



Madison Region's Strategy for Economic Growth



# PHASE 1: COMPETITIVE ASSESSMENT

Submitted by: Market Street Services, Inc.  
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## THRIVE HERE

Thrive is the economic development partnership for the eight-county Madison Region with a vision to create a dynamic environment where people and businesses prosper. We create value with initiatives that focus on long-term, sustained results aimed at building the region's competitive advantage while preserving and enhancing quality of life. Thrive works in the spirit of collaboration to ensure resources are available to the people and organizations that do business here. We serve the Wisconsin counties of Columbia, Dane, Dodge, Green, Iowa, Jefferson, Rock, and Sauk.

## LIVE WORK GROW

*Market Street* brings original insights and clarity to the evaluation and revitalization of the places where people live, work, and grow. Through honest and informed assessments, *Market Street* can equip you with the tools to create meaningful change. Our solutions successfully merge our experience and expertise with the economic and social realities of our clients. *Market Street's* community partners are successful at creating stronger programs, increasing operational budgets, and creating new quality jobs with competitive wages that improve the quality of life in their communities.

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## ADVANCE NOW OVERVIEW

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The Great Recession has significantly altered the economic landscape of the United States. While some communities are trying to “get back on track,” the **Advance Now** process is a deliberate and proactive effort to strategically position the Madison Region to take advantage of economic opportunities as they reemerge. The Madison Region enjoys tremendous assets, but has, at times, struggled to translate these strengths into economic opportunity.

Regional leaders are thinking anew about the Madison Region’s competitive advantages and the need for visionary, aggressive new initiatives to harness these opportunities. *Market Street Services* has partnered with Thrive to coordinate **Advance Now**, a formal Comprehensive Economic Development Strategy planning process that will systematically move the Madison Region’s economy forward. **Advance Now** will unite fragmented economic development efforts with a comprehensive action-oriented strategy that will enable the eight-county region to compete on a larger scale in today’s global marketplace.

Led by an engaged Strategy Committee of regional leaders from a wide representation of backgrounds, the **Advance Now** process is intended to create an actionable strategy that will not sit on the shelf. The final outcome of this four-phase process will be a detailed program of work for Thrive’s leadership, professional staff, and regional partners to leverage new opportunities that concurrently strengthen the region’s business climate, create new jobs with competitive wages, and preserve and enhance quality of life across the region.

***Phase I. Competitive Assessment & Stakeholder Input:*** The Competitive Assessment provides a detailed look at the eight-county Madison Region’s demographic, socioeconomic, and economic trends in recent years compared to the metro areas of Austin, Texas; Des Moines, Iowa; and Lincoln, Nebraska, as well as the state of Wisconsin and the nation. The realities of the regional economy, well-being of residents, and growth and development of the community are examined. In addition to a community-wide online survey, a series of focus groups and one-on-one interviews were conducted with key stakeholders from throughout the Madison Region to complement the quantitative findings of the Competitive Assessment. This input will directly inform the recommendations of the five-year strategy.

***Phase II. Target Cluster Analysis & Marketing Review:*** The Target Cluster Analysis will draw on Phase I research and input to provide a look at the Madison Region’s

economy that goes beyond traditional measures of current and potential future economic activity. Leveraging Thrive’s current targets and key stakeholder input, the end result will be a well-refined list of business clusters that will highlight the most important existing and the most promising emerging targets for Madison’s regional leaders to pursue.

The Marketing Review component of this phase will assess the Madison Region’s image among national site location professionals and identify best practice economic development marketing programs across the country.

***Phase III. Advance Now Strategy:*** The **Advance Now** Strategy will serve as a tool unifying Thrive and its regional partners across the eight counties behind a consensus blueprint for economic development in the region. Developed in collaboration with the Thrive staff and driven by the volunteer leadership of the Strategy Committee, the final Strategy will be a detailed and visionary game plan of goals, objectives, and actions to achieve over a five-year period. The Strategy will also position Thrive to obtain a federally approved Economic Development District designation for the eight-county Madison Region.

***Phase IV. Implementation Plan:*** If the Madison Region’s **Advance Now** Strategy determines the “what” of the eight-county Thrive region’s preferred future, then the Implementation Plan answers the “how.” The Implementation Plan is a playbook that will guide the launch of **Advance Now** and drives its ongoing momentum through the five years of implementation. It will provide capacity assessments, measurement tools, plans for years one through five, and other information necessary to successfully implement the **Advance Now** Strategy across Thrive’s public- and private-sector partners in the eight-county region.

## INTRODUCTION

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The Madison Region – the eight-county portion of south central Wisconsin comprised of Columbia, Dane, Dodge, Green, Iowa, Jefferson, Rock, and Sauk counties – offers many attractive assets to residents and businesses. Distinctive amenities such as the incredible capacity and clout of University of Wisconsin–Madison, high quality of life, the influence of its position as the capital region of the state, robust local food systems, strong civic pride in non-profits and public education, and the natural beauty of its lakes, rivers, parks, and trails put the region in an enviable position in this competitive national climate to attract top talent and high-value, sustainable jobs.

However, the Madison Region is at a critical crossroads. Buoyed for decades by large, stable employment bases in state and local government, education, manufacturing, and health care, the region now finds itself in an uncertain position with the futures of some of these once-reliable sectors. While the eight-county region has been developing New Economy innovations for decades, other areas in the country have more aggressively seized upon opportunities like biotechnology that were originally pioneered in the Madison Region. In addition, the region and state have been sluggish to emerge from the national recession, continuing to shed jobs as other similar metros experience new growth.

**Advance Now**, an initiative of Thrive driven by public and private leaders from across the eight-county region, will create a renewed regional commitment to effectively leveraging the incredible assets of the Madison Region to meet the demands of an ever-changing economy. The **Advance Now** process will create the Madison Region’s first, holistic, transformational Strategy for Economic Growth. This Competitive Assessment is the initial phase in understanding the strengths, opportunities, challenges, and competitive dynamics that the Madison Region must confront as it launches this new venture to build and sustain prosperity across the eight counties.

One participant in **Advance Now**’s stakeholder input process observed, “There are a lot of smart, educated people here but we don’t seem to have a vision of Madison as anything more than ‘good old comfortable Madison.’ We don’t spend enough time thinking of big ideas here.” The **Advance Now** process aims to stir up and engage those “big ideas” across the Madison Region, developing them into actionable, partnership-driven strategies that will truly transform the region into a globally-competitive place to live, work, and grow.

## EXECUTIVE SUMMARY

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This Competitive Assessment analyzes key demographic and economic indicators that impact community prosperity. This assessment, which includes key conclusions from stakeholder input – **12 focus groups, 12 one-on-one interviews, and 1,537 responses** to an online survey – is organized into three sections according to the principal factors that together determine the competitiveness of the Madison Region as a place to live and do business: **people, prosperity, and place.**

Supplemented with robust public input, this research presents a view of the competitive position of the eight-county Madison Region comprised of Columbia, Dane, Dodge, Green, Jefferson, Iowa, Rock, and Sauk counties in south central Wisconsin. Indicators for the Madison Region are compared to the trends of the state of Wisconsin and the nation, in addition to competitor metropolitan statistical areas (MSA): Austin, Texas; Des Moines, Iowa; and Lincoln, Nebraska.

The metro areas selected by Thrive’s professional staff and volunteer leadership were chosen based on some of the following characteristics to which the Madison Region compares or aspires:

- **Austin, Texas:** State capital with major research universities; large public sector employment base; business-driven innovation; growing and diversifying technology/innovation sector and skill clusters; nationally-recognized quality of life and young professional amenities; comparable educational attainment to the Madison Region.
- **Des Moines, Iowa:** Midwestern state capital and emerging hub for cultural, quality of life, and young professional amenities; strong agricultural sector; comparable population demographics to the Madison Region.
- **Lincoln, Nebraska:** Midwestern state capital with flagship public research university; previous Madison Region benchmark metro; comparable population demographics and per capita income growth to the Madison Region.

### Regional Definition

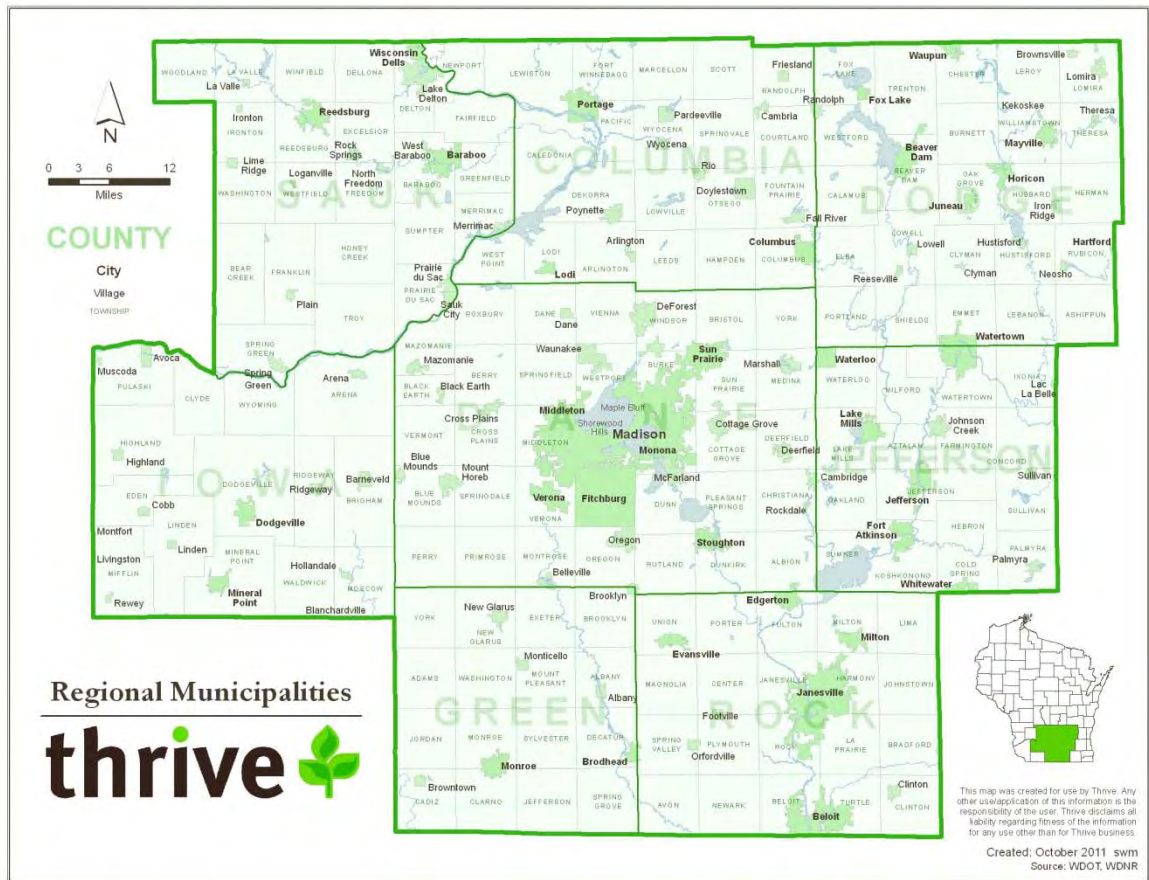
The Madison Region, Thrive’s service area, is comprised of the following eight counties in south central Wisconsin: Columbia, Dane, Dodge, Green, Iowa, Jefferson, Rock, and Sauk. Throughout the Competitive Assessment, the term “**Madison Region**” refers to this eight-county area. Unless otherwise noted, the data corresponds to the entire eight-county Madison Region.



However, not all counties in the region meet population thresholds for every data indicator, and some data indicators are only available for metropolitan statistical areas rather than at the county level. There are two MSAs in the Madison Region: the **Madison MSA** (Columbia, Dane, and Iowa counties) and **Janesville MSA** (Rock County). When necessary, these MSAs are used as proxies for the larger region.

For a full explanation of comparison geographies, location quotients, public and proprietary data sources, and *Market Street* methodology, see **Appendix A** at the end of this report.

**MADISON REGION GEOGRAPHY**



Map Source: Thrive

**PEOPLE**

The following chart highlights key competitive strengths and weaknesses as they relate to the residents of the Madison Region.

**PEOPLE: SUMMARY FINDINGS**

	Madison Region, WI	Austin, TX	Des Moines, IA	Lincoln, NE	Wisconsin	United States
<b>Population Growth</b>						
% change, 2000-2010	10.8%	37.3%	18.3%	13.3%	6.0%	9.7%
Rank	4	1	2	3	6	5
<b>Young Adults</b>						
% of pop. age 25-34, 2010	14.2%	16.9%	15.4%	15.1%	12.7%	13.3%
Rank	4	1	2	3	6	5
<b>Race/Ethnicity Diversity</b>						
% non-white, 2010	13.9%	45.3%	16.4%	15.0%	16.7%	36.3%
Rank	6	1	4	5	3	2
<b>Educational Attainment</b>						
% with bachelor's degree or higher, 2010	34.5%	39.4%	32.0%	33.7%	26.3%	28.2%
Rank	2	1	4	3	6	5
<b>Poverty</b>						
Poverty rate, 2009	11.8%	13.7%	10.0%	14.8%	12.4%	14.3%
Rank	2	4	1	6	3	5
<b>Per Capita Income</b>						
Per capita income, 2009	\$38,843	\$37,544	\$42,012	\$37,361	\$37,373	\$39,635
Rank	3	4	1	6	5	2
<b>Graduation Rate</b>						
Central city school district graduation rate, 2008-09	82.5%	68.6%	64.9%	79.4%	N/A	N/A
Rank	1	3	4	2	N/A	N/A

"1" is considered highest-performing, while "6" is the poorest performing among these geographies.

Note: Data sets presented throughout this report are at the eight-county regional level for the Madison Region and the metropolitan statistical area (MSA) level for the comparison communities unless otherwise noted. Sources and methodology notes related to these indicators are detailed in tables throughout the People section of the report and in Appendix A.

- Population growth remains strong, but trails peers:** Population growth in the Madison Region trailed metro competitors between 1990 to 2000 and 2000 to 2010. Despite growing faster than the state and the nation, intra-region growth patterns favored Dane County, while other counties, such as Dodge and Columbia, had large slowdowns in population growth. Jefferson County was the only county to see its rate of growth quicken between the two decades.

- **Net migration into the Madison Region is limited geographically:** Net in-migration dynamics heavily favor Wisconsin counties and Upper Midwestern metros and states. The migration data indicates some regional churn with other nearby metros such as Milwaukee, Chicago, and Rockford, indicating less geographic diversity exists among the Madison Region’s new residents and workers.
  - However, between 2000 and 2009 the top net source of new residents was international in-migration, which is a favorable trend in driving diversity in the Madison Region.
  - In addition to nearby metros and counties, the Madison Region lost a relatively high number of residents to Sunbelt regions like Phoenix, Arizona; Florida; California; and Texas.
  
- **The regional workforce pipeline is strong, but some segments are more secure than others:** Graduate output and talent attraction associated with UW–Madison and other post-secondary institutions ensure a robust and world-class talent pipeline. Potential regional workforce weaknesses include in-migration predominately from older metro areas, a smaller relative proportion of children, a slightly smaller share of young professional aged-residents, and a comparative lack of racial and ethnic diversity.
  - In 2010, regional higher education institutions conferred 11,092 bachelor’s degrees, 2,470 master’s degrees, and 1,378 doctoral degrees, indicating strong talent pipeline dynamics for the youngest portions of the workforce. Conferral dynamics compare favorably with those in Austin, and outpace other peer communities.
  - In 2010, 14.2 percent of the Madison Region population was aged 25–34, compared with 16.9 percent in Austin, 15.4 percent in Des Moines, and 15.1 percent in Lincoln.
  - The Madison Region has a smaller proportion of children aged 0–18, (22.9 percent) than all comparison regions, indicating that educating and retaining the native workforce should be a priority.
  - Industries that show the most vulnerability to an aging-out of worker knowledge and expertise, indicated by share of employees age 55 and older, include transportation and warehousing (30.2 percent), utilities and public administration (each with 28.4 percent), and educational services (27 percent).
  - Despite potential challenges with assuring a strong workforce pipeline, the Brookings Institution recently ranked the Madison MSA second (tied with Boston) in its mix of education and business sector variety. Additionally, online survey respondents identified the

regional workforce and work ethic as one of the Madison Region's top strengths.

- **Minority populations are growing rapidly, but still represent very small shares of the regional population:** In 2010, 86.1 percent of Madison Region residents were white, higher than all the comparison geographies, including the state of Wisconsin.
  - Between 2000 and 2010, population growth in the Madison Region was driven by increases in minority populations. Of the 97,316 new resident to the region, 55.4 percent were black, Asian, Hispanic, or other.
  - Growth in the Hispanic population in the Madison Region (100.6 percent) was the highest of all comparison communities. Growth in the black population (37.3 percent) and Asian population (56.3 percent) outpaced national growth of those minority groups.
  - Some survey participants expressed concern over the region's inclusiveness toward minority residents. Lack of diversity was acknowledged by respondents as one of the Madison Region's biggest challenges to overcome.
  
- **Educational attainment is exceptional and increasing:** One of the most competitive economic development assets a region can have is an educated workforce. Between 2006 and 2010, the population with a bachelor's degree or higher inched up from 33 percent to 34.5 percent in the Madison Region. However, among the geographies assessed, the Austin, Texas metro has the largest share of highly educated workers, with 39.4 percent possessing a bachelor's degree or higher.
  - The proportion of residents without a high school diploma or equivalency declined in the Madison Region between 2006 and 2010, from 9.4 percent to eight percent. Only Lincoln, Nebraska (seven percent) has a lower percentage of those with less than a high school education.
  - The number of associate's degree completions in the Madison Region exceeded those in all three of the benchmark communities and the number of certificate completions in the Madison Region far exceeded certificate completions in Des Moines, Austin, and Lincoln combined.
  - Survey respondents felt that the greatest strength of the regional workforce is its level of education and skill.

- **Per capita income is below the national average and growing slower than peers:** Per capita income (PCI) is a broad indicator of overall economic well-being. The Madison Region in 2009 had a per capita income of \$38,843, almost at parity with the national average of \$39,635.
  - However, PCI between 2004 and 2009 grew slower than all comparisons, except Des Moines which has a PCI over \$3,000 higher than the Madison Region.
  - Fifty-six percent of survey respondents felt that standards of living have gotten worse or much worse in the since the start of the most recent national recession period.
  
- **Socioeconomic disparities within the Madison Region are dramatic:** In 2010, the Madison MSA (Columbia, Dane, and Iowa County) had a PCI of \$43,959 (eight percent higher than the U.S. average) while Janesville MSA's (Rock County) PCI was \$32,102, around 20 percent under than the U.S. average.
  - Intra-regional educational attainment disparities are also acute, as 47.1 percent of Dane County has a bachelor's degree or higher, while all other counties range between 25.6 percent (Jefferson) and 14.2 percent (Dodge County).
  
- **Poverty is low, but growing faster than most peer regions:** Residents in the Madison Region are faring well, as the poverty rate (11.8 percent) is the second lowest of comparison communities, and the child poverty rate (12.9 percent) is the lowest of comparison communities. All communities experienced increases in overall poverty, but the Madison Region had the second largest increase between 2004 and 2009 (2.7 percentage points).
  - Among all the geographies examined, Lincoln had the highest poverty rate at 14.8 percent; Des Moines' poverty rate was the lowest at 10 percent.
  - Poverty rates increased the least in Des Moines (0.9 percentage points) and the most in Lincoln (5.3 percentage points).
  
- **School performance and achievement is uneven across the region and between socioeconomic groups:** Between the 2008–2009 and 2010–2011 school years, third grade reading proficiency rates declined in 10 of the 15 largest districts. Five of these districts, which represent more than half of all students in the region, had rates of third grade reading proficiency in the 70 to 80 percent range.

- The vast majority of school districts increased their graduation rates between 2005 and 2010.
  - Public input highlighted widening racial and minority achievement gaps in K–12 schools, especially in the Madison Metropolitan school district.
  - Spending per student is highest in the Madison Metropolitan school district (\$13,945) and lowest in Milton (\$10,826).
  - All but three of the region’s largest districts – Baraboo, Milton, and Watertown Unified – bettered the state’s average student-to-teacher ratio (15.0)
  - Tenth grade reading proficiency rates fell between the 2008–09 and 2010–11 school years in eight of the 15 largest districts.
  - 10th grade science proficiency rates increased between 2008–09 and 2010–11 in 11 of the 15 largest districts.
- **Regional confidence in K–12 education is strong:** Over 84 percent of survey respondents agreed that parents, community, and business leaders have a commitment to quality, public K–12 education.
    - More than 77 percent agreed that teachers and administrators are committed and engaged and that children receive a high-quality education.
    - In addition, 70.8 percent of online survey participants thought that these quality options in public K–12 schools make the Madison Region more competitive.

**PROSPERITY**

While all geographies examined suffered employment loss during the Great Recession, the Madison Region was the only region, with the exceptions of the state of Wisconsin and the nation, to experience loss that significantly scaled back gains made in recent years. However, growing average annual wages and low unemployment underscore the relative strength of the Madison Region’s labor market.

**PROSPERITY: SUMMARY FINDINGS**

	<b>Madison Region, WI</b>	<b>Austin, TX</b>	<b>Des Moines, IA</b>	<b>Lincoln, NE</b>	<b>Wisconsin</b>	<b>United States</b>
<b>Employment Growth</b>						
% change, Jan. '01-Dec. '07	9.7%	15.6%	13.0%	9.9%	4.7%	6.9%
Rank	4	1	2	3	6	5
% change, Dec. '07-Dec. '10	-4.5%	-0.04%	-2.8%	-2.8%	-5.0%	-5.5%
Rank	4	1	2 (tie)	2 (tie)	5	6
<b>Employment Availability</b>						
Ratio of jobs to working age population (18-69), 2010	0.727	0.636	0.895	0.760	0.693	0.618
Rank	3	5	1	2	4	6
<b>Unemployment</b>						
Unemployment rate, June 2011	6.6%	7.6%	5.7%	3.8%	7.7%	9.3%
Rank	3	4	2	1	5	6
<b>Labor Force Participation</b>						
Labor force participation rate, 2010	82.7%	76.2%	83.7%	79.7%	80.6%	74.4%
Rank	2	5	1	4	3	6
<b>Average Annual Wage</b>						
Average annual wage, 2010	\$43,871	\$52,972	\$49,358	\$39,848	\$43,472	\$50,492
% of U.S.	86.9%	104.9%	97.8%	78.9%	86.1%	
Rank	4	1	3	6	5	2
<b>Small Business Lending</b>						
Loans per 1,000 residents, 2010	10.8	16.8	13.8	14.2	11.8	13.6
Rank	6	1	3	2	5	4
<b>Entrepreneurial Firms</b>						
% growth of establishments w/ 1-4 employees, 2004-2009	0.1%	14.8%	3.1%	3.7%	-2.4%	-0.2%
Rank	4	1	3	2	6	5
<b>Innovation*</b>						
Patents per 10,000 employees, 2010	12.2	32.3	5.6	3.7	N/A	8.3
Rank	2	1	4	5	4	3

\*Data available for Madison, WI MSA and Janesville, WI MSA only.

"1" is considered highest-performing, while "6" is the poorest performing among these geographies.

Note: Data sets presented throughout this report are at the eight-county regional level for the Madison Region and the metropolitan statistical area (MSA) level for the comparison communities unless otherwise noted. Sources and methodology notes related to these indicators are detailed in tables throughout the Prosperity section of the report and in Appendix A.

- **Regional employment reached its lowest point in February 2010:** Despite the recession ending in June 2009, national employment did not bottom out until December 2009. The Madison Region hit bottom two months later, in February 2010, when employment was 0.11 percent greater than employment in January 2000.
  - Job loss between December 2007 and December 2010 totaled 24,124 jobs in the Madison Region.
  - The Austin economy was the most resilient during the recession, and between the national peak and trough, lost 0.04 percent of employment. During the same time the Madison Region lost 4.5 percent of employment, more than Des Moines and Lincoln (both lost 2.8 percent), but less than the state (-5.0 percent) and the nation (-5.5 percent).
  - When looking at employment change from a five-year perspective, the Madison Region's sector employment loss between 2005 and 2010 was pronounced in manufacturing (loss of 15,832 jobs, -20.4 percent); construction (loss of 8,034 jobs, -29 percent); retail (loss of 3,801 jobs, -6.1 percent); and finance and insurance (loss of 3,146 jobs, -11.1 percent).
  - Over 52 percent of online survey respondents felt that job opportunities have gotten worse or much worse since the start of the Great Recession.
  
- **Not all sectors fared poorly during the Great Recession:** Between 2005 and 2010, regional employment increased in the following sectors: agriculture (19.4 percent); information (10.6 percent); professional, scientific, and technical services (9 percent); educational services (10.4 percent); and health care and social assistance (9.9 percent). Total change in these sectors was a net growth of 14,855 new jobs.
  - Regional employment growth rates in agriculture; information; professional, scientific, and technical services; and educational services surpassed national sector growth.
  
- **Confidence in the labor market remains high:** While the labor force participation rate (LFPR) in the Madison Region dropped 5.7 percentage points between 2000 and 2010, the region's relatively high rates of participation indicate that, overall, workers are positive on the state of the labor market and have not become discouraged.



- In 2010, the LFPR in the Madison Region was the second highest (82.7 percent) of all comparison geographies, second only to Des Moines (83.7).
  - However, the Madison Region faced the second-largest negative change in labor force participation between 2000 and 2010 at 5.7 percentage points, second to the Austin metro's drop of 8.7 percentage points to a 76.2 percent LFPR in 2010.
- **Wages are growing but still lag peer and national averages:** Annual average wages in the eight-county Madison Region (\$43,871) have not come to parity with the national average (\$50,492), despite relatively low unemployment and the relatively high rate of labor force participation.
  - Between 2005 and 2010, average annual wages grew the fastest in the Madison Region (3.7 percent), but only reflect 86 percent of the national average.
  - Austin is the only peer community to have average annual wages (\$52,972) above the national average. Lincoln had the lowest wage levels of all comparison communities, \$39,848.
  - Nearly 62 percent of online survey respondents felt that wages and benefits have worsened in the region since the onset of the most recent national recession.
- **Economic diversification will be critical to long-term prosperity:** Diverse, balanced economies present insulation against recessionary pressures and provide workers much insurance against sector downturn.
  - While somewhat diverse, the Madison Region has a number of highly-concentrated sectors, including manufacturing (location quotient of 1.38); information (LQ=1.23); finance and insurance (LQ=1.18); educational services (LQ=1.09); and public administration (LQ=1.33).
  - However, many of these sectors at the national level endured dramatic decline during the Great Recession (manufacturing, finance and insurance) or are facing funding-related contraction concerns (educational services, public administration).
  - Survey participants identified health care and life sciences, scientific and technical services, information technology, and agriculture and food processing as the sectors that should be most highly prioritized for job creation in the Madison Region.

- **Wages have grown in all sectors, but are below the national averages:** Only three sectors in the Madison Region have wages that are equal to or above national sector wages. Such disparity may inhibit recruitment of talent, especially as many residents are concerned about the cost of living.
  - Only employment in agriculture, utilities, and construction pay wages that are above the national sector average.
  - The lowest wage ratios occur in energy extraction (0.70), wholesale trade (0.76), finance and insurance (0.73), arts, entertainment, and recreation (0.39), and accommodation and food services (0.74).
  
- **The older workforce is spread out among many sectors:** Many business sectors reflect the overall proportion of workers age 55 and above in the region (20 percent). Such dispersion is reassuring as knowledge and expertise loss will not be concentrated in one sector; however, this means that as these workers retire, workforce development assistance will likely be demanded from multiple sectors.
  - The share of older employees in transportation and warehousing is the largest (30.2 percent), followed by utilities and educational services, which each have a proportion of older employees equal to 28.4 percent.
  - The sectors with the smallest shares of aging workers are information (12.3 percent) and accommodation and food services (10.2 percent).
  
- **National rankings show middle-of-the-road business climate:** Recent rankings have put the overall Wisconsin business climate in the middle of the nation – from 23<sup>rd</sup> to 29<sup>th</sup> place among U.S. states. However, the Madison MSA has received some positive recognition for job growth, career opportunities, and opportunities for young professionals.
  - Current annual rankings do show some improvement in Wisconsin’s competitive standing among states compared to years past.
  - Recent state-level political instability may negatively impact the Madison Region, as businesses find it difficult to operate in a volatile environment. Public input also reflected a lack of communication and understanding between government entities and business decision makers.
  - Online survey respondents ranked assessed taxes and turn-around time for permit acquisition as the top business climate disadvantages for the Madison Region; quality of the regional workforce and availability of office space were rated as the best advantages.

- **The number of regional businesses has dropped:** The number of Madison Region firms of all employment sizes declined between 2004 and 2009 by -0.7 percent. Among the benchmark geographies, only Wisconsin also experienced a drop in establishments (-2.3 percent). The comparison metros experienced firm growth rates between 2.1 percent (Lincoln) and 15.7 percent (Austin).
  
- **Access to capital for entrepreneurs is difficult:** The Madison Region has a long history of entrepreneurship and innovation. However, despite high average small business loan amounts, fewer loans are reaching the Madison Region, and more businesses are entering bankruptcy.
  - In 2010, the Madison Region had the lowest rate of small business loans per 1,000 residents (10.8) of all comparison geographies. In 2005, the rate was 22.9 loans per 1,000 residents.
  - Loans to comparison communities were more frequent, rates in Austin, Des Moines, Lincoln, and Wisconsin were 16.8, 13.8, 14.2, and 11.8, respectively.
  - Loans to the Madison Region had the second highest average amount, \$59,379, behind the state of Wisconsin (\$67,489).
  - Among the geographies examined, business bankruptcies in 2010 were the second highest in the Madison Region (7.21 per 1,000 establishments); only Austin (8.34) had a higher ratio.
  - The Madison Region also had the largest increase in business bankruptcies (4.35) between 2007 and 2010, despite having the second lowest rate of bankruptcy in 2007 (2.86).
  
- **Regional small businesses have shown anemic or negative growth:** Despite growth patterns in the metro comparison communities, the Madison Region's business establishments with fewer than five employees grew 0.1 percent between 2004 and 2009.
  - Establishments with five to nine employees contracted by 2.6 percent, outpacing the decline of the Madison Region's total firms (-0.7 percent). Such dynamics are concerning, as many stakeholders attested to the importance of small business in the region.
  - Between 2004 and 2009, establishments with one to four employees grew 14.8 percent in Austin, 3.1 percent in Des Moines, and 3.7 percent in Lincoln.
  - The percentage of establishments with five to nine employees also grew in Austin, Des Moines, and Lincoln.

- While 73.7 percent of business owners and managers responding to the online survey indicated that their business will remain in the Madison Region for the long term, only 20.8 percent felt they received the support from economic development organizations necessary for business growth.
- **Innovation in the region is dominated by the University of Wisconsin–Madison, which outpaces all competitor regions’ research universities:** UW–Madison spent \$952 million on science and engineering research and development in 2009, the third highest in the nation, and had licensing income in excess of \$50 million, in the same year. In 2010, total UW research and development expenditures surpassed \$1 billion for the first time.
  - Life science research expenditures at UW–Madison were the second-highest of all universities (\$623.4 million).
  - Madison MSA had the second-highest patents per 10,000 employees in 2010 (12.2), behind Austin (32.3).
  - The top private sector patenting organization between 2005 and 2009 was the Wisconsin Alumni Research Foundation (WARF) with 399 patents. Promega, Mirius Bio, Third Wave Technologies, and General Electric also generate significant patent activity in the region.

**PLACE**

The Madison Region’s high quality of life has been consistently enjoyed by residents and recognized on national rankings. While most of the assets that comprise the livability of the region – such as bike paths, trails, and farmers markets – continue to improve and expand, some factors like housing costs, costs of living, and health care outcome disparities may threaten its attractive image.

**PLACE: SUMMARY FINDINGS**

	<b>Madison Region, WI</b>	<b>Austin, TX</b>	<b>Des Moines, IA</b>	<b>Lincoln, NE</b>	<b>Wisconsin</b>	<b>United States</b>
<b>Cost of Living*</b>						
Cost of living index (100= U.S. Avg), Q2 2011	Madison - 108.1 Janesville - 98.4	91.2	90.4	93.2	N/A	100
Rank	Madison - 6 Janesville - 4	2	1	3	N/A	5
<b>Homeownership</b>						
Homeownership rate, 2010	67.0%	57.4%	72.2%	60.5%	68.7%	65.4%
Rank	3	6	1	5	2	4
<b>Housing Affordability*</b>						
Affordability ratio (median home price/median income), 2010	Madison - 3.89 Janesville - 2.93	3.37	2.78	2.96	3.46	3.59
Rank	Madison - 7 Janesville - 2	4	1	3	5	6
<b>Percent Uninsured</b>						
% without health insurance, 2010	8.4%**	19.3%	9.1%	9.8%	9.4%	15.5%
Rank	1	6	2	4	3	5
<b>Air Transportation</b>						
Average domestic fare, 2011	\$429	\$359	\$413	N/A	N/A	N/A
Rank	3	1	2	N/A	N/A	N/A
<b>Commute Patterns</b>						
% not driving to work alone, 2010	23.1%**	24.4%	18.3%	20.9%	19.5%	23.4%
Rank	3	1	6	4	5	2
<b>Public Transit Usage</b>						
Avg. annual miles per resident, 2009	199	206	97	21	N/A	N/A
Rank	2	1	3	4	N/A	N/A
<b>Environment</b>						
Superfund sites, 2011	7	2	5	5	N/A	N/A
Rank	4	1	2 (tie)	2 (tie)	N/A	N/A
<b>Charitable Capacity</b>						
501(c)(3) revenue per capita	\$9,367	\$4,293	\$12,271	\$5,642	\$7,449	\$6,005
Rank	2	6	1	5	3	4

\*Data available for Madison, WI MSA and Janesville, WI MSA only. \*\*Indicators omit Sauk and Green counties due to data availability. "1" is considered highest-performing, while "6" is the poorest performing among these geographies.

Note: Data sets presented throughout this report are at the eight-county regional level for the Madison Region and the metropolitan statistical area (MSA) level for the comparison communities unless otherwise noted. Sources and methodology notes related to these indicators are detailed in tables throughout the Place section of the report and in Appendix A.

- **Cost of living – especially health care – is high:** The Madison metro area is more expensive overall and in every individual component of the cost of living index than the national average as well as all of the comparison communities.
  - While the Janesville metro composite index is just under the national average, both MSAs have higher-than-average health care costs.
  - Over 41 percent of survey respondents felt that overall affordability in the Madison Region is worsening since the most recent recession.
  - Among quality of life factors rated by survey respondent, cost of living ranked the lowest, with 28.4 percent of respondents deeming cost of living poor or worse than average and 47.1 percent ranking it average. Affordability of health care and child care in the Madison Region were also ranked as major concerns for quality of life.
  
- **However, health care access is extensive and quality is world-class:** The eight-county Madison Region boasts more physicians to residents than any other comparison geography; it also has a comparatively low proportion of uninsured residents.
  - The University of Wisconsin Hospitals and Clinics, Meriter Hospital, Stoughton Hospital, and Waupun Memorial Hospital have all recently been nationally recognized as among of the country’s best hospitals and specialist practices.
  - Availability of health care ranked the highest among quality of life factors rated by survey participants – 75.4 percent deemed it as excellent or above average.
  
- **The Janesville metro suffers striking housing value challenges:** Compared to the state and nation, Madison and Janesville’s home prices fared lighter blows between the national peak (Q4 2005) and its trough (Q1 2009). However, home prices continue to drop in the Janesville MSA.
  - The Janesville metro’s decline of 12.3 percent is by far the most significant among the comparison geographies since the prices bottomed out nationally.
  - The highest rate of foreclosures in the Madison Region in August 2011 was Rock County, with one out of every 358 homes under foreclosure.
  
- **The Madison metro’s housing prices are the highest and fastest-growing in the region:** The Madison metro’s 0.9 percent contraction in home values since the national trough is the smallest of those areas examined that are still

experiencing declining single-family home prices. Despite these fluctuations the Madison metro's housing market is still pricier than any of the comparison geographies.

