

The University of Michigan-Dearborn Innovation Index



Second Quarter 2008

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University of Michigan-Dearborn Innovation Index falls from 96.0 to 95.0 in second quarter

(December 8, 2008) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today releases its Innovation Index for the second quarter of 2008. The Index provides a summary measure of economic innovation activity in the state of Michigan. Reflecting the ongoing financial crisis, the University of Michigan-Dearborn Innovation Index declined from 96.0 in the first quarter of 2008 to 95.0 in the second quarter. Of the six indicators, three rose and three fell in the quarter. The reading in the second quarter of 2007 was 99.7. The six indicators, together with a brief analysis of their performance, are:

- **Venture Capital:** Venture capital in the second quarter rose for the third straight quarter. Venture capital data for Michigan comes from the MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial Data. The second quarter improvement added 2.0 points to the Innovation Index.
- **Innovation Workers:** iLabs calculations based on Bureau of Labor Statistics data for the second quarter indicated a small increase in the fraction of Michigan workers employed in science and engineering. The slight increase added 0.3 points to the Index.
- **Trademarks:** Trademark applications were marginally ahead of their first quarter level and slightly ahead of the year-earlier number. The second quarter's total was the highest since the first quarter of 2006. The increase added 0.3 points to the Index.
- **Small Business Administration Loans:** The number of loans arranged through the Detroit office of the Small Business Administration continued its decline. This measure peaked in the second quarter of 2006 and has since dropped in seven of eight quarters. The second quarter decline subtracted 0.5 points from the Index.
- **Incorporations:** The number of incorporations and LLCs filed in the State of Michigan was slightly ahead of the same period in 2007 but declined somewhat from the first quarter number. This second quarter decrease reduced the Index by 0.6 points.
- **Gross Job Creation:** The reported number of new jobs created by new companies or companies adding jobs was approximately 208,000 in the first quarter of 2008 (due to data availability, this item enters the Index one quarter delayed). This decline from the fourth quarter caused a 2.4 point decline in the Innovation Index

The third quarter 2008 University of Michigan-Dearborn Innovation Index will be released in early March.