

Wisconsin Policy Forum: STEM workers a strength but Metro Milwaukee lags in other innovation metrics

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Metro Milwaukee's concentration of workers employed in STEM occupations is a competitive strength, but it lags peer metros on other metrics including productivity, household income, exports, and venture capital funding.

These are among the key findings of the Wisconsin's Policy Forum's newly updated Metro Milwaukee Innovation DataTool. This online interactive, available to all at the Forum website, is meant to help the region identify its economic strengths and weaknesses, and set priorities for improvement.

This marks the second update of the DataTool, which debuted in 2019. The interactive tool tracks metro Milwaukee's performance over the last decade on 17 indicators tied to innovation, entrepreneurship, and economic growth.

It also provides data for 10 other metro areas to understand how metro Milwaukee is doing relative to its peers. They are: Austin, Buffalo, Cincinnati, Cleveland, Indianapolis, Kansas City, Minneapolis- St. Paul, Oklahoma City, Pittsburgh, and Portland.

Many of these are midsized metros located in or near the Midwest, and share many of metro Milwaukee's characteristics, including a historic focus on manufacturing. We also include two metro areas often identified as leaders in innovation (Austin and Portland) and national averages.

Areas of innovation strength for metro Milwaukee include:

STEM talent a long-term plus: Scientists and engineers help drive innovation through research and development activities. In 2021, metro Milwaukee had a higher concentration of scientists and engineers than all but two comparison metros included in our DataTool, even outpacing Austin, TX – a national standout for economic growth. Metro Milwaukee also performs well on overall technology talent, ranking fourth among our 11 comparison metro areas and well above the national average.

Education, business growth improving: Educational attainment in metro Milwaukee is slowly but steadily increasing. The share of the region's adults (ages 25 and over) with bachelor's degrees or higher increased 7.4 percentage points between 2011 and 2021, outpacing more than half of our comparison metros. Metro Milwaukee also stands out for its progress on the ratio of business openings (births) and closures (deaths) — from having one of the lowest business birth-to-death ratios from 2010 to 2015, to being middle of the pack from 2016 to 2019, to ranking third in 2020. Areas where improvement is possible and may be needed for metro Milwaukee to compete nationally include:

Venture capital funding, productivity continue to lag: Venture capital (VC) investing typically supports startup companies with strong growth potential. While VC investing is concentrated in a few coastal metro areas, metro Milwaukee trails even most Midwestern peers on a per-capita basis and has been near the bottom for many years. Meanwhile, until recently, metro Milwaukee was competitive with its peers in its per-employee gross domestic product (GDP), which measures the value of all finished goods and services produced within an area. The region's productivity has slid, however, and it now ranks 10th among the 11 comparison metros.

Recent downturn in exports, income: One troubling trend is the region's steady decline in global exports per employee over the last decade. Adjusted for inflation, the value of metro Milwaukee's global exports was 27.1% lower in 2020 than in 2010. Only three comparison metros saw the real value of their global exports decline faster during that period. And while the median income of metro Milwaukee households has increased modestly in the last decade, it has grown at a slower pace than in all but two of our comparison metros. In 2019, metro Milwaukee's median household income was slightly above the national average; in 2021, it was slightly below.

The Innovation DataTool is designed to assist business leaders and elected officials in assessing the region's performance in developing a skilled workforce; generating new ideas and transferring them to market; creating new businesses; and attracting financial resources to help businesses improve and grow.

The Forum began tracking the four-county Milwaukee metro area's performance on a set of economic indicators more than a decade ago, and we switched from a written report to an online DataTool in 2019. We continue to expand our digital tools that help Wisconsinites explore the opportunities and challenges confronting the state and its communities.