

The University of Michigan-Dearborn Innovation Index



Second Quarter 2011

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CONTACT:

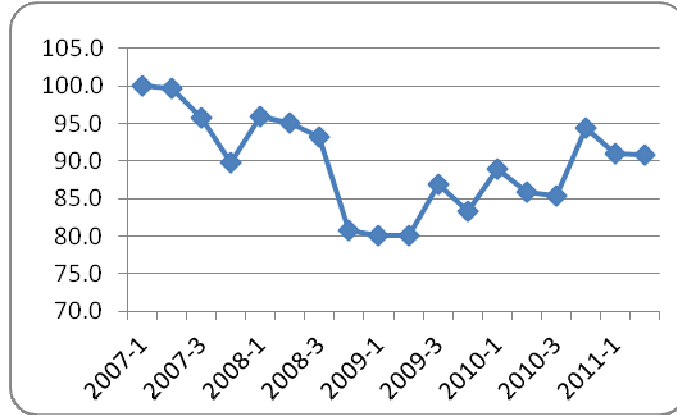
Prof. Lee Redding, Project Director of the Index
(313) 593-4680 or LRedding@umd.umich.edu

Tim Davis, Director of iLabs
(313) 593-4060 or tadavis@umd.umich.edu

Innovation Index Unchanged in Quarter

Remains Above Low Levels of Recession

(November 28, 2011) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today released its Innovation Index for the second quarter of 2011. The Index fell slightly in the first quarter from 90.9 to 90.8, placing it above the year-ago number of 85.8. A rebound in Small Business Administration loans offset a drop in the fraction of workers reported in science and engineering. The Index remains below levels near 100 which it enjoyed before the credit crunch hit, but above levels near 80 which it hit during the recession. Six indicators comprise the innovation index; in the last quarter, three advanced while three declined.



- **Small Business Administration Loans** through the Detroit office of the Small Business Administration rose in the second quarter. To some extent, this is likely due to a legislative event. A temporary provision passed by Congress encouraged loans in late 2010. This may have accelerated loans from early 2011 into late 2010. The second quarter comparison benefits from this low activity in the first quarter. At the same time, loans were higher than in the second quarter of 2010, providing hope that some of the advance is sustainable. The quarterly increase in SBA loans added 2.0 points to the Index.
- **Trademark Applications** coming from the State of Michigan increased in the first quarter, continuing an increase which began in late 2009. Michigan trademark applications now effectively match a peak hit in early 2006. The second quarter increase in applications added 0.7 points to the Innovation Index.
- **Venture Capital Funding** in Michigan, as provided by the MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial data, increased in the first quarter from a very low level. The second quarter increase in reported venture capital contributed 0.4 points to the Index.
- **Gross Job Creation** Gross job creation fell again in the first quarter (due to data availability, this measure enters the Index with a one quarter delay). Gross job creation did run ahead of both gross job losses for the quarter and gross job creation from the year-ago quarter.

However, the small drop in gross job creation from the previous quarter cost the Index 0.6 points.

- **Incorporations** and LLC filings in Michigan are often strongest in the first quarter, and this pattern continued in early 2011. Although filings remain above their year-earlier level, the drop in the second quarter from the traditionally high first quarter numbers reduced the Index by 0.8 points.
- **Innovation Workers** are estimated by iLabs calculations based on Bureau of Labor Statistics data. The percentage of workers employed in science and engineering was down for the second consecutive quarter, which cost the Index 1.8 points in the second quarter of 2011.

The next University of Michigan – Dearborn Innovation Index report, due out in late February, will contain a detailed report of third quarter 2011 activity with a preliminary indication for the fourth quarter.

The logo for iLABS is rendered in a light purple, rounded, sans-serif font. The lowercase 'i' is on the left, followed by the uppercase letters 'L', 'A', 'B', and 'S' in a larger size. The letters are slightly shadowed, giving them a 3D appearance as if they are floating above a white surface.