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“Innovation Index” finds region’s transition to knowledge-based economy a “work in progress”

Milwaukee region making gains in innovation but still lags peers in some areas

MILWAUKEE, Wisconsin – A new benchmarking project developed by the Milwaukee-based Public Policy Forum provides both good news and bad when it comes to the region’s efforts to transition to a knowledge-based 21st century economy.

“In recent years, southeast Wisconsin has demonstrated tangible progress in several indicators that serve as a barometer of future economic growth, including university research spending, educational attainment levels and job creation by small businesses,” says Forum President Rob Henken. “But while we’re making progress, so are other regions, which means we have to step up our efforts even further in order to successfully compete.”

The “Innovation Index” is designed to assess southeast Wisconsin’s progress on a series of economic indicators that have been closely linked to the 21st century economy: idea development and commercialization; entrepreneurship; and the availability of knowledge and skilled workers. Data linked to these indicators are used not only to assess whether the region is improving on past performance, but also to evaluate how it measures up to other similar-sized metropolitan regions, including some that have been widely recognized for their innovation prowess. The Forum plans to update this analysis at regular intervals.

“Fostering innovation has become the call to action for business and political leaders alike,” says the report. “Several local efforts have been launched to promote next generation manufacturing,

increase university research and development, and grow the region's knowledge workforce. As these efforts pick up steam, it is important to assess whether they are succeeding and how our region compares to others.”

The Innovation Index compiles data on several “inputs” that directly impact the region's innovation efforts, as well as a handful of economic “outputs” that speak to the region's overall economic health. With regard to innovation inputs, many regional trends are positive, including growing university R&D spending, higher educational attainment levels, more jobs created by small firms, and more federal small business grant awards. Far less promising, however, are the region's negative or flat trends in patent activity, number of scientists and engineers, and knowledge workers per capita.

When compared to six leader and peer regions, the Milwaukee region's performance again is mixed. Milwaukee leads the benchmark regions in availability of skilled and technical workers (74.4 jobs per 1,000), a sometimes overlooked component of the innovation process. On four much more touted innovation indicators—expenditures on university R&D and numbers of scientists and engineers, knowledge workers, and educated immigrants – Milwaukee places in the middle among leader and peer regions. Specific areas in which the need for improvement is evident include:

- Patent activity—Milwaukee ranked 6th with 5.26 patents per 10,000 employees in 2007.
- Educational attainment—30.9% of Milwaukee residents in 2008 held a bachelors degree or higher, placing Milwaukee 6th among the benchmark regions.
- Business dynamics—In 2005-2006, fewer businesses were started in the Milwaukee region than closed in many of the comparison regions.
- Capital formation—Milwaukee captured fewer SBIR-STTR grant awards in 2008 than many of the benchmark regions.

The report defines the Milwaukee “region” as the Milwaukee Metropolitan Statistical Area, which includes Milwaukee, Ozaukee, Washington, and Waukesha Counties. To supplement the

trend data and provide context for the Milwaukee region's performance, the Index uses two sets of benchmark regions: Austin, Kansas City and Portland are used to compare the Milwaukee region's performance to "leader" regions, while Cincinnati, Indianapolis, and Minneapolis are used to compare the Milwaukee region to Midwestern peers. The goal was to choose a mix of regions and set a bar toward which the Milwaukee region could strive to improve its performance.

A "snapshot" of the Index and full report can be downloaded from the Forum's Web site at www.publicpolicyforum.org.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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