

Economic Summit III Overview

Katharine C. Lyall

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Good morning. To give us all some perspective, I'd like, very briefly, to scan the progress we've made as a state on issues identified in the last two Summits—then, note where Summit III takes us—and then introduce our keynote speaker for a look at the larger economic and political picture of which Wisconsin is a part.

Where We've Been ...

Two years ago, at the first statewide Economic Summit, participants identified and discussed six action areas--issues that needed to be addressed to move Wisconsin forward towards the kind of economic future and quality of life that our citizens want. These areas were:

Jobs--especially growing high-wage jobs that are part of the New Economy.

Venture Capital--moving Wisconsin's low venture capital investment closer to the national average of \$778 per capita, and providing some "angel networks" to finance very early stage new businesses.

Infrastructure--ensuring a reliable supply of affordable energy, expanding access to the Internet throughout the state, and facilitating transportation links between Madison and Milwaukee with the coasts.

Educating the Workforce--creating a "seamless" educational system throughout the state and stemming "brain drain."

Branding--creating a new image for Wisconsin that transcends beer and cheeseheads to encompass fast-growing 21st century jobs, a good environment, and more moderate tax burdens.

Regional Development and Differentiation--stimulating regional development planning and programs tailored to the needs and opportunities in different parts of the state.

To these, Jay Smith added the benchmark challenge of lifting Wisconsin's per capita income to the national average by 2010.

Since last year, the economic picture has gotten darker across the nation, and it might be easy to assume that nothing has happened to move Wisconsin ahead in these key areas. That assumption would be wrong. Let me take just a moment to give you a feel for some of the actions that have been taken in the past two years--I think you will see that these, and many other actions occurring throughout the state, are positioning Wisconsin to take full advantage of the national economic turnaround when it comes.

This is a view from 30,000 feet, and there are many more details available on each of the following initiatives. Nonetheless, I hope to give you a broad sense of how far we have traveled in the past two years and how many different individuals and organizations have stepped forward to take responsibility for some part of this progress.

Venture Capital

- Two Venture Capital summits sponsored by the Governor's office attracted more than 200 firms and funders.
- Seven "angel groups" have been formed to support early-stage enterprises (Origin Investment Group in La Crosse, Golden Angels Network in Milwaukee, Early Stage Resources in Madison, Fond du Lac County Angel Network, Silicone Pastures in Milwaukee, Valley Angels I Group in Green Bay, Wisconsin I Partners in Madison – and eight more are forming).
- State of Wisconsin Investment Board has made \$150 million available for new biotech enterprise in Wisconsin.
- Venture capital per worker has risen from \$41.78 in 2000 to \$104.23 in 2002.

Workforce Development

- State PK-16 Council established to create "seamless" education system; regional PK-16 councils also under way.
- Collaboration growing: --DPI/WTCS/UW/WAICU implementation of PI34 teacher improvement agenda;
--transfer between Technical Colleges and UW campuses increased +65%;
-- Joint UW-WTCS nursing shortage strategy.
- Education recognized as a key cluster industry with major economic impacts:

UW economic impact:	\$9.4 billion/year	150,000 jobs
WTCS economic impact:	\$2.5 billion/year	19,000 jobs
Private colleges:	\$1.8 billion/year	15,000 jobs
K-12 schools:	\$7.9 billion/year	110,000 jobs
Total Wisconsin education industry: \$22 billion/year (excluding Alumni spending)		294,000 jobs

- "Brain gain": --Wisconsin Alumni Association on-line jobs network; serves 40,000 alums nationwide;
--82% of UW graduates, 95+% of WTCS graduates, and 65% of private college graduates stayed in Wisconsin this year; higher wages outside Wisconsin continue to lure graduates away;
-- challenge: attract inflow college graduates.

Infrastructure

- 520 megawatts of additional generating capacity built by Calpine at Rockdale; another 2,800 megawatts planned for Port Washington and Oak Creek--debate continues over siting of new distribution line into Wisconsin. Wisconsin will need +6,000 megawatts by 2010. Save April 11, 2003 for sixth Wisconsin Energy Symposium hosted by MMAC;
- Discussion continues about possible cross-state rail service; airlines challenged to survive and expand following September 11;
- Internet access available via BadgerNet statewide to all schools, Technical Colleges, UW, and public libraries; private business use of Internet grew 20%; Information Technology Practice Center (Snap-on-Tools, Harley Davidson, Johnson Wax, UW-Parkside) trains students and assists business in Southeastern Wisconsin;
- e-government uses (motor vehicle licensing, tax filing) grew rapidly. More than 100,000 individuals take at least one UW course on-line;
- e-commerce boosting sales of Wisconsin companies here and abroad, including such Wisconsin companies as Endries International, Brady Corporation, and Lands' End.

Regional Development

- New and active regional economic development organizations established:

Momentum Chippewa Valley
United Coulee Region
Seven Rivers
Tech Star-Milwaukee Metro region
Northern Edge (29 counties)
GMC--the Chicago-Milwaukee-Madison corridor
Governor's 15 enterprise zones
Southwest Wisconsin Economic Development Coalition

Jobs

- Wisconsin has continued to lose manufacturing jobs but gained service jobs over the past two years; our labor participation rate remains highest in the nation;

- Wisconsin median family income grew 14.6%, 1990-2000 but declined -3% to 2001. Wisconsin per capita income still lags about 5% below U.S. average, reflecting our higher work hours and labor participation rate. Wisconsin minority household incomes are growing faster than average, but still lag whites in dollar terms.
- Specific labor shortages in nursing, special education teachers are subject of collaborative strategies by colleges and universities and employers.