- A decade ago Iowa County, one of the counties in the Madison MSA, had the lowest home prices in the region. However, by Q3 2010 the county surpassed the state median.
- As of Q2 2011, Iowa County's home prices were the third-highest in the eight-county region at \$145,746, just slightly above Jefferson County and nearly \$9,000 over the state average.
- **The Madison Region is served by extensive infrastructure networks, but some still lag in competitiveness:** The region is served by Class I and II freight lines, three interstates, and a regional airport.
  - The Dane County Regional Airport has the tenth priciest fares out of the 100 most-trafficked U.S. airports, which affects the wallets of residents and the bottom line for business travelers.
  - Almost half of all online survey respondents rated airline services as average, and half of business respondents felt that airport cargo capacity is average at Dane County Regional Airport.
  - The Madison Region is behind Wisconsin and the United States in terms of access to DSL and cable broadband, although not too significantly. The lowest share of residents with access to DSL occurs in Sauk County, where just 60.9 percent of residents can access DSL.
- **Although public transportation is relatively pricey, coverage in the urban core is good and regional residents can also employ other alternative means of commuting:** The City of Madison's Metro Transit System had the highest fares among the comparison metro's transit systems. However, the Metro also boasts higher ridership and a newer fleet of buses than transit systems in comparison communities.
  - The Madison Region has the largest share of workers who commute by bicycle or other means (three percent) and on foot (four percent).
  - The City of Madison has been repeatedly recognized by the League of American Bicyclists for its bicycle-friendly businesses, university, and support for cyclists through infrastructure and enforcement of bicycle-safety laws. Wisconsin is top-ranked for its plans and policies dedicated to safety and ease of all travelers on its shared roadways.
  - Compared to Austin and other major cities, Madison has relatively little congestion.

- To increase commuter, tourist, and freight capacity through the Madison Region, the state Department of Transportation has outlined plans for I-39/90 that include widening both directions to three lanes, from the Wisconsin-Illinois state line in Rock County to U.S. Highway 12 in Dane County. A reconstruction of 11 interchanges along this 45-mile stretch of interstate is also part of the expansion.
- **Implications for environmental hazards and remediation in Dane County:** The share of the region’s EPA-regulated facilities produce and discharge potentially hazardous releases into the environment is most heavily concentrated in Dane County.
  - Over half of the facilities impact air quality and report hazardous waste in the Madison Region are in Dane County.
  - The Madison Region has the highest number of Superfund sites (remediation of which is often expensive and very time-consuming) – four are located in Dane County and three are in Rock County.
  - Stakeholder input participants frequently cited the natural environment as a top strength of the region, and the conservation of lakes and other natural resources as a major concern.
- **Quality of place amenities for residents are excellent, but tourism capacity and access to these is weak:** For a mid-sized region, the Madison Region boasts extensive sites, events, and assets that make it a highly attractive place to live and visit. In addition, Madison’s quality of life assets are frequently cited in national rankings.
  - However, a key challenge for visitors to the Madison Region is the lack of infrastructure, especially hotel capacity in key convention-friendly areas and transit connectivity throughout the region.
- **Civic capacity is robust:** The Madison MSA boasts the highest volunteer rate of all the comparison areas, with volunteer activity most highly concentrated in education and faith-based opportunities. In addition, the number of non-profit 501(c)(3) organizations per 1,000 people in the Madison Region is 5.4, a greater proportion than Austin, the state, and nation.
  - The Madison Region’s non-profit organizations report the second highest revenues per capita (\$9,367), behind Des Moines (\$12,271).
  - Local levels of civic engagement were rated highly by online survey participants – 70.3 percent felt the region’s civic activity by residents is excellent or better than average.



ONLINE SURVEY

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Over 1,500 residents, business owners, and workers in the Madison Region completed the online community survey. Participants in the survey were asked what they consider to be the Madison Region’s greatest strength. The top responses are shown in the word cloud and summary list below.



- 1 University of Wisconsin-Madison
- 2 People
- 3 Schools/education
- 4 Environment/natural beauty
- 5 Diversity
- 6 Arts/culture
- 7 Lakes
- 8 Quality of life
- 9 Workforce and work ethic
- 10 Progressive/liberal

Survey participants were also asked about the region’s most critical challenges and weaknesses. Their responses are shown in the following word cloud and list.



- 1 Economic climate/jobs/unemployment
- 2 Divisive politics
- 3 State/Governor
- 4 (tie) Cost  
Taxes
- 6 Segregation/lack of diversity
- 7 Poverty
- 8 Transportation/connectivity
- 9 Crime
- 10 Conflicting attitudes about growth/development

Key points derived from the research gathered for this report will help to clarify the challenges and opportunities in the Madison Region, and will directly inform recommendations made in the final **Advance Now** Strategy.

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## PEOPLE

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As stakeholders in the eight-county Madison Region commence the five-year **Advance Now** economic development strategic process, a shared recognition of regional dynamics and recent trends is crucial. The most fundamental step in realizing the short- and long-term opportunities and challenges to be addressed in the **Advance Now** Strategy is to analyze how the Madison Region’s population is growing and changing. This section assesses the eight-county region’s population changes in terms of population and demographic dynamics, socioeconomic well-being, and the regional talent pool compared to other benchmark geographies.

Each section includes insights gathered during the stakeholder input, indicated by **blue, bolded text**.

### Demographic Trends and Composition

Over the past two decades, the Madison Region has experienced rising population growth and has been a migration destination, especially for those coming from other parts of the state. Dynamics of population, educational attainment, income, and diversity play a large role in community competitiveness. Further, trends and patterns of the population vary by county within the Madison Region and must be considered both as a whole and in component parts.

**Population Growth:** The following chart demonstrates that population in the Madison Region grew by 10.8 percent from 2000 to 2010, driven largely by growth in its core, Dane County. Growth in all three of the comparison metros outpaced growth in the Madison Region in both time periods examined, from 1990 to 2000 and 2000 to 2010. However, the Madison Region surpassed the rate of population growth in the state of Wisconsin and the nation during both decades. Similar to all other communities except Des Moines, growth in the Madison Region was more robust from 1990 to 2000 than in the following decade.

Within the region, rates of population growth have been varied. The population in Dane County increased the most in absolute terms and added over 100,000 people, between 1990 and 2010. Between 1990 and 2000, Sauk and Columbia grew the fastest with population increases above 16 percent. In the second decade, 2000–2010, population growth in Dane was the fastest (14.4 percent), followed by Jefferson, which increased 13.1 percent. However, all counties, with the exception of Jefferson, experienced a slowing in population growth rates. Most notably, population growth

rates in Columbia, Dodge, and Iowa counties between 2000 and 2010 were eight percentage points lower than growth over the previous decade.

**POPULATION CHANGE, 1990-2010**

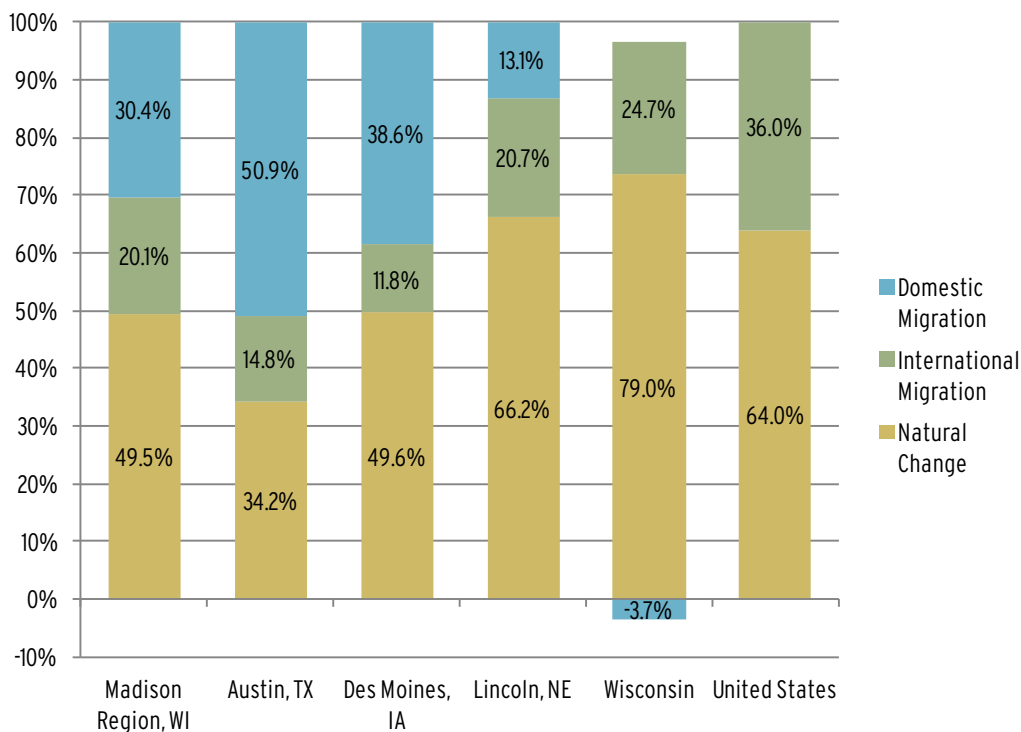
	1990	2000	2010	Change 1990-2000		Change 2000-2010	
				Net Change	% Change	Net Change	% Change
Madison Region, WI	793,489	902,871	1,000,187	109,382	13.8%	97,316	10.8%
Columbia County	45,088	52,468	56,833	7,380	16.4%	4,365	8.3%
Dane County	367,085	426,526	488,073	59,441	16.2%	61,547	14.4%
Dodge County	76,559	85,897	88,759	9,338	12.2%	2,862	3.3%
Green County	30,339	33,647	36,842	3,308	10.9%	3,195	9.5%
Iowa County	20,150	22,780	23,687	2,630	13.1%	907	4.0%
Jefferson County	67,783	74,021	83,686	6,238	9.2%	9,665	13.1%
Rock County	139,510	152,307	160,331	12,797	9.2%	8,024	5.3%
Sauk County	46,975	55,225	61,976	8,250	17.6%	6,751	12.2%
Austin, TX	846,227	1,249,763	1,716,289	403,536	47.7%	466,526	37.3%
Des Moines, IA	416,346	481,394	569,633	65,048	15.6%	88,239	18.3%
Lincoln, NE	229,091	266,787	302,157	37,696	16.5%	35,370	13.3%
Wisconsin	4,891,769	5,363,675	5,686,986	471,906	9.6%	323,311	6.0%
United States	248,709,880	281,421,910	308,745,530	32,712,030	13.2%	27,323,620	9.7%

Source: U.S. Census Bureau, Decennial Census via Moody's Economy.com

It is important to note the outlier growth rates in Austin, driven significantly by in-domestic migration especially from the 25–44 age group and workers relocating from outside of the metro. Two of the counties that comprise the Austin metro are among the nation’s most rapidly-growing counties (Williamson, 9<sup>th</sup> fastest; Hays, 15<sup>th</sup>).

Population change in an area can occur through natural change (births minus deaths), domestic migration, and international migration. The following chart shows that the Madison Region’s population growth between 2000 and 2009 was driven strongly by natural change and secondarily by domestic in-migration. Among the comparison metros, the Madison Region population’s percentage of international in-migration (20.1 percent of population change) was surpassed only by Lincoln, Nebraska (20.7 percent). Nearly 80 percent of international in-migration and 77.5 percent of domestic in-migration in the region occurred in Dane County. In the period examined, the state of Wisconsin lost population due to domestic out-migration but gained a significant share of residents as a result of births over deaths.

COMPONENTS OF POPULATION CHANGE, 2000-2009



Source: U.S. Census Bureau, Population Estimates

**Migration:** To further unpack the dynamics of the Madison Region’s population change as it relates to migration in the region, inflow and outflow patterns must be examined. The following table shows net migration patterns – the aggregation of movement into and out of the Madison Region – based on U.S. Internal Revenue Service (IRS) tax exemption data, between 2000 and 2009.

The Madison Region experienced net in-migration from 2000 to 2009, but net migration has been trending down since 2007. This trend has been observed in many communities as the Great Recession and housing market dynamics negatively affected family and worker mobility. However, in 2009, net migration was negative, indicating that in that year more people left the region than entered it. Further, in 2009, all of the counties in the region except Dane experienced net out-migration, with the largest net out-migration experienced in Rock and Dodge counties. In comparison, the metro areas of Austin and Des Moines experienced higher levels of net in-migration than the Madison Region from 2000 to 2009, while Lincoln experienced net out-migration during the same period. The state of Wisconsin has seen increasing net out-migration since 2005, threatening to offset the growth from in-migration in the earlier half of the decade.



### NET MIGRATION, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Net Change, 2000-2009
Madison Region, WI	3,467	2,721	3,571	2,699	3,641	2,407	3,209	2,399	1,194	-362	24,946
Columbia County	482	435	168	475	535	276	243	271	-30	-148	2,707
Dane County	1,949	1,841	2,739	1,473	1,240	678	548	1,032	432	1,224	13,156
Dodge County	275	215	285	121	451	-80	704	-171	23	-455	1,368
Green County	177	76	112	102	239	258	440	196	164	-2	1,762
Iowa County	43	89	59	53	10	106	80	-6	71	-194	311
Jefferson County	219	-17	286	260	444	415	190	190	240	-49	2,178
Rock County	-94	-56	-262	-133	415	369	715	551	32	-704	833
Sauk County	416	138	184	348	307	385	289	336	262	-34	2,631
Austin, TX	25,260	24,146	801	3,879	8,665	14,422	25,198	27,878	24,679	17,790	172,718
Des Moines, IA	992	1,063	1,778	1,514	2,437	4,080	4,293	3,763	3,677	2,939	26,536
Lincoln, NE	547	-498	463	755	-737	-493	-614	-301	-385	-326	-1,589
Wisconsin	8,460	4,101	5,154	4,458	1,920	-2	-784	-1,965	-3,692	-5,226	12,424

Source: Internal Revenue Service via Moody's Economy.com

The following table shows the top ten source counties for migration into the Madison Region and the top ten destination counties for migration out of the region between 2000 and 2009. The greatest number of net new residents to the Madison Region came from outside of the United States, while the remaining source counties were mainly limited to the larger metros in the upper Midwestern United States (Milwaukee, Chicago, and Rockford) and surrounding counties in southern Wisconsin. The region also experienced a net gain from other neighboring states – Illinois, Iowa, and Michigan. This regional churn reveals that less geographic diversity exists among the Madison Region’s new residents and workers.

Destination counties for net out-migrants show the Madison Region losing residents to Minneapolis other nearby metros and counties in Wisconsin. In addition, the region experiences net out-migration to more distant western metros like Phoenix, Arizona and Seattle, Washington and the Sunbelt states of Florida, California, and Texas.

**TOP NET MIGRATION SOURCES AND DESTINATIONS, 2000-2009**

Top Sources for Net In-Migration		Top Destinations for Net Out-Migration	
Rank	Top Counties/Areas	Rank	Top Counties/Areas
1	Foreign	1	Brown County, WI (Green Bay)
2	Waukesha County, WI (Milwaukee metro)	2	Hennepin County, MN (Minneapolis-St. Paul)
3	Cook County, IL (Chicago metro)	3	Fond du Lac County, WI
4	Milwaukee County, WI (Milwaukee metro)	4	Adams County, WI (Adams/Wisconsin Dells - partial)
5	Washington County, WI (Milwaukee)	5	Maricopa County, AZ (Phoenix)
6	Walworth County, WI (Whitewater)	6	Winnebago County, WI (Oshkosh/Neenah)
7	Winnebago County, IL (Rockford)	7	La Crosse County, WI
8	DuPage County, IL (Naperville/Chicago)	8	Chippewa County, WI (Eau Claire)
9	Lake County, IL (Chicago)	9	King County, WA (Seattle)
10	McHenry County, IL (Chicago)	10	Calumet County, WI (Appleton)
Top States		Top States	
1	Illinois	1	Florida
2	Wisconsin	2	Minnesota
3	Iowa	3	Arizona
4	Michigan	4	California
5	Indiana	5	Texas

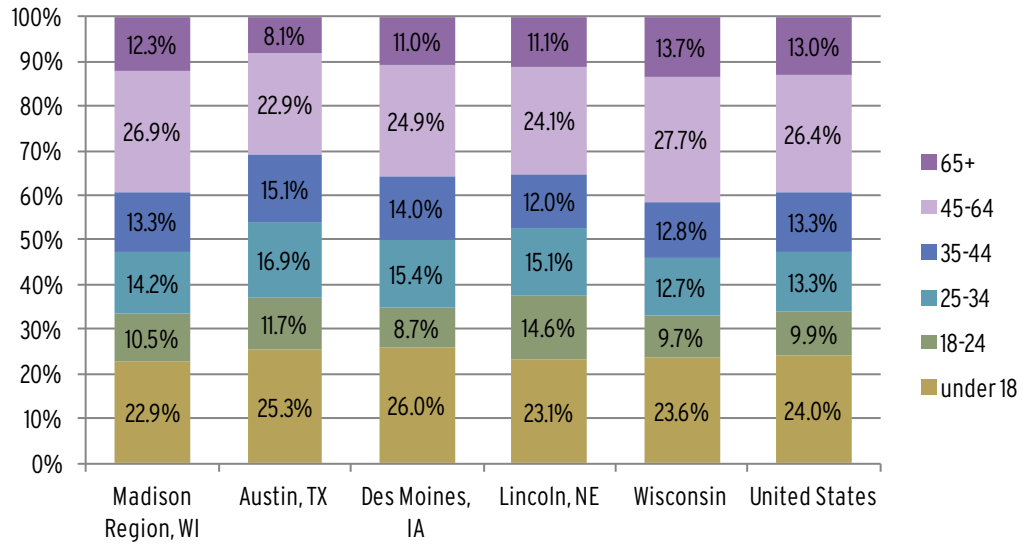
Source: Internal Revenue Service via Moody's Economy.com

**Age Distribution and Change:** The distribution of ages in a community indicates a region's long-term service needs and the stability of the workforce. Employers are attracted to regions with sizeable young labor pools as they represent a sustainable talent pipeline. Further, significant elderly or young populations will require different amenities and assistance levels.

The following charts and table show population distribution by age group in 2010 and population change by age group between 2000 and 2010. In the Madison Region, age distribution closely parallels age distribution in the nation; however, measured against the comparison communities, the region has a smaller proportion of population under 45 and, within that cohort, a smaller percentage of 25- to 34-year-old residents.

Although many components of the future workforce pipeline are stable – like the regional presence of many universities and colleges as well as quality of life amenities for young adults – some of these age dynamics suggests that the Madison Region may face challenges securing a pipeline of future workers if it cannot effectively retain and recruit a competitive, sustainable workforce.

**AGE DISTRIBUTION, 2010**



Source: U.S. Census Bureau, Decennial Census

In the Madison Region as well as in all comparison geographies, the 45 to 64 age group experienced the greatest growth between 2000 and 2010, second only to Austin, while the 35 to 44 cohort declined in all of the comparison geographies except Austin. Similarly, in the 65+ age group, the Madison Region had the second highest rate of growth, behind Austin and tied with Lincoln (Austin, 53.1 percent; Madison Region and Lincoln, both 17.7 percent). Growth in the key young professional demographic (ages 25 to 34) was slower in the Madison Region than in the metros of Austin, Des Moines, and Lincoln, though it outpaced that of the state and nation.

**AGE CHANGE, 2000-2010**

		Madison Region, WI	Austin, TX	Des Moines, IA	Lincoln, NE	Wisconsin	United States
<b>Net Change</b>	under 18	9,367	117,738	10,786	6,956	-29,264	1,887,655
	18-24	5,645	32,976	1,559	3,243	28,627	3,528,634
	25-34	10,328	61,835	8,031	5,768	15,526	1,172,224
	35-44	-17,070	47,745	-5,683	-4,167	-149,856	-4,077,921
	45-64	70,656	158,140	25,355	18,506	383,517	19,536,809
	65+	18,390	48,092	1,966	5,064	74,761	5,276,231
<b>Percent Change</b>	under 18	4.3%	37.1%	8.6%	11.1%	-2.1%	2.6%
	18-24	5.7%	19.7%	3.6%	7.9%	5.5%	13.0%
	25-34	7.9%	27.0%	11.0%	14.5%	2.2%	2.9%
	35-44	-11.4%	22.5%	-7.2%	-10.3%	-17.1%	-9.0%
	45-64	35.6%	67.5%	24.1%	34.1%	32.2%	31.5%
	65+	17.7%	53.1%	3.5%	17.7%	10.6%	15.1%

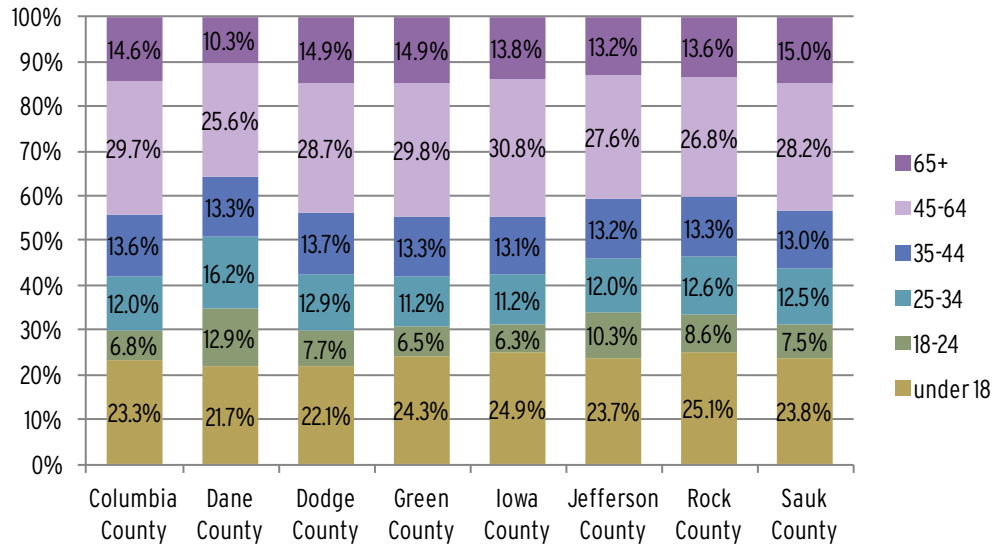
Source: U.S. Census Bureau, Decennial Census

Within the Madison Region, age distribution varies by county. The counties with the highest proportion of residents under 18 are Rock (25.1 percent), Green (24.9 percent), and Iowa (24.3 percent). Educating, training, and retaining this population will be important, especially for Iowa and Rock, which had some of the lowest growth rates over the past decade.

It is unsurprising that Dane County has the largest proportion of 18 to 24 year olds (12.9 percent), as it is home to the University of Wisconsin–Madison (UW–Madison), Edgewood College, and Madison College (formerly Madison Area Technical College). Dane County also has the largest share (16 percent) of young professionals, those aged 25 to 34. Green and Iowa counties have the lowest proportion of young professionals, representing 11.2 percent of total population in each county.

Higher percentages of older residents (those 65 and over) are found outside Dane County, most heavily in Sauk, Green, and Dodge counties. The older workforce and retirement-aged population in Dane County is the lowest of all counties (10.3 percent).

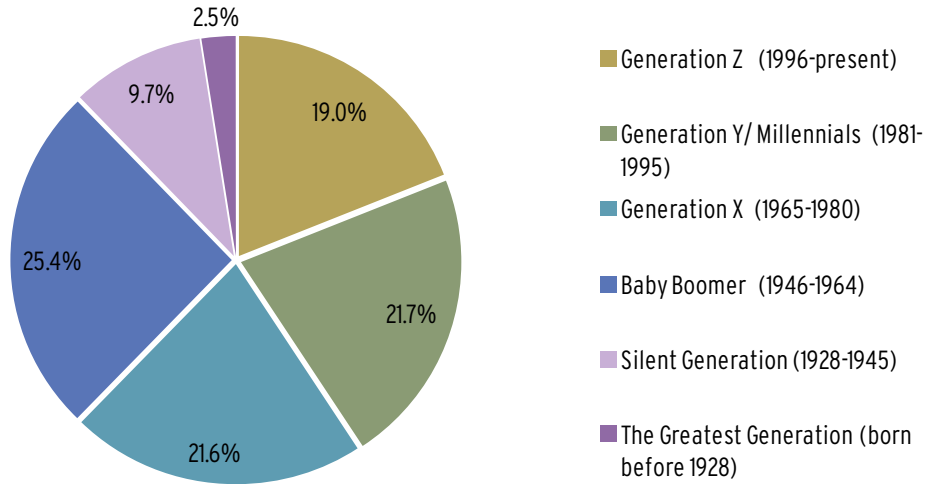
**MADISON REGION AGE DISTRIBUTION, 2010**



Source: U.S. Census Bureau, Decennial Census

Despite significant growth in younger generations, the Baby Boom generation (those born between 1946 and 1964) still accounts for a larger portion of the Madison Region’s population than any other single generation, as also is true nationwide. Since 2000, the fastest growing generation segments in the Madison Region have been Generation Z (born between 1996 and the present), followed by the Millennials (born between 1981 and 1995), and Generation X (born between 1965 and 1980). Generation Z’s population growth is driven largely by natural change (births) as well as migration patterns.

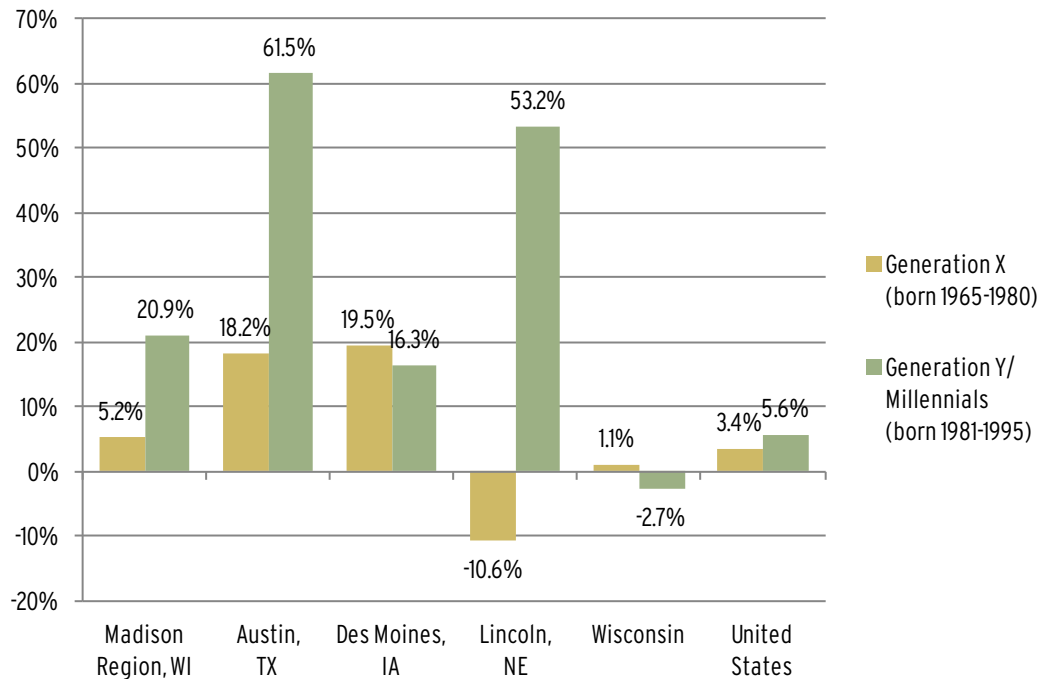
**MADISON REGION GENERATIONAL ANALYSIS, 2010**



Source: U.S. Census Bureau, Decennial Census

When looking more closely at the two generations that comprise the nation’s youngest cohort of the workforce – Generation X and the Millennials – it is clear that the Madison Region has a sustainable and growing group of workers to be engaged in the labor force. In-migration is the sole driver behind the growth in the Millennial and Generation X populations in the Madison Region, which have experienced growth in the last decade as they entered (in the case of the Millennials) and advanced (in the case of Generation X) through the regional workforce. These generations are moving into the region at a faster pace than at the state and national level.

**CHANGE IN GENERATION X AND MILLENNIALS POPULATION, 2000-2010**



Source: U.S. Census Bureau, Decennial Census

Keeping and retaining young professionals is something many input participants said is an important consideration for the long-term vitality of the region. The availability of quality jobs, public transportation, affordable housing options, and a variety of entertainment amenities were important aspects to survey respondents when asked how to retain young professionals. One survey participant said that Madison should, “Advertise our weirdness, recreation, and high tech culture.”

The young professional focus group discussed the issue of retaining young talent and identified that low job turnover and low unemployment makes it difficult for young people to enter the workforce. In addition, when talent is recruited to the Madison Region, opportunities to integrate business and personal lives are often inadequate. Organizations such as Madison Magnet and Rock County Young Professionals Group do try to plug this demographic into social and professional networks, but many young professionals are in the Madison Region on a temporary basis, making a long-term commitment difficult.

Many young professionals feel that Madison offers a lot of the amenities they are looking for, such as exciting bars, entertainment options, and restaurants.

Opportunities to be active, and participate in and watch sporting events were also lauded. Young professional focus group participants described Madison as an easy place to live with a high quality of life. While 85.6 percent of all survey respondents agreed that the Madison Region is an attractive and desirable place for young professionals to live, over 90 percent of respondents between the ages of 25 and 39 agreed with the sentiment.

However, the established leadership in the region has not been as embracing in action as in word to its future leaders. One stakeholder input participant said, “[The city has] been reluctant to hand over the reins to young people.”

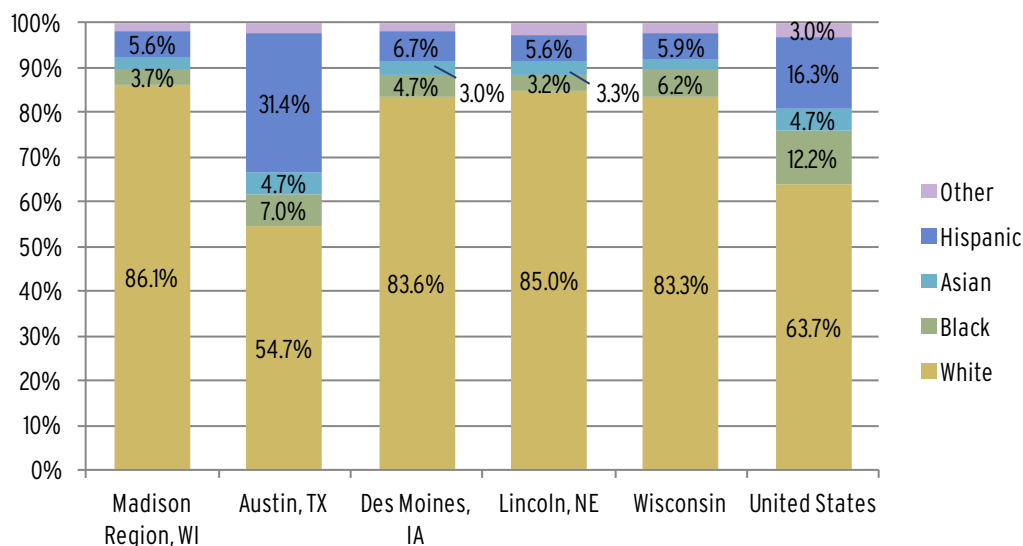
“Outwardly we’re promoted, but perhaps there’s not the sentiment inwardly,” said one young professional. Another spoke of a “cultural shift” to start driving entrepreneurship and business to the Madison Region. “The mentality has to change.”

When asked what the Madison Region could do to attract and retain this segment of the workforce, young professional survey respondents mentioned progressive employment policies, entertainment options for post-college young adults, new employers, opportunities for professional advancement and entrepreneurship, and competitive salaries.

***Race and Ethnic Composition:*** The following chart and table illustrate the racial and ethnic distribution of population in the Madison Region and the comparison geographies. The Madison Region has a higher proportion of white residents than any of the other comparison geographies, including the state of Wisconsin. In 2010, the Madison Region’s white population was 86.1 percent, Hispanic or Latino residents made up the next highest proportion of the population with 5.6 percent, and the black population of the eight-county region was 3.7 percent.



RACIAL/ETHNIC COMPOSITION, 2010



Note: Those populations with less than 3 percent of the total population are not labeled on the chart for clarity  
 Source: U.S. Census Bureau, Decennial Census

From 2000 to 2010, growth in white residents in the Madison Region drove 45 percent of total population growth. However, the change in the white population from 2000 to 2010 was only a 5.3 percent uptick, which is a smaller rate of growth than the increase in the three comparison metro areas. Each of the other racial or ethnic groups experienced higher percentages of change (37.3 percent in the black population, 56.3 percent in the Asian population, 100.6 percent in the Hispanic population, 47.7 percent in other racial/ethnic populations). The rate of growth in the Hispanic population in the Madison Region was faster than in any of the other benchmark geographies. Continued diversification should be anticipated, and should be proactively taken into consideration as the region looks to forge new economic opportunities, increase the prosperity and quality of life for all residents, and embrace its role in the global economy.

### CHANGE IN RACIAL/ETHNIC COMPOSITION, 2000 AND 2010

	Total	White	Black	Asian	Hispanic	Other
<b>Madison Region, WI</b>						
Population 2010	1,000,187	861,218	36,722	26,468	55,614	20,165
Population 2000	902,871	817,812	26,740	16,938	27,726	13,655
Numerical change 2000-2010	97,316	43,406	9,982	9,530	27,888	6,510
Percent change 2000-2010	10.8%	5.3%	37.3%	56.3%	100.6%	47.7%
<b>Austin, TX</b>						
Population 2010	1,716,289	938,474	120,510	80,980	538,313	38,012
Population 2000	1,249,763	758,302	96,746	43,422	327,760	23,533
Numerical change 2000-2010	466,526	180,172	23,764	37,558	210,553	14,479
Percent change 2000-2010	37.3%	23.8%	24.6%	86.5%	64.2%	61.5%
<b>Des Moines, IA</b>						
Population 2010	569,633	476,434	26,508	17,107	38,004	11,580
Population 2000	481,394	425,970	18,287	10,239	19,355	7,543
Numerical change 2000-2010	88,239	50,464	8,221	6,868	18,649	4,037
Percent change 2000-2010	18.3%	11.8%	45.0%	67.1%	96.4%	53.5%
<b>Lincoln, NE</b>						
Population 2010	302,157	256,854	9,695	9,966	16,957	8,685
Population 2000	266,787	238,144	6,939	7,166	8,616	5,922
Numerical change 2000-2010	35,370	18,710	2,756	2,800	8,341	2,763
Percent change 2000-2010	13.3%	7.9%	39.7%	39.1%	96.8%	46.7%
<b>Wisconsin</b>						
Population 2010	5,686,986	4,738,411	350,898	128,052	336,056	133,569
Population 2000	5,363,675	4,681,630	300,245	87,995	192,921	100,884
Numerical change 2000-2010	323,311	56,781	50,653	40,057	143,135	32,685
Percent change 2000-2010	6.0%	1.2%	16.9%	45.5%	74.2%	32.4%
<b>United States</b>						
Population 2010	308,745,538	196,817,552	37,685,848	14,465,124	50,477,594	9,299,420
Population 2000	281,421,906	194,552,774	33,947,837	10,123,169	35,305,818	7,492,308
Numerical change 2000-2010	27,323,632	2,264,778	3,738,011	4,341,955	15,171,776	1,807,112
Percent change 2000-2010	9.7%	1.2%	11.0%	42.9%	43.0%	24.1%

Source: U.S. Census Bureau, Decennial Census

Diversity was an important topic in focus groups and in the survey responses. Some stakeholder input participants identified that one of the strengths of the Madison Region is its diversity, including ethnic and cultural diversity. When asked about the greatest strength of the workforce, a respondent simply said, “diversity – ethnic, age range, education, social status.”

The educational institutions and systems in the region were frequently cited by survey respondents as drivers of diversity. Many input participants referenced the rapidly growing minority student population at Madison College and the global influence of UW–Madison. “The University is a big feeder of cultural programming.”

Certain public K–12 districts are also seeing increasingly diverse classrooms. “More than 30 nationalities and more than 30 native languages spoken at our elementary school makes my community a very enriching place to be,” said a survey participant.

However, many survey respondents said that the lack of racial diversity was a key issue for the Madison Region. One respondent said the lack of diversity was detrimental to being able to attract people of different backgrounds to the area. Further, when asked about the inclusiveness of the Madison Region, a respondent said, “I think it is difficult for minority groups to feel comfortable and welcomed here.” Another felt that while the Madison Region is inclusive, “I still think the region struggles with race and ethnicity issues.”

“It’s a challenge,” said one interviewee of the region’s relative lack of racial and ethnic diversity. “A lot of the strategies for our area have not been lures to people of color.” A focus group participant observed, “The lack of diversity in professional and leadership positions and jobs is discouraging for young minorities.”

While nearly 80 percent of survey respondents agreed that the Madison Region is an inclusive, welcoming place where a diverse range of people can find a home community, many added a caveat to that statement. “I want to agree but am deeply ambivalent – as a white person I love it and feel comfortable, but that is not the case for pretty much every non-white person I know. We need to seriously work to change that; I’d enjoy it more.”

