

The University of Michigan-Dearborn Innovation Index



Third Quarter 2008

**Release Date:
March 9, 2009**

CONTACT:

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

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

Terry Gallagher, Director of Public Relations, UM-D
(313) 593-5518 or tgallagh@umd.umich.edu

University of Michigan-Dearborn Innovation Index Down 1.8% in Third Quarter

(March 9, 2009) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today released its Innovation Index for the third quarter of 2008. The Index provides a summary measure of economic innovation activity in the state of Michigan. In the third quarter of 2008, the nationwide recession began to accelerate, and the Index fell from 95.0 in the second quarter of 2008 to 93.3 in the third quarter. Of the six indicators in the Index, two rose and four fell for the quarter. The reading for the third quarter of 2007 was 95.8. The six indicators, together with a brief analysis of their performance in the latest quarter, are:

- **Gross Job Creation:** At a time when many jobs are being lost, it is even more important that new jobs are created. In the second quarter (due to data availability, this item enters the Index with a one quarter delay), the reported number of new jobs created by new companies or companies adding jobs was approximately 228,000. This increase from the first quarter added 2.6 points to the Index.
- **Venture Capital:** The MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial data showed a fourth straight quarter of improvement to record the highest total for a quarter since 2000. The improvement in the third quarter added 1.5 points to the Index.
- **Innovation Workers:** iLabs calculations based on Bureau of Labor Statistics data for the third quarter indicated that the fraction of Michigan workers employed in science and engineering was roughly unchanged. The very slight decrease reduced the Index by 0.1 points.
- **Incorporations:** Filings for new incorporations and LLCs in Michigan fell somewhat for the second consecutive quarter. This third quarter drop reduced the Index by 1.2 points.
- **Small Business Administration Loans:** The number of loans arranged through the Detroit office of the Small Business Administration continued its decline in the third quarter and is now less than half its 2006 level. The third quarter decline lowered the Index by 1.9 points.
- **Trademark Applications:** Trademark applications filed by Michigan businesses also fell in the third quarter. The third quarter drop lowered the Innovation Index by 2.8 points.

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