Other Signs of Progress

- Milken Institute report shows high-tech still critical to economic growth and rank Wisconsin #25 among states in their Science and Technology Index.
- Spin-off of New Firms in Wisconsin is Accelerating
Some examples:
 - Conjugen, Inc.--reduce hospital staph infections and antibiotics resistance;
 - Stratatech Corporation – skin graft material for burns and wounds;
 - Imago Scientific Instruments—nanotechnology in microscopes;
 - Simtek—high-tech polymers for manufacturing;
 - WiSys (subsidiary of WARF) created to assist UW faculty systemwide in patent and licensing activity; ranks #3 in the U.S.;
 - Tech Star—incubator assistance in Milwaukee region;
 - University Research Park—218 firms; 8,000 employees;
 - Wisconsin Innovation Center (UW-Whitewater)—researches viability of new product ideas.
- Federal Funding is Flowing in for:
 - Research and development (UW, Marshfield Clinic, Medical College of Milwaukee): \$600 million/year; 2000-2002;
 - Other federal funds earmarked for Wisconsin in fiscal year 2002: \$40 million—no new federal research center, yet.
 - Efforts under way to increase Medicare funding ratios for Wisconsin hospitals, nursing homes, and patients;

- Business Procurement Assistance Center, Madison Area Technical College, helps businesses attract and bid for federal contracts.
- UW-Whitewater Global Resource Center helps Wisconsin firms export.
- Entrepreneurship Training and Assistance Programs at:
 - UW-Eau Claire's Entrepreneur Program;
 - 13 Small Business Development Centers Statewide (UW-Extension and Department of Commerce);
 - UW-Stout Technical Park;
 - Chippewa Valley Entrepreneur Network;
 - Wisconsin Learning Center (Mid-State Technical College, UW-Stevens Point, Portage County Business Council);
 - UW-Green Bay Employers Symposium;
 - UW-Platteville International Business Resource Center;
 - Wisconsin Agriculture Stewardship Initiative—Pioneer Farm;
 - University6-Industry Research Consortia (UW-Madison);
 - On-line MBA.
- Branding
 - La Crosse region, new image campaign in development;
 - No statewide initiative to date.

So...we're moving and engaging more individuals and organizations as we go. Persistence and energy must not flag if we are to reach "takeoff" in the near future.

Summits I & II set us on the right track--where will Summit III take us? Today and tomorrow, we will hear from Paul Gigot on national political and economic trends that are likely to affect us here in Wisconsin as well. We'll listen to Minneapolis Federal Reserve president Gary Stern's predictions on future trends in the Midwest; hear from both gubernatorial candidates on their ideas for growing Wisconsin; discuss a new "cluster" approach to a growth strategy for

Wisconsin; and hear Mr. William Daley's perspectives on the kinds of public/private partnering that can help us get where we need to go, together.

Following lunch today, you have a choice of eight concurrent sessions on topics ranging from entrepreneurial success to healthcare costs, to fostering high-tech clusters, to "brain gain" strategies, manufacturing turnaround, and the role of the media in keeping us all on track—in our economic development efforts. The last panel of the day consists of a group of fiscal policy experts and former public officials who have some specific suggestions on ways to slay the "deficit dragon" and restore Wisconsin's bond rating and economic stability, as necessary first steps in restoring our future economic health. Following that panel at 6:00 p.m., we invite you all to continue these discussions and your own networking over drinks at a reception in the outer lobby.

Tomorrow morning, we will hear gubernatorial candidate James Doyle's strategy for righting the economic ship in Wisconsin; then, listen to a discussion of ways we in Wisconsin can work with our neighboring states to the west and east on economic development; and wrap up the Summit with concluding remarks from Jay Smith and a larger group on Next Steps to Continue Moving Wisconsin Forward.

It's a busy but exciting day and a half--our annual chance to take our state's economic temperature and renew our resolve.

To get us started...it is my pleasure to introduce this morning's keynote speaker, Paul Gigot...

- Paul Gigot is a widely known and respected Pulitzer Prize-winning political commentator for The Wall Street Journal.
- Paul became editor of The Wall Street Journal's editorial page in September 2001.
- For 14 years prior, he wrote the paper's weekly "Potomac Watch" column, was a member of the newspaper's editorial board, and in 2000 won the Pulitzer Prize for commentary.
- He joined the newspaper as a Chicago-based reporter in 1980, and moved to Hong Kong as a reporter in 1982. He was named the first editorial page editor of The Asian Wall Street Journal in 1984, and he won an Overseas Press Club award for his reporting.
- He also worked for the Far Eastern Economic Review and the National Review in New York.
- A graduate of Dartmouth College, Gigot became familiar to public television audiences through weekly appearances, beginning in 1994, as a political analyst for the "News Hour with Jim Lehrer."

- In addition to his impressive professional credentials, Paul has strong Wisconsin ties and he visits the state often.
- A native of the Green Bay area, Paul attended high school in De Pere. His mother, two brothers, and a sister still live in Green Bay. Another brother lives in Waukesha, and another brother lives in Chicago. Two of his brothers are UW-Madison graduates.
- His first cousin is Terese Berceau, a Democrat who represents Wisconsin's 76th Assembly District in Madison.
- And, I would be negligent if I didn't point out that Paul's family is among the original shareholders of one of Wisconsin's most important organizations: the Green Bay Packers.
- His grandfather even contributed to the fund drive in the 1950s to keep the Packers in Green Bay!
- Please join me in welcoming Paul Gigot to Wisconsin Economic Summit III.