Diversity was mentioned frequently by survey respondents as one of the region’s top strengths; it was also cited as one of its greatest weaknesses. As an example of the strength of the region’s diversity, many communities – urban, suburban, and rural – in the region have embraced gay and lesbian neighbors: “The fact that Madison has a plethora of LGBT recreational sporting leagues (softball, hockey, volleyball, rugby, bowling I think) and leagues that have much higher membership than bigger cities is a testament to the welcoming nature of Madison.”

However, inclusiveness to people of color has been slower to catch on. Additionally, stakeholder input participants reported that acceptance of diversity in socioeconomic status and political affiliation, as well as welcoming newer residents, are struggles in some areas of the region. “[Madison] is overly liberal, and if your politics are not that way, it’s hard to feel included.”

## Educational Attainment

Regional competitiveness is significantly dependent on educational attainment, as a talented and skilled workforce is desired by growth companies and stimulates positive economic activity via increased earnings and local spending. The following chart shows the educational attainment of adults aged 25 and above, in 2006 and 2010.

In the Madison Region, 34.5 percent of all adults hold at least a bachelor’s degree, more than in any of the comparison geographies except Austin (39.4 percent). The percentage of adults without a high school diploma in the Madison Region was eight percent, lower than all the comparison geographies except Lincoln (seven percent). These rates in the Madison Region were little changed from 2006 to 2010; while change in the comparison regions tended to fluctuate over the period. Lincoln was the only comparison geography to experience a decline in the share of the population with a bachelor’s degree between 2006 and 2010.

### EDUCATIONAL ATTAINMENT, 2006-2010

	% w/out High School Diploma			% w/ Bachelor's degree or higher		
	2006	2010	Change	2006	2010	Change
Madison Region, WI	9.4%	8.0%	-0.01	33.0%	34.5%	0.02
Austin, TX	13.7%	12.5%	-1.16	38.8%	39.4%	0.55
Des Moines, IA	9.1%	8.4%	-0.71	31.2%	32.0%	0.73
Lincoln, NE	6.7%	7.0%	0.31	34.1%	33.7%	-0.45
Wisconsin	11.6%	9.9%	-1.77	25.1%	26.3%	1.22
United States	15.9%	14.4%	-1.53	27.0%	28.2%	1.19

Note: Data for 2006 was not available from Sauk County or Green County, thus the Madison Region does not include those geographies.  
Source: U.S. Census Bureau, American Community Survey

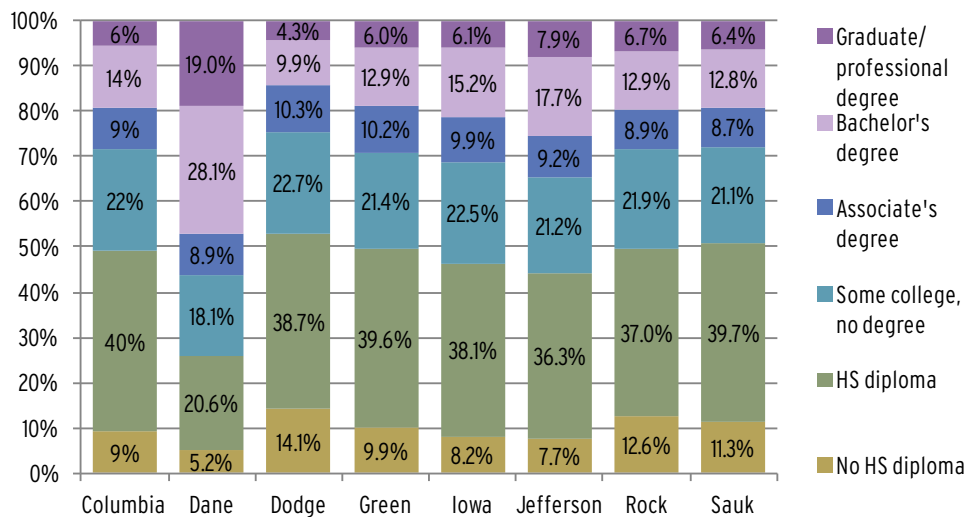
When asked what the greatest strength of the regional workforce, nearly half of survey respondents identified competitive education levels. “Between UW–Madison and the many other local colleges and universities, the region’s workforce is highly educated,” said a survey participant. “There needs to find a way to retain these highly educated persons and use them in a manner that they can innovate and move our area forward.”

Some survey respondents expressed concerns about the availability of jobs in the region for those residents who have only a high school diploma and concerns were also raised about the availability for educational attainment opportunities in Madison’s lower income and minority communities, exacerbating a widening educational achievement gap.

The following chart shows the breakdown of educational attainment for each county in the Madison Region. Educational attainment varies widely across the region. Dodge County has the largest proportion of adults without a high school diploma (14.1 percent), while Dane County has the smallest (5.2 percent). Dodge and Sauk counties are the only two counties where more than half of residents aged 25 and up hold a high school diploma or less.

Secondary education institutions are prevalent throughout the region, but the highest levels of attainment are present in Dane County. Bachelor and graduate/professional degree attainment is most concentrated in Dane County (37.1 percent), while throughout the rest of the region bachelor and higher attainment ranges from 25.6 percent in Jefferson to 14.2 percent in Dodge.

**MADISON REGION EDUCATIONAL ATTAINMENT DISTRIBUTION, 2010**



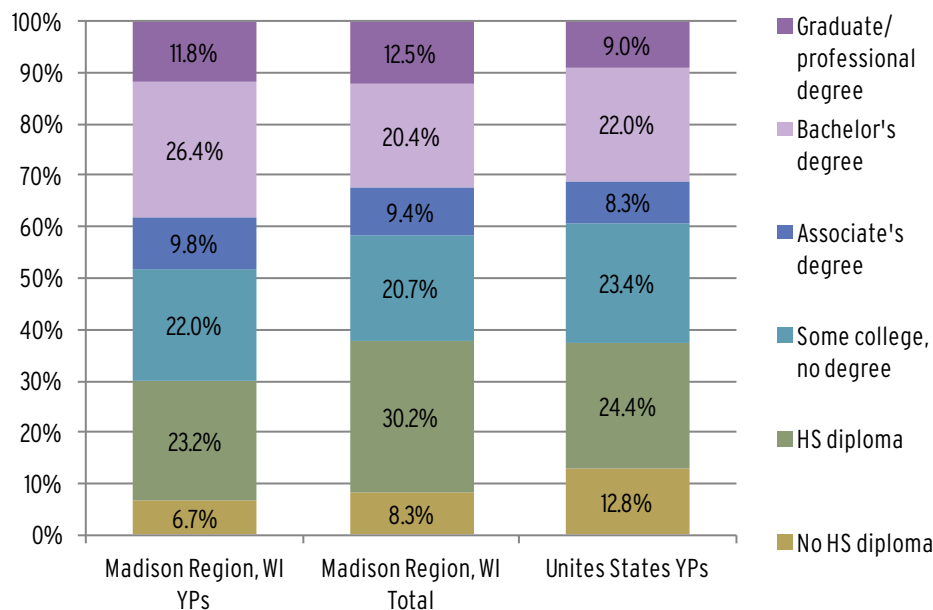
Note: The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Green County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA), which are aggregations of counties. To capture Sauk and Green educational attainment information Market Street used the most recent American Community Survey data, which is a three-year estimate over the years 2007-2009.

Source: U.S. Census Bureau, American Community Survey

In the Madison Region, the young adult 25 to 34 age group (which encompasses the young professional cohort) is more educated than the general population. In addition, compared to young adults nationwide, the Madison Region’s 25 to 34 year olds have higher rates of high school completion and degree attainment across the board. These dynamics are favorable if this population can be retained in the region and plugged into high-value careers that provide competitive wages and professional advancement opportunities. If such opportunities do not exist to effectively engage

the youngest portion of the regional workforce, brain drain to other, larger or more dynamic job markets may persist.

**EDUCATIONAL ATTAINMENT DISTRIBUTION, YOUNG PROFESSIONALS, 2010**



Notes: Young professionals are considered those residents in the 25-34-year-old age group. The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Green County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA). To capture Sauk and Green educational attainment information Market Street used the most recent American Community Survey data, which is a three-year estimate over the years 2007-2009.

Source: U.S. Census Bureau, American Community Survey

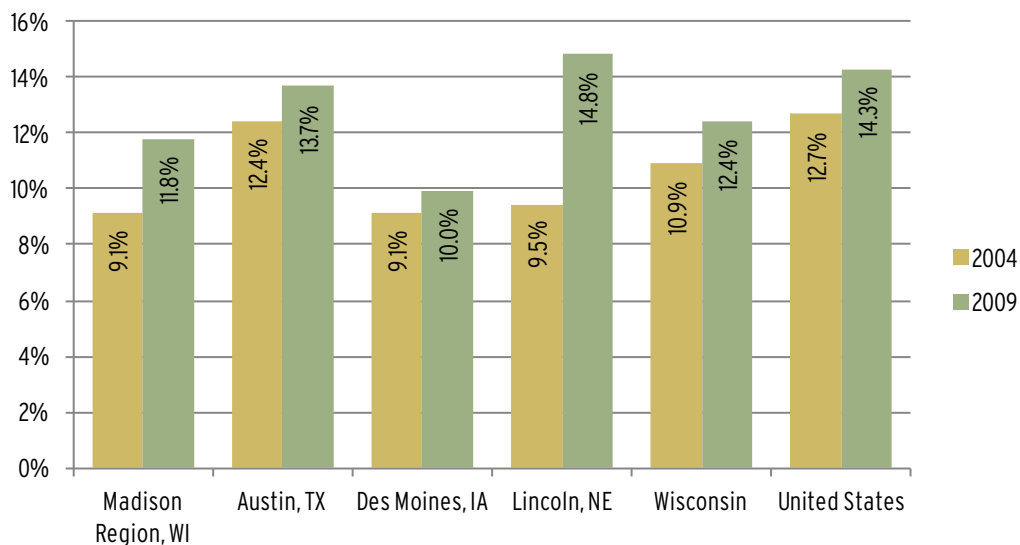
**Income and Poverty**

Income and poverty rates are substantial gauges of a region’s prosperity and socioeconomic status. Rates of poverty are especially telling as the impacts of the national recession pushed poverty rates to 15-year highs. According to the Census Bureau, in 2010 42.6 million Americans were living in poverty, up by 2.6 million from the previous year and the largest number of people in poverty since the Census began reporting these figures in 1958. In addition, the share of Americans living under the poverty line – 15.1 percent – was the highest since 1993. Poverty thresholds determined by the Census Bureau take into account family size, pre-tax income, and number of children in a household. In 2009, the most recent year for which poverty rates are available, the federal poverty threshold for a family of four with two children was \$21,756. The poverty threshold for an individual in 2009 was \$10,956.

The total poverty rate in the Madison Region in 2009 was 11.8 percent, up from its 2004 rate (9.1 percent). This 2009 poverty rate was still lower than those in all

comparison metros except Des Moines. Poverty rates in all of the comparison geographies increased in this time period, but the increase in the Madison Region (2.7 percentage points) was greater than Austin (1.3), Des Moines (0.9), Wisconsin (1.5), and the United States (1.6). The increase in poverty was the highest in the Lincoln, Nebraska region, where it increased by 5.3 percentage points.

**TOTAL POVERTY RATE, 2004-2009**



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

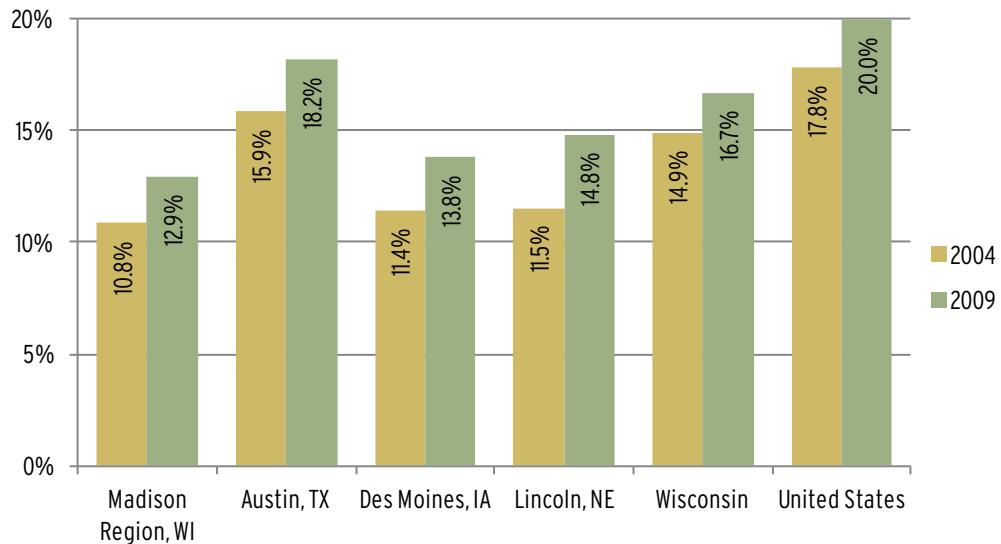
When asked about the biggest challenge facing the Madison regional economy, a stakeholder input respondent said, “Growing poverty. We don’t talk about it; we don’t acknowledge it and we don’t see it.” Other respondents said that the cyclical poverty and widening disparity between the poor and wealthy were major concerns for the Madison Region.

Nearly 100 survey participants specifically cited poverty as one of the greatest challenges for the region to confront. “As Madison grows, it will continue to face, to a greater and greater degree, the challenges of being a larger city – increased violence, increase in the number of people living in poverty, etc. Without proactively addressing these issues, the stability and quality of our educational and cultural institutions, as well as our sense as a kind, orderly community, will suffer.”

**Child Poverty:** Child poverty rates in all comparison communities were below the national average (children are classified as those under 18). The Madison Region in both 2004 and 2009 had the lowest rate of child poverty of all comparison

geographies. Further, in the time period examined, child poverty in the Madison Region rose by 2.1 percentage points, the smallest increase of all the comparison regions; only the state rate increased by fewer points (a 1.8 point increase over the period).

**CHILD POVERTY RATE, 2004-2009**



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

**Per Capita Income:** The **Advance Now** process aims to improve the overall prosperity in the Madison Region, which means growth in personal wealth creation. One of the best measures of economic strength and relative prosperity is per capita income (PCI).

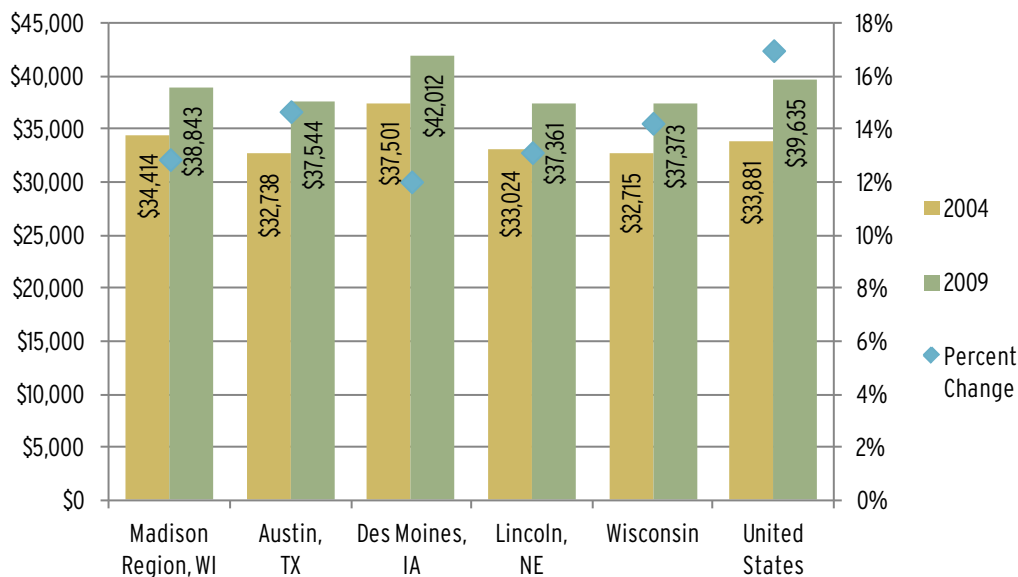
Per capita income comes from three sources: 1) wage and salary earnings; 2) transfer payments, which includes social security, retirement income, public assistance, and other government assistance; and 3) dividends interest and rent – sometimes referred to as investment income. Per capita income measures total community income and divides it by the number of residents. Rising PCI indicates an improving standard of living, economic stability for residents, and increased purchasing, saving, and investing power.

As the following chart shows, in 2009, the Madison Region’s PCI was the third highest among the comparisons, exceeding PCI in Austin, Lincoln, and Wisconsin, but lagging behind the nation and Des Moines. Since 2004, the rate of PCI growth in the Madison Region has been weaker than all comparison geographies except Des



Moines, which grew more slowly but had the highest PCI of all the comparison communities in the five year span.

PER CAPITA INCOME, 2004-2009



Source: U.S. Bureau of Economic Analysis

Concerns over regional prosperity and income were evident in survey responses. Over 61 percent of survey participants felt that wages and benefits had gotten worse, or much worse, in the region since the start of the Great Recession. Additionally, dozens of respondents identified income levels as one of the biggest challenges facing the Madison regional economy. “Income levels of its middle class and poor citizens are declining.” According to one respondent, this challenge is exemplified in the “lack of middle income wage supporting jobs.”

Because per capita income for 2010 is not yet available at the county level, the following chart shows the 2010 PCI for the two MSAs in the Madison Region (Janesville and Madison) as well as the state and nation. In 2010, PCI in the Madison MSA (comprised of Columbia, Dane, and Iowa counties) was more than \$10,000 higher than PCI in the Janesville MSA (Rock County). The Madison MSA PCI also exceeded state and national levels. From 2005 to 2010, PCI in the Madison MSA grew at a faster clip than in the Janesville MSA, but not as quickly as state and national PCIs across the same time period.

The disparity between the Madison MSA and the other counties is especially apparent when the core metro is isolated from the aggregated eight counties. For true

economic development to progress, a comprehensive agenda that seeks to raise prosperity in all parts of the Madison Region must be pursued aggressively.

**PER CAPITA INCOME (MSA), 2005-2010**

	2005	2010	\$ Change	% Change
Madison, WI	\$39,423	\$43,959	\$4,536	10.3%
Janesville, WI	\$29,208	\$32,102	\$2,894	9.0%
Austin, TX	\$34,861	\$38,141	\$3,280	9.4%
Des Moines, IA	\$38,341	\$42,437	\$4,096	10.7%
Lincoln, NE	\$33,799	\$37,873	\$4,074	12.1%
Wisconsin	\$33,664	\$38,432	\$4,768	12.4%
United States	\$35,424	\$40,584	\$5,160	12.7%

Notes: Madison MSA is comprised of Columbia County, Dane County, and Iowa County; Janesville MSA is comprised of Rock County.  
 Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau via Moody's Economy.com

**Early Childhood Education**

The support for early childhood learning has been increasing nationally; however, progress in some communities and states has stalled due to funding issues. Pre-K programs have been shown to have significant impacts on children’s readiness to learn as well as long-term outcomes on future earning potential and educational attainment. Further, early childhood learning may narrow achievement gap disparities historically driven by socioeconomic status.

Wisconsin offers state-funded four-year-old kindergarten through its Four-Year-Old Kindergarten (4K) program (established in the nineteenth century as a component of the state’s public school charter). Program enrollment has increased in recent years, with 52 percent of all four-year-olds in the state enrolled in 2010, up from 19 percent in 2002 due to state efforts to make 4K available in school districts that did not previously offer programs. In the 2009–2010 school year, 77 percent of all Wisconsin elementary school districts offered 4K. In September 2011, the Madison Metropolitan school district began its 4K program and current capacity is 2,000 children at 54 different sites.

The National Association for the Education of Young Children (NAEYC) accredits child care centers, pre-schools, kindergartens, and other center-based programs that serve children from birth to kindergarten. Programs apply for accreditation

voluntarily and are evaluated on more than 400 criteria. In 2011, the Madison Region had 19 child development centers accredited by the NAEYC – an average of 3.1 centers per 10,000 children under the age of five. The number of accredited programs in the Madison Region falls below that of the comparison regions, as does the per-child number of accredited programs.

**NAEYC ACCREDITED PROGRAMS, 2011**

	<b># of NAEYC Accredited Programs</b>	<b>NAEYC Accredited Programs per 10,000 Children Under 5 Years Old</b>
Madison Region, WI	19	3.1
Austin, TX	35	2.7
Des Moines, IA	25	6.2
Lincoln, NE	32	15.1
Wisconsin	105	2.9

Source: National Association for the Education of Young Children

Early childhood learning was identified by participants in the education focus group as necessary to the **Advance Now** economic strategy. “What happens five years before school starts? This gets ignored and schools are expected to fix this. We need a strategy for early education – this will attract skilled workers.” Participants said that more could be done for students from “zero to 16” (meaning a robust continuum from birth through graduate or professional school) but that not all the components are in place or linked effectively.

“How do we put it all together seamlessly? We need to take down the barriers,” remarked a focus group participant. There are no formal structures for regionally addressing early childhood issues, and certain minority populations, such as Latinos, are underserved by early childhood care. Additionally, businesses that provide early childhood care need additional support networks to maintain this benefit for their employees.

**K-12 Education**

The quality along the education spectrum, pre-K–12, is a key component of economic competitiveness, as public school excellence is desired by both prospective families and businesses. Communities with quality school systems develop top talent and are more competitive in the global economy.

**School and Student Achievement:** There are over 60 separate school districts in the Madison Region. To facilitate ease of comprehension and competitive analysis, the 15 largest districts are evaluated in this Competitive Assessment. Each of the districts

has more than 3,000 students. In the following charts, these districts are compared to each other and to the state average.

Historically, the Madison Region has taken special pride in its public school systems and supported their growth and development. Stakeholder input participants who were not natives of the region spoke of the public schools as one of the strongest attraction factors that ultimately brought them to locate and stay in the Madison Region. “A lot of money and volunteer time is put into the schools – that’s a big positive to build on.”

“The quality is still very high – elsewhere you would have to pay a lot for private education,” said one focus group participant. Another noted, “People are surprised they don’t have to send their kids to private schools. Schools are the number one thing that bring people to the community. Schools tie the social fabric of the community together.”

Many survey respondents identified public education and community schools as one of the Madison Region’s greatest strengths. Over 84 percent of survey respondents agreed that parents, community, and business leaders have a commitment to quality, public K–12 education. More than 77 percent of respondents affirmed that teachers and administrators are committed and engaged.

Still, more recently there is a perception that Pre-K–12 schools in the Madison Region are facing a crisis situation. “I was comfortable for a long time saying our public education was one of the best, but not anymore,” said one interviewee.

Focus group participants from the education sector gave credence to the perception, as they said many parents are opting for rural or suburban districts. Further, with rising rates of limited English proficiency students entering the system, increasing poverty rates in the central city, and cuts to funding, schools are feeling significantly more stress to provide more support services and to accommodate increasingly diverse learning needs.

Education and social services focus group participants also pointed out that in reality there is little truth to the sentiment that the schools are failing. Some respondents felt the negative view of urban schools, particularly Madison Metropolitan School District, was largely driven by poor press and misperceptions about poverty. “How can we tell the good things we’re doing?” ask one public school representative. “We need other messengers to share this story too.”

In regards to the fiscal issue of schools in the region, one survey respondent said, “The public school funding system needs a major overhaul. The budget deficit our school is currently facing and will face in the coming years make it impossible to maintain the current level of educational quality, much less try to improve it.” The broadening range of services that schools are expected to provide causes even more strain on budgets. “Finances are an issue because of the scope of what schools do – the demands of poverty are expensive,” said one educator.

**Enrollment Dynamics:** The following table shows the location, enrollment, student-teacher ratio, cost per student, percent of limited English proficiency (LEP) students, and percent of students eligible for free or reduced-price lunch. Of the school districts analyzed, five (Madison Metropolitan, Middleton-Cross Plains, Verona, Oregon, and Monona Grove) exceeded the state’s average cost per student (\$12,624) and all but three (Baraboo, Milton, and Watertown Unified) bettered the state’s average student-to-teacher ratio (15.0). Madison Metropolitan had the largest enrollment, one of the lowest student-to-teacher ratios (13.4, tied with Waunakee Community, but still higher than Oregon at 13.3), and one of the highest expenditures per student. Across the largest districts in the region there is a wide variation in student-to-teacher ratios, as well as in cost per student.

The differences among school districts in LEP students and free or reduced-priced lunch eligibility are stark. Nearly half of the students in Madison Metropolitan, Janesville, and Beaver Dam school districts come from families that meet the USDA’s National School Lunch Program threshold for eligibility, while 73.3 percent of students in the School District of Beloit meet the criteria. This is markedly higher than in districts like Waunakee (8.1 percent) and Oregon (15.7), both suburbs within Dane County.

In Verona, Madison, and Janesville, over ten percent of students have limited English proficiency, meaning their first language is not English and they have not yet developed fluency in English. Meanwhile, six of the largest 15 districts in the region have fewer than three percent LEP students.

These varied dynamics across the Madison Region’s largest school districts demonstrate the complex and distinct needs of each district in serving their students. While some districts must quickly adapt to a large and growing share of students with acute needs caused by poverty and other disparities, others are serving student populations with relatively economically stable backgrounds.

## MADISON REGION K-12 ENROLLMENT TRENDS, 15 LARGEST DISTRICTS

District	CESA	County	Enrollment, 2010-2011	Student/ Teacher Ratio, 2010-2011	Total District Cost per Student, 2009-2010	% Limited English Proficiency, 2010-2011	% Eligible for Free/Reduced- Priced Lunch 2010-2011
Madison Metropolitan	2	Dane	24,806	13.4	\$13,945	18.4%	48.7%
Janesville	2	Rock	10,339	13.8	\$11,974	6.7%	46.3%
Sun Prairie Area	2	Dane	6,975	13.6	\$12,345	5.3%	26.9%
Beloit	2	Rock	6,891	13.8	\$12,157	16.0%	73.3%
Middleton-Cross Plains Area	2	Dane	6,104	13.5	\$12,870	6.6%	17.8%
Verona Area	2	Dane	4,889	14.2	\$13,791	13.4%	28.3%
Watertown Unified	2	Jefferson	3,951	16.3	\$11,387	1.9%	34.3%
Oregon	2	Dane	3,725	13.3	\$13,179	1.9%	15.7%
Waunakee Community	2	Dane	3,701	13.4	\$12,391	1.4%	8.1%
Beaver Dam Unified	6	Dodge	3,665	14.2	\$12,200	7.1%	46.4%
Stoughton Area	2	Dane	3,379	14.5	\$11,614	1.6%	20.9%
De Forest Area	2	Dane	3,249	14.5	\$12,352	3.8%	23.2%
Milton	2	Rock	3,239	15.4	\$10,826	2.1%	24.3%
Baraboo	5	Sauk	3,142	15.6	\$11,347	3.1%	44.3%
Monona Grove	2	Dane	3,100	14.3	\$13,944	2.8%	17.6%
State of Wisconsin	N/A	N/A	872,286	15.0	\$12,624	5.7%	39.3%

Notes: Table is sorted by highest to lowest enrollment in the 15 largest districts. Enrollment is the reported headcount on the 3<sup>rd</sup> Friday of September. Student/teacher ratio is 2010-2011 district enrollment divided by FTE teachers.

Source: Wisconsin Department of Public Instruction

**Test Scores:** This portion summarizes some key trends to emerge from recent standardized test scores of the Madison Region’s 15 largest school districts, followed by supporting data tables.

### Third Grade Reading

- In the Madison Region, 10 of 15 districts saw decreases in the percent of students scoring advanced or proficient. Five districts, including the Madison and Janesville districts, had rates of advanced/proficient third grade readers in the 70 to 80 percent range. These five districts encompass more than half of all the students in the region.
  - Third grade reading performance is an important indicator of future educational attainment: 74 percent of students who read below grade-level in third grade will either not graduate high school on time with their peers or will not graduate high school at all.

- In the Madison School District, racial achievement gaps have started to emerge as early as fourth grade. According to the *Wisconsin State Journal*<sup>1</sup>, figures from the Wisconsin Department of Public Instruction, United Way of Dane County, and Madison Metropolitan School District, the gap between white and black fourth graders scoring proficient or better in reading increased from 25 percentage points in 2003 (65 percent versus 90 percent) to 33.4 percentage points in 2010.

These lagging achievement scores pose a significant threat to the Madison Region, as pronounced and growing disparities in the prosperity of the central city’s residents can diminish the competitiveness of the entire region.

### Tenth Grade Reading

- Tenth grade reading performance across the Madison Region declined in eight of the 15 examined districts from 2008–2009 to 2010–2011, with performance in four districts falling more than four percent (Verona Area, -5.3 percent; Milton, -6.6 percent; Watertown Unified, -7.2 percent; Beaver Dam Unified, -9.9 percent).
- In the 2010–2011 school year, seven of the 15 districts, including Madison, had rates of advanced/proficient tenth grade readers below 80 percent (with rates in Beloit and Beaver Dam below 65 percent).
- The Waunakee Community school district had the highest proficiency rate at almost 90 percent of tenth graders.

**“In order to capture the ‘smart’ brand, we need to explicitly set out to establish a culture of literacy,” declared a stakeholder input participant. “It’s critical to recruiting the type of businesses and employees we want and is essential to closing race and class based academic performance gaps. Beating up on the schools won’t succeed. Everywhere kids go, they need to experience a resonating message of our community’s esteem for literacy.”**

### Tenth Grade Math

- Tenth grade math performance across the Madison Region improved from 2008–2009 to 2010–2011 in 10 of the 15 districts, with Beaver Dam (6.1 percent), De Forest (5.4 percent), and Madison (5.4 percent) showing the largest improvements.

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<sup>1</sup> DeFour, Matthew. “Frustrations mount as racial achievement gap persists in Madison.” *Wisconsin State Journal*. 3 October 2011.



- Despite improvements, eight of the 15 districts still have fewer than 80 percent of their tenth graders scoring at the advanced or proficient levels, and one district had only slightly more than half of its tenth graders scoring advanced or proficient (Beloit, at 52.4 percent, though performance was up from 50.2 percent in 2008–2009).
- The *State Journal* also reported that differences in completion rates of algebra between white and black tenth graders decreased 10.5 percentage points between 2003 and 2010.
  - However, the gap is still significant with a difference of 32.6 percentage points in 2010.
  - Further, the passage rate of white students who took ninth grade algebra (77.5 percent) was more than double the passage rate of black students (38.2 percent).

### Tenth Grade Science

- Tenth grade science performance also showed improvement from 2008–2009 to 2010–2011 in the majority of school districts in the region (11 out of 15).
- Beloit and Janesville districts showed the most improvement (11 and 9.4 percentage points, respectively), while Sun Prairie Area and Waunakee Community districts had the highest percentage of students scoring advanced or proficient in 2010–2011.
- Six of the 15 districts have fewer than 80 percent of 10<sup>th</sup> graders scoring advanced or proficient in 2010–2011, including Beloit (70 percent), Madison Metropolitan (68.9 percent), and Beaver Dam Unified (70.4 percent).

Achievement and opportunity gaps within schools were frequently addressed by survey respondents. “As good as Madison is, the opportunities for school children vary widely based on family income and racial and cultural background,” said one participant. “Until we close those gaps throughout our community, we will be asking our schools to do more for our children than is possible. Schools play a major role, but quality family life, jobs and respect is a community-wide responsibility.”

Another respondent said, “The district needs to decrease the gap in achievement for our low-income and minority students and higher-income, non minority students. At the same time, it needs to be increasing the academic success of all our students when we measure that against the academic success of students in other nations.”



“We have to be really clear we are aware of the achievement gap and doing everything we can,” one interviewee stated. “People see it as an issue but are uncomfortable talking about it.”

**3<sup>RD</sup> GRADE READING “ADVANCED” OR “PROFICIENT” PERFORMANCE**

District	CESA	County	2010-2011		Change
			Enrollment	2008-2009 2010-2011	
Milton	2	Rock	3,239	86.7% 92.1%	5.4
Beloit	2	Rock	6,891	68.3% 72.2%	3.9
Beaver Dam Unified	6	Dodge	3,665	81.9% 84.3%	2.4
State of Wisconsin	N/A	N/A	872,286	79.0% 80.1%	1.1
Madison Metropolitan	2	Dane	24,806	71.7% 72.1%	0.4
Waunakee Community	2	Dane	3,701	91.4% 91.8%	0.4
Middleton-Cross Plains Area	2	Dane	6,104	90.2% 90.0%	-0.2
Stoughton Area	2	Dane	3,379	83.3% 82.5%	-0.8
Monona Grove	2	Dane	3,100	91.0% 89.3%	-1.7
Janesville	2	Rock	10,339	78.5% 76.7%	-1.8
Baraboo	5	Sauk	3,142	83.2% 80.9%	-2.3
Oregon	2	Dane	3,725	91.3% 87.9%	-3.4
De Forest Area	2	Dane	3,249	88.4% 83.9%	-4.5
Sun Prairie Area	2	Dane	6,975	89.4% 84.5%	-4.9
Watertown Unified	2	Jefferson	3,951	80.4% 75.1%	-5.3
Verona Area	2	Dane	4,889	83.7% 77.8%	-5.9

Note: Table is sorted by performance change in the 15 largest districts.  
Source: Wisconsin Department of Public Instruction

**10<sup>TH</sup> GRADE READING “ADVANCED” OR “PROFICIENT” PERFORMANCE**

District	CESA	County	2010-2011		Change
			Enrollment	2008-2009 2010-2011	
Waunakee Community	2	Dane	3,701	85.2% 89.7%	4.5
Madison Metropolitan	2	Dane	24,806	70.4% 73.8%	3.4
Oregon	2	Dane	3,725	83.2% 86.4%	3.2
Janesville	2	Rock	10,339	78.4% 81.4%	3.0
Baraboo	5	Sauk	3,142	75.4% 77.2%	1.8
Monona Grove	2	Dane	3,100	84.8% 86.3%	1.5
Beloit	2	Rock	6,891	62.8% 63.5%	0.7
State of Wisconsin	N/A	N/A	872,286	74.9% 74.7%	-0.2
De Forest Area	2	Dane	3,249	82.7% 82.1%	-0.6
Middleton-Cross Plains Area	2	Dane	6,104	85.3% 83.9%	-1.4
Stoughton Area	2	Dane	3,379	80.6% 78.6%	-2.0
Sun Prairie Area	2	Dane	6,975	85.6% 83.6%	-2.0
Verona Area	2	Dane	4,889	82.8% 77.5%	-5.3
Milton	2	Rock	3,239	88.6% 82.0%	-6.6
Watertown Unified	2	Jefferson	3,951	76.8% 69.6%	-7.2
Beaver Dam Unified	6	Dodge	3,665	74.5% 64.6%	-9.9

Note: Table is sorted by performance change in the 15 largest districts.  
Source: Wisconsin Department of Public Instruction

**10<sup>TH</sup> GRADE MATH “ADVANCED” OR “PROFICIENT” PERFORMANCE**

District	CESA	County	2010-2011		Change
			Enrollment	2008-2009 2010-2011	
Beaver Dam Unified	6	Dodge	3,665	70.2% 76.3%	6.1
De Forest Area	2	Dane	3,249	78.5% 83.9%	5.4
Madison Metropolitan	2	Dane	24,806	65.0% 70.4%	5.4
Monona Grove	2	Dane	3,100	81.0% 85.9%	4.9
Baraboo	5	Sauk	3,142	72.5% 76.1%	3.6
Beloit	2	Rock	6,891	50.2% 52.4%	2.2
Janesville	2	Rock	10,339	70.5% 72.7%	2.2
State of Wisconsin	N/A	N/A	872,286	69.3% 70.8%	1.5
Oregon	2	Dane	3,725	79.4% 80.2%	0.8
Milton	2	Rock	3,239	82.1% 82.8%	0.7
Stoughton Area	2	Dane	3,379	78.6% 78.9%	0.3
Sun Prairie Area	2	Dane	6,975	82.7% 81.8%	-0.9
Waunakee Community	2	Dane	3,701	87.9% 86.8%	-1.1
Middleton-Cross Plains Area	2	Dane	6,104	86.5% 85.2%	-1.3
Watertown Unified	2	Jefferson	3,951	71.5% 68.4%	-3.1
Verona Area	2	Dane	4,889	80.1% 73.4%	-6.7

Note: Table is sorted by performance change in the 15 largest districts.  
Source: Wisconsin Department of Public Instruction

10<sup>TH</sup> GRADE SCIENCE “ADVANCED” OR “PROFICIENT” PERFORMANCE

District	CESA	County	2010-2011		Change
			Enrollment	2008-2009 2010-2011	
Beloit	2	Rock	6,891	59.0% 70.0%	11.0
Janesville	2	Rock	10,339	75.3% 84.7%	9.4
Sun Prairie Area	2	Dane	6,975	83.7% 90.3%	6.6
De Forest Area	2	Dane	3,249	77.6% 83.5%	5.9
Waunakee Community	2	Dane	3,701	85.2% 90.1%	4.9
Monona Grove	2	Dane	3,100	80.2% 85.0%	4.8
Madison Metropolitan	2	Dane	24,806	65.3% 68.9%	3.6
Oregon	2	Dane	3,725	81.1% 84.4%	3.3
Middleton-Cross Plains Area	2	Dane	6,104	85.1% 87.5%	2.4
State of Wisconsin	N/A	N/A	872,286	71.8% 74.1%	2.3
Baraboo	5	Sauk	3,142	77.5% 78.2%	0.7
Stoughton Area	2	Dane	3,379	82.9% 83.1%	0.2
Milton	2	Rock	3,239	86.7% 85.4%	-1.3
Watertown Unified	2	Jefferson	3,951	76.5% 74.8%	-1.7
Beaver Dam Unified	6	Dodge	3,665	72.2% 70.4%	-1.8
Verona Area	2	Dane	4,889	83.4% 76.6%	-6.8

Note: Table is sorted by performance change in the 15 largest districts.

