

The University of Michigan-Dearborn Innovation Index



**Fourth Quarter 2007
Release**

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University of Michigan-Dearborn Innovation Index down from 95.8 to 89.9 in fourth quarter

(June 2, 2008) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today releases its Innovation Index for the fourth quarter of 2007. The Index provides a summary measure of economic innovation activity in the state of Michigan. The University of Michigan-Dearborn Innovation Index fell from 95.8 in the third quarter of 2007 to 89.9 in the fourth quarter of 2007. The reading for the fourth quarter of 2006 was 97.7. For the most recent quarter, five of the six components showed declines. The six indicators, together with a brief analysis of their performance in the fourth quarter, are:

- **Venture Capital:** Venture capital in the fourth quarter bounced back somewhat from low levels in the third 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 fourth quarter improvement added 0.4 points to the Innovation Index.
- **Innovation Workers:** Bureau of Labor Statistics data for the fourth quarter indicated that a modest drop in employment in science and engineering in the state. The fourth quarter drop, which followed a sharper third quarter drop, subtracted 0.4 points from the Index.
- **Small Business Administration Loans:** The number of loans arranged by the Detroit office of the Small Business Administration continued a decline. Since peaking in the second quarter of 2006, it has dropped in five of the six subsequent quarters. The fourth quarter decline subtracted 1.0 points from the Index.
- **Trademarks:** After increasing four quarters in a row, trademark applications by Michigan entities declined in the fourth quarter. The fourth quarter decline cost the Innovation Index 1.5 points
- **Incorporations:** Incorporations and LLCs filed in the State of Michigan were down about 14% from year-ago levels. The drop from the third to the fourth quarters reduced the Index by 1.7 points.
- **Gross Job Creation:** The reported number of new jobs created by new companies or companies adding jobs was approximately 225,000 in the third quarter of 2007 (due to data availability, this item enters the Index one quarter delayed). This number is roughly the same as the year-earlier figure, but the decline from the second quarter lowered the Innovation Index by 1.8 points.

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