-1 by non-state matching funds and competitive research awards won; and that the program's most significant economic contributions are focused in three industrial sectors: Advanced Manufacturing, Energy and Environment, and Health.

In the course of performing our evaluation, the WAG consultants identified a number of actions that could improve the program's effectiveness and economic impact. We propose 10 high-level recommendations for further assessment and possible implementation:

1. The CoEE program is fulfilling the goals for which it was created, and funding for the program should be continued as a high priority for South Carolina.
2. The program could be more effective if a portfolio approach to CoEE investment were adopted in coordination with other state programs and incentives.
3. Front-loaded funding would accelerate new Center startups and the state's return-on-investment. The General Assembly and the CoEE Review Board should adopt policies to facilitate expedited outcomes.
4. The universities should identify potential funding match partners before a CoEE award is made.
5. The universities could develop creative approaches to fundraising that also enhance program outreach and visibility.
6. The program should increase the focus and emphasis on graduate education as a stimulus for creating a high-tech workforce in South Carolina.
7. A new statewide approach to technology transfer could help the CoEEs commercialize their research results.
8. Regulatory relief is needed to address issues of university services and infrastructure.
9. The program should establish a Council of Chairs and an annual CoEE conference.
10. The program should establish future performance metrics and streamline reporting.

The report also makes recommendations regarding CoEE panel reviews, recruitment of new Chairs, and policies for modifying and for sunsetting Centers, and contains a description of relevant state programs in Kentucky, Georgia, and North Carolina. Implementation of the recommendations should be done in combination with an analysis of all associated impacts and costs.

Our conclusion is that the CoEE program is an extraordinary effort by the state of South Carolina to invest in its Knowledge Economy and is a best-in-kind program that is, or should be, the envy of other states. The state and its senior research universities are to be applauded for nurturing the CoEE program and for deploying it as a powerful tool for the creation of high-wage jobs and improvement in the quality of life of South Carolina's citizens.