Source: Wisconsin Department of Public Instruction

**Graduation Rates:** Graduation rates in most of the Madison Region’s school districts for 2009–2010 were higher than the state average, but four of the districts fell below the state average of 89.9 percent: Beloit, 82.5; Janesville, 87.5; Madison Metropolitan, 82.0; and Watertown Unified, 84.1. The fact that these are the most populous districts in the Madison Region and together make up more than half of the region’s enrollment negatively impacts the regional average graduation rate.

From 2005 to 2010, the graduation rate in the Beloit, Madison Metropolitan, and Janesville schools rose, while the rate in Watertown Unified schools remained constant. Six of the districts in the region have graduation rates at or exceeding 95 percent (Beaver Dam Unified, 95.1; De Forest Area, 95; Milton, 97.1; Stoughton Area, 99.2; Verona Area, 96.6; Waunakee Community, 96.8); however, only one of these (Waunakee Community) has an adjusted four-year cohort graduation rate above 95 percent.

The racial achievement gap is also prevalent in graduation rates. In the Madison School District the graduation rate for white students in 2010 was 30.9 percentage points higher than black students. Perhaps most alarming is that the differential in 2003 was 18.5 percentage points. As more and more minority students enter and progress through Madison Metropolitan Schools each year, the performance gaps are

rapidly widening, decreasing the likelihood of favorable outcomes for those new students.

### GRADUATION RATES, 2005-2010

District	CESA	County	2004-2005 (Legacy Rate)	2009-2010 (Legacy Rate)	Change	Adjusted 4- Year Cohort
Stoughton Area	2	Dane	84.4%	99.2%	14.8	94.2%
Beloit	2	Rock	74.8%	82.5%	7.7	77.5%
Milton	2	Rock	91.6%	97.1%	5.5	93.2%
Janesville	2	Rock	82.8%	87.5%	4.7	84.1%
Sun Prairie Area	2	Dane	90.0%	93.6%	3.6	92.6%
De Forest Area	2	Dane	91.5%	95.0%	3.5	92.7%
Baraboo	5	Sauk	89.0%	92.0%	3.0	85.8%
Madison Metropolitan	2	Dane	80.3%	82.0%	1.7	74.5%
Middleton-Cross Plains	2	Dane	92.4%	93.1%	0.7	90.3%
Verona Area	2	Dane	96.1%	96.6%	0.5	92.6%
Beaver Dam Unified	6	Dodge	94.6%	95.1%	0.5	92.5%
Watertown Unified	2	Jefferson	84.1%	84.1%	0.0	83.8%
Waunakee Community	2	Dane	97.1%	96.8%	-0.3	95.8%
Monona Grove	2	Dane	94.3%	91.6%	-2.7	87.1%
Oregon	2	Dane	95.8%	91.2%	-4.6	89.1%
State of Wisconsin	N/A	N/A	88.8%	89.9%	1.1	85.7%

Note: Table is sorted by graduation rate change in the 15 largest districts. Legacy graduation rate is equal to the number of high school graduates (regular diploma) divided by the total number of students expected to complete high school, expressed as a percentage. The adjusted four-year cohort rate is equal to number of students in the cohort who graduate (regular diploma) within four years divided by the number of students who form the four-year adjusted cohort for the graduating class. The adjusted cohort rate is required by Federal Title I regulations.

Source: Wisconsin Department of Public Instruction

**Dropout Rates:** Dropout rates across the Madison Region are low, with only five of the 15 districts exceeding a one percent rate in 2009–2010. These rates have also been trending downward in all of the districts analyzed except five. The Madison Metropolitan district, the region’s most populous district, had the second highest dropout rate (2.3 percent) and the rate did not change from 2004–2005 to 2009–2010. The Beloit district had the highest dropout rate in 2009–2010 and their rate increased by 1.1 percent from 2004–2005 when they had only the fourth highest rate.

**DROPOUT RATES, 2005-2010**

District	CESA	County	2004-2005	2009-2010	2009-2010 12th	
					Change	Grade Dropout Rate
Stoughton Area	2	Dane	2.9%	0.1%	-2.7	0.4%
Watertown Unified	2	Jefferson	2.2%	0.8%	-1.3	3.7%
Beaver Dam Unified	6	Dodge	1.2%	0.5%	-0.8	2.6%
Janesville	2	Rock	2.7%	2.0%	-0.7	6.0%
Milton	2	Rock	1.1%	0.5%	-0.6	1.6%
De Forest Area	2	Dane	1.2%	0.7%	-0.6	3.2%
Baraboo	5	Sauk	1.9%	1.5%	-0.5	3.8%
Oregon	2	Dane	1.1%	0.9%	-0.2	3.7%
Middleton-Cross Plains Area	2	Dane	1.4%	1.2%	-0.2	4.5%
Sun Prairie Area	2	Dane	1.1%	1.0%	-0.1	3.0%
Madison Metropolitan	2	Dane	2.3%	2.3%	0.0	8.7%
Waunakee Community	2	Dane	0.5%	0.6%	0.1	2.8%
Verona Area	2	Dane	0.5%	0.7%	0.3	1.3%
Monona Grove	2	Dane	0.4%	1.3%	1.0	4.6%
Beloit	2	Rock	2.2%	3.2%	1.1	9.1%
State of Wisconsin	N/A	N/A	1.7%	1.6%	-0.1	4.4%

Notes: Table is sorted by dropout rate change in the 15 largest districts. Dropout rates apply to 7-12<sup>th</sup> grade, unless otherwise specified  
 Source: Wisconsin Department of Public Instruction

**Core City School District Trends:** The following chart benchmarks the Madison Metropolitan district against the central city districts in the three comparison regions. Among the four urban districts examined, Madison Metropolitan has the smallest enrollment and was the only one district to lose enrollment over the 2004–2005 to 2009–2010 period. Madison had the lowest dropout rate (3.6 percent), the highest averaged freshman graduation rate (82.5 percent), the highest expenditures per student (\$14,011), and the highest average ACT composite (24.2).

Madison had the second highest percent of limited English proficiency/English language learner students (15.5) and the second lowest percent of students receiving free or reduced lunch (46.6). For the 2011–2012 school year, to be eligible for free lunch a family of four must make at or below \$29,055 per year, and to be eligible for reduced lunch a family of four must make at or below \$41,348 per year.

These competitive dynamics demonstrate that while Madison Metropolitan Schools have disconcerting trends that need immediate and proactive solutions, the center city district still remains highly competitive with other similarly-positioned systems. However, to ensure its trends are on an improvement trajectory and to remain a viable choice for families in the Madison Region, the district must continue to address and adapt to the needs of all of its learners – those at risk, those who are average, and high achievers.

**CENTRAL CITY SCHOOL DISTRICT PERFORMANCE**

	<b>Madison Metropolitan</b>	<b>Austin Independent</b>	<b>Des Moines Independent</b>	<b>Lincoln Public Schools</b>
Total Students, 2009-10	24,628	84,676	32,749	34,915
5-Yr Enrollment Change, Number	-266	4,726	555	2,645
5-Yr Enrollment Change, Percent	-1.1%	5.9%	1.7%	8.2%
Dropout Rate- 9-12th Grade, 2008-09	3.6%	4.9%	7.6%	3.9%
Averaged Freshman Graduation Rate, 2008-09	82.5%	68.6%	64.9%	79.4%
Total Expenditure per Student, 2007-08	\$14,011	\$12,146	\$11,840	\$12,745
ACT Composite, Class of 2009	24.2	20.8	20.8	23.3
% LEP/ELL Students, 2009-10	15.5%	26.3%	13.9%	7.7%
% Free and Reduced Lunch, 2009-10	46.6%	63.3%	61.7%	42.1%

Notes: Madison average ACT Composite score is from 2009-2010  
 Source: National Center for Education Statistics

Many stakeholder input participants mentioned a noticeable out-migration occurring from the Madison Metropolitan School District (MMSD) into neighboring suburban districts. Some participants referenced that an influx of lower-income families to the City of Madison and MMSD is driving middle- to upper-income families to enroll their children in districts outside of the center city. “There are warning signs in the urban core – this could be a potential problem,” noted one interviewee. “Wealthier parents are opting out of the Madison city schools, and poorer kids are being left behind.”

**Higher Education and Workforce Development**

Institutions of higher education provide significant economic impact within their regions. They educate existing residents, draw young people from outside the region, create value and innovation through research and development, revitalize surrounding neighborhoods, and support existing businesses and industry clusters through targeted training and degree programs.

The Madison Region has a wide variety of higher educational institutions, from technical colleges offering career certificates that take less than a year to complete to traditional four-year colleges, graduate and professional degrees, and doctoral and post-doctoral programs. The region has four technical colleges, two two-year colleges, three private four-year liberal arts colleges, and two universities, one of which is the flagship research institution for the state. The Madison Region’s extensive and

quality education and training assets are highly competitive both in terms of talent development and business attraction and expansion.

The most recent enrollment figures, types of degrees offered, and the graduation rate within six years of initial enrollment for each institution are listed in the following table, along with statistics from higher education institutions in the benchmark communities.

The presence of UW in Madison and throughout the region was often listed as the most important aspect of the regional economy and one of the top strengths of the area. The international recognition the university receives has put the Madison Region and Wisconsin on the map. “The asset of UW is unimpeachable – it’s such a strong institution,” remarked an interviewee.

Simply put, one respondent wrote, “Without the University of Wisconsin, its extensions, and technical colleges, Madison fails.” Beyond the City of Madison, the presence of UW in the greater region was described by a survey respondent as the greatest strength of the area.

Nevertheless, some input participants felt UW’s potential and capacity was not being fully leveraged to generate job creation and attract businesses across the region and state. According to one input participant, UW is “not really taken advantage of to the fullest extent. It’s untapped, and it’s not interrelated beyond Dane County.” Still, many survey respondents across the eight-county region relayed that they share a common love for Badger football.

**HIGHER EDUCATION INSTITUTIONS, 2010**

College/University	Total Enrollment, Fall 2010	Completions, 2009-2010					Graduation Rate, B.A. w/in 6 years
		Certificates	Associate's Degree	Bachelor's Degree	Master's Degree	Doctoral Degree	
<b>Madison Region, WI</b>							
University of Wisconsin-Madison	42,180			8,263	1,919	1,358	83%
Madison College (MATC)	17,463	2,213	1,246				
University of Wisconsin-Whitewater	11,557		15	1,850	441		56%
Moraine Park Technical College	8,484	1,098	421				
Southwest Wisconsin Technical College	3,431	546	176				
Blackhawk Technical College	3,339	646	359				
Edgewood College	2,626			458	93	20	57%
Beloit College	1,397			388			77%
University Wisconsin-Rock*	1,171		90				
Maranatha Baptist Bible College	962		12	133	17		45%
University Wisconsin-Baraboo/Sauk*	593		75				
<b>Total</b>	<b>94,967</b>	<b>4,503</b>	<b>2,394</b>	<b>11,092</b>	<b>2,470</b>	<b>1,378</b>	
<b>Austin, TX</b>							
The University of Texas at Austin	51,195			8,838	2,906	1,382	80%
Austin Community College District	44,100	587	1,369				
Texas State University-San Marcos	32,572	32		5,404	1,231	26	55%
Saint Edward's University	5,454	249		1,021	249		69%
Concordia University Texas	2,573		12	186	475		33%
Southwestern University	1,373			307			73%
Huston-Tillotson University	901	27		93			24%
<b>Total</b>	<b>138,168</b>	<b>895</b>	<b>1,381</b>	<b>15,849</b>	<b>4,861</b>	<b>1,408</b>	
<b>Des Moines, IA</b>							
Iowa State University	28,682			4,857	825	423	70%
Des Moines Area Community College	24,658	870	1,805				
Drake University	5,616	27		949	385	272	73%
Grand View University	2,109	25	2	551			44%
Simpson College	2,021			523	1		68%
Des Moines University-Osteopathic Medical Center	1,821				86	370	
AIB College of Business	937		169	179			
Mercy College of Health Sciences	792	104	196	43			
Faith Baptist Bible College and Theological Seminary	364	6	20	50	19		58%
Iowa Health-Des Moines School of Radiologic Technology	18	12					
<b>Total</b>	<b>38,336</b>	<b>1,044</b>	<b>2,192</b>	<b>2,295</b>	<b>491</b>	<b>642</b>	
<b>Lincoln, NE</b>							
University of Nebraska-Lincoln	24,610	12	8	3,587	853	417	64%
Southeast Community College Area	12,242	326	1,296				
Concordia University	2,146	149		261	79		60%
Nebraska Wesleyan University	2,138	22		427	88		65%
Union College	901		15	126	23		57%
BryanLGH College of Health Sciences	528		14	69	10		
<b>Total</b>	<b>42,565</b>	<b>509</b>	<b>1,333</b>	<b>4,470</b>	<b>1,053</b>	<b>417</b>	

Note: Enrollment for UW-Baraboo/Sauk County and Rock County are Fall 2009 enrollments, obtained from the UW Colleges and UW-Extension 2010 Annual Report; completions for these schools found at Wisnews.com and GazetteXtra.com.

Source: National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)



The range of four-year degree options and graduate degree options in the Madison Region is comparable to those available in Austin and exceeds those in Lincoln and Des Moines. Enrollment in four-year schools is highest in Austin, owing to much larger enrollment at its flagship institution and the presence of Texas State University–San Marcos. Compared to Austin, the Madison Region has a similar range of degree programs, and slightly better graduation rates at the two largest institutions in the region. Degree completions at UW–Madison and the University of Texas–Austin in 2009–2010 were similar in number for bachelor’s and doctoral degrees, but UT students completed almost 1,000 more master’s degrees than UW students. Compared to Des Moines and Lincoln, the Madison Region has higher graduation rates at state universities and higher numbers of degree completions; the latter is to be expected given the higher enrollments. It is also important to note that the Madison Region is the only region examined with the presence of a major medical school.

The Madison Region has two-year degree options at four area technical schools and two two-year schools. Combined enrollment at all of these schools is lower than enrollment in the Austin Community College District, but exceeds enrollment in comparable schools in Lincoln and Des Moines. The number of associate’s degree completions in the Madison Region exceeded those in all three of the benchmark communities and the number of certificate completions in the Madison Region (4,503) far exceeded certificate completions in Des Moines (1,044), Austin (895), and Lincoln (509) combined.

In November 2010, residents in the Madison Region and beyond made a commitment to workforce training and educational resources. Residents in the 12-county service area of the college voted to authorize Madison College to issue a \$133 million bond to pay for new facility and building projects. Construction on a new library and student achievement center, a protective services education center, and the Ingenuity Center, a building wing devoted to transportation and advanced manufacturing, is scheduled to begin in late October.

Stakeholder input participants familiar with the region’s technical colleges spoke highly of their flexibility and capacity to meet the needs of students and the regional business community. “We’re not paying enough attention to the diversity successes of Madison College,” said one interviewee remarking on the institution’s Community Scholars Project. Business leaders and major employers expressed high satisfaction with Madison College’s training: “MATC has been really good for [my company],” said one biotechnology manufacturing firm executive. Good experiences with Blackhawk Technical College graduates were also cited by manufacturing focus group participants.

As state tax revenues have yet to rebound from the Great Recession, higher education has become one of the most common areas for states to implement budget cuts. According to the Center on Budget and Policy Priorities, a non-profit think tank, 43 states, including Wisconsin, Iowa, Nebraska, and Texas, decreased higher education funding between 2008 and 2011.

The following table highlights some important trends in state spending on higher education. State appropriations in Wisconsin, Nebraska, and Texas have fared better over the past five years than those in Iowa. Despite growing higher education enrollment in all states examined, both Wisconsin and Iowa have decreased the amount appropriated to full-time students since 2005.

**STATE SPENDING ON HIGHER EDUCATION, FY 2005-2010**

	State Tax Appropriations Allocated to Higher Ed	Educational Appropriations per Full-Time Equivalent (FTE) Student		FTE Student Enrollment
	5-Yr % Change	FY 2010	5-Yr % Change	5-Yr % Change
Wisconsin	27.8%	\$13,090	-1.8%	11.6%
Texas	13.6%	\$8,897	25.6%	6.2%
Iowa	-2.7%	\$5,276	-1.9%	8.0%
Nebraska	15.8%	\$6,731	7.8%	18.1%

Source: *State Education Finance FY 2010 Report*, State Higher Education Executive Officers

**Madison Region Workforce Resources:** Ideally, workforce development exists as a seamless continuum, preparing individuals for the local labor force and supplying technical, two-year, and four-year institutions so high school graduates and adults can continue their educations without leaving the community. Education and training curricula are often developed in partnership with local companies to ensure that the skills developed by students are consistent with local employer needs.

The Madison Region has a variety of workforce development resources in addition to the area’s high education institutions:

- Southwest Wisconsin Workforce Development Board, which serves Richland, Iowa, Grant, Lafayette, Green, and Rock counties
- Workforce Development Board of South Central Wisconsin, which serves Columbia, Dane, Dodge, Jefferson, Marquette and Sauk counties
  - Programs include Career Pathways, Industry Partnerships, WIRED Initiative (funded by a \$5 million grant in 2007 to serve 12 counties), Worker Re-employment, and Young Adults

- Two new WorkSmart service centers opened in Madison in September 2011, and offer free access to computers for job hunters
- Wisconsin Workforce Development Department
  - Customized Labor Training Program offers grants for up to 50 percent of training costs
  - Business Employees' Skills Training provides grants for training costs to businesses with fewer than 25 employees
- Urban League of Greater Madison
- UW–Madison Office of Corporate Relations
  - Recruitment of UW–Madison graduates and interns, executive education and professional development, and entrepreneurship development

According to stakeholder input participants, regional workforce development, education, and business professionals are not integrated into a seamless pipeline. Participants in the workforce focus group said that many K–12 teachers are unaware of the skills needed in locally available jobs. Further, K–12 guidance counselors are only now establishing capacity to present career-pathing opportunities to high school students that are not restricted to four year college options. Expansion of apprenticeships, internships, and career exploration needs to be addressed in the Madison Region. There is also a desire on behalf of businesses to be closer to K–12, but that the coordination is not happening as comprehensively as it could. Additionally, school leaders saw small businesses as “a potential connection that hasn’t been explored.”

“Career exploration in lower grades is just starting,” shared one education focus group participant, but relatively small co-op programs at some high schools in the region have yielded successes and could be adapted to a larger scale. School administrators who participated in focus groups remarked that internship and externship programs in high schools are expensive and take time to effectively manage. Still, programs that “create a connection from school to jobs or higher education” ranked very high on educators’ “wish list” for regional economic development efforts.

Survey respondents mentioned the need to introduce more workforce development programming into high schools. One respondent said “much less sitting at desks in classrooms, much more real world relevance,” another remarked about the need for “more vocational training in addition to college prep.” There were a number of comments highlighting the need for “coordinating educational tracks with work opportunities.”

Discussion in the education focus group highlighted the need for more students to be able to be exposed to the business community while in middle and high school. There are potential opportunities, especially with small businesses that have yet to be explored. Models such as the Madison Adopt-a-School Summit and co-ops with organizations such as Promega or UW have potential to expand.

Despite ongoing challenges to effectively develop a regional talent pipeline, the quality and national competitiveness of the workforce assets in the Madison Region is apparent. In a recent study, the Brookings Institution looked at every metropolitan area in the nation to measure the gap between the education of a typical worker and the level of education required by a typical job in that area, along with the diversity of sector employment. Madison was tied with Boston as having the second best mix of education and business sector variety. Of the 100 largest metros, Austin was ranked 23<sup>rd</sup> and Des Moines was ranked 26<sup>th</sup>. All of these metros exhibited labor markets where the average worker has more education than the average job requires. Further, the business sector composition in each metro was favorable to long-term growth and recovery.

## PROSPERITY

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The Great Recession has been a defining period for the American economy, and while it technically ended in 2009, it continues to propagate economic volatility and uncertainty. The Madison Region has not been immune to the effects of the Great Recession, but the economy has shown admirable resilience, especially as many cities and regions have yet to start creating employment opportunities. Still, many of the sectors which contributed to the region’s relative strength during the recession – primarily education and government – are now at risk of job cuts. The **Advance Now** process is designed to situate the eight-county Madison Region where it can proactively pursue deliberate and meaningful economic growth.

This section presents a comprehensive view of the Madison Region’s economy and how it has been impacted by the national recession. Further, the competitiveness of the Madison Region’s economy will be evaluated by drawing comparisons to three similar communities, the state of Wisconsin, and the nation. The indicators that are discussed below include measures of employment, unemployment, wages, business climate, small business and entrepreneurship, taxes, and innovation.

### Employment and Labor Market

The Great Recession may be over, but the ongoing result has been described as a human recession. The ability of Americans to find jobs that pay well and provide individuals and families with an upwardly mobile path has diminished to epic lows. Employers have been reluctant to take up widespread hiring as cash on hand is reaching record highs and worker productivity is increasing. The inability to find work plagues many, but the mismatch has been especially pronounced among young and minority workers. Creating an environment where business anticipates certainty in political and economic trends is key to growing employment.

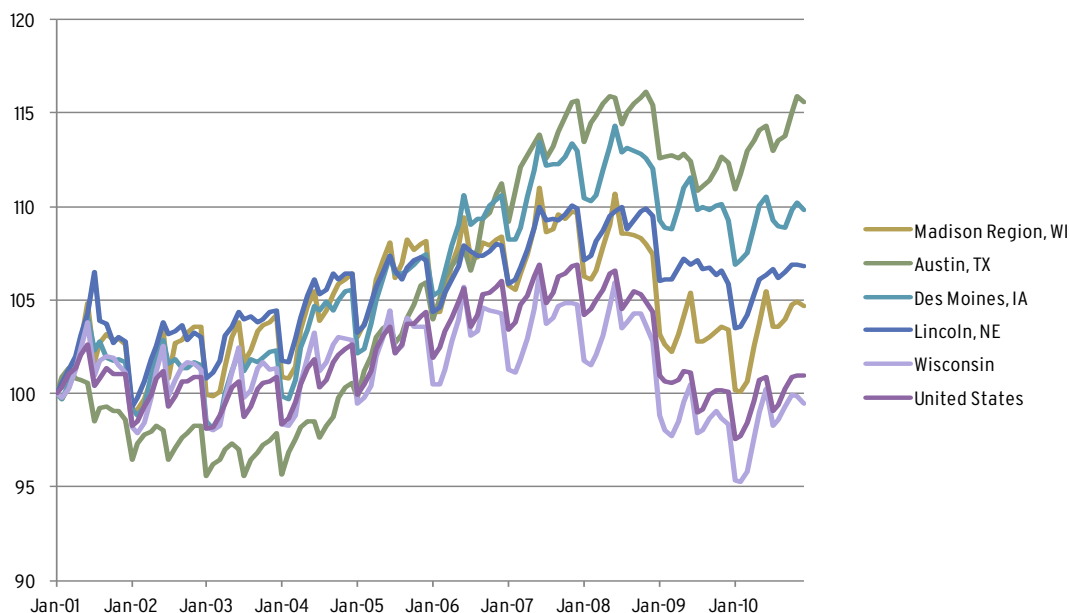
**Total Employment:** Employment data is one of the most closely-watched indicators of economic prosperity as it gives insight into the health of local companies and workers’ earning power. The following graph shows employment growth and decline, as indexed against the year 2000 (employment in 2000 is set to equal 100).

Employment in the Madison Region peaked immediately prior to the Great Recession, in November 2007, when employment levels were 10 percent higher than levels in 2000. However, by February 2010, employment had fallen to levels equal to those in 2000. While all comparison communities also suffered employment loss during the Great Recession, the Madison Region was the only region, with the

exceptions of the state of Wisconsin and the nation, to experience loss that significantly scaled back momentum in job growth achieved in recent years.

Employment growth since 2000 has been the most robust in Austin, Texas. Growth in the Austin metro between 2000 and 2010 surpassed 15 percent, while employment in the Madison Region grew four percent, Des Moines grew nine percent, and Lincoln, Nebraska grew six percent. Employment in Wisconsin, between 2000 and 2010, declined 0.5 percent. Even with losses in the wake of the Great Recession, employment in Des Moines and Austin has proven to be very resilient and able to reestablish a pattern of growth.

**TOTAL EMPLOYMENT INDEX, 2000-2010**



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

The effects and after-effects of the recession are detailed in the following table. National employment peaked in December 2007 and reached its lowest point in December 2010. Between those dates, employment losses were essentially mitigated in the Austin metro and most pronounced at the national level. In the Madison Region, slower growth prior to the national peak likely exposed more economic vulnerabilities compared to the benchmark metros, resulting in a net loss of 24,124 jobs.

**TOTAL EMPLOYMENT AND RECESSIONARY IMPACTS, 2001-2010**

	Jan-01	Dec-07	Dec-10	Percent Change	
				Jan. '01 - Dec. '07	Dec. '07 - Dec. '10
Madison Region, WI	483,695	530,384	506,260	9.7%	-4.5%
Austin, TX	666,853	771,157	770,855	15.6%	-0.04%
Des Moines, IA	286,806	324,070	314,869	13.0%	-2.8%
Lincoln, NE	149,944	164,803	160,109	9.9%	-2.8%
Wisconsin	2,680,257	2,806,941	2,665,864	4.7%	-5.0%
United States	128,211,593	137,040,511	129,451,603	6.9%	-5.5%

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

The availability of employment opportunities in a region, along with unemployment and labor force participation, speaks to the relative health of a region’s labor market. The ability for residents to find gainful employment is crucial for attracting top talent, maximizing the skills of the workforce, and avoiding widespread unemployment and underemployment.

The following table shows the relative availability of jobs, as measured by jobs per working-age resident (ages 18 through 69). As shown by a higher ratio, the metro labor markets in Des Moines (0.895) and Lincoln (0.760) have less slack than the Madison Region (0.727). However, the Madison Region offers more opportunity for employment than the state of Wisconsin, the nation, and Austin.

**AVAILABILITY OF EMPLOYMENT, 2010**

	Annual employment	Working age population (18-69)	Ratio of jobs to working age population
Madison Region, WI	499,076	686,077	0.727
Austin, TX	758,159	1,191,412	0.636
Des Moines, IA	312,611	349,399	0.895
Lincoln, NE	158,563	208,541	0.760
Wisconsin	2,632,782	3,797,209	0.693
United States	127,831,898	206,731,350	0.618

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; U.S. Census Bureau, Decennial Census

**Workforce development focus group participants and participants in the young professionals focus group said that underemployment in the Madison Region is a problem. The lack of job growth coupled with a robust pipeline of college graduates prompts some employers to post job descriptions and qualifications that are unrealistic. Further, many input participants pointed to a widening gap between high skill and low skill employment opportunities, indicating that**



employment opportunities for the “middle skilled” have been consistently declining. One respondent stated that is difficult “to find the word ‘manager’ when job hunting in the Madison market today.”

Survey respondents, when asked whether there will be job opportunities to them or their children after graduation generally indicated little confidence in long-term employment options. One respondent said, “To get a good job it’s necessary to move to Chicago or Minneapolis or outside the Midwest.” A survey participant who has adult children responded that he/she was worried that employment opportunities would be worse for his/her grandchildren. However, some respondents did express optimism and said that those with higher education have an easier time finding employment, and that there are opportunities given hard work and willingness to work from the bottom up.

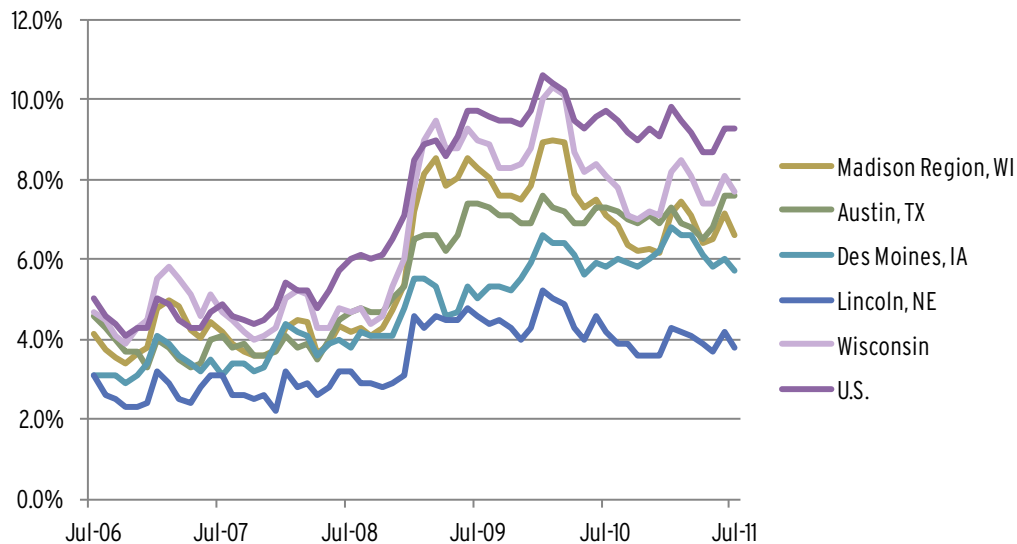
**Unemployment:** Many input participants indicated that much of the competitiveness of the Madison Region is directly tied to the relatively low unemployment rate, especially throughout the Great Recession. According to a report released in September 2011 by the University of Wisconsin–Madison Center on Wisconsin Strategy (COWS), the 2010 unemployment rate in Wisconsin was 8.3 percent, but some segments of the workforce suffered much higher rates of unemployment during this time. Populations in Wisconsin that were hit especially hard include African-Americans (25 percent); Hispanics (10 percent); those with less than a high school diploma (19 percent); and those age 16–18 (16 percent).

The unemployment rate in the Madison Region has consistently been lower than rates at the national and state levels. Des Moines, Iowa and Lincoln, Nebraska have had lower rates of unemployment than all of the regions examined, though the Madison Region and all comparison metros have stayed below the national rate since mid-2008.

Within the Madison Region, individual county unemployment dynamics are not identical to those exhibited by the larger region. Unemployment in Rock County has consistently been the highest among the eight counties, while unemployment has been the lowest in Dane County. In June of 2011, Rock was the only county in the region to have an unemployment rate higher than the national rate. The disparity within the region indicates that economic activity taking place near and around the City of Madison may not be catalyzing new opportunities in other parts of the region.



UNEMPLOYMENT RATE, 2006-2011

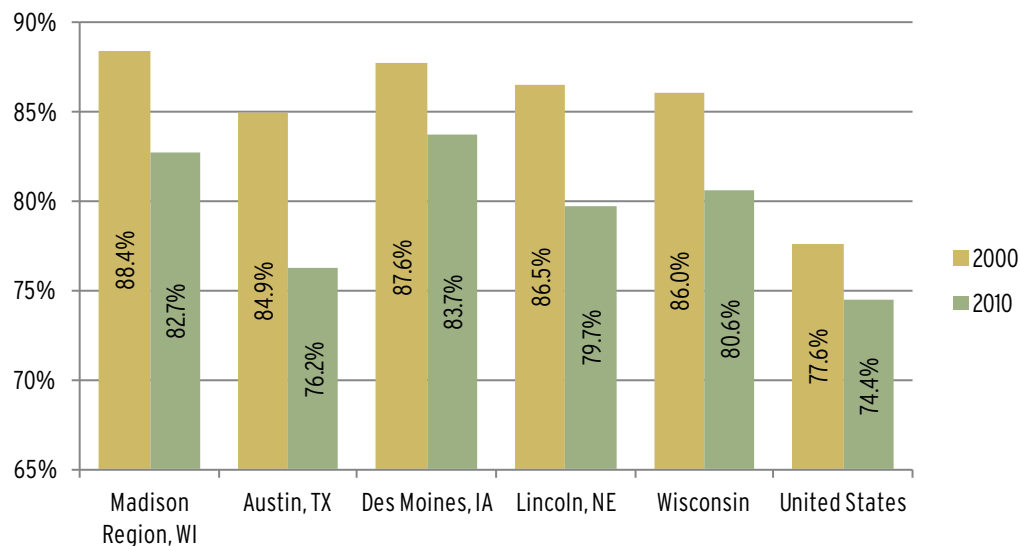


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

**Labor Force Participation:** Labor force participation rates measure adults (aged 18–69) who are employed or actively seeking work, divided by the working age population. Unlike unemployment, which only captures those displaced workers who are receiving unemployment benefits and actively looking for a job, the labor force participation rate provides a broader measure of confidence in the local labor market. Rising labor force participation rates indicate that more workers are being employed or that more people are joining the labor force, thus indicating increasing confidence and employment opportunities.

In 2010, the Madison Region had the highest labor force participation rate of all comparison geographies except for Des Moines. Between 2000 and 2010, the Madison Region experienced the third largest drop in labor force participation among the six comparison geographies (behind the Austin and Lincoln metros).

LABOR FORCE PARTICIPATION RATE, 2000 AND 2010



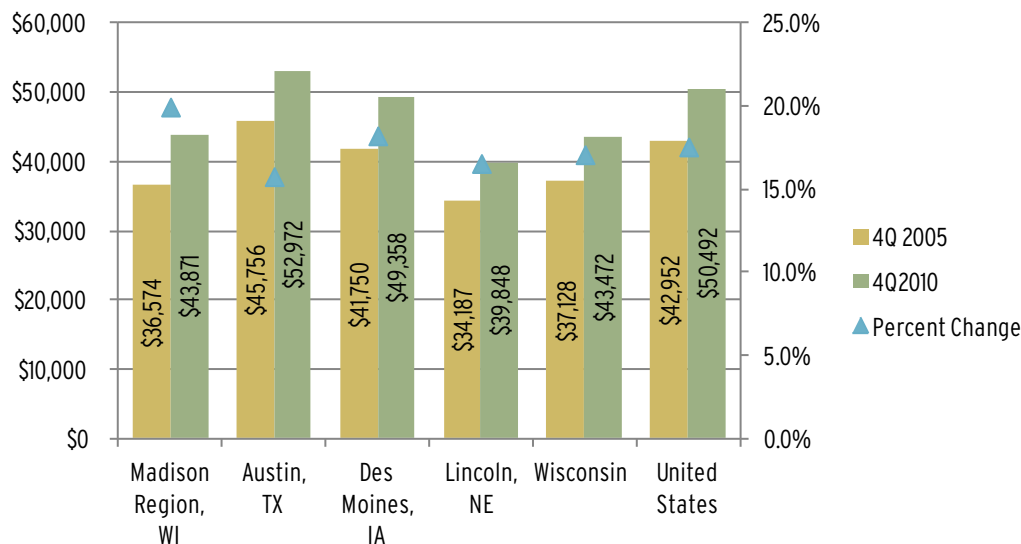
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Census Bureau, Current Population Survey

When asked to list the best thing about the Madison Region, many focus group participants said that the work ethic of residents in the region was unparalleled. Participants in the workforce development focus group acknowledged that labor force participation in the region is high and that the workforce is willing to train and retrain in order to be as competitive as possible.

**Average Annual Wages:** Average annual wage data complements other labor market indicators as it reflects the relative value employers are placing on labor. Further, rising wages indicate penetration of disposable income and increased spending power into the local economy. As can be seen in the following chart, average annual wages in the Madison Region in 2005 and 2010 were below the national average. In 2010, the average annual wage in the Madison Region was \$43,871, approximately 86 percent of the national average. Average annual wages in Austin, Texas in both 2005 and 2010, exceeded the national average, and were the highest of all comparison communities.

Between 2005 and 2010, average annual wages in the Madison Region increased 20 percent (equivalent of \$7,297 over the period), a higher percentage than all the comparison communities.

