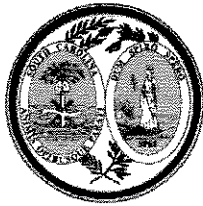


# South Carolina General Assembly

Robert W. Harrell, Jr.  
Speaker of the House

Daniel T. Cooper  
Chairman, House Ways & Means Committee



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President *Pro Tempore*

Hugh K. Leatherman, Sr.  
Chairman, Senate Finance Committee

July 29, 2008

To: South Carolina Economic Development Contributors

We are writing to you to express our ongoing support of your efforts to build South Carolina's Knowledge Economy.

In view of your progress to date, the General Assembly will continue to initiate and promote policies which support the innovation and advancements in science, technology and commercialization that South Carolina needs to continue our success in this economic sector.

Leaders in both the House and Senate recognize these needs as part of the competitive requirements for South Carolinians to secure an appropriate share of the global economy. In this letter, we would like to share with you our vision for the path forward in knowledge-based economic development. (Please see attached graphics)

The Pillars for Success graphic depicts the 3 key sectors that make up South Carolina's overall economy and the 3 organizations that have the primary – but not exclusive – responsibility for leading its growth.

- The first sector is comprised of *Manufacturing, Distribution, and Services* industries.
  - The recruitment and support activities in these industries are mainly led by the SC Department of Commerce (DoC), and assisted by many local and regional organizations.
- The second sector is *Tourism*.
  - Coordinated and managed by the SC Department of Parks, Recreation, and Tourism (PRT), again with the assistance of many local and regional teams.
- The final sector is our growing *Knowledge Economy*.
  - A domain in which our Research Universities are predominantly operating, and in which the Centers of Economic Excellence investments and related technology transfer and entrepreneurial activities are occurring.
  - Over the last few years, the South Carolina Research Authority (SCRA) has effectively emerged as the informal collaborative leader of this sector; also assisted by the DoC and local & regional entities.

We believe that these sectors show the greatest promise for South Carolina's future economic success. We also believe that these sectors and facilitating organizations are related, and support each other's advancement and growth. For example, products developed from new technologies and research must be manufactured. The new higher-paying jobs created at all levels of this process will greatly improve our quality of life and lower our unemployment rate, making our already beautiful state an even better destination for tourists and people moving to South Carolina.

The second graphic, The Innovation Pipeline, shows the implementation process we are trying to establish through our past and future economic development legislative efforts.

This public/private partnership system has already produced amazing results that we are trying to build on and use to grow all sectors of our economy. Just a few of those achievements include:

- Dozens of Centers of Economic Excellence created and over 60 Endowed Chairs appointed
- Major physical facilities: CU-ICAR, USC's Innovista and MUSC's Drug Discovery Building
- Nearly 100 startup companies formed or recruited
- Over 100 established corporations involved in job creating investments
- All this activity has generated billions of R&D and job creation investment dollars for SC

For our next points, please look at the final graphic – The outline for building a successful South Carolina Knowledge Economy.

This General Assembly has passed many economic development bills deliberately targeted to achieve world-class research capability in South Carolina. These laws have initiated the processes to commercialize that research into new products and company innovations. It is our intention to foster the development, growth, and recruitment of new companies and new high-paying jobs that capitalize on South Carolina-grown technologies.

Increased teamwork between the DoC and SCRA has shown initial success in attracting businesses with both R&D and manufacturing requirements. These trends must continue.

We believe the next step is to ask SCRA to put in place a – still informal, but – more structured consortium, a “Knowledge Sector Council”. This Council will ensure that our collective efforts, and our tax dollar investments in a Knowledge Economy, are focused, synergistic, coordinated, and maximized. And most importantly, it will show us where our successes are and how we can improve.

Our identification of SCRA as a leader in this effort comes from a variety of reasons.

First, the SCRA Board of Trustees and its Executive Committee combines the leadership of our Research University Presidents and experienced business and R&D leaders who are represented in both legislative and gubernatorial appointments. Second, SCRA has a proven consortium management business model which has delivered billions of dollars of economic investment for our state and has created thousands of new Knowledge Economy jobs that greatly exceed our state's per capita wage rate. And third, since 2005, SCRA's collaborative execution of its obligations under the Innovations Centers and Industry Partners Acts has been outstanding, and we expect that execution to accelerate.

This Knowledge Economy is centered on technological advancements that will spawn amazing new products that could have a huge impact on our lives. But make no mistake about it, the ultimate outcome for all this activity is the creation of large numbers of high-paying jobs that will lower our unemployment rate and raise our per capita income. And our recent legislative efforts have been intensely focused towards this job-creation goal.

Our state has held the title of “One of the Highest Unemployment Rates in the Nation” for far too long. In our past efforts to do something about that, the Legislature has passed numerous economic development measures and we have provided our governor with the tools he needs to attract companies and bring jobs to South Carolina. The urgency has been growing, but the proper action and execution has not been there. With the current state of our national economy and our state’s high unemployment rate, this General Assembly can no longer wait for that leadership to present itself.

It is time for us to join together, more closely than ever before, and take the next steps needed to achieve this universal goal of creating more high-paying jobs for South Carolinians. Focusing on our state’s three key economic sectors – with an emphasis on growing our Knowledge Economy – will be the means in which this success can be obtained.

We write to emphasize the importance of us working in partnership, on all levels, in order to achieve this objective. Some cooperative activities are taking place today, but we must be certain that all future steps deliver the intended results...More high-paying jobs for South Carolinians.

We are asking for your leadership and your assistance in obtaining this goal, as we plan to dedicate the South Carolina Legislature to the continued development of a Knowledge Economy and the creation of new jobs. And help us to convey to South Carolina’s citizens how we are working together to make this happen.

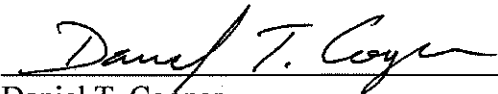
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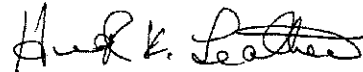
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