

Wisconsin Technology Council: “Economic metrics chart Wisconsin progress, or lack of it, since 2000”

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MADISON, Wis. – Some up, some down and some sideways.

That summarizes a look back at “Vision 2020: A Model Wisconsin Economy,” a report issued by the Wisconsin Technology Council in 2003 to chart the state’s progress in selected economic categories.

The report set goals for boosting economic output, educating more “knowledge workers” for 21st century jobs and attracting more investment capital. As 2021 unfolds, it’s time to draw some conclusions about how the state has performed over time – and what that means for a future temporarily sidetracked by COVID-19.

Economic output in Wisconsin grew as hoped, with the Vision 2020 goal for that year (\$345.2 billion) exceeded at the close of 2019 (\$347.3 billion), according to Federal Reserve estimates. The only catch is that Wisconsin hasn’t budged in the 50-state rankings. It was 20th in the base year of 2000 and was 20th in 2019.

Exports told a similar story until late. The dollar value of Wisconsin exports was \$10.8 billion in 2000, good for 19th among the states. It reached a high of about \$23 billion but fell to \$21.7 billion in 2019 and \$20.5 billion in 2020, which dropped Wisconsin to 23rd among the states. A truce in the trade wars and full implementation of the U.S.-Mexico-Canada Trade Agreement, which includes Wisconsin’s two leading trade partners, may move the dial in years ahead.

Per capita personal income grew from \$28,100 in 2000 to \$53,583 in 2019, according to the Fed, but still ranked 23rd among the states and the District of

Columbia.

If Wisconsin is stuck in neutral in those major categories, is it making progress – or falling short – in others?

The Vision 2020 report set a stretch goal of \$500 million in annual **early-stage capital investment** by 2020, using a three-year average. Wisconsin hits \$454 million in total angel and venture capital investments in 2019. The three-year venture capital average was \$60 million in 2005 and \$294.4 million in 2019.

Wisconsin's venture capital traffic may have not slowed appreciably in 2020, despite the pandemic. A full count of deals and dollars won't be available for a while, but it's already clear the COVID-19 crash wasn't as severe as some predicted. Wisconsin will never be California, Massachusetts, New York or Texas, as those four states account for 80% of all U.S. venture capital. However, Wisconsin should aspire to match Minnesota and Indiana, which have roughly the same population and more investments.

The growth in **high-tech jobs** has been significant, according to a mix of recent reports. Vision 2020 forecast a total of 310,000 "high-tech occupations," and whether that goal was met depends on how jobs are counted. Total direct tech jobs in Wisconsin were 263,997 at the end of 2019; counting indirect jobs, the total was 336,442.

Vision 2020 also suggested goals for the growth of "knowledge workers," who are essential to the growth of a tech-based economy. Here are goals set in 2003:

- College graduates (bachelor and graduate) – 1,248,000 by 2020
- College grads as a percentage of over-25 population – 30%
- Doctoral scientists and engineers – 15,500
- Overall workforce education rank – 15th

Here are results that capture recent data years (2018 and 2019):

- College graduates – 1,266,000 (2019)
- College grads as percentage of over-25 population – 30%
- Doctoral scientists and engineers – 11,950
- Overall workforce education rank – 25th

The state's overall education rank is largely unchanged from the base year. Wisconsin is not an island, however, as other states recognized the need for a better educated workforce and took steps to improve.

The Vision 2020 report also set goals for measuring "annual net business formations," a factor of new business created and old businesses dying. The 2020 goal was 1,000 net business formations. The U.S. Census Bureau total for Wisconsin in 2019 was 863.

What may be just as important is the "survival rate" over time of young companies. In other words, how many firms are left standing after one, three or five years or longer? By that measure, Wisconsin has performed better. In January 2020, the state Department of Revenue reported that Wisconsin ranked in the high teens among the states for net business creation.

Wisconsin's **R&D spending** has increased, although not as much as projected because of declines in federal and state investment. Industry R&D spending has improved, however, and the state ranks about the same as it did (20th) in 2000.

In the years ahead, innovation will continue to drive virtually every sector of Wisconsin's economy. The Vision 2020 report offers one measure of the road the state has traveled and helps to guide where the path should lead.

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