AVERAGE ANNUAL WAGES, 2005-2010



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Many survey respondents indicated that wages in the Madison area are relatively low, and nearly 62 percent of respondents felt that wages and benefits had gotten worse across the region since the start of the last recession.

According to one input participant, “There are jobs but the wages to support a family are just not there.” Another survey respondent said, “\$8.00 to \$12.00 an hour jobs are here now, but no student graduating from UW can afford to live on these income levels.” When asked about the biggest challenge facing the Madison regional economy, a respondent said, “Job opportunities with benefits and a livable wage.”

One survey respondent summed it up by saying, “Madison is extremely competitive – there is an oversupply of highly educated people for a relatively small number of good-paying jobs. There are plenty of jobs in certain sectors, but not all of them pay well. I have a master’s degree and my husband has a bachelor’s, and we just barely make the median income for the area.”

“There’s a salary cap here,” observed one young professional. “People reach a peak here and want to move to Chicago.”

Rising average annual wages, comparatively low unemployment, and relatively high labor force participation underscore the relative strength of the Madison Region’s labor market. However, sluggish employment growth, wages below the national

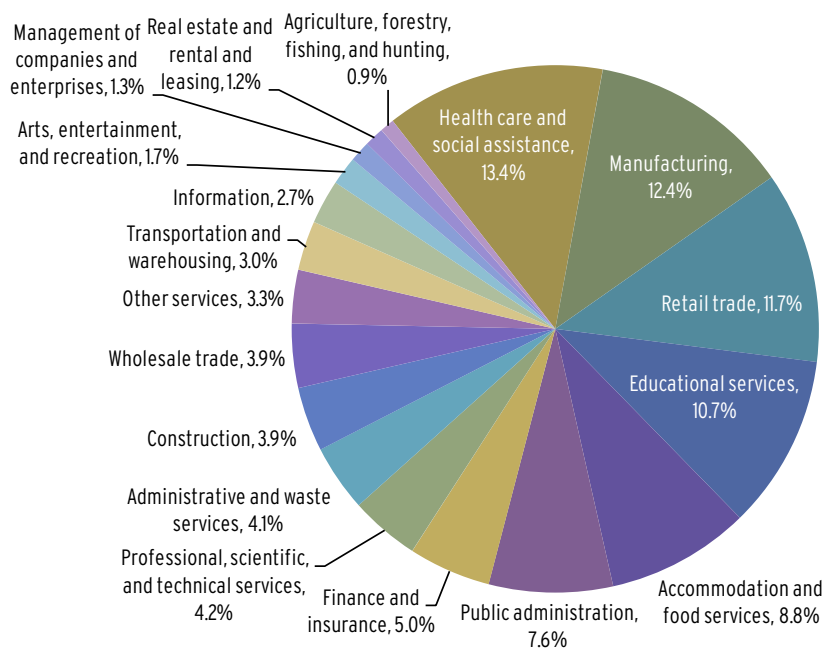
average, and disparate intra-region unemployment dynamics are troubling trends and should be an integral part of the regional economic discussion.

## Economic Structure and Employment Composition

The strength and structural soundness of local economies are commonly gauged by the diversity of economic opportunities and wage growth. Workers are drawn to regions where skill sets are applicable in a variety of sectors, as it provides some insurance against recession and sector downturn. Further, while job creation garners most media coverage, the quality of employment cannot be understated. Sectors with increasing wages and benefits create a more self-sufficient workforce and help families create long-term wealth and prosperity.

**Sector Employment:** As the following chart indicates, employment in the Madison Region is quite diversified. The largest sector, in terms of employment, is health care and social assistance (13.4 percent), followed closely by manufacturing (12.4 percent), retail (11.7 percent), and educational services (10.7 percent). Business sectors in which public employment tends to be especially robust, such as health care, educational service, along with public administration, represent 30 percent of total employment in the Madison Region.

### EMPLOYMENT DIVERSITY, 2010



Note: Suppression issues preclude inclusion of employment in the Utilities sector.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages via Wisconsin Department of Workforce Development

The majority of business sectors in the Madison Region experienced employment losses between 2005 and 2010. Absolute losses in the manufacturing sector were the highest, with a decline of over 15,000 jobs, but still above the U.S. average. Employment contraction in the construction sector was also robust, as declines reached almost 30 percent. Decline in these sectors is further troubling as employment losses outpaced those at the national sector level. Mining and energy extraction was the only other sector to experience double-digit employment percentage decline, despite overall employment growth in the national sector.

Between 2005 and 2010, robust employment growth occurred in agriculture (19.4 percent), information (10.6 percent), professional and technical services (9.0 percent), educational services (10.4 percent), and health care and social assistance (9.9 percent). These sectors, between 2005 and 2010, added a total of 14,855 new jobs to the Madison Region, and with the exception of health care and social assistance, exceeded sector growth at the national level. Agriculture and information were the only sectors to show positive employment growth despite national sector contraction.

***Farm Employment:*** Because the U.S. Bureau of Labor Statistics gathers only non-farm employment, workers engaged in the direct production of agricultural commodities – either livestock or crops – as a sole proprietor, partner, or hired laborer are not included in those employment figures. However, employment data reported by the U.S. Bureau of Economic Analysis, which does estimate and report both farm and non-farm employment, indicates that farm employment comprised 2.64 percent of the Madison Region’s total job base in 2009.

***Location Quotient Analysis:*** The Madison Region has concentrations of employment in manufacturing (LQ=1.38), information (1.23), finance and insurance (1.18), and public administration (1.33). Relatively under-concentrated sectors include mining and energy extraction (0.16), professional and scientific services (0.72), and administrative and waste services (0.68). Maintaining capacity in sectors with high relative concentrations must also be complemented by identifying those sectors that may be less concentrated but present long-term strategic opportunities for growth and diversification.

### About Location Quotients

Location quotients are an effective means of determining the comparative strength of an occupation or employment sector in a community compared to a larger area. Location quotients (LQ) are ratios representing the strength of a local occupation or business sector in relation to the national average. They are represented formulaically as:

$$LQ = \frac{\text{(Metro Employment in Sector/Total Metro Employment)}}{\text{(National Employment in Sector/Total National Employment)}}$$

If a location quotient is greater than 1.00, the region has a larger share of employment in that occupation or business sector than the nation. A LQ greater than 1.00 suggest sectors for which the economy has developed strength, indicating a possible comparative advantage. Conversely, if a location quotient is less than 1.00, this indicates a smaller local share of employment than the nation. Just because an occupation or business sector has a location quotient below 1.00 does not preclude it from being a target occupational or business cluster for the community. Similarly, a LQ over 1.00 does not automatically mean the community should aim for that sector. A number of factors, including national trends, local support services, and regional clusters contribute to the viability of a local business sector. See **Appendix A** for a further explanation of LQs.

### EMPLOYMENT BY BUSINESS SECTOR, 2005-2010

	LQ	Madison Region, WI				United States		
		Employment Q4 2005	Employment Q4 2010	Net Change,	% Change	Employment Q4 2005	Employment Q4 2010	% Change
11 Agriculture, forestry, fishing, and hunting	1.00	3,715	4,434	719	19.4%	1,155,039	1,151,301	-0.3%
21 Mining, quarrying, and oil and gas extraction	0.16	543	418	-125	-23.0%	580,401	679,081	17.0%
22 Utilities	ND	ND	ND	ND	ND	805,254	804,219	-0.1%
23 Construction	0.89	27,745	19,711	-8,034	-29.0%	7,689,156	5,733,311	-25.4%
31-33 Manufacturing	1.38	77,765	61,933	-15,832	-20.4%	14,235,012	11,615,139	-18.4%
42 Wholesale trade	0.92	20,173	19,695	-478	-2.4%	5,806,397	5,516,506	-5.0%
44-45 Retail trade	1.01	62,362	58,561	-3,801	-6.1%	15,807,605	14,970,463	-5.3%
48-49 Transportation and warehousing	0.78	15,787	15,126	-661	-4.2%	5,300,330	5,034,460	-5.0%
51 Information	1.23	12,229	13,528	1,299	10.6%	3,208,400	2,841,419	-11.4%
52 Finance and insurance	1.18	28,392	25,246	-3,146	-11.1%	6,006,593	5,534,835	-7.9%
53 Real estate and rental and leasing	0.79	6,046	5,951	-95	-1.6%	2,193,820	1,960,998	-10.6%
54 Professional, scientific, and technical services	0.72	19,450	21,201	1,751	9.0%	7,294,732	7,652,499	4.9%
55 Management of companies and enterprises	0.89	ND	6,418	ND	ND	1,751,612	1,860,667	6.2%
56 Administrative and waste services	0.68	20,772	20,420	-352	-1.7%	8,375,514	7,764,748	-7.3%
61 Educational services	1.09	48,377	53,407	5,030	10.4%	12,192,044	12,705,927	4.2%
62 Health care and social assistance	0.95	61,157	67,213	6,056	9.9%	16,263,311	18,247,434	12.2%
71 Arts, entertainment, and recreation	1.03	8,999	8,690	-309	-3.4%	2,135,180	2,183,131	2.2%
72 Accommodation and food services	1.02	44,073	43,971	-102	-0.2%	10,889,256	11,206,903	2.9%
81 Other services	0.96	16,079	16,409	330	2.1%	4,381,293	4,429,072	1.1%
92 Public administration	1.33	36,769	37,904	1,135	3.1%	7,116,439	7,366,152	3.5%
		510,433	500,236	-10,197	-2.0%	133,455,532	129,425,619	-3.0%

Note: Suppression issues preclude disclosure of employment in the Utilities sector for both Q4 2005 and 2010 and the Management of Companies and Enterprises in Q4 2005. The nondisclosures are indicated by *ND*.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) via Wisconsin Department of Workforce Development

The loss of manufacturing work was a common theme of survey respondents when asked about the greatest weakness of the Madison Region. Many

respondents highlighted the urgent need to retrain the manufacturing workforce.

*Average Annual Sector Wages:* Average annual wages in the Madison Region have increased in all sectors, with the exception of positions that are not classified. The vast majority of sectors experienced wage growth that was above 10 percent. The highest wage increases occurred in the information sector (46.3 percent) and the utilities sector (33.1 percent). The smallest positive wage growth occurred in arts, entertainment, and recreation (6.8 percent).

Across-the-board wage growth has not pushed wages above national sector averages. As indicated by the wage ratio, only employment in agriculture (1.23), utilities (1.06), and construction (1.03) paid average wages over the national average. Depressed wages in the Madison Region were more prevalent, as 18 business sectors were below parity with the national sector average and eight sectors paid wages that were less than 80 percent of the national average. Notably, finance and insurance paid only 74 percent of the national average, and the average wage paid in accommodation and food services was less than \$14,000 per year.

Average annual wage levels present a balancing act as low wage regions may be more attractive to employers, but low wages may deter quality workers from relocating or staying in a region; lower average wages also dampen the ability for workers to develop wealth, impacting the region's overall prosperity. In the Madison Region, low wages coupled with high costs of living, as presented in the Place section, indicate that the Madison Region may not provide residents and workers with the optimal level of value.

## AVERAGE ANNUAL WAGE BY BUSINESS SECTOR, 2005-2010

NAICS	Madison Region, WI					United States
	Q4 2005	Q4 2010	Change	Percent Change	2010 Wage Ratio	Q4 2010
11 Agriculture, forestry, fishing and hunting	\$ 32,928	\$ 36,363	\$3,434	10.4%	1.23	\$29,588
21 Mining, quarrying, and oil and gas extraction	\$ 61,033	\$ 67,939	\$6,906	11.3%	0.70	\$97,668
22 Utilities	\$ 64,524	\$ 85,894	\$21,370	33.1%	1.06	\$81,108
23 Construction	\$ 50,290	\$ 56,655	\$6,364	12.7%	1.03	\$54,835
31-33 Manufacturing	\$ 44,993	\$ 53,031	\$8,037	17.9%	0.84	\$62,761
42 Wholesale trade	\$ 47,478	\$ 53,907	\$6,429	13.5%	0.76	\$70,701
44-45 Retail trade	\$ 22,812	\$ 25,793	\$2,981	13.1%	0.92	\$28,083
48-49 Transportation and warehousing	\$ 36,323	\$ 41,901	\$5,578	15.4%	0.84	\$49,728
51 Information	\$ 47,844	\$ 69,981	\$22,137	46.3%	0.92	\$76,351
52 Finance and insurance	\$ 49,453	\$ 63,360	\$13,907	28.1%	0.73	\$87,188
53 Real estate and rental and leasing	\$ 31,185	\$ 38,636	\$7,451	23.9%	0.79	\$48,746
54 Professional and technical services	\$ 61,753	\$ 70,458	\$8,705	14.1%	0.79	\$89,418
55 Management of companies and enterprises	\$ 74,285	\$ 88,443	\$14,158	19.1%	0.85	\$104,133
56 Administrative and waste services	\$ 22,016	\$ 26,095	\$4,079	18.5%	0.73	\$35,946
61 Educational services	\$ 32,304	\$ 36,772	\$4,468	13.8%	0.86	\$42,935
62 Health care and social assistance	\$ 38,893	\$ 46,916	\$8,023	20.6%	0.95	\$49,186
71 Arts, entertainment, and recreation	\$ 14,630	\$ 15,618	\$989	6.8%	0.39	\$39,956
72 Accommodation and food services	\$ 11,498	\$ 13,402	\$1,904	16.6%	0.74	\$18,065
81 Other services, except public administration	\$ 25,469	\$ 28,784	\$3,315	13.0%	0.91	\$31,562
92 Public administration	\$ 40,604	\$ 49,723	\$9,119	22.5%	0.85	\$58,567
99 Unclassified	\$ 30,777	\$ 23,000	-\$7,777	-25.3%	0.36	\$63,383

Note: Wage ratio is calculated by dividing the U.S. industry average annual wage by the Madison Region industry average annual wage  
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

**Baby Boomer Effect:** A structural employment issue that is facing the nation is the impending movement of the Baby Boomer generation out of the workforce. Some business sectors will be faced with large retiring populations, thus losing experienced and knowledgeable employees. The following table shows the percentage of those workers aged 55 and above who are currently working in each business sector.

Of those employed in the entire eight-county region, 20 percent are above the age of 55. Many of the business sectors reflect a similar proportion of older workers. The share of older employees in transportation and warehousing is the largest (30.2 percent), followed by utilities and public administration, which each have a proportion of older employees equal to 28.4 percent, and educational services (27 percent). These industries show the most vulnerability to an aging out of worker knowledge and expertise.

The sectors with the smallest shares of aging workers are information (12.3 percent) and accommodation and food services (10.2 percent). The constant evolution of



information technology caters to a younger employee base, while entry-level wages and low experience requirements of the accommodation and food service industry provide few barriers to entry for younger workers.

**SECTOR EMPLOYMENT BY WORKERS AGE 55+, 2010**

NAICS	Workers Age 55+	
	Employment	Percent
11 Agriculture, forestry, fishing and hunting	968	24.4%
21 Mining, quarrying, and oil and gas extraction	98	26.1%
22 Utilities	696	28.4%
23 Construction	2,835	14.6%
31-33 Manufacturing	12,808	20.3%
42 Wholesale trade	4,379	20.6%
44-45 Retail trade	12,052	20.3%
48-49 Transportation and warehousing	4,046	30.2%
51 Information	1,833	12.3%
52 Finance and insurance	5,286	20.0%
53 Real estate and rental and leasing	1,402	23.9%
54 Professional and technical services	3,535	15.9%
55 Management of companies and enterprises	1,218	18.9%
56 Administrative and waste services	3,480	15.6%
61 Educational services	14,551	27.0%
62 Health care and social assistance	13,814	21.1%
71 Arts, entertainment, and recreation	1,397	17.6%
72 Accommodation and food services	4,236	10.2%
81 Other services, except public administration	3,225	19.3%
92 Public Administration	10,613	28.4%
All	100,672	20.0%

Source: U.S. Census Bureau, Quarterly Workforce Indicators

**Bankruptcy**

Financial stability of both businesses and individuals is an important aspect of a local economy as self-sufficient employers and workers add value to the economy. As shown in the table below, the Madison Region, between 2000 and 2007, had the largest reduction of business bankruptcies per 1,000 establishments. Business bankruptcies in Austin, Des Moines, and Lincoln, increased prior to the Great Recession. Business bankruptcies in the Madison Region increased the most between 2007 and 2010, leaving the region with the second highest rate of all comparison communities. Uncertainty in the state and local business climate and

reduction in overall demand during the Great Recession most likely spurred the increase in business bankruptcies.

#### BUSINESS BANKRUPTCIES, 2000-2010

	Bankruptcies per 1,000 Establishments			Change	
	Q4 2000	Q4 2007	Q4 2010	Q4 '00- Q4 '07	Q4 '07 - Q4 '10
Madison Region, WI	9.25	2.86	7.21	-6.39	4.35
Austin, TX	4.32	4.87	8.34	0.55	3.47
Des Moines, IA	1.13	3.39	6.98	2.26	3.58
Lincoln, NE	2.72	3.68	7.20	0.96	3.52
Wisconsin	4.93	2.68	6.16	-2.25	3.48
United States	4.59	3.22	6.40	-1.37	3.17

Source: U.S. District Courts via Moody's; U.S. Census Bureau

Personal bankruptcies are also indicators of the local economy and the creditworthiness of the resident population. High rates of personal bankruptcies may induce local lending institutions to require higher thresholds of collateral or guarantees, thus slowing the overall flow of capital to the region. Such dynamics may deter or prevent some entrepreneurs from starting new businesses. In the Madison Region personal bankruptcy rates in 2000, 2007, and 2010 have been below the rates of Wisconsin and the nation. Further, increases in personal bankruptcies in the Madison Region increased more so than in all three of the comparison metros. In 2010, Austin had the lowest rate of personal bankruptcies of all comparison communities (1.81 per 1,000 residents).

#### PERSONAL BANKRUPTCIES, 2000-2010

	Bankruptcies per 1,000 Residents			Percent Change	
	Q4 2000	Q4 2007	Q4 2010	Q4 '00- Q4 '07	Q4 '07- Q4 '10
Madison Region, WI	2.84	2.44	4.30	-0.40	1.85
Austin, TX	2.62	1.38	1.81	-1.24	0.43
Des Moines, IA	3.26	3.01	4.27	-0.24	1.26
Lincoln, NE	3.18	3.05	4.21	-0.14	1.16
Wisconsin	3.18	2.74	5.16	-0.44	2.42
United States	4.29	2.71	4.94	-1.58	2.23

Source: U.S. District Courts via Economy.com; U.S. Census Bureau

## Business Climate

The ease of doing business is a consideration that all prospective and existing employers must take into account. Burdensome taxation schemes and regulatory environments can stymie business recruitment, expansion, and entrepreneurship. Just as workers can choose where they live, large employers have similar discretion in locating new plants and other production infrastructure. While there is no singular metric that captures all dynamics of the business climate, tax rates, rankings, and utility costs are commonly used barometers.

**Taxes:** Taxation in the Madison Region is shown in the following table in component parts, including income tax, corporate tax, sales tax, and property tax. Important takeaways include:

- Austin, Texas, is the only comparison metro to be located within a state that does not levy an individual income tax.
- The top personal income tax rate in Wisconsin (7.75 percent) is higher than Nebraska (6.84 percent), but more than a full percentage point lower than Iowa's top rate (8.98 percent).
- The top corporate tax rate in Wisconsin (7.9 percent) is higher than Texas (which has a one percent franchise tax) and Nebraska (7.81 percent), but still less than Iowa (12 percent).
- Sales tax in Dane County (5.5 percent) is the lowest of all comparison geographies.

**STATE AND LOCAL TAX RATES, 2011**

		Madison Region, WI	Austin, TX	Des Moines, IA	Lincoln, NE
<i>Individual Income Tax</i>	Rate and Bracket Thresholds	4.6% (\$10,070) - 7.75% (\$221,661), 5 brackets	None	0.36% (\$1,439) - 8.98% (\$64,756), 9 brackets	2.56% (\$2,400) - 6.84% (\$27,001), 4 brackets
<i>Corporate Income Tax</i>	Corporate Income Tax	7.9%, flat rate	TX imposes a Franchise Tax - 1% on entities with \$1MM+ total revenues (0.5% for retail/wholesale), on lesser of 70% of total revenues or 100% of gross receipts after applicable deductions	6% (25,000) - 12% (250,001), 4 brackets	5.58% (<\$100,000), 7.81% (>\$100,000), 2 brackets
<i>Sales Tax</i>	Core City and State Combined Sales Tax	5.50%	8.25%	6.00%	7.0%
<i>Property Tax</i>	Commercial Property Taxes - Core City, \$1,000,000 property	\$22,249	\$23,169	\$47,481	\$19,960
	Residential Property Taxes - Core City, \$200,000 home	\$4,450	\$4,634	\$4,608	\$3,992

Note: All states apportion corporate income via single sales factor; food and prescription medications are exempt from sales tax in all states

Sources: Federation of Tax Administrators and local tax assessor's offices

Wisconsin has historically been perceived as a “high tax” state. In 2011, Wisconsin ranked 40<sup>th</sup> (with the most competitive position ranked first) on the Tax Foundation’s State Business Tax Climate Index. While most of the specific components on which the Tax Foundation ranks states find Wisconsin hovering around the middle (for example, unemployment insurance tax, 26<sup>th</sup>; corporate tax, 29<sup>th</sup>; sales tax, 19<sup>th</sup>), the state is 43<sup>rd</sup> in individual income tax. However, it is important to note that the Tax Foundation only assesses tax burden and does not take into account the quality and indirect value of states’ tax-funded education, quality of life, and infrastructure assets.

Even focus group participants representing various sectors and drivers of the regional economy mentioned the “perception” of high taxes in Wisconsin as a challenge for the Madison Region to overcome. “There is a perception is that Madison is not business-friendly,” said one small business owner, “but I have found the opposite.”

**Rankings:** Business climate rankings garner much media attention and scrutiny. However, the extent to which C-level executives and others making important business location decisions consider rankings is unknown. In 2011, Wisconsin was ranked as the 24<sup>th</sup> most desirable state in which to do business, based on a ChiefExecutive.net survey of 550 CEOs. The 2011 ranking was 17 spots above the previous year, indicating a renewed sense of enthusiasm on behalf of CEOs for doing business in Wisconsin. No other state had a larger jump in the rankings between

2010 and 2011. However, Texas, Iowa, and Nebraska were all rated more highly than Wisconsin.

The Beacon Hill Institute (BHI), which operates out of Suffolk University, compiles an annual index of business climate indicators. BHI’s comprehensive index looks at a wide breadth of 43 indicators that affect per capita wealth generation. Unlike in many other rankings, Texas does not top this list of competitive states for business; it was ranked 25<sup>th</sup> in 2010. Indicators that brought Texas’s competitiveness down include percent of population without health insurance (ranked 50<sup>th</sup>), percent of the population aged 25 and over that graduated from high school (ranked 50<sup>th</sup>), crime (ranked 49<sup>th</sup>), and science and engineering degrees awarded per 100,000 inhabitants (ranked 41<sup>st</sup>). Wisconsin, ranked 23<sup>rd</sup> in 2010, scored low on venture capital per capita (37<sup>th</sup>), employer firms per 100,000 inhabitants (49<sup>th</sup>), and percent of the labor force represented by unions (35<sup>th</sup>). Nebraska and Iowa and the neighboring state of Minnesota were ranked considerably higher than Wisconsin.

From a business performance perspective, the *Inc.* 5000 is a list of the firms with the fastest revenue growth over the past year. Of the comparison communities, Texas is home to the most *Inc.* 5000 companies (101), but Wisconsin (68) has more than Iowa (28) and Nebraska (29) combined. Further, 11 firms on the list are located in the eight-county Madison Region, indicating that high-growth firms are finding advantages to doing business in the Madison Region.

**STATE BUSINESS CLIMATE**

	ChiefExecutive.net Best/Worst States for Business			Beacon Hill Institute State Competitiveness			State New Economy Index	Firms on Inc. 5000 List	Kauffman Index of Entrepreneurial Activity
	2010	2011	Change	2005	2010	Change	2010	2011	2009
Wisconsin	41	24	17	16	23	-7	29	68	29
<b>Benchmark States</b>									
Texas	1	1	0	20	25	-5	18	101	5
Nebraska	22	20	2	8	6	2	34	29	49
Iowa	17	22	-5	15	9	6	38	28	44
<b>Neighboring States</b>									
Illinois	45	48	-3	35	34	1	15	233	41
Michigan	48	46	2	30	33	-3	17	124	28
Minnesota	31	29	2	7	5	2	13	82	47

Note: *Inc.* 5000 List contains those companies who have grown the fastest (revenue) in the past three years.

Source: Chiefexecutive.net, Beacon Hill Institute, *Inc.* Magazine, Information Technology and Innovation Foundation (ITIF)

The following table shows the latest CNBC ranking of states for business. Wisconsin falls in the exact middle. Notable sub-index rankings include cost of business (13<sup>th</sup>), quality of life (19<sup>th</sup>), and education (15<sup>th</sup>). However, Texas, Nebraska, and Iowa are all ranked as top ten states.

### TOP STATES FOR BUSINESS, 2011

	Overall	Cost of Business	Workforce	Quality of Life	Economy	Infrastr./ Transp.	Tech/ Innovation	Education	Business Friendliness	Access to Capital	Cost of Living
Wisconsin	25	13	46	19	22	22	21	15	28	27	23
<b>Benchmark States</b>											
Texas	2	33	14	32	14	1	4	27	18	4	5
Nebraska	10	17	17	12	5	31	35	20	5	35	6
Iowa	9	1	21	18	5	37	28	15	11	35	14
<b>Neighboring States</b>											
Illinois	22	24	45	28	32	6	6	29	36	5	20
Michigan	34	27	41	35	36	10	8	34	36	31	18
Minnesota	7	23	36	8	27	15	16	10	20	16	33

Source: CNBC

**Project Activity:** Measures of economic development activity, such as new projects, complement business climate rankings as they reflect actual capital investment. In May 2011, *Site Selection* magazine published a list of new facilities and expansion projects by state. Between 2008 and 2010, Wisconsin had 162 projects that met thresholds of either private capital investment in excess of \$1 million, 50 or more new jobs, or new construction of at least 20,000 square feet (47 new manufacturing facilities, 72 manufacturing expansions, and 43 other facilities, such as offices, headquarters, and research and development facilities). Wisconsin, which was grouped in the East North Central Region, had the lowest project activity of its group, which included Illinois (586 projects), Indiana (525 projects), Ohio (1,260 projects), and Michigan (880 projects). Iowa and Texas also had robust project activity with 191 and 1,295 projects, respectively.

In 2010, the *Be Bold Wisconsin: The Wisconsin Competitiveness Study* was commissioned by the Wisconsin Economic Development Association, Competitive Wisconsin, Inc, and the Wisconsin Counties Association. When benchmarked against several neighboring and best practice states, Wisconsin ranked last in recent (2009) project activity. The state reported 44 “wins” or relocation/attraction projects in 2009.

**Incentives:** The *Be Bold Wisconsin* report found that although Wisconsin has a very strong industry and occupation presence in agriculture, dairy, and food processing; medical device manufacturing; and renewable energy manufacturing there are no

statewide certified site programs for these sectors. Additionally, incentives targeting these sectors are limited, underutilized, or unknown. In almost every state with which Wisconsin was compared in the report, site readiness and permitting and incentives programs were in place for these target sectors.

Still, the state of Wisconsin offers some incentives to attract and catalyze new capital investment and job creation. In September 2011, Governor Scott Walker called a special legislative session to drive legislation aimed at getting Wisconsinites back to work. Many bills related to business incentives and ease of access to capital have been introduced. Until the proposed incentives legislation is passed and implemented, key existing incentive frameworks include:

- **Tax Credits:** Credits are available for a number of activities, for employers, investors, and developers. The Economic Development Tax Credit rewards job creation, capital investment, and employee training that meets state-mandated thresholds. Angel investors and venture capital investors may receive up to 25 percent of their qualifying investment in certain businesses. Developers of low-income housing are also eligible for tax credits.
- **Training and Retraining:** Grants are available from the Wisconsin Economic Development Corporation (WEDC), Wisconsin Entrepreneurs' Network, and Wisconsin Technical College System for allaying partial costs of upgrading employee skills, transitioning employees to new production technologies, or attending entrepreneurship training.
- **Small Business:** Grants and low-cost loans are available to early-stage and small businesses, with a focus on expanding operations, bridge financing, and managerial training support. Businesses in rural areas and those involved in high-tech ventures are eligible for specific loan and grant funds.
- **Redevelopment:** Businesses and individuals who remediate and develop existing Brownfield sites are eligible for state grants.
- **Industry-Specific Funding:** Businesses involved in certain industries such as dairy production and research and development are eligible for specific loans, tax credits, and grants.
- **Tax Exemptions:** Exemptions are available for property and sales taxes on certain expenditures and inventories. Manufacturing operations are eligible for exemptions on fuel, electricity, and equipment purchases.
- **Energy Efficiency:** The state offers tax credits and incentives for businesses that make investments in energy-efficient equipment and technologies.

The state of Wisconsin also gives municipalities the ability to issue tax-free industrial revenue bonds (IRBs) and establish tax-increment financing (TIF) districts. There are

currently two Development Opportunity Zones (DOZ) in the Madison Region, the Janesville DOZ (established in 2009) and the Beloit DOZ (created in 2011). Zone status makes \$5 million available in tax credits over five years for businesses that locate in the zone. Enterprises that receive credits must create 10 or more full-time jobs and/or make a capital investment of equal to the lesser of \$10,000 per employee or \$1 million. Finally, Enterprise Zone tax credits, which are awarded to select projects that are deemed by WEDC to be significant, have been used in Dane and Rock counties. Credits totaling \$25.2 million were awarded in 2010 to SHINE Medical Technologies and Northstar Medical Radioisotopes.

Within the Madison Region, city and county business financing assistance primarily consists of local revolving loan funds (RLF) and small scale grants. Most RLFs provide gap financing for businesses and alternative financing. Available financing amounts and eligibility vary by municipality and county. Low-cost loans and buyback programs are available in the City of Madison for installation and production of renewable energy capability.

**Utility Costs:** Firms also consider the cost of inputs, such as labor, physical capital, and utilities, when evaluating the business climate. Wisconsin electricity is comparably priced with Texas and the national average. However, Iowa and Nebraska have electricity prices lower than Wisconsin, for all types of customers. According to the federal Energy Information Administration, the majority of power plants in Wisconsin are coal-based, and net generation (as measured in megawatt hours), when compared to all states, is ranked 24<sup>th</sup>.

**UTILITY COSTS, STATE COMPARISONS, 2009**

	Average Retail Price (Cents/kWh)		
	Residential	Commercial	Industrial
Wisconsin	11.94	9.57	6.73
Texas	12.38	9.66	6.74
Iowa	9.99	7.55	5.27
Nebraska	8.52	7.33	5.75
United States	11.51	10.26	6.70

Source: Energy Information Administration

The following table shows electricity prices of the major utilities in the eight-county Madison Region. Commercial and industrial prices vary by provider, but tend to be slightly higher than the state average.



**UTILITY COSTS, MADISON REGION MAJOR UTILITY PROVIDERS, 2009**

	<b>Average Retail Price (Cents/kWh)</b>		
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
Adams-Columbia Electric Coop.	13.05	10.88	7.74
Madison Gas & Electric Co.	14.21	9.55	6.71
Rock Energy Coop.	10.77	9.81	4.42
Wisconsin Electric Power Co.	12.3	10.1	7.04
Wisconsin Power & Light	11.4	9.8	7.24

Source: U.S. Energy Information Administration

**Metro Business Climate:** The Madison business climate ranks well against other metropolitan areas (Madison MSA is comprised of Dane, Iowa, and Columbia counties and is ranked against other MSAs). Newgeography.com ranked Madison 15<sup>th</sup> of 90 medium-sized cities for job growth. Austin, Texas was omitted from the medium-size category, but ranked sixth amongst all 398 cities (Madison ranked 107<sup>th</sup>). The three-county Madison metro also ranked extremely well by *Forbes* as a destination for young professionals and outranked Des Moines and Lincoln as a best-performing city on the Milken Institute’s annual index, which considers overall wage and employment growth, in addition to the performance of the high-tech sector. Madison’s 2010 ranking was 32 spots higher than the previous year.

The City of Madison has also been recognized by fDi Intelligence (a leading foreign direct investment specialist) as a “Top Ten Small City for Economic Potential,” which reflects prevalence of foreign direct investment, gross domestic product (GDP), research and development, and large-scale economic development projects. Lastly, fDi Intelligence also recognized the City of Beloit as a “Top 10 Micro City for Human Resources,” which includes indicators of unemployment and quality of local universities and business schools, as well as relative brain drain and prevalence of tertiary education.

**METRO BUSINESS CLIMATE RANKINGS**

	<b>Newgeography.com Best Cities for Job Growth, Medium-Sized, 2011</b>	<b>Milken Institute Best Performing Cities, 2010</b>	<b>Forbes Best Cities For Young Professionals , 2011</b>	<b>Forbes Best Places for Business and Careers, 2011</b>
Madison, WI	15	31	3	63
Janesville, WI	241 (small cities)	166 (small metros)	N/A	N/A
Austin, TX	N/A	2	11	7
Des Moines, IA	38	33	1	2
Lincoln, NE	11	54	N/A	12

Sources: Newgeography.com (Madison ranked out of 90 MSAs; Janesville ranked out of 243 small MSAs); Milken Institute (Madison ranked out of 200 largest MSAs; Janesville ranked out of 179 small MSAs); Forbes.com (young professionals, out of 100 MSAs; business and career, out of 200 MSAs)

Public input reflects a mixed evaluation of the business climate in the Madison Region. Participants in the small business owners focus group said that there is a perception that the City of Madison is not business friendly, but not all experiences are negative. Feedback from the innovators and entrepreneurs focus group indicated that many small firms have not felt an outpouring of support from the City.

Other stakeholder input participants feared the length of permitting and approval processes at the city or county level was driving away business, although the City of Madison has recently undergone a process to improve its permitting process. “Lengthy,” “antiquated,” “no direction” were descriptions used in reference to Madison and Dane County project approval processes.

One manufacturing focus group participant remarked, “Tech-based business is time-based business. We can’t wait on the ‘three-step method’ and all the assessments.” A real estate professional who works closely with expanding businesses shared, “There are companies here who don’t expand because of the number of neighborhood meetings – that’s the perception of the region.”

Some felt this complicated process was driven by an extreme “anti-sprawl” mentality at the neighborhood group level. “There is deeply-rooted conflict between embracing and resisting growth. The resistance to growth has the idealized view of Madison of the ’60s and ’70s,” observed one input participant. A focus group attendee said, “We are going to grow either way – what can we do to plan for that? How do we embrace that? Right now they’re turning a blind eye and putting in structural hurdles to growth.”

Some real estate focus group participants agreed that “outlying counties [in the Madison Region] are the opposite” and for the most part try to accommodate commercial development to expand their tax bases.

However, beyond the City of Madison, respondents in the agriculture and food processing businesses focus group lamented regulations that they felt are burdensome and onerous. One such regulation required a business owner to pay a fee to move dairy product from one part of the farm to another as the route went under an existing road. Further, distrust between government and business exacerbates a tenuous relationship and enforcement of regulations is viewed as variable and inconsistent.

One participant said that Madison is notorious for not having any “shovel-ready” sites. Red tape is “throughout the region” and state, however, not just Madison and Dane County. Another participant referenced the speed and efficiency of

permitting and approval in other states as a major competitive business development concern for Wisconsin and the Madison Region.

Some focus group attendees referenced a pronounced disconnect between elected leadership at every level and the business community. Business leaders who participated in input linked this overall lack of understanding of “how business is done” to the often unfavorable business climate and lack of direction in big picture economic development activities. “The state doesn’t ‘get’ clusters. There’s relatively little discussion of supply chain,” said a manufacturing executive.

While 73.7 percent of business owners and managers responding to the online survey indicated that their businesses will remain in the Madison Region for the long term, only 20.8 percent felt they received the support from economic development organizations necessary for business growth. Seventeen percent were satisfied with the support their businesses received from government.

*Be Bold Wisconsin* also reported that state-level economic development activities and capacity in 2010 were, for the most part, “common” (average) or outdated in key program areas. The largely common state-level programs included those that dealt with entrepreneurship, incentives, and technology. Outdated approaches were found in its organization, marketing, business attraction, and strategy. While Wisconsin’s programs for partnership funding and flexible business retention were seen as advanced, state-level economic development policies and efforts were clearly not keeping pace with trends across the nation. The 2011 reorganization of the wholly public Wisconsin Department of Commerce to the public-private Wisconsin Economic Development Corporation (WEDC) under the administration of Governor Scott Walker is still under construction so evidence of improved state business development strategies are yet to be seen.

