



# PUBLIC POLICY FORUM

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## **Report paints mixed picture on Metro Milwaukee's progress in building a knowledge-based economy**

A new report released today by the Public Policy Forum finds that the four-county metro Milwaukee region has made strides in strengthening its talent pool and adding scientists, engineers, and technology workers. Yet, with regard to other indicators tied to innovation and knowledge – including small business formation and venture capital funding – the region continues to struggle.

“Our analysis finds that our region has been losing more businesses than it’s creating, and that we’re lagging behind peer cities when it comes to entrepreneurship and capital formation” says Forum Senior Researcher Joe Peterangelo, the report’s lead author. “These discouraging trends are countered, however, by a growing number of college graduates and an increased number of science and technology workers in our regional workforce.”

The Forum report – *Cultivating Innovation* – assesses the Milwaukee metropolitan area’s strengths and weaknesses on a range of metrics associated with economic innovation and dynamism. It uses 20 indicators that gauge the region’s success in developing a skilled workforce; cultivating new ideas and transferring them to market; creating new businesses and entrepreneurs; and attracting financial resources needed to help enterprises innovate and grow. In addition to tracking metro Milwaukee’s progress over the last decade, it

compares the region's performance with 10 peer metro areas. The Forum conducted a similar analysis in 2010.

“No individual metric does a perfect job of capturing the dynamics of metro Milwaukee's economic progress or its performance in relation to other regions,” says Peterangelo. “Taken together, however, we hope that this set of indicators – and our ongoing monitoring of them over time – will provide insight to local policymakers, business leaders, and the broader community as to how our region is advancing and which economic development strategies we may wish to prioritize in the future.”

Key findings from the Forum's analysis of knowledge economy indicators and trends include the following:

- **The Milwaukee area's talent pool is strengthening and appears to be competitive with our peers.** Educational attainment is rising and the region's workforce is competitive with our comparison metro areas in its concentration of individuals employed in occupations associated with knowledge and innovation. Attention is needed, however, to ensure that those key talent pools continue to grow.
- **Our region is underperforming in its rates of business development and business survival.** Between 2004 and 2014, fewer new businesses were created than those that closed in metro Milwaukee. While entrepreneurship activity appears to have slowed nationally over the long term, the problem appears to be particularly acute in our region. In addition, metro Milwaukee's rate of business survival does not appear to make up for its sluggish pace of business creation.
- **Capital formation remains an area of concern for the region.** One possible factor contributing to the region's slow pace of business creation is a reduction in the flow of several major forms of public and private capital to area businesses. Federal grants and federally-guaranteed loans for business startups, expansions, and R&D activities have

declined at a faster rate in metro Milwaukee than nationally, and Milwaukee underperforms almost all of the peer metro areas in attracting venture capital funding.

The report is particularly relevant in light of the planned Foxconn development, which could create a much greater need for skilled and technical workers and which supporters hope could improve the local climate for small business formation and entrepreneurship.

“While we do not possess the knowledge or expertise to determine the magnitude of this potential opportunity, our findings suggest that any increased startup activity and prolonged business dynamism that may result from the Foxconn development will not simply happen on its own, but will require diligent and strategic efforts to shore up some of the weaknesses identified in this report,” says Peterangelo. “Furthermore, our research reveals that whether or not the Foxconn development happens and lives up to its potential, efforts should be undertaken to strengthen business creation activity and business survival in our region more generally.”

The full report can be downloaded at the Forum’s web site, [www.publicpolicyforum.org](http://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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