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South Carolina Moves Up in 2008 – Kauffman Institute Index

CHARLESTON, SC – June 15, 2009 – The 2008 State New Economy Index reveals that between 2007 and 2008, South Carolina has increased its overall national rank from 39th to 34th place. South Carolina also ranked highly in many categories that reflect positively on the state's knowledge-based economic development, according to the annual study released by the Ewing Marion Kauffman Foundation and the Information Technology and Innovation Foundation (ITIF).

The State New Economy Index ranks how well states' economies are developing to compete in the "New Economy." According to the report, the "New Economy" is a "global, entrepreneurial and knowledge-based economy in which the keys to success lie in the extent to which knowledge, technology and innovation are embedded in products and services." The study measures 29 different indicators, including factors for knowledge jobs, technological innovation and globalization. The index is widely regarded as one of the top national benchmarks for economic transformation among the states.

In addition to improving its overall state rank, South Carolina performed well in many of the study's 29 indicators, a reflection of significant investments made by public and private initiatives over the last several years:

- A ranking of 2nd nationally in the Foreign Direct Investment indicator;
- A ranking of 5th nationally in the Globalization indicator. The index rates global orientation by measuring both national and international market expansion for a state's industry base;
- A ranking of 6th nationally in Alternative Energy use.

Several indicators show significant rates of improvement for South Carolina over the previous year as a result of sustained investment:

- A “Top Mover” from 36th to 28th in the industry investment in R&D indicator;
- A “Top Five Mover” ranking for in-migration of knowledge workers – up 11 slots to 25th place;
- A “Top Five Mover” ranking in the number of scientists and engineers as a percentage of the workforce, from 44th to 35th place;
- “Top Five Mover” from 46th to 35th place in the digital economy indicator (a measure of digital access expansion led by the percentage of farmers with Internet access and computer use for business);
- The state’s export focus indicator ranking rose to from 28th to 17th place ;
- Up from 43rd to 29th place in the Innovation Capacity indicator, measured as the percentage of capital investment deployed for innovation;
- Up to from 39th to 36th place in the Knowledge Jobs indicator, defined in the Index as jobs that drive prosperity, and form the backbone of states’ most important industries, from high value-added manufacturing to high-wage traded services.

Index results were presented and analyzed by Dr. Bruce Yandle of the Arthur M. Spiro Institute of Entrepreneurship at Clemson University at a recent Knowledge Sector Council session. Knowledge Sector Council partners commented on South Carolina’s rankings and results:

"This report exhibits a number of significant achievements for our state. South Carolina’s rankings as second in foreign direct investment and fifth in globalization are a strong reflection of our state’s recruitment efforts. These achievements are also a reflection that efforts to increase our state’s position in the global economy by attracting international investors are paying dividends. Our state’s market access, skilled workforce, nationally recognized workforce training program and quality infrastructure - including the Port of Charleston – are all significant factors in our state’s success," said Joe Taylor, South Carolina Secretary of Commerce.

"The improvement of South Carolina’s ranking on the Kauffman Index is a positive sign that our state’s investments in building the knowledge-based economy are beginning to pay dividends. These investments, such as the Centers of Economic Excellence program to recruit leading scientists and engineers into the state, are helping to build the workforce and create the new technologies that will drive our state’s future success," said Dr. Ray Greenberg, MUSC President.

Paula Harper Bethea, Chair, Centers of Economic Excellence (CoEE) Review Board commented, “As South Carolina builds its knowledge economy, I am thrilled for what it means to the people of our state—the creation of well-paying jobs and enhanced economic opportunities. I am also very pleased that South Carolina’s CoEE Program, which enables our state to recruit top scientists and establish cutting-edge research centers, has been a major factor in knowledge-economy growth. Through the CoEE program and similar proactive efforts, South Carolina can reinvent its economy, improve quality of life, and become nationally and globally competitive.”

"Sustained, collaborative working relationships amongst key SC knowledge economy stakeholders and focus on areas such as fuel cells, where we can be world-class, are beginning to make a difference," said Neil McLean, Executive Director, EngenuitySC.

"Recognizing that improvement of any single indicator is not an elixir of improved economic growth, this latest upturn, which is a very encouraging sign, is a culmination of a lot of hard work and collaboration," said Jim Fields, Executive Director of the Palmetto Institute.

“In addition to the 2007 to 2008 improvement, historical reviews of the study show that South Carolina has moved from 47th to 34th place overall between 2000 and 2008 on one of the leading knowledge-based economic indices in the U.S.,” said Bill Mahoney, SCRA CEO. “These overall results, plus the performance in specific indicators, are encouraging the business, academic, economic development and government participants in the Knowledge Sector Council as we work toward building South Carolina’s knowledge economy.”

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About the Knowledge Sector Council

The Knowledge Sector Council is an informal alliance of business, academic, economic development and government organizations collaborating to increase alignment efficiency and resource effectiveness in building South Carolina’s knowledge-based economy. Formed in the Fall of 2008, regular participants in the Council include: South Carolina Economic Developer’s Assoc (SCEDA), Savannah River National Laboratory (SRNL), the University of South Carolina, the Medical University of South Carolina, Clemson University, the Palmetto Institute, New Carolina, the Centers of Economic Excellence (CoEE) Board, Invest SC, SC Manufacturing Extension Partnership (SCMEP), Health Sciences South Carolina (HSSC), the South Carolina

State Chamber of Commerce, the South Carolina Department of Commerce, the State Technical College System, the Commission on Higher Education, the South Carolina Department of Agriculture, the South Carolina State Retirement System, the SC Technology Alliance, SCRA, and entrepreneurs throughout South Carolina.