The overall business climate in the Madison Region is a cumulative product of local and state policies and initiatives. It is clear that there is little consensus on the prevailing business climate in the state and the region. Further, recent political uncertainty and strife may negatively impact perceptions of the ease of doing business. The Madison Region must be a proactive partner to existing businesses, potential businesses, and entrepreneurs and work to improve business climate stability.

## Small Business, Entrepreneurship, and Innovation

New and small businesses are crucial to long-term economic stability as almost 60 percent of Americans work for firms with fewer than 100 employees. Since 2001, firms with less than 50 employees have grown faster than larger firms; these small businesses now employ over 47 million workers. However, new and small businesses are especially vulnerable to closure as impediments exist that restrict access to capital, cultivation of managerial knowledge, and establishment of support networks. Working to capitalize, support, and nurture a culture of entrepreneurship, innovation, and small business will be important to the long-term competitiveness of the Madison Region.

**Lending:** The following table shows the prevalence of small business lending activity (less than \$1 million) by commercial and savings banks with at least \$250 million in assets. In 2010, the Madison Region had the lowest rate of loans per 1,000 residents of all comparison metros. However, while all regions examined experienced declines in the number of small business loans, declines in the Madison Region were less than those in Austin, Lincoln, and the United States.

Decline in small business lending corresponds with an increase in the average loan amount. In 2005 and 2010, average loan amounts in the Madison Region were second only to the state of Wisconsin. A history of fewer overall small business loans, despite higher average loan amounts, indicates that credit is more constrained in the region.

### SMALL BUSINESS LENDING, 2005-2010

	Number of Loans per 1,000 Residents			Average Amount Lent		
	2005	2010	Change	2005	2010	Percent Change
Madison Region, WI	22.9	10.8	-12.1	\$47,911	\$59,379	23.9%
Austin, TX	30.5	16.8	-13.7	\$29,822	\$33,530	12.4%
Des Moines, IA	24.7	13.8	-10.9	\$36,520	\$55,293	51.4%
Lincoln, NE	27.8	14.2	-13.6	\$39,285	\$52,389	33.4%
Wisconsin	23.6	11.8	-11.8	\$49,477	\$67,489	36.4%
United States	26.7	13.6	-13.1	\$33,754	\$41,318	22.4%

Source: Federal Financial Institutions Examination Council via Economy.com; U.S. Census Bureau, Population Estimates via Economy.com

**Focus group participants said that the banking crisis impacted Wisconsin banks, but the sector is moving towards a healthier condition. Reluctance to borrow and lend has hampered the flow of capital from banks, especially as risk assessment has fundamentally changed. According to input participants many local and**

community banks are well capitalized, while larger and regional banks are still sorting through structural issues.

Beyond bank loans, smaller forms of credit, such as seed money, and alternative forms of capital, like angel investor networks and venture capital funds, are key components of the financing spectrum. As a firm matures it will require different forms of capital, all of which require distinct support infrastructure and expertise. In order to cultivate a healthy entrepreneurial and small business climate, the entire scale of financing must be well-capitalized and able to get resources to firms in a timely manner. The financing spectrum, as adapted from the Wisconsin Growth Capital Coalition, includes:

- **Family and Friends:** Typically referred to as pre-seed or seed funding, this capital funds the earliest stages of business creation.
- **Angel Groups:** Affluent individuals and groups of individuals who invest in the early stages of business formation, typically between proof of concept and product development.
- **Venture Capital Funds:** These organized and professionally managed funds-of-funds invest in firms around the product development stage and tend to require higher thresholds of firm performance.
- **Institutional Equity and Bonds:** These financing mechanisms tend to follow or complement venture capital. Such financing mechanisms tend to accompany firms through their mezzanine and growth stages.

According to the Wisconsin Angel Network, a statewide umbrella organization that seeks to link entrepreneurs with early-stage business financing, there are 23 angel and venture capital organizations in Wisconsin. The Madison Region is home to seven of those funds, with one additional fund just outside the eight-county region.

LOCATION OF ANGEL NETWORKS AND VENTURE CAPITAL FUNDS, 2010



Map Source: *The Wisconsin Portfolio: Putting Risk Capital to Work*, 2010, published by the Wisconsin Technology Council and the Department of Financial Institutions

In 2005, the state of Wisconsin enacted legislation that provides tax credits to angel investors and venture capital funds for investment in businesses designated as a Qualified New Business Ventures (QNBV). Such ventures must be involved in innovation in industries such as manufacturing, biotechnology, nanotechnology, agriculture, medical devices, and clean energy, among others. According to a white paper by the Wisconsin Growth Capital Coalition (WGCC), between 2005 and 2011, 181 businesses were qualified as a QNBV and 105 received investment. However, while those companies sought almost \$450 million, they actually received less than \$200 million. The capacity of angel investors and venture capital funds in the Great Lakes Region, Wisconsin and the Madison Region is widely seen as under-actualized. Such a pattern is concerning as VC activity stimulates job growth, acceleration of company maturation, and eases perceived barriers to entrepreneurship.

A number of recent evaluations of the state of venture capital lend insight into some of the structural and perceived issues that are restricting the flow of venture capital to the region. In a 2010 white paper, the State of Wisconsin Investment Board reported that national venture capital markets have been hampered by fewer overall initial public offerings (IPO) and companies taking longer to access public markets. Such



dynamics have been caused in part by more regulations, reporting requirements, and a dearth of investment bankers willing to service young firms. Further, the riskiness of the asset class precludes many large coastal (both east and west) funds from investing in geographically-distant firms. However, while a regional bias against the Midwest may inhibit some investments, Wisconsin and the Madison Region are strategically positioned to activate increased venture capital activity, despite recent underperformance.

According to the WGCC report, Wisconsin accounts for 1.84 percent of the nation’s population, 2.11 percent of the nation’s patent filings, and 2.15 percent of national academic research spending, but comprises for only 0.55 percent of national venture capital investment.

Further, when compared with other states with similarly-sized workforces (Washington, Missouri, Indiana, Colorado, Minnesota, Arizona, Tennessee, and Maryland), the five-year average of VC investments in Wisconsin (\$70.8 million) is larger only than those made in the state of Missouri (\$59.5 million). The WGCC report found that Washington attracted the highest amount of VC funds – approximately \$862.9 million.

The *Be Bold Wisconsin* report conveyed that in 2009, total and per capita venture capital was by far the lowest among the six states with which Wisconsin was benchmarked. In Wisconsin, total venture capital was \$23 million and venture capital per capita was \$4.10. Comparison state venture capital ranged from \$10.20 per capita in Michigan to \$49.90 per capita in Minnesota.

One of the important distinctions in the Wisconsin VC market is the mismatch between research and development and VC activity. The innovations being pioneered (primarily by UW–Madison) are not translating into dollars flowing into the state. Recommendations to take the VC marketplace to the next level include a state-leveraged, privately-managed “fund of funds” that would catalyze VC activity in the state, and commit a substantial percentage of the fund to home-grown companies. Capitalization has been recommended at \$350 million.

A 2010 study by the Brookings Institution recommended that a \$1–\$2 billion 15-state regional VC fund be established, so as to leverage multi-state assets and investment capacity. Large amounts of capital are needed, and cooperation – whether at the state level or between states – will be necessary to stimulating long-term VC viability.

**The difficulty of accessing capital in the Madison Region was a common theme in the innovators and entrepreneurs focus group and the capital and finance focus group. However, both focus groups made it clear that capital issues must**

be segmented by type, in order to reflect the complexity of the growth of business and the disparate demands of different sectors.

Currently, there are no organizations in the eight-county region that coordinate low-ceiling but vitally important sources of capital. Smaller loans and micro loans are a viable alternative for many potential entrepreneurs and many of the lenders are able to be creative with requirements.

The downturn of the real estate market has hampered many angel investors. The capital and financing focus group participants agreed that while many angel investors are doing satisfactorily, the deal flow pipeline has been relatively dry. Focus group participants also described the venture capital climate as dire, especially for capital intensive deals. Many venture capital firms are looking to deals on the coasts. One participant said that a successful venture capital Madison Region needs four times the capital currently present.

Nearly 55 percent of survey respondents ranked availability of capital as poor or below average in the Madison Region.

***Entrepreneurship:*** The decision to go into business for oneself is a decision that involves weighing a number of factors, including availability of financing, wage dynamics, and perception of the labor market. Stimulating entrepreneurship is important as any new business employs at least one person, and may grow to become a source of more employment. In March 2010, businesses that were one year old employed more than 2.5 million Americans.

Entrepreneurial data that reflects firm age and firm size is only available for the state and the nation; however regional data do exist for firm size. In Wisconsin, young firms (between zero and three years) on average employ less than eight employees, thus providing a proxy for entrepreneurship on the regional level. The following table shows the change in establishments with employment ranging from one to four and five to nine employees.

Between 2004 and 2009, establishments in the Madison Region with five to nine employees contracted at a rate faster than the rate of all establishments, indicating those firms were especially vulnerable to downward economic pressure. Further, the number of establishments with one to four employees remained virtually unchanged, which indicates that new firms are facing substantial barriers to growth or the number of entrepreneurs willing to start a new venture is relatively low.

Entrepreneurial dynamics in the comparison geographies are not congruent with those exhibited in the Madison Region, with the exception of the state of Wisconsin.



Growth in metro Austin of establishments with one to four and five to nine employees mirrors the robust growth of all establishments. Notably, Lincoln is the only community to have a higher rate of growth in establishments with one to four employees, than the growth of all establishments, during the same time period.

**CHANGE IN SMALL FIRMS AND TOTAL FIRMS, 2004-2009**

	1-4 Employees		5-9 Employees		All Establishments	
	Total	% Change, '04-09	Total	% Change, '04-09	Total	% Change, '04-09
Madison Region, WI	12,628	0.1%	4,905	-2.6%	25,135	-0.7%
Austin, TX	21,374	14.8%	7,549	14.9%	40,281	15.7%
Des Moines, IA	7,510	3.1%	2,766	2.0%	14,889	3.7%
Lincoln, NE	4,182	3.7%	1,619	2.2%	8,176	2.1%
Wisconsin	71,899	-1.6%	27,338	-2.4%	140,715	-2.3%
United States	4,061,137	1.0%	1,402,819	-0.2%	7,433,465	0.6%

Source: U.S. Census Bureau, County Business Patterns

In addition, the number of Madison Region firms of all sizes declined in the five-year period (-0.7 percent). Only Wisconsin also experienced a drop in establishments (-2.3 percent) while all the other benchmark geographies grew their bases of firms. At the national level, the number of establishments grew by 0.6 percent, but the comparison metros increased their total firms between 2.1 percent (Lincoln) and 15.7 percent (Austin).

The activation of entrepreneurs in the Madison Region is a key aspect of long-term competitiveness, and many educational and workforce assets in the region are working to increase entrepreneurial capacity. Entrepreneurial assets include:

- **University of Wisconsin–Madison:** The university’s undergraduate entrepreneurship program was recently ranked 23<sup>rd</sup> of 25 top programs evaluated by the Princeton Review. The program offers a wide variety of entrepreneurial resources through the Weinert Center for Entrepreneurship.
- **Madison College:** The technical college offers a small business entrepreneurship technical diploma through their Center for Business & Applied Arts.
- **University of Wisconsin-Whitewater:** The four-year university offers an entrepreneurship major, independent study in entrepreneurship, and holds an annual business plan contest

In addition to activating new entrepreneurs, providing support for new businesses has become a crucial step in creating sustainable businesses. Small business incubation has become a mainstream business support activity that helps entrepreneurs refine their business plan and business model under the guidance of seasoned entrepreneurs and those with business expertise. While specific capacity is hard to determine, according to the Wisconsin Business Incubation Association, the eight-county Madison Region is home to 21 different incubation facilities out of the 92 total incubators and related organizations in the state of Wisconsin. The Madison Region incubation facilities cater to a wide array of new businesses including space devoted to freelance computer programmers and inventors, student entrepreneurs, non-profits, investors, and biotechnology.

The existence of an entrepreneurial culture in the Madison Region received mixed support. Some stakeholder input participants said that there is no entrepreneurial spirit, and innovation does not know how to “get out of the box.” However, many respondents took the position that the Madison Region needs to support entrepreneurs and make entrepreneurship an attractive career choice.

Entrepreneurship came up as both a strength and a weakness of the regional workforce. A survey respondent said, “There seems to be many entrepreneurs here, people starting their own businesses and working on their ‘dreams’ – That’s very good to have passion in the workforce.” Another respondent said the workforce is characterized by, “lots of well educated, creative, entrepreneurial, progressive people willing to try new things.” On the other hand, a survey respondent said the people in the Madison Region were not as entrepreneurial as other regions and less willing to take risks.

Survey respondents also identified entrepreneurial opportunities in a variety of sectors that included manufacturing, sustainable agriculture, non-life sciences business, and high-tech sectors. Minority entrepreneurship was also mentioned as a potential growth opportunity.

**Innovation:** It is widely recognized that innovative places are often also prosperous places. Richard Florida, the author of *The Rise of the Creative Class*, has found that density of patents corresponds to higher wages, higher regional incomes, and higher regional economic production. The Madison Region has a long history of innovation and has positioned itself as a national leader in technological breakthrough. Such activity earned the Madison metro the “7<sup>th</sup> Most Innovative City in America” ranking by *Forbes* magazine in 2010, which ranks the 100 largest metro areas.

The following table compares patenting activity between metropolitan areas. The Madison metro area has the second highest patents per 10,000 employees of all comparison communities. Austin leads all comparison communities, and has a rate 2.6 times larger than Madison. Patent activity in the Janesville metro is also notable, as the rate of patents per 10,000 employees (4.6) was greater than Lincoln (3.7), and annual patent growth was greater than both Lincoln and Des Moines.

**PATENT ACTIVITY (MSA), 2010**

	<b>Patents, 2010</b>	<b>Patents per 10,000 Employees, 2010</b>	<b>Annual Patent Growth, 2006-2010</b>
Madison, WI	398	12.2	7.4%
Janesville, WI	27	4.6	4.1%
Austin, TX	2,449	32.3	6.4%
Des Moines, IA	174	5.6	-0.6%
Lincoln, NE	59	3.7	3.7%
United States	107,787	8.3	4.7%

Note: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. The Janesville MSA is solely comprised of Rock County.  
Source: United States Patent Patent and Trademark Office; U.S. Census Bureau, Quarterly Census of Employment and Wages

The top patenting organizations between 2005 and 2009 are presented in the following table. Within the Madison Region, the Wisconsin Alumni Research Foundation (WARF) has been at the forefront of patent activity and actively works to foster technology transfer and commercialization. The recently-opened Wisconsin Institutes for Discovery provides a state-of-the-art facility for both private and publicly-funded research. In metro Austin, patent activity is largely driven by the private sector, rather than the university. IBM is the leader in patenting activity with over 2,000 patents filed between 2005 and 2009. Patenting in the Madison metro’s Midwestern comparison regions is less dominated by a single organization, but organizational patent activity in Des Moines is on par with Madison.

### TOP FIVE PATENTING ORGANIZATIONS (MSA), 2005-2009

Top Organizations	Total Patents, 2005-2009
<b>Madison, WI</b>	
Wisconsin Alumni Research Foundation	399
Promega Corp.	41
Mirus Bio Corp.	34
Third Wave Technologies	34
General Electric	30
Total	538
<b>Austin, TX</b>	
IBM	2,874
Freescale Semiconductor	763
Dell Products	752
Advanced Micro Devices (AMD)	459
Silicon Laboratories	263
Total	5,111
<b>Des Moines</b>	
Pioneer Hi-Bred International	224
Stine Seed Farm	207
Deere	49
Monsanto Technology	29
Putco	24
Total	533
<b>Lincoln, NE</b>	
Goodyear Tire + Rubber	9
University of Nebraska	9
J.A. Woolam Corp.	5
Centurion Wireless Technologies	4
Westchester Technologies	3
Total	30

Note: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties.  
Source: Harvard Cluster Mapping Project

**Research and Development:** Universities are widely recognized as crucial to regional prosperity as they have the capacity to translate research and scientific progress into economic opportunity. The University of Wisconsin–Madison is one of the largest centers of research and development in the nation, and contributes approximately

\$12.4 billion annually to the state economy, according to a report released by the university in 2011.

Direct expenditures on research and development are an important barometer of institutionalized commitment to innovation and discovery. In 2009, UW–Madison spent over \$950 million for science and engineering research and development, more than the University of Texas–Austin, Iowa State University, and the entire University of Nebraska system. Between 2002 and 2009, science and engineering research and development expenditures at UW–Madison increased by an average of 5.3 percent annually. UW–Madison had the third highest research and development expenditures in the nation, behind Johns Hopkins University and the full University of Michigan system. In 2010, the university attained an important benchmark: total research and development expenditures surpassed \$1 billion.

The majority of UW’s research and development expenditures are spent on the life sciences. In 2009, UW–Madison’s life science research and development expenditures were second in the nation, totaling \$623.4 million.

**SCIENCE AND ENGINEERING RESEARCH AND DEVELOPMENT ACTIVITY, 2004-2009**

	R&D Expenditures, 2004	R&D Expenditures, 2009	Percent Change	FY 2009 R&D Expenditure Ranking
Madison Region, WI				
University of Wisconsin-Madison	\$783,875,000	\$952,119,000	21.5%	3
Austin, TX				
Texas State University- San Marcos	\$9,130,000	\$15,742,000	72.4%	253
University of Texas-Austin	\$343,886,000	\$506,639,000	47.3%	32
Des Moines, IA				
Iowa State University	\$312,914,000	\$329,901,000	5.4%	61
Lincoln, NE				
University of Nebraska (all campuses)	\$299,550,000	\$366,507,000	22.4%	51

Notes: FY 2009 R&D Expenditure Ranking is out of 697 institutions. Iowa State is not located in the Des Moines MSA, but is located in the service area of the Greater Des Moines Partnership, and thus is included as a Des Moines asset.

Source: National Science Foundation

**Technology Transfer and Commercialization:** Technology transfer is a key step in moving innovation from the experimental stages toward commercialization. The following table presents indicators of technology transfer and commercialization driven by university research and development. The large expenditures of research and technology at UW–Madison have translated into many active technology licenses and the highest licensing income of comparison universities, but fewer start-ups. However, the survey classifies start-ups as new businesses that were dependent on the technology licensed from the institution for their formation. The definition does

not include technology licensed to existing companies and thus may overlook the widespread dissemination of University of Wisconsin–Madison innovation via WARF. According to the WARF 2010 Annual Report, since its inception, WARF has patented 1,900 innovations and entered into more than 1,600 licensing agreements with companies.

**TECHNOLOGY TRANSFER AND COMMERCIALIZATION ACTIVITY, 2009**

	<b>Active Licenses</b>	<b>Licensing Income</b>	<b>Number of Startups</b>	<b>Disclosures</b>	<b>Patents Issued</b>
<b>Madison Region, WI</b>					
University of Wisconsin-Madison	528	\$56,714,000	1	333	119
<b>Austin, TX</b>					
University of Texas System	1,297	\$32,428,040	22	744	107
<b>Des Moines, IA</b>					
Iowa State University	426	\$8,832,802	1	95	24
<b>Lincoln, NE</b>					
University of Nebraska-Lincoln	109	\$2,273,608	6	147	13

Notes: The University System of Texas includes nine campuses and five health institutions; Iowa State is not located in the Des Moines MSA, but is located in the service area of the Greater Des Moines Partnership, thus is included as a Des Moines asset.

Source: Association of University Technology Managers (AUTM) Licensing Survey

## PLACE

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Throughout the **Advance Now** stakeholder input phase, regional business owners, top-level executives, and community residents of every age group repeatedly cited the Madison Region’s quality of life and place-based amenities among its greatest strengths. Many input participants referenced the quality of the area’s community assets as one of the top deciding factors that attracted or kept them in the Madison Region. While the Great Recession has put significant pressure on the region’s socioeconomic, workforce, and business dynamics, many of its quality of place advantages have remained highly competitive and have been nationally recognized and ranked.

However, effects of the economic downturn and its protracted recovery are acutely evident in key components of the region’s place, such as its housing market. In addition, disparities exist within the eight-county region over access to some critical assets. The sustained advancement of the Madison Region’s competitive quality of place product must be seen as inseparable from its economic growth and development.

This section examines some of the factors linked with the Madison Region’s quality of place – including cost of living, housing opportunities, transportation, environmental quality, and public safety – and their significance for its competitive climate and overall prosperity.

### Cost of Living

The Council for Community and Economic Research (C2ER) is a national community and economic development research organization that publishes quarterly cost of living indices for 305 metropolitan and micropolitan urban areas across the nation. The cost of living index considers not only home values, but also the cost of groceries, utilities, transportation, health care, and miscellaneous goods and services when assessing the comprehensive price tag to live in a community or metro. The affordability of a community is a major factor in this age of footloose talent. An attractive cost of living weighs heavily in many firms’ and workers’ relocation decisions.

A composite index score of 100 means a community is on par with the national average. Based on the most recent index, the Madison metro area is more expensive overall and in every individual component than the national average as well as all of the comparison communities. The Janesville metro composite index is just under the

national average, but utilities, transportation, health care, and miscellaneous goods and services all surpass that average.

All of the comparison communities fell under the national and Madison Region’s metro averages, ranging from 87.4 (Round Rock, Texas in the Austin metro) to 93.2 (Lincoln, Nebraska).

### COST OF LIVING INDEX, 2<sup>ND</sup> QUARTER 2011

	Composite		Index Components					
	Ranking (out of 305)	Index (U.S. avg=100)	Grocery Items	Housing	Utilities	Transp.	Health Care	Misc. Goods & Services
Madison Region, WI								
Madison, WI	53	108.1	101.5	110.4	105.3	110.0	119.2	107.6
Janesville, WI	98	98.4	95.5	89.1	114.5	102.0	102.2	101.4
Austin, TX								
Austin, TX	227	91.2	83.0	81.6	98.2	100.3	103.8	96.5
Round Rock, TX	289	87.4	84.5	74.8	100.1	88.1	93.6	94.9
San Marcos, TX	265	89.4	90.9	83.3	88.3	90.1	97.3	93.2
Des Moines, IA	242	90.4	92.6	89.5	88.5	98.1	88.2	88.8
Lincoln, NE	181	93.2	92.6	86.3	104.5	107.1	93.3	92.0

Notes: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. The Janesville MSA is Rock County.

Index items are weighted as follows: Grocery - 13.31%, Housing - 29.27%, Utilities - 10.22%, Transportation - 9.86%, Health Care - 4.23%, Miscellaneous - 33.11%.

Source: Council for Community and Economic Research (C<sub>2</sub>ER)

In the Madison metro, the most costly component in the index is health care, over 19 points higher than the national average. When analyzing health care costs, C<sub>2</sub>ER weighs five items: the costs of a visit to the optometrist, doctor, and dentist, and the price of ibuprofen (over-the-counter pain reliever and anti-inflammatory drug) and Lipitor (prescription cholesterol medication). Among the 305 communities evaluated in C<sub>2</sub>ER’s index, the Madison metro ranked sixth highest in doctor visit costs, one of the most heavily-weighted indicators, and the Janesville MSA ranked 34<sup>th</sup>. The relatively high cost of health care in the Madison Region, despite good access to quality medical providers and services, is a serious competitive concern for existing and relocating businesses and residents.

Many online survey respondents cited cost of living as a major concern. “The cost of living is prohibitive in Madison (especially affordable housing) for people to live and work here, even if they do have advanced education or skills,” remarked one participant. “The cost of living far exceeds what people can afford as well as the national average,” added another. Many mentioned a heavier-than-average tax burden and lower-paying jobs that have not caught up with inflation as exacerbating the higher cost of housing and other necessities in the Madison Region.



Among quality of life factors rated by survey respondents, cost of living was ranked the lowest, with 28.4 percent of respondents deeming cost of living poor or worse than average and 47.1 percent ranking it average. Affordability of health care and child care in the Madison Region were also ranked worse than average.

Respondents also expressed the sentiment that while at one point in the past the quality of the region could substantiate higher costs, now the expensive nature of the core metro is becoming a major competitive concern. “In the past we could justify the higher housing cost and property taxes, for example, but now with a decrease in services and cuts in our schools our higher cost of living seems unjustified compared to other national markets.”

However, many of the complaints about high costs of living were directed specifically at the City of Madison as well as Dane County. Some survey respondents commented that the “affordability of living in the suburban areas” is one of the region’s greatest strengths.

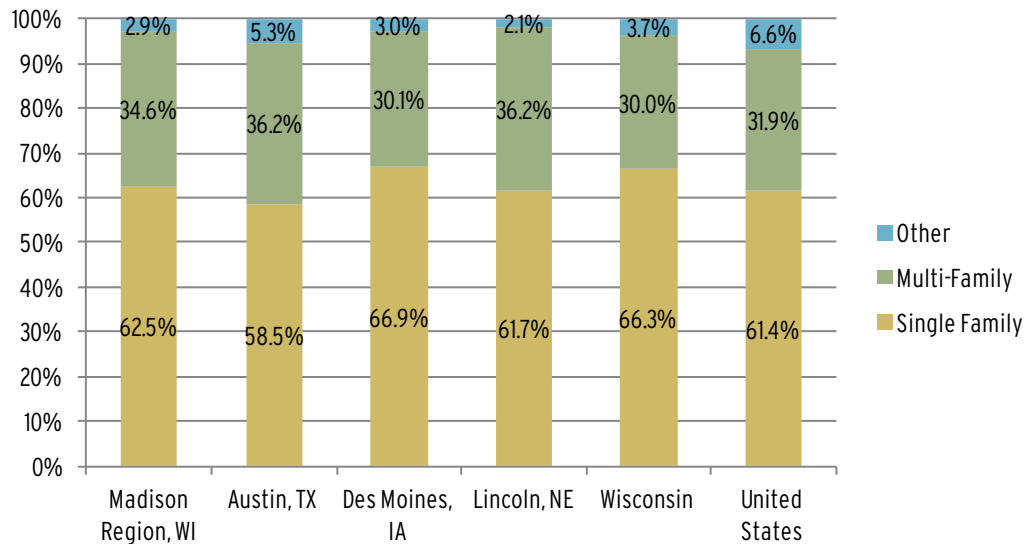
There are some regional concerns about rivalries between major health care providers and the rising costs associated with that competition. In addition, the pervasiveness of provider-owner health plans in the Madison Region may deter national companies from relocating, especially if their national insurance contracts cannot be integrated into the local health care market or if they cannot be convinced that multiple carriers are advantageous. Demonstrating that health care costs per employee are competitive would be an important game changer for new companies looking to relocate.

## Housing Affordability and Opportunity

If an area is to be economically competitive for workers and jobs, it must have housing that is both affordable and attractive to its regional labor force with access to options that fit the varied needs of all types of workers, families, and individuals.

**Housing Types:** Austin, Texas and Lincoln, Nebraska both have over 36 percent of their housing stock in multi-family housing, potentially due to the presence of major public universities (University of Texas and Texas State University in Austin; University of Nebraska in Lincoln) and the largest shares of young adults ages 18 to 24 who may be more likely to live in multi-family housing. In 2010, the Madison Region’s proportion of multi-family housing (34.6 percent) was the third highest among the comparison geographies as was its percentage of single-family housing (62.5 percent).

**HOUSING COMPOSITION, 2010**



Note: Data for Sauk and Green counties are not included in the Madison Region housing composition. The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Green County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA).  
 Source: U.S. Census Bureau, American Community Survey

**Homeownership:** The following table shows homeownership rates for the Madison Region and the comparison geographies in 2010. The homeownership rate in the Madison Region topped the rates in Austin, Des Moines, and Lincoln, as well as the nation; only the state of Wisconsin had a higher homeownership rate.

**HOMEOWNERSHIP RATE, 2010**

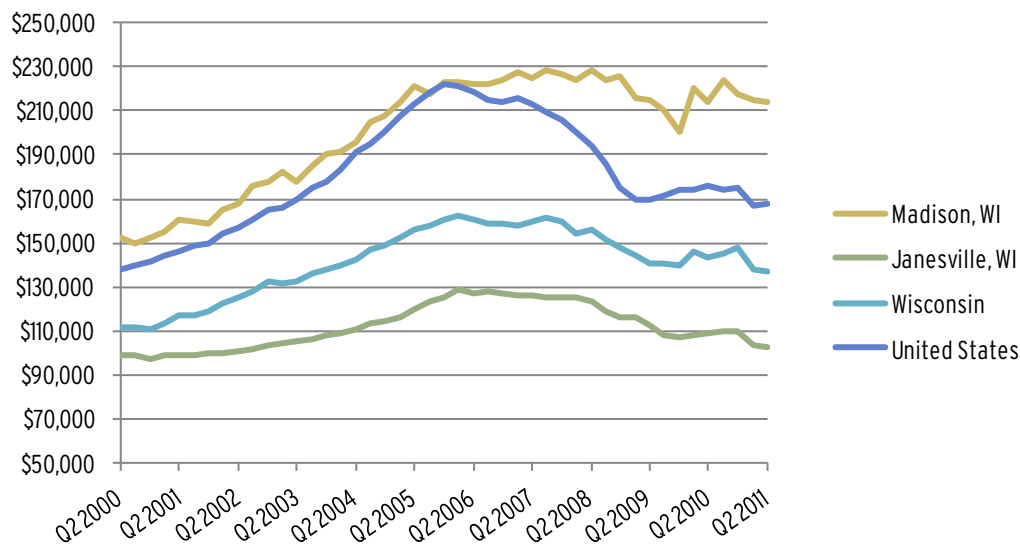
	Percent
Madison Region, WI	67.0%
Austin, TX	57.4%
Des Moines, IA	72.2%
Lincoln, NE	60.5%
Wisconsin	68.7%
United States	65.4%

Note: The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Columbia County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA), which are aggregations of counties. To capture Sauk and Green homeownership information Market Street used the most recent American Community Survey data, which is an average taken over the years 2007-2009.  
 Source: U.S. Census Bureau, American Community Survey

**Housing Prices:** The two metro areas in the Madison Region – Madison and Janesville – did not experience quite the dramatic boom and bust of home prices felt at the national level around the Great Recession. However, both metros in the region

have suffered declining values and have struggled to regain upward momentum. Like Wisconsin, both Madison and Janesville experienced steady growth in home prices until 2008 when they began to decline slightly. Average single-family home prices in the Madison MSA peaked at \$228,404 in Q2 2008 and reached their lowest mark in Q4 2009 at \$200,638; from there they began to rebound and by Q2 2011 were at \$213,760. However, prices continue to drop in the Janesville MSA and the state of Wisconsin after peaking in Q1 2006 (\$128,927 for Janesville; \$162,690 in Wisconsin). At Q2 2011, the median price of a single-family home in the Janesville metro stands at \$102,311.

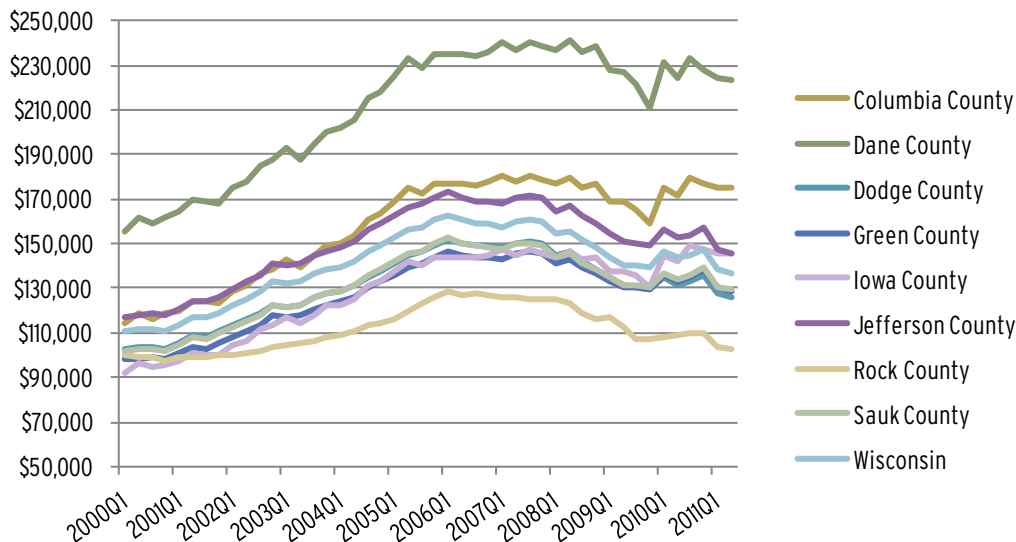
**MEDIAN SINGLE-FAMILY HOME PRICES (MSA), 2000-2011**



Note: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. The Janesville, WI MSA is Rock County.  
 Source: National Association of Realtors: Real Estate Outlook; Moody's Analytics Estimates

Average home price trends in the Madison Region's individual counties have faced similar peaks and troughs. Most counties are still experiencing decline into 2011, although it appears to be slowing. Dane County, the fastest-growing county in the region, has experienced the highest prices and most dramatic growth and decline. Iowa County, which a decade ago had the lowest home prices in the region, had by Q3 2010 surpassed the state median. As of Q2 2011, Iowa County has the third-highest home prices in the eight-county region at \$145,746, just slightly above Jefferson County and nearly \$9,000 over the state average.

**MADISON REGION MEDIAN SINGLE-FAMILY HOME PRICES, 2000-2011**



Source: National Association of Realtors: Real Estate Outlook; Moody's Analytics Estimates

When the median home prices of the Madison and Janesville metro areas are compared to the benchmark geographies, the picture of their relative value contraction is clearer. Compared to the state and nation, Madison and Janesville's home prices fared lighter blows between the national peak (Q4 2005) and its trough (Q1 2009).

However, the comparison metros have been more resilient during the significant decline and slow recovery of the national housing market. Entering late into the national recession, the Austin metro saw home prices continue to rise steeply through the climax of the economic crisis; and while Des Moines and Lincoln did experience drops in median prices (-1.0 percent and -2.2 percent, respectively) between Q4 2005 and Q1 2009, these devaluations were still not as strong as Madison (-3.4 percent) and Janesville (-7.1 percent) during the same period. Des Moines has rebounded since Q1 2009 and Austin's housing market continues to push growth (albeit more slowly), while downward-sliding home prices persist in all the other geographies examined.

**MEDIAN SINGLE-FAMILY HOME PRICES (MSA), 2005-2011**

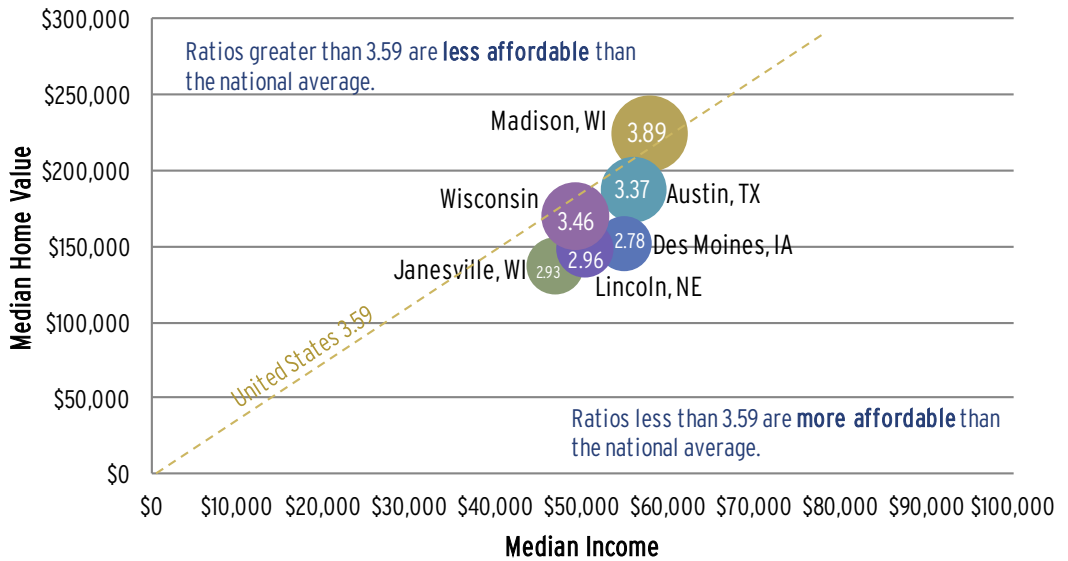
	Q4 2005	Q1 2009	Q2 2011	Percent Change	
				Q4 '05 - Q1 '09	Q1 '09 - Q2 '11
Madison, WI	\$223,370	\$215,702	\$213,760	-3.4%	-0.9%
Janesville, WI	\$125,534	\$116,661	\$102,311	-7.1%	-12.3%
Austin, TX	\$169,604	\$187,069	\$194,371	10.3%	3.9%
Des Moines, IA	\$147,211	\$145,673	\$152,241	-1.0%	4.5%
Lincoln, NE	\$137,233	\$134,174	\$131,240	-2.2%	-2.2%
Wisconsin	\$160,398	\$144,078	\$136,814	-10.2%	-5.0%
United States	\$221,958	\$169,387	\$167,359	-23.7%	-1.2%

Notes: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. The Janesville, WI MSA is Rock County. Q4 2005 is the peak quarter for median home prices and Q1 2009 is the national trough quarter  
 Source: National Association of Realtors: Real Estate Outlook; Moody's Analytics Estimates

The Janesville metro's decline of 12.3 percent is by far the most significant since the prices bottomed out nationally; the Madison metro's 0.9 percent contraction is the smallest of those areas examined that are still experiencing declining single-family home prices. Despite these fluctuations the Madison metro's housing market is still pricier than any of the comparison geographies. Meanwhile, the median price for a single-family home in the Janesville metro is the lowest of all the other metros, the state, and the nation, and at \$102,311 in Q2 2011 it is less than half of median price in the metro area immediately adjacent to it (\$213,760). These dramatic disparities in home values within the two largest population centers in the Madison Region denote major challenges for the region's overall prosperity.

**Home Price Affordability:** A housing affordability index is one measure used to determine and compare housing affordability across different geographies. The ratio is simply the area's median home price divided by the area's median income. For example, in 2010 the national housing affordability ratio was 3.59 indicating that the national median home price was 3.59 times the national median household income. Despite the relatively slower recovery of the Madison metro's home values as examined in the previous housing indicators, housing in terms of affordability remains higher than the national average as well as all the comparison metros and the state of Wisconsin. The average home in Madison's metro area is 3.89 times higher than the median income of \$57,594. On the other end of the spectrum is the Des Moines metro, the most affordable of the geographies examined with median home values at 2.78 times higher than average incomes. Housing in Janesville was much more affordable than Madison, with a ration of 2.93.

**HOUSING AFFORDABILITY INDEX (MSA), 2010**



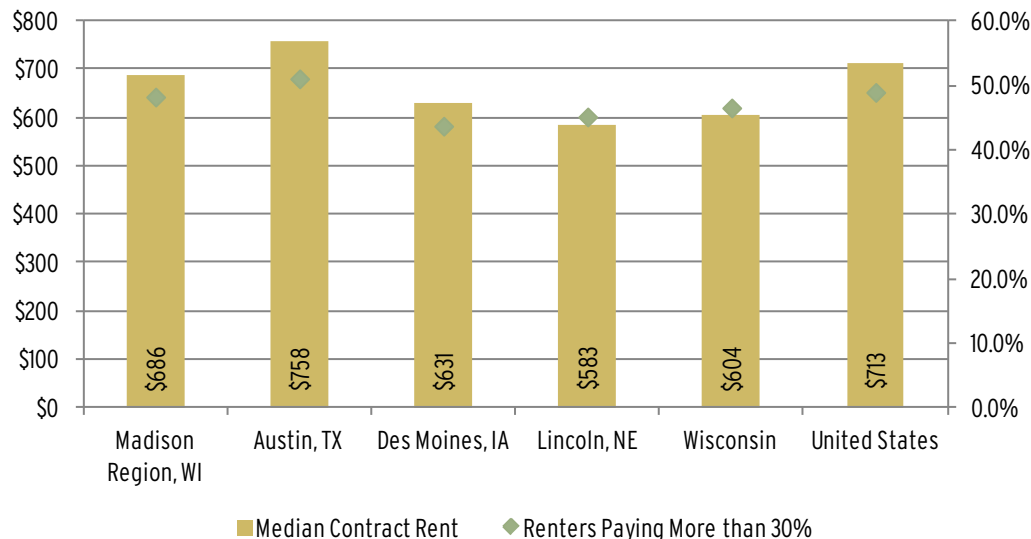
Notes: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. The Janesville, WI MSA is Rock County.  
 Source: U.S. Census Bureau, American Community Survey

“The number one reason people live outside of Dane is the cost of housing,” said a real estate professional who participated in input. Real estate professionals noted that there is a “disconnect between the cost to build and what people want to pay to buy or rent.”

**Rental Affordability:** Affordable and quality rental housing provides individuals with a greater choice of housing options, especially to individuals of diverse income levels, age groups, and geographic preferences. The following chart displays the median contract rent for the eight-county Madison Region, the three benchmark regions, the state, and the nation. In 2010, the median monthly rent within the Madison Region was \$686, higher than all of the benchmark geographies except for Austin, Texas (\$758) and the nation (\$713).

The higher median contract rent in the eight-county Madison Region is driven up by Dane County, where the average rent was \$753, forty dollars higher than the national average.

RENTAL AFFORDABILITY, 2010



Note: The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Green County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA). To aggregate the Madison Region, 3-year 2007-2009 ACS estimates were used for Sauk and Green counties.  
 Source: U.S. Census Bureau, American Community Survey

Due to the decline in home values, the Madison Region’s rental market is under increasing pressure to fulfill housing needs of those who choose not to or who cannot afford to own a home. One survey respondent cited a “tight rental market with skyrocketing rents” as one of the Madison Region’s greatest challenges to overcome.

This is especially true for the younger, more transient workers in the region struggling with acute concerns about lower wages and higher student loans as they enter the workforce. “...High rent costs combined with low wages due to a lot of competition with other professionals with advanced post-graduate degrees makes young professionals like myself want to migrate south where we are more likely to find our way out of this rut of debt,” remarked one young professional.

**Foreclosures:** Perhaps due to the sustained high values of homes in the Madison metro, the percent of homes sold at a loss over the periods examined have not been as high as in other benchmark metros, except most recently in July 2011 when the percentage of homes sold for a loss in Lincoln, Nebraska (19.7 percent) dipped below the Madison metro (20.8 percent). In the same month, the percent of foreclosures in the Madison metro (0.029 percent) was lower than all the comparison geographies for which data was available.

### FORECLOSURES AND HOMES SOLD FOR LOSS (MSA), 2005-2011

	Foreclosure Percentage	Percent of Homes Sold For a Loss		
	Jul-11	Jul-05	Jul-09	Jul-11
Madison, WI Metro	0.029%	0.1%	12.7%	20.8%
Austin, TX Metro	Not Listed	Not Listed		
Des Moines, IA Metro	0.11%	2.1%	15.6%	28.2%
Lincoln, NE Metro	0.065%	4.5%	17.1%	19.7%
United States	0.1%	3.3%	24.1%	33.6%

Notes: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. Data not available for the Janesville, WI MSA.  
Source: Zillow.com

The incidence of foreclosures within the Madison region is varied from county to county. The highest rate of foreclosures in the eight counties in August 2011 was Rock County, with one out of every 358 homes under foreclosure. Close behind Rock was Columbia County at one foreclosure for every 362 homes. The counties with the smallest population bases – Green, Iowa, and Sauk – also had some of the lowest rates of foreclosure. Dane County was much lower than the state and national ratio of foreclosures.

### MADISON REGION FORECLOSURE RATE, AUGUST 2011

	Foreclosure Rate	Properties
Columbia	1 in every 362	71
Dane	1 in every 872	246
Dodge	1 in every 596	62
Green	1 in every 1,438	11
Iowa	1 in every 1,790	6
Jefferson	1 in every 492	70
Rock	1 in every 358	192
Sauk	1 in every 885	33
Wisconsin	1 in every 674	3,841
United States	1 in every 570	N/A

Source: RealtyTrac.com

## Health Care Quality, Access, and Outcomes

Access to quality, affordable health care is one of the most competitive factors a community or region can offer its current and future residents. As discussed earlier in this section, the cost of health care in the Madison and Janesville metro areas is much higher than the national average. The regional presence of the University of Wisconsin School of Medicine and Public Health, world-class care providers, and



historic strengths in medical research and technology provide residents have access to nationally-recognized and ranked health care systems. The eight-county Madison Region also boasts more physicians to residents than any other comparison geography.

#### HEALTH CARE INDICATORS, 2010

	Physicians per 100,000 people	Hospital beds per 100,000 people (2007)	Teaching hospitals	Percent uninsured
Madison Region, WI	247.7			8.4%
Madison, WI MSA	334.7	364	3	7.4%
Janesville, WI MSA	163.4	640.8	1	12.5%
Austin, TX	197.3	206.9	3	19.3%
Des Moines, IA	227.5	377.2	5	9.1%
Lincoln, NE	214.2	488.7	3	9.8%
Wisconsin	N/A	N/A	N/A	9.4%
United States	220.5	N/A	N/A	15.5%

Notes: Madison, WI MSA is comprised of Columbia County, Dane County, and Iowa County; Janesville, WI MSA is comprised of Rock County. Data for Sauk and Green counties are not included in the Madison Region percent uninsured. The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Green County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA).

Sources: Sperling’s Best Places; U.S. Census Bureau, American Community Survey

The University of Wisconsin Hospitals and Clinics are nationally ranked by *U.S. News and World Report* in its 2011–2012 best hospitals rankings. UW’s adult specialties of cancer; ear, nose and throat; gastroenterology; geriatrics; nephrology; and pulmonology; and urology have been specifically ranked by the publication. Seven children specialties at UW’s American Family Children’s Hospital were nationally ranked. St. Mary’s Hospital and Meriter Hospital were also recognized for high-performing specialties. Additionally, Thompson Reuters recognized Meriter Hospital as a top national teaching hospital in 2011. In September 2011, Stoughton Hospital in Dane County and Waupun Memorial Hospital in Dodge were both named by the National Rural Health Association among the top 100 critical access hospitals in the nation.

**Repeatedly throughout the stakeholder input process, regional residents and business owners mentioned the Madison Region’s top quality and world-renowned health care systems and medical providers as one of its most**

competitive assets. Availability of health care ranked the highest among quality of life factors rated by survey participants – 75.4 percent deemed it as excellent or above average.

Some also mentioned the “global leaders” in the medical sector as positive for the region’s image. However, some felt that the major hospitals in the region were in fact driving up costs due to increasing competition with each other: “Health care competition is driving up our costs. [Health care] is a cost for our region (other than UW Hospitals bringing in people from out of the region).”

Participants in the health care executives focus group attested to the fact that attracting physicians to the region has become easier. With many physicians desiring to be part of an integrated system, the Madison Region is an easy sell. However, recruitment is very much a national pursuit and salaries for internists and family doctors are skyrocketing. There is some trouble in finding qualified entry-level workers, positions that local colleges have overlooked in their training development.

***Public Health and Wellness:*** The University of Wisconsin’s Population Health Institute examines Wisconsin’s 72 counties on several health outcomes and factors in its County Health Rankings index. Health factors drive outcomes. Behaviors such as diet, exercise, and alcohol or tobacco use are very important, as are the quality of one’s natural and built environment and access to excellent medical care. Social and economic factors like education, income, and public safety have also been proven to play a role in a community’s health. Dane County ranked the highest out of all the Madison Region’s counties overall and for each of the individual health factors examined by the index. Green County also typically ranked towards the top half of the state. Rock County on average exhibited the riskiest health behaviors and social and economic factors, while Iowa County fared poorly on clinical care access and quality and its physical environment for health.

**MADISON REGION HEALTH FACTORS, 2010**

Rank	Overall	Rank	Health Behaviors	Rank	Clinical Care	Rank	Social & Economic Factors	Rank	Physical Environment
3	Dane	2	Dane	7	Dane	6	Dane	8	Dane
14	Green	7	Green	12	Rock	10	Iowa	15	Jefferson
17	Columbia	28	Columbia	17	Sauk	20	Columbia	17	Green
22	Sauk	40	Sauk	22	Dodge	22	Green	20	Rock
26	Iowa	49	Iowa	25	Columbia	28	Jefferson	28	Sauk
29	Jefferson	50	Jefferson	40	Green	30	Sauk	47	Columbia
48	Dodge	59	Dodge	44	Jefferson	34	Dodge	53	Dodge
66	Rock	70	Rock	58	Iowa	68	Rock	64	Iowa

Note: Ranking is out of Wisconsin's 72 counties.

Source: University of Wisconsin Population Health Institute, County Health Rankings

The long-term results of these factors are manifested in two key outcomes that the County Health Rankings track. Mortality indicates length of life, while morbidity signifies quality of life. Again, Rock County ranked at the bottom of the region's counties on both mortality and morbidity. Dane exhibited the healthiest outcomes overall, ranking ninth among all of Wisconsin's counties while Rock was 60th. These rankings illustrate significant disparities in health factors and outcomes within the Madison Region, despite world-class medical providers and research in the heart of the area.

**MADISON REGION HEALTH OUTCOMES, 2010**

Rank	Overall	Rank	Mortality	Rank	Morbidity
9	Dane	6	Dane	6	Iowa
12	Iowa	19	Iowa	12	Green
21	Green	23	Jefferson	19	Columbia
23	Columbia	25	Columbia	21	Sauk
25	Jefferson	30	Green	35	Dane
26	Sauk	32	Sauk	36	Dodge
38	Dodge	36	Dodge	37	Jefferson
60	Rock	48	Rock	65	Rock

Note: Ranking is out of Wisconsin's 72 counties.

Source: University of Wisconsin Population Health Institute, County Health Rankings

The U.S. Department of Agriculture's Food Environment Atlas reports data on factors that impact residents' food and nutrition choices and diet quality as well as access to healthy foods and lifestyle amenities that affect the overall health of a community.

According to the Atlas, the Madison Region had the most farmers markets per resident than any of the other benchmark geographies in 2010, due largely to the high number of markets (15) in Dane County alone. While the region fell behind Des Moines and Lincoln in per capita recreation and fitness facilities in 2008, Dane County still had a higher number of facilities than both the Des Moines and Lincoln metros.

### FARMERS MARKETS, 2010 AND RECREATION AND FITNESS FACILITIES, 2008

	Farmers Markets, 2010		Recreation and Fitness Facilities, 2008	
	Total	Per 100,000 residents	Total	Per 100,000 residents
Madison Region, WI	39	3.90	141	14.10
Columbia County	6		3	
Dane County	15		85	
Dodge County	5		10	
Green County	2		6	
Iowa County	2		1	
Jefferson County	2		10	
Rock County	3		17	
Sauk County	4		9	
Austin, TX	20	1.17	172	10.02
Des Moines, IA	22	3.86	82	14.40
Lincoln, NE	7	2.32	44	14.56
Wisconsin	171	3.01	495	8.70
United States	6,176	2.00	30,953	10.03

Sources: USDA Food Environment Atlas; U.S. Census Bureau, Decennial Census

## Infrastructure

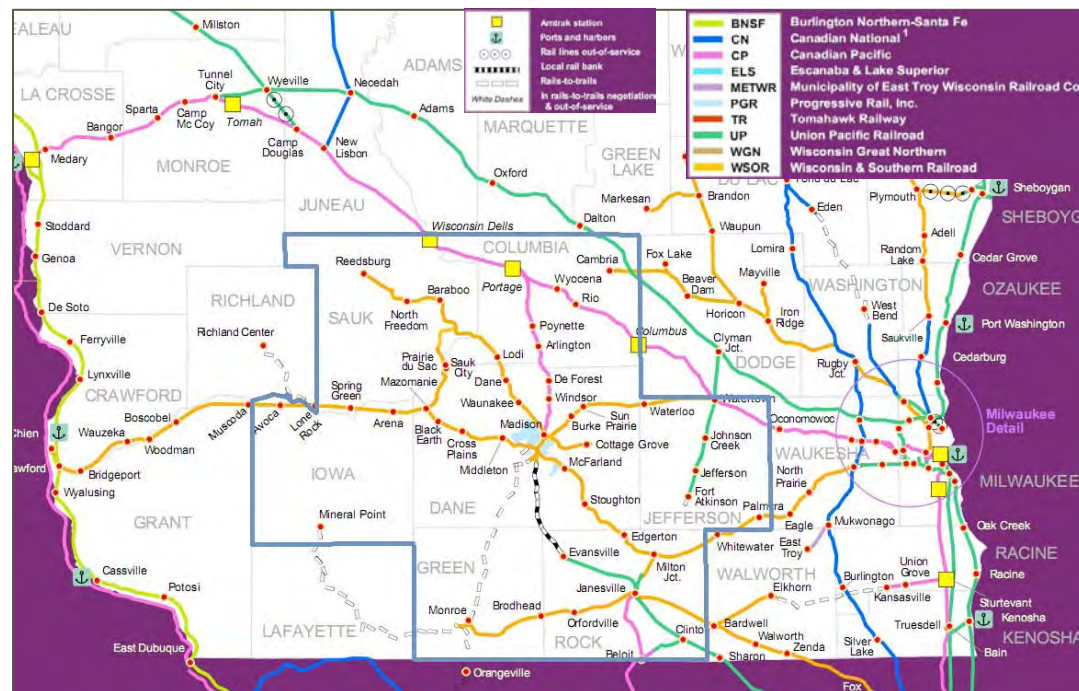
Transportation, technology, and other infrastructure assets are a key consideration in the evaluation of place-based competitiveness. Connectivity, ease of transport, and accessibility are all hallmarks of a competitive region as they facilitate the flow of people, ideas, and goods.

**Rail:** The Madison Region is served by extensive freight lines. The Class II state-owned line of Wisconsin and Southern Railroad (WSOR) links the two Class I railroads that serve the region – Canadian Pacific and Union Pacific. The Canadian Pacific line connects the upper Midwestern United States and southern provinces of Canada. Union Pacific serves 23 states in the western two-thirds of the country.

Amtrak also operates in the Madison Region with three stations that connect the northern portion of the region to Milwaukee and St. Paul.

A planned \$810 million project to establish high-speed passenger rail service between Madison and Milwaukee, serviced by Amtrak as early as 2013, was approved in early 2010 by the state legislature. The rail line would have had stops in the City of Madison at Monona Terrace, the UW campus, and the Dane County Regional Airport and would have more effectively connected Madison to Chicago via Amtrak’s existing Hiawatha line and eventually link to Minnesota’s Twin Cities. However, by the end of 2010 Governor-elect Scott Walker rejected U.S. Department of Transportation funding for the planned rail line and the federal award was rescinded.

**RAIL ACCESSIBILITY**



Map Source: Wisconsin Department of Transportation, Bureau of Planning and Economic Development

In Madison and Janesville, WSOR operates transload facilities to transfer shipments via ramp from rail to road and vice versa. However, Class I lines do not operate intermodal facilities for containerized freight in the Madison Region. As seen in the following table, the Madison Region and Austin are both served by two Class I railroad companies, while Des Moines and Lincoln each have three.

### CLASS I RAIL INFRASTRUCTURE, 2011

	Madison Region, WI	Austin, TX	Des Moines, IA	Lincoln, NE
BNSF		X	X	X
Canadian Pacific	X			
CN North America				
CSX				
Norfolk Southern			X	X
Union Pacific	X	X	X	X
Intermodal Facilities	No	No	No	No

Source: State departments of transportation; Loadmatch.com

**Air:** Access to reliable, affordable, and well-connected air transportation is critical for business, personal, and visitor travel. Air cargo facilities also support companies in the logistics, manufacturing, and agriculture sectors. The Dane County Regional Airport (MSN) is the Madison Region’s primary passenger and cargo air facility. Currently, MSN has five airlines that provide non-stop service to 13 destinations. The airport is also home to the 115<sup>th</sup> Fighter Wing of the Wisconsin National Guard, which employs over 400 full time employees.

Currently, MSN has the tenth priciest fares out of the 100 most-trafficked U.S. airports, while Des Moines and Austin ranked 12<sup>th</sup> and 46<sup>th</sup>, respectively. Service cuts and volatility in the price of fuel have pushed airfares higher. In 2009, cuts to domestic air capacity were the highest since 1942, and there is little growth expected in 2012. Additionally, in September 2011, Frontier Airlines announced it would be cutting non-stop connector service between Madison and Milwaukee, effective in November. However, more recently Frontier announced a new route from Madison to Washington, D.C. to begin in January 2012.

### AIR TRANSPORTATION CAPACITY, 2011

	Passenger enplanement	Number of carriers	Number of non-stop destinations	Cargo freight (lbs)	Average domestic fares	% Change 2010-2011
Madison, WI (Dane County Regional)	735,000	5	13	28,000,000	\$429	17.5%
Austin, TX (Bergstrom International)	4,065,000	11	35	164,000,000	\$359	9.9%
Des Moines, IA (Des Moines Municipal)	896,000	8	17	156,000,000	\$413	6.4%
Lincoln, NE (Lincoln Municipal)	129,000	2	12	9,362	N/A	

Sources: U.S. Bureau of Transportation Statistics, Regional Innovative Technology Administration (RITA); individual airport websites

Per a survey respondent, “The single biggest issue that will affect business growth in Madison is transportation. We do not have the capacity to grow further, especially once the economy recovers. We need high speed

transportation to Milwaukee and Chicago O’Hare, who can offer more direct flights. We do not need slow, expensive rail. We need to develop high speed, direct bus service to these airports using MSN parking facilities and security/baggage services. We simply will not have slots for flights of 30 minutes.”

Almost half of all online survey respondents rated airline services as average, and half of business respondents felt that airport cargo capacity is average.

Over the last year, the Dane County Regional Airport handled 28 million pounds of cargo freight. MSN currently has four all-cargo carriers, the primary of which is FedEx. Freight cargo services primarily serve the biotech industry, with capacity to ship sensitive materials. In 2010 FedEx added a second Boeing 727 aircraft for outbound freight due to post-recession growth in shipments.

MSN is in the South Central Wisconsin Foreign Trade Zone (FTZ), which is comprised of the eight counties in the Madison Region. An FTZ is an entry point where certain categories of merchandise are imported without going through formal customs entry procedures. The inventory may be eligible for duty exemptions or deferrals and inverted tariffs.

The sites included in the FTZ are a total of 123 acres in two sites contiguous to and owned by the airport as well several non-adjacent parcels, which include: seven privately-owned parcels of 173 acres total in DeForest (Dane County); Arlington Prairie Industrial Park, with a total of 213 acres in Columbia County; and six parcels containing 139 acres in the Center for Industry and Commerce office park in Middleton (Dane County). Eventually, additional parcels can be added within the eight counties of the FTZ.

***Technology and Telecommunications:*** Connectivity to people and information networks is one of the most powerful driving forces in the knowledge economy. This connectivity is driven by broadband, defined by the U.S. National Broadband Plan of 2009 as, “Internet access that is always on and faster than the traditional dial-up access.” High-speed Internet access is vital for regions seeking to nurture high-tech innovation, job creation, or rural development. According to the National Broadband Map, in 2010 Wisconsin ranked 45<sup>th</sup> in the country for download and upload speeds.

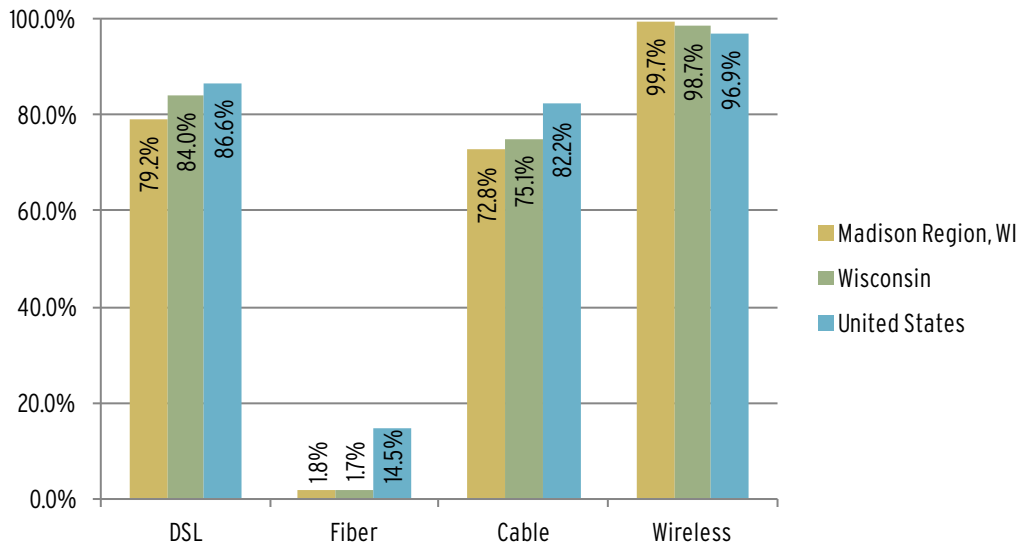
The Madison Region is behind Wisconsin and the United States in terms of access to digital subscriber line (DSL, which utilizes existing telephone lines) and cable broadband, although not too significantly. DSL is characteristically the slowest type of Internet service due to lower bandwidth capacity than cable, but is often the most



cost-effective. The lowest share of residents with access to DSL occurs in Sauk County, where just 60.9 percent of residents have DSL.

The region is least competitive in fiber optic infrastructure, which is typically provided by private companies and offers the highest speeds to transmit data over greater distances. Fiber connectivity is more secure from interference and service interruption and is less expensive to maintain than cable or DSL, but the infrastructure for fiber is currently isolated to only a few regions in the United States.

**ACCESS TO BROADBAND INFRASTRUCTURE, 2010**



Source: National Broadband Map

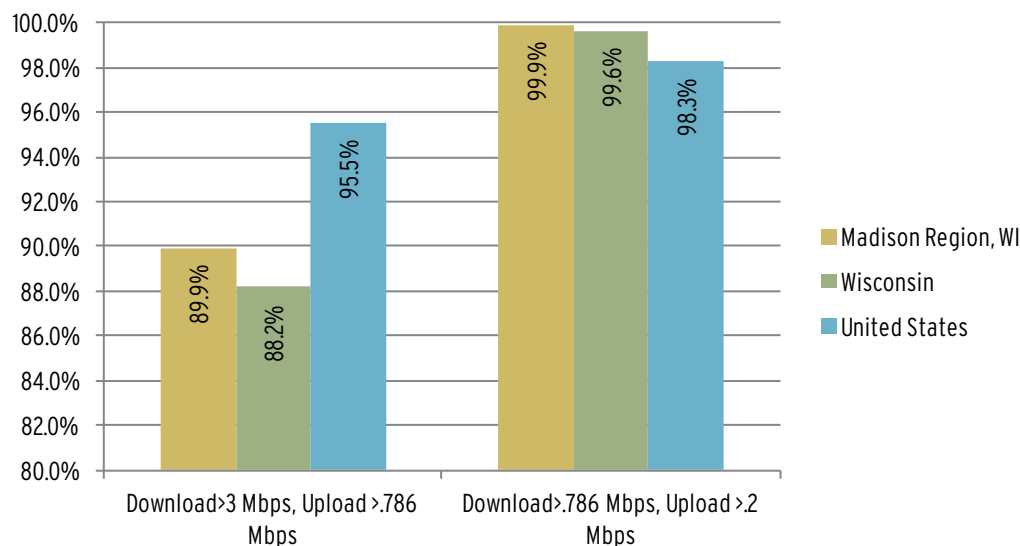
Planned efforts by the University of Wisconsin–Extension and the state’s LinkWISCONSIN initiative to build fiber optic broadband infrastructure anchored by the capacity of UW–Madison will connect areas in the Madison Region currently not served by broadband.

Despite state-level challenges, the Madison Region’s residents generally have good internet speed access. The benchmarks used by the National Broadband Map are download speeds of greater than three megabit per second (mbps) and upload speeds of greater than 0.786 mbps, a tier which allows multi-channel internet protocol television (IPTV, which includes streaming and on-demand viewing) and file sharing of medium files.

Again, Sauk County has the lowest access among the eight counties; just under three-fourths of Sauk residents have access to these benchmark speeds.



AVAILABLE BROADBAND SPEEDS, 2010



Source: National Broadband Map

Broadband service and speed were rated by online survey respondents – both residents and business community – as slightly above average. One respondent noted, “Badgernet and Badgerlink are tremendously valuable services that enable libraries and schools to provide broadband access to their users at a very reasonable cost, and UW-Extension’s Broadband Accessibility Project is doing good work in extending broadband service to underserved communities in the Madison region and elsewhere in the state.”

Numerous survey and focus group participants mentioned the need for better broadband access – in terms of speeds, provider options, and cost – to rural areas of the Madison Region.

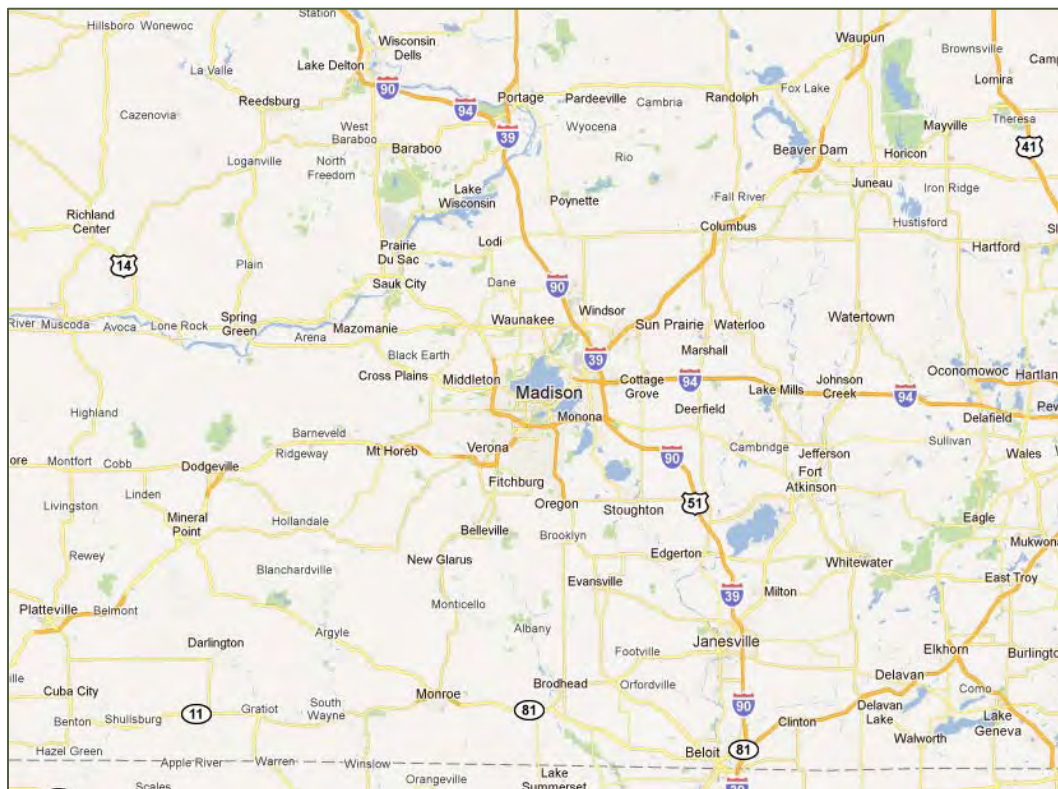
### Transportation and Commuting Patterns

The ease with which people can move within a region – whether for pleasure or for work – impacts the livability and desirability of a community. Many high-performing regions have spent considerable resources developing public transportation and offer their residents alternatives to time spent in congestion. Further, many business location decisions take into account how easy it will be for employees to access the place of work.

**Interstates:** The Madison Region has good access to interstates, with three major interstates joining in the center of the region in Madison and running concurrently

for 30 miles. Interstate 39, which enters the region in Rock County, starts in Normal, Illinois at I-55 and ends in Rothschild, Wisconsin. As the northernmost coast-to-coast interstate, Interstate 90 is the longest interstate highway in the U.S., connecting Boston and Seattle. Interstate 94 links Detroit and Billings, Montana.

**INTERSTATE CONNECTIVITY**

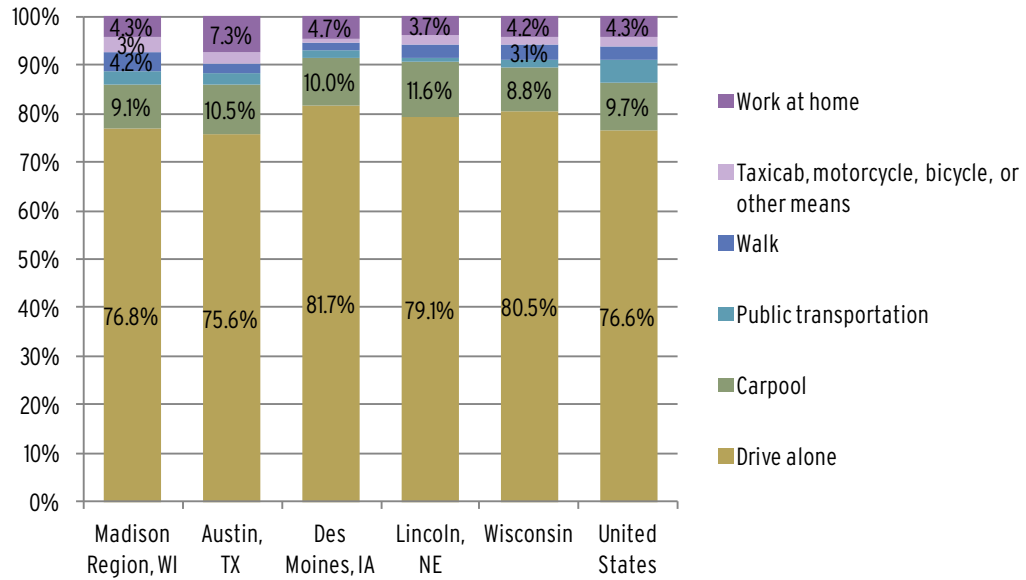


Map Source: Google Maps

Ongoing discussions, studies, and proposals have revolved around widening I-39/90 from four to six lanes at the Wisconsin/Illinois state border for 45 miles, through Beloit and Janesville. In May 2011, Governor Walker included this project in his transportation spending plan.

**Commuting:** Across the Madison Region, 77 percent of residents drive alone to work each day, on par with the national average. Only the Austin metro has a lower share of solo drivers (76 percent). Three percent of regional residents utilize public transportation. The Madison Region has the largest share of workers who commute by bicycle or other means (three percent) and on foot (four percent).

MODES OF TRANSPORTATION TO WORK, 2010



Note: Data for Sauk and Green counties are not included in the Madison Region modes of transportation to work. The 2010 American Community Survey only has data available for geographies with a population greater than 65,000. Sauk County and Green County do not meet the threshold nor are they a part of a metropolitan statistical area (MSA).

Source: U.S. Census Bureau, American Community Survey

In a region the size of the eight-county Madison Region, it is very important to be able to get from point A to point B efficiently and in a timely manner. Each year Texas A&M University’s Texas Transportation Institute releases its Urban Mobility Report to assess the time and financial cost of congestion across the country’s top 101 metro areas. The Madison metro ranks at the bottom (93<sup>rd</sup>) of these areas for average length of traffic delay due to congestion. Compared to Austin and other major cities, Madison has relatively little congestion. In 2010, the additional cost of congestion was \$70 million in the Madison metro, as opposed to nearly nine times that amount in the Austin metro.

### CONGESTION IMPACT (MSA), 2010

<b>Annual Delay</b>	<b>Madison, WI</b>	<b>Austin, TX</b>
Total Delay (ths. of person hrs)	3,375	31,038
Rank	93	28
Delay per Peak Auto Commuter (person hrs)	12	38
Rank	93	15
<b>Congestion Cost</b>		
Total Cost (millions)	\$70	\$617
Rank	93	28
Cost per Peak Auto Commuter	\$246	\$743
Rank	93	23

Notes: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. Data not available for Janesville, WI MSA or Des Moines, IA and Lincoln, NE MSAs.

Rankings are out of 101 cities in the U.S., where 1=worst of all cities surveyed.

Source: Texas Transportation Institute (TTI) Urban Mobility Information

**Public Transportation:** Efficient, well-connected transportation options are essential to attract and retain a diverse pool of workers. The Madison Metro Transit System (Metro) is the region’s largest public transportation operator. The Metro operates bus service throughout the City of Madison as well as Fitchburg, Verona, Middleton, and other communities in Dane County. The Metro had the smallest service area and population size compared to the benchmark regions’ largest public transportation providers. The Metro had the highest fares (\$2.00), the second-highest operating expense per mile (with the newest buses), and the most trips per resident. Second only to Austin’s CMTA (which serves an area over seven times larger than the Metro’s), Metro’s passengers racked up the most annual miles and average miles per resident in 2009.

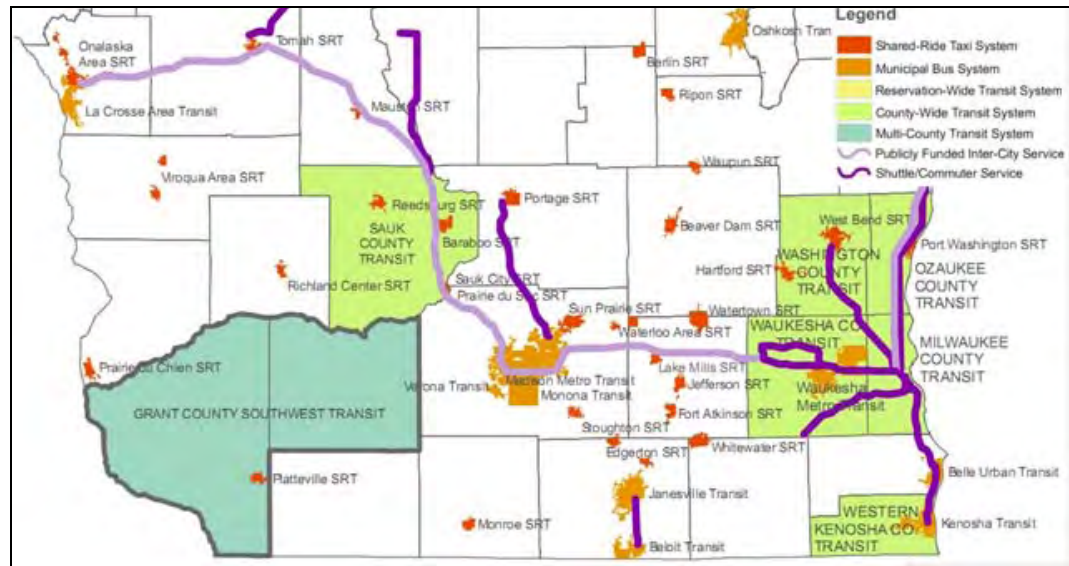
**PUBLIC TRANSPORTATION, 2009**

		Madison, WI	Austin, TX	Des Moines, IA	Lincoln, NE
System Operator	<i>Central City Operator</i>	Metro Transit System (Metro)	Capital Metropolitan Transportation Authority (CMTA)	Des Moines Area Regional Transit Authority (DART)	StarTran
Service Area Data	<i>Estimated Population (2000)</i>	245,181	892,102	369,143	254,794
	<i>Square Miles</i>	72	522	141	90
Bus Data	<i># Operated or Contracted</i>	183	445	220	57
	<i>Average Bus Age</i>	6.9 yrs	8.6	7.6	7.3
	<i>Adult Fare (2011)</i>	\$2.00	\$1.00 (local)	\$1.75	\$1.75
	<i>Operating Expense per Passenger Mile</i>	\$0.86	\$0.67	\$0.80	\$1.47
Usage Data	<i>Total Fare Revenues</i>	\$10,318,578	\$14,149,011	\$8,450,604	\$1,274,017
	<i>Trips Per Resident</i>	56.6	44.2	13.7	7.0
	<i>Annual Passenger Miles</i>	48,812,873	183,490,056	35,920,695	5,457,145
	<i>Average Annual Miles Per Resident</i>	199	206	97	21

Source: City transit websites; National Transit Database

The Metro also provides connections with other small transit systems in the Madison Region. Portage Public Transit provides weekday bus service between Portage and Madison. The Monona Express, a bus commuter service contracted by the City of Monona Mass Transit Authority, offers a weekday route from Monona to downtown Madison and UW–Madison. In addition, the City of Janesville operates the Janesville Transit System (JTS). JTS runs six bus routes Monday through Saturday inside Janesville as well as the weekday Beloit-Janesville Express. The Beloit Transit System (BTS) operates 11 bus routes six days a week. The following map shows the coverage of public transit systems in the Madison Region and their connectivity outside of the region. Intercity bus service provided by private carriers like Megabus, Badger Bus, and Greyhound link the region to other major cities in Wisconsin and neighboring states.

MADISON REGION/SOUTH WISCONSIN TRANSIT SYSTEMS



Map Source: Wisconsin Department of Transportation, Bureau of Transit, Local Roads, Railroads, and Harbors

The lack of public transportation options, especially outside Dane County, was a common concern of survey respondents. When asked about the biggest challenge facing the economy, one input participant wrote, “Lack of a regional transportation plan – we need to provide a system throughout the region that can move people from where they live to where they can earn a living.” Another survey respondent said, “A passenger train connecting Madison to the rest of the world would put it on the map, making it more attractive to visitors as well as to people looking to live in an area with efficient connection to cultural centers such as those available in Chicago and beyond.”

Workforce development professionals also voiced concern about the lack of comprehensive transit options, and indicated that many workers have a difficult time accessing work. Many manufacturing areas are acutely underserved and in need of direct transportation capacity.

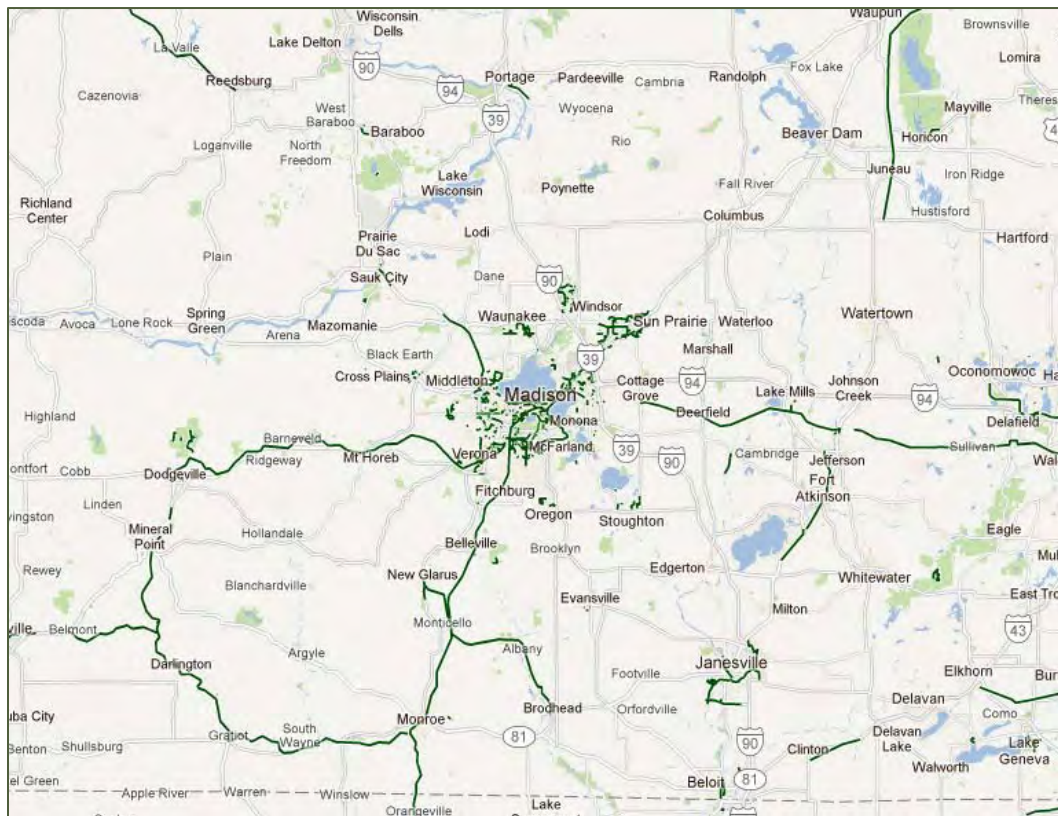
Among online survey participants, 35.6 percent felt that public transit is poor or below average in the region, while 36.8 percent ranked it as average.

**Bicycling:** Madison has received numerous accolades for its bicycle access and lane connectivity and for its promotion of bicycling as a means of transportation, not solely for recreation. Additionally, the UW–Madison’s Nelson Institute for Environmental Studies released a report in 2010 that found that non-resident cyclists visiting Wisconsin generate more than \$535 million in revenue for the state. Beyond



the central urban core, some lengthy trails connect the City of Madison with other cities in the region, including Dodgeville and Monroe.

**BICYCLE LANES AND TRAILS**



Map Source: Google Maps

The ascendancy of biking and cycling as an important pastime and economic engine in the Madison Region cannot be understated. Many public input participants recalled how the Madison Region was chosen as the site for Olympic cycling and biking, should the games have gone to Chicago. One focus group participant lauded the cycling in Iowa County, and suggested that the sector could offer a viable theme around which to unify the region.

Wisconsin is top-ranked for its plans and policies dedicated to safety and ease of all travelers on its shared roadways. In 2009, Wisconsin codified a statewide Complete Streets policy through its Pedestrian and Bicycle Accommodations law. The City of Madison has been repeatedly recognized by the League of American Bicyclists for its bicycle-friendly businesses, university, and support for cyclists through infrastructure and enforcement of bicycle-safety laws. Austin and Des Moines encourage cycling but

have not been as aggressive about constructing bicycle lanes and trails and implementing safety legislation.

**BICYCLE-FRIENDLY RANKINGS (CITY), 2011**

City	Bicycle-Friendly		
	Rating	Universities	State Ranking
Madison, WI	Gold	UW-Madison	3
Austin, TX	Silver	None	32
Des Moines, IA	Bronze	None	6
Lincoln, NE	No recognition	None	45

Note: Geography names refer to cities only.  
 Source: League of American Bicyclists

**Environment**

Environmental quality is a factor many individuals, families, and businesses weigh when making location decisions. Conserving the Madison Region’s environmental quality is important for this reason as well as to preserve the region’s natural beauty. Through its EnviroFacts database, the Environmental Protection Agency (EPA) publishes county-level data on the number of facilities that produce or release pollutants that affect air and water quality.

While the Madison Region’s number of facilities that produce and discharge potentially hazardous releases into the environment is in almost every case higher than those in the comparison metros, it is important to note that the land area of the eight-county region is significantly larger than that of the benchmark communities. However, the share of these facilities is most heavily concentrated in Dane County; over half of the facilities impact air quality and report hazardous waste in the Madison Region are in Dane County. The Madison Region has the highest number of Superfund sites (remediation of which is often expensive and very time-consuming) – four are located in Dane County and three are in Rock County.



### EPA-REGULATED SITES, 2011

	Madison Region, WI	Austin, TX	Des Moines, IA	Lincoln, NE
<b>Air</b>				
Facilities that produce and release air pollutants	205	37	511	218
<b>Toxics</b>				
Facilities that have reported toxic releases	114	42	35	39
<b>Waste</b>				
Facilities that have reported hazardous waste activities	1,471	654	598	541
Potential hazardous waste sites that are part of Superfund	7	2	5	5
<b>Water</b>				
Facilities issued permits to discharge to waters of the United States	34	36	45	38
Total Land Area (Mi <sup>2</sup> )	6,451	4,286	2,912	1,423

Source: Environmental Protection Agency EnviroFacts

## Natural Assets and Cultural Amenities

**Outdoor Recreation:** The Madison Region boasts extensive sites, events, and assets that make it a highly attractive place to live and visit. Water recreation in the Wisconsin Dells, Lake Monona, Lake Mendota, Lake Koshkonong, and other lakes and rivers in the region plays a strong role in its quality of life. Parks, trails, and other public outdoor spaces play a major role in regional residents’ lives.

The Trust for Public Land releases an annual survey regarding the parks systems in the 85 largest U.S. cities. Parks in the City of Madison – managed by the City of Madison Parks Division and the Dane County Parks Division – take up a smaller proportion of the core city’s total land area (12.1 percent) when compared to Austin and Lincoln; however, this share of park land is still nearly four percentage points over the national median. The City of Madison has the most playgrounds per thousand residents (7.4) and spends the most on parks and recreation per resident (\$109).

## CITY PARKS, 2010

City	Total park acres	Park acres as % of land area	Park acres per 1,000 residents	Playgrounds per 1,000 residents	Total parks & recreation expenditure per resident
Madison, WI	5,278	12.1%	22.8	7.4	\$109
Austin, TX	26,810	16.7%	35.4	2	\$69
Des Moines, IA	N/A	N/A	N/A	N/A	N/A
Lincoln, NE	6,304	13.1%	25.1	3.4	\$60
United States Total/Median	10,893,158	8.3%	12.9	2.1	\$93

Notes: Geography names refer to cities only. Madison parks figures include City of Madison Parks Division and Dane County Parks Division.  
Source: The Trust for Public Land, City Park Facts Report

The region also enjoys an extensive state trail network, including Military Ridge, Capital City, Sugar River, Badger, and Glacial Drumlin state trails, as well as a significant portion of the Ice Age National Scenic Trail. Municipalities continue to expand and link their trail systems; the City of Janesville maintains more than 25 continuous miles of paved bike trail and the City of Middleton is expanding its trail network to connect with the trails of the City of Madison and adjacent towns.

**Cultural Amenities:** For a mid-sized region, the Madison Region is home to extensive cultural and artistic assets that draw residents and visitors from across the state and nation. The Overture Center for the Arts, Madison Museum of Contemporary Art, Chazen Museum of Art, and the Madison Children’s Museum offer ongoing programming, exhibits, and events in their well-designed facilities in Downtown Madison. Opera on the Park by the Madison Opera and Concerts on the Square by the Wisconsin Chamber Orchestra are highly-attended public events that engage regional residents with the top cultural assets of Madison.

Spring Green attracts visitors to performances at the American Players Theatre and tours of Taliesin, Frank Lloyd Wright’s summer home.

**“South central Wisconsin is a well kept secret,” remarked a survey respondent. “Many of my colleagues from my corporate days were truly amazed when they would visit the area and see how pretty it is. Including downtown, the capital, and the University. Those of us who live here take it for granted.”**

**Visitor Attractions:** One-of-a-kind tourist spots like Little Norway, Mt. Horeb, and New Glarus leverage their Swiss and Norwegian roots with distinctive architecture and annual events that celebrate their heritage. New Glarus is also home to New

Glarus Brewing Company, one of the most popular microbreweries and tourist draws in the region, and the Swiss Center of North America.

The Wisconsin Dells, “the waterpark capital of the world,” has significant year-round pull in the Madison Region with a Ho-Chunk Nation casino, over 20 indoor waterparks, and the natural beauty of the Wisconsin River and its sandstone formations.

The City of Madison remains the top visitor destination in the Madison Region, attracting attendees of the World Dairy Expo and other agricultural events at the Alliant Energy Center, spectator and participatory sports fans, conventions and meetings, and other events related to UW–Madison, state government, and major employers. However, Downtown Madison currently does not have sufficient hotel capacity to accommodate mid-sized conventions for which Monona Terrace Community and Convention Center has capacity or major concurrent events in the central district. Hotel projects are currently being planned in Dane County but will not be centrally located for attendees of events at Monona Terrace. Additionally, the World Dairy Expo has expressed the need for twice the amount of space currently available at the Alliant Energy Center in order to grow. Clearly, in order to maintain and grow the lucrative annual events that Madison hosts, additional capacity will be essential.

Many tourism professionals participating in stakeholder input agreed that supporting the business development of tourism in the region should be an important aspect of economic development. Of particular note were opportunities to link tourism with existing industry, such as agriculture, science, and innovation. Cultural tourism is another segment of the tourism market that is underdeveloped, despite the strong assets for residents. However, a key challenge for the tourism industry, as emphasized by participants in the tourism focus group, is the lack of infrastructure, especially hotel and transit capacity.

## Quality of Life Rankings

Through daily surveys of thousands of American adults, the Gallup-Healthways Well-Being Index assesses well-being and health across the U.S. to better understand policy related to health, behavior, and community growth. According to Gallup-Healthways, in 2010 the three-county Madison metro ranked as the sixth healthiest metro out of 188 metros in terms of community well-being, while Wisconsin is in the middle among states. Among the comparison communities, Lincoln’s overall ranking is the highest, as are its life evaluation, physical health, work environment, and basic

access rankings. Overall, and in almost every indicator, Des Moines placed the lowest among the benchmark metros. Madison’s highest rankings were in life evaluation (#9), physical health (#9), and basic access (#4).

#### STATE OF WELL-BEING RANKING (MSA), 2010

	Overall Ranking	Life Evaluation	Emotional Health	Physical Health	Healthy Behavior	Work Environment	Basic Access
Madison, WI	6	9	22	9	36	26	4
Austin, TX	11	8	19	13	46	48	76
Des Moines, IA	78	158	93	97	138	140	39
Lincoln, NE	2	4	10	6	56	4	3
Wisconsin	22	39	9	15	27	29	4

Note: Out of 188 metro areas. Wisconsin is ranked out of 50 states.

The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. Data not available for Janesville, WI MSA.

Source: Gallup-Healthways Well-Being Index

One of the strengths of the region that has been continually reiterated has been the quality of life in the Madison Region. The proximity and accessibility of nature and outdoor recreation is held with high regard by Madison Region residents. Many public input participants said that there exists an important respect for nature in the region. Moreover, the proximity between rural and urban settings was highlighted as a key advantage, as the diversity of landscape is appealing to both visitors and residents.

Gallup also tracks a number of specific indicators to formulate a picture of a metro area’s health and satisfaction. Again following Lincoln, Nebraska, the Madison metro scored the second highest of all the benchmark geographies (70.8 out of 100), with the lowest shares of diabetes and uninsured population.

#### WELL-BEING TRACKING (MSA), 2010

	Overall Wellbeing*	Diabetes	Obesity	Frequent Exercise	Eat Produce Frequently	City Optimism	Uninsured
Madison, WI	70.8	6.9%	23.2%	56.1%	54.8%	61.3%	7.8%
Austin, TX	69.8	11.0%	22.5%	55.9%	58.9%	72.8%	22.5%
Des Moines, IA	66.9	13.9%	28.6%	50.2%	47.3%	67.5%	12.2%
Lincoln, NE	72.8	9.4%	24.1%	59.1%	48.8%	70.2%	13.1%
Wisconsin	66.7	10.2%	28.0%	52.6%	55.8%	55.9%	11.2%
United States	66.8	11.3%	26.6%	51.4%	57.8%	54.9%	16.4%

\*On a scale of 1 to 100. Highest-ranked metro overall well-being was 73.7; lowest was 58.1

Note: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties.

Data not available for Janesville, WI MSA. Source: Gallup-Healthways Well-Being Index

Madison’s quality of life assets are frequently cited in national rankings. The following table highlights some recent recognition from national media sources. Middleton also received recent acclaim from *Money* magazine as one of its top ten places to live.

**NATIONAL QUALITY OF LIFE RANKINGS**

	<b>Madison Ranking (unless otherwise specified)</b>
<i>USA Today</i>	
2011 Greatest Cycling Cities	Top 10
<i>The Daily Beast</i>	
2011 Best Health Care Cities	4
<i>Outside Magazine</i>	
2011 Life is Better Here	Top 20
Portfolio.com	
2010 Best Quality of Life (Mid-Size Metros)	4
CNN/ <i>Money Magazine</i>	
2011 Best Places to Live - Middleton	8
2011 Best Places to Live - Oregon	99
Farmers Insurance	
2010 Most Secure U.S. Places to Live (Large Metro Areas)	1
Sperling's	
2010 Best Cities to Relocate To in America	7

**Civic Participation**

Civic involvement by residents is critical to fuel and support communities that are dynamic as well as secure. This involvement manifests itself in high-value volunteer opportunities, charitable giving, organizations and groups with philanthropic missions, and voter registration and participation.

As Wisconsin’s capital region, the Madison Region is known nationally for its active engagement in the democratic process and its high rate of charitable activity. Registered voters make up at least 70 percent of the voting-age population in all of the Madison Region’s counties. This rate is highest in Dane County, where 87.8 percent of adults are registered to vote and nearly 63 percent of 18 to 24 year olds are registered voters. Region-wide the registered voter share of this younger cohort is 57.4 percent. Dodge County has the lowest share of overall registered voters (70 percent) and registered 18 to 24 year olds (42.8 percent).

**VOTER PARTICIPATION, 2010**

	<b>All Registered Voters</b>	<b>Percentage</b>	<b>Registered Voters, 18-24 yrs old</b>
Madison Region, WI	630,420	81.7%	57.4%
Columbia	33,910	77.8%	45.7%
Dane	335,484	87.8%	62.9%
Dodge	48,396	70.0%	42.8%
Green	21,180	75.9%	48.5%
Iowa	13,825	77.7%	54.3%
Jefferson	50,946	79.8%	56.7%
Rock	90,207	75.1%	48.7%
Sauk	36,472	77.3%	47.2%

Source: Wisconsin Government Accountability Board

Civic engagement in the Madison Region is unparalleled. When asked about quality of life, one respondent wrote that part of what makes the Madison Region great is the local level of civic engagement, such as voting and volunteerism. Many focus group participants had similar feelings, and felt civic engagement was part of the fortitude of the region.

According to Volunteering in America, a federal source for volunteer and civic engagement data, the Madison MSA boasts the highest volunteer rate of all the comparison areas. Over 40 percent of the metro’s residents are involved in a volunteer activity annually, giving each an average of 39.2 hours of their time. While Des Moines’ volunteer rate is just under Madison’s, it has higher average volunteer hours (42.9) than any of the other geographies.

**VOLUNTEERISM RATES (MSA), 2007-2010**

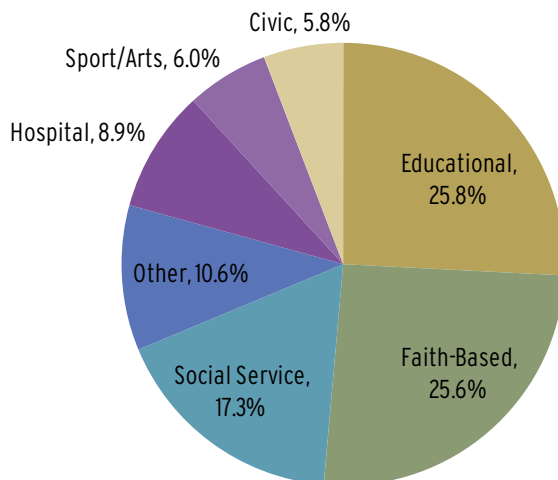
	<b>Volunteer Rate</b>	<b>Volunteer Hours per Resident</b>
Madison, WI	40.3%	39.2
Austin, TX	26.1%	29.8
Des Moines, IA	40.0%	42.9
Lincoln, NE	N/A	N/A
Wisconsin	37.1%	35.9
United States	26.5%	34.1

Note: The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. Data not available for Janesville, WI MSA.  
Source: VolunteeringInAmerica.gov

In the Madison Metro, volunteer activity is most heavily concentrated in education and faith-based opportunities. This finding reflects the sentiments of many

stakeholder input participants who cited the region’s strong commitment to education.

**VOLUNTEERISM ACTIVITY (MSA), 2010**



The Madison, WI MSA is comprised of Columbia, Dane, and Iowa counties. Data not available for Janesville, WI MSA. Source: VolunteeringInAmerica.gov

When asked about factors that increased feelings of attachment to the region, many survey respondents said that opportunities to volunteer and connections made during volunteering were an important source of community pride and social connectivity.

Local levels of civic engagement were rated highly by online survey participants – 70.3 percent felt the region’s civic activity by residents is excellent or better than average.

The number of non-profit 501(c)(3) organizations per 1,000 people in the Madison Region is 5.4, a greater proportion than Austin, the state, and nation. The Madison Region’s non-profit organizations report the second highest revenues per capita (\$9,367), behind Des Moines (\$12,271). These are both strong indicators of the Madison Region residents’ demonstrated support for the charitable work of their fellow residents.

## CHARITABLE CAPACITY, 2010

	Non-Profit Organizations		Revenue	
	Number	Per 1,000 Residents	Total	Per Capita
Madison Region, WI	5,430	5.4	\$9,352,215,541	\$9,367
Austin, TX	7,354	4.2	\$7,533,668,828	\$4,293
Des Moines, IA	9,654	16.9	\$7,012,784,455	\$12,271
Lincoln, NE	2,336	7.8	\$1,694,177,512	\$5,642
Wisconsin	29,225	5.2	\$42,223,240,469	\$7,449
United States	1,159,713	3.8	\$1,855,702,978,788	\$6,005

Notes: The data only covers non-profits which file a 990 form with the IRS, indicating they have at least \$25,000 in revenues.  
Source: National Center for Charitable Statistics

According to a survey respondent who self-identified as a non-profit executive, “Nonprofits have historically been under appreciated as economic drivers, employers, and economic development opportunities.” Another survey participant wrote that many government services are deflecting problems onto non-profits, thus increasing service demands. Workforce development professionals and survey respondents identified the shrinkage of funding to non-profits as a key competitiveness concern.

However, one non-profit leader noted, “The non-profit world has done very well in this recession. The non-profit sector has really been leading this region for the last five years.”

## Regionalism

Throughout the data analysis and stakeholder input components of the Competitive Assessment phase, the challenges and opportunities of an area as large and varied as the Madison Region were constantly at the forefront. Due to the extraordinary number of civil divisions that comprise the Madison Region, initiatives labeled as regional in scope often only deal with one county at most. As previously mentioned, the land area of the Madison Region is much larger than any of the comparison metros to which it has been benchmarked.

To make matters more complex, the counties that comprise Thrive’s service area are spread across multiple regional planning commissions, workforce development



boards, and technical college regions. Only the Dane County Regional Airport's foreign trade zone matches the eight-county Madison Region exactly.

Despite these boundary challenges, most stakeholder input participants acknowledged that “there’s more movement than we think there is” within and among the eight counties, referring to the labor shed. “It’s more of a shared region than we give it credit for.” While some participants did think the Madison Region “doesn’t operate as a true region,” many others emphasized the need for regionalism as a “huge strategy” moving forward. “We need to continue as Thrive region to support expansions of economies across the region, not just Madison,” said one City of Madison young professional.

Over 56 percent of survey respondents indicated that they feel attached or very attached to the Madison Region as a whole. “Madison stands out, obviously. But the rest of the region tips the scales the other way,” said a survey respondent. “We need more than one city to shine. We need the whole region to be a positive focal point in the Midwest.”

## CONCLUSION

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Clearly, the Madison Region is at a critical turning point. The Great Recession has in many cases leveled the playing field for competitive regions, and the region's once-stable employment bases and quality of life factors can no longer be taken for granted. The Madison Region must move forward on some timely decisions about what it wants to be, how it can leverage its world-class assets – including that of University of Wisconsin–Madison – and what kind of prosperity, talent, and communities it will nurture in the coming years. Building and preparing for stronger, more diverse employment opportunities accessible to the entire workforce must be an important outcome of the **Advance Now** process, as will be sustaining and enhancing the high quality of place that residents of Madison Region value.

If the Madison Region truly wants to compete with top-tier metros across the nation, its leaders and community groups must think critically about the challenges addressed in this report. Several questions that will shape the Madison Region's future have surfaced through the research and findings of this Competitive Assessment. Two of the most compelling concerns are as follows:

*How will the Madison Region diversify and advance its top strengths to compete more aggressively for 21<sup>st</sup>-century jobs and human capital?* Detailed in this Competitive Assessment are the Madison Region's weaknesses in in-migration, entrepreneurship growth, competitive wages in New Economy sectors, and perceptions of the regional and state business climate. The Madison Region's economy has historically relied on employment sectors that are now facing aging workers and increasingly less stability.

As the region experiences ongoing decline in traditional manufacturing and potential declines in its public sector workforce, what high-wage sectors will fill the void left by the loss of thousands of these vulnerable positions? How can the extraordinary higher education institutions and strong public schools in the region play a role in this transition? And is the region effectively positioning its strengths in the increasingly-competitive global marketplace?

*How will the Madison Region embrace and unite its distinct communities and economies while addressing growing disparities within the region?* The eight-county region is home to urban centers, suburban cities, small towns, and very rural areas. Some parts of the region are heavily dependent on agriculture while others rely on advanced manufacturing. Still other areas are driven by services and professional employment bases.

The priorities and constraints of these seemingly disparate communities and economic engines will require specific actions as well as the clout of a consensus-driven region. Additionally, the gaps between black and white student achievement, between low-income in-migrants and established residents, and between young professionals and the largely Baby Boomer local and regional leaders will need to be resolved for the region to capitalize on its growing diversity and build momentum as a global presence.

Still, one stakeholder input participant commented, “One of the most appealing aspects about the Madison Region is that we have not come so close to the tipping point that there’s nothing we can’t change. There’s still a real sense that while we have great challenges, there’s a sense of pride and optimism.”

The next phase of the **Advance Now** process, the Target Cluster Analysis, will identify priority target sectors and “niches” to focus on for economic development investment. Following that, the strategic phases will strive to answer many of these questions raised in the research reports as the Strategy Committee members develop a strategic roadmap for the Madison Region’s accelerated economic growth and development. The **Advance Now** Strategy will capture targeted actions addressing the opportunities and challenges identified in this Competitive Assessment, developing recommendations to steer public- and private-sector decision making for the duration of **Advance Now**’s five-year cycle. Last, the Implementation Plan will detail how the strategy will be put into motion by partners across the Madison Region.

At the end of this research, planning, and consensus building process, the dynamic public and private leadership that has driven the creation of Thrive and is guiding **Advance Now** will be tasked with taking the Madison Region to the next level of success, building momentum for holistic economic development across the eight counties.

## APPENDIX A: DETAILED METHODOLOGY

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This Appendix provides important background on the geographies analyzed, data sources leveraged, and methodologies employed in the production of the Competitive Assessment research report.

### Geographies

The Madison Region is made up of the eight counties listed below. This report presents data for the Madison Region, and has made every effort to keep fidelity to the eight-county region. Unless otherwise noted, the data corresponds to the entire eight-county region.

#### MADISON REGION COUNTIES

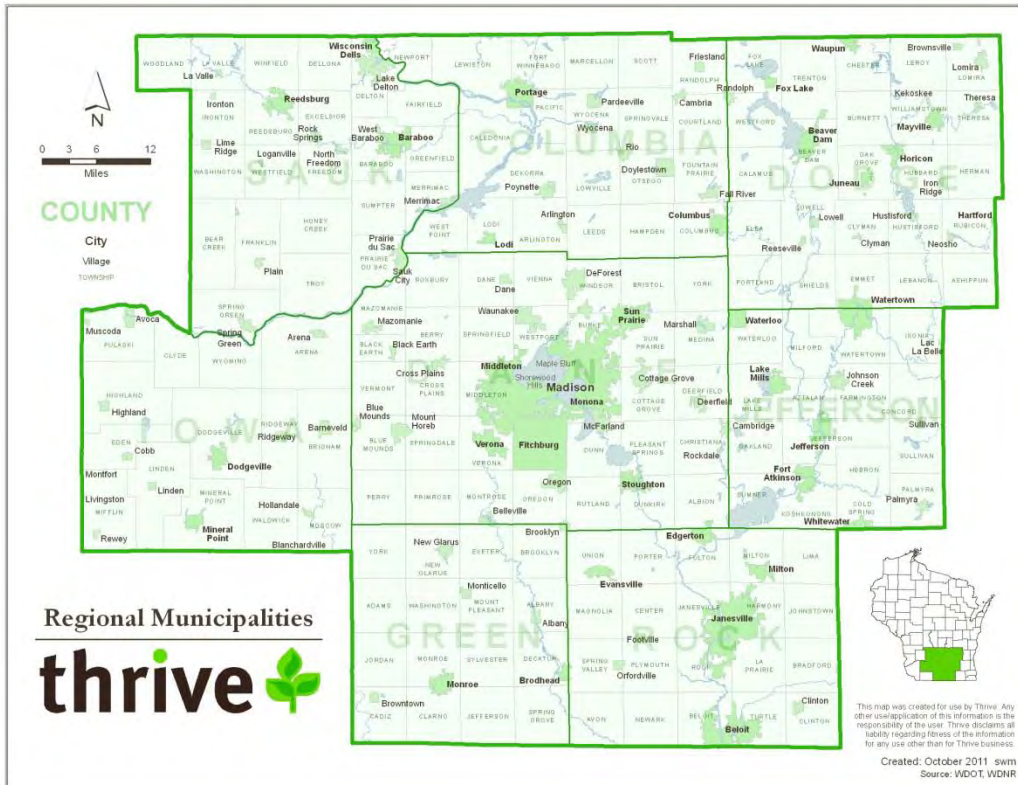
Madison Region, WI	
Columbia	Iowa
Dane	Jefferson
Dodge	Rock
Green	Sauk

However, not all counties meet population thresholds for each data indicator, and some data indicators are only available for metropolitan statistical areas. The metropolitan statistical areas, as defined by the federal Office of Management and Budget (OMB), and their component counties are as follows.

#### MADISON REGION METROPOLITAN STATISTICAL AREAS

Madison, WI MSA	Janesville, WI MSA
Columbia	Rock
Dane	
Iowa	

MADISON REGION GEOGRAPHY



Map Source: Thrive

COMPARISON REGION GEOGRAPHIES

In the past, Thrive has benchmarked the Madison Region against the MSAs of Columbia, South Carolina; Columbus, Ohio; Lincoln, Nebraska; Richmond, Virginia; and Salem, Oregon. These metros were selected due to their positions as the seat of state government and the presence of a major research university, among other factors.

For the **Advance Now** process, it was time to think anew about which areas the Madison Region can learn from, compete against, and aspire to become. For this reason, new possible comparisons were explored and existing benchmark communities were reassessed.

The metro areas selected by Thrive’s professional staff and volunteer leadership were chosen based on some of the following characteristics to which the Madison Region compares or aspires:

- **Austin, Texas:** State capital with major research universities; large public sector employment base; business-driven innovation; growing and diversifying technology/innovation sector and skill clusters; nationally-recognized quality of life and young professional amenities; comparable educational attainment to the Madison Region.
- **Des Moines, Iowa:** Midwestern state capital and emerging hub for cultural, quality of life, and young professional amenities; strong agricultural sector; comparable population demographics to the Madison Region.
- **Lincoln, Nebraska:** Midwestern state capital with flagship public research university; past Madison Region benchmark metro; comparable population demographics and per capita income growth to the Madison Region.

In addition to the state of Wisconsin and the United States, these geographies were used to benchmark the Madison Region’s competitiveness. Current OMB definitions of the counties that comprised each of the metropolitan statistical areas are as follows.

**COMPARISON METROPOLITAN STATISTICAL AREAS**

<b>Austin, TX (Austin-Round Rock-San Marcos MSA)</b>	<b>Des Moines, IA (Des Moines-Wes Des Moines MSA)</b>	<b>Lincoln, NE (Lincoln MSA)</b>
Bastrop	Dallas	Lancaster
Caldwell	Guthrie	Seward
Hays	Madison	
Travis	Polk	
Williamson	Warren	

**Data Sources**

The quantitative portion of this review utilizes data from the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, state databases, and other publicly-available data sources.

**U.S. Census Bureau:** Data from the U.S. Census Bureau was primarily from products such as the Decennial Census, the Population Estimates Program, Quarterly Workforce Indicators (QWI), and the American Community Survey. The Decennial Census and the American Community survey provide data for many indicators, especially as they relate to social and economic characteristics.

The American Community Survey (ACS) is conducted every year, but its regularity for every community is dependent on population. Communities with populations greater than 65,000 receive annual data. For communities with less than 65,000 residents, the regularity enters either a three-year or five-year cycle, with five-year cycles corresponding to the smallest geographies. The latest iteration of ACS, released in 2010, only provided data for communities with more than 65,000 residents. Sauk and Green counties were too small to meet the threshold and are not part of a larger MSA. Where data was unavailable for these counties we have noted it in the footnotes of the table.

**U.S. Bureau of Labor Statistics:** The U.S. Bureau of Labor Statistics provides data on employment, unemployment, labor force, and wages. The Quarterly Census of Employment and Wages (QCEW) is conducted by the BLS and provides detailed nonfarm employment data by sector. However, the BLS is careful to suppress employment in sectors where the number of establishments is less than or equal to three, or when a single employer represents more than 80 percent of total sector employment. The BLS will not publish data if it does not meet a state’s disclosure policy.

Wisconsin’s disclosure policy made it difficult to use the publicly available data. Suppression in multiple sectors made data analysis burdensome and incomplete. The Wisconsin Department of Workforce Development (DWD) helped us out by providing data for the eight-county region. We received employment data for the 2 digit and 4 digit level North American Industrial Classification Systems (NAICS). The employment data presented in this document comes from the DWD.

The QCEW data figures present an accurate view of employment in the region. However, since the data only covers those workers who are covered by unemployment insurance, some workers will be left out. A contact at the DWD informed us that many work-study positions filled by students at University of Wisconsin and other higher education institutions would not be captured. Statewide that number could be near 100,000, with many in the Madison Region.

**Location Quotients:** Location quotients are used to measure the relative concentration of local employment in a given business sector or occupation. When applied to business sector employment, they measure the ratio of a business sector’s share of total regional employment to that business sector’s share of total national employment.

$$LQ = \frac{(\text{Regional Employment in Sector} / \text{Total Regional Employment})}{(\text{National Employment in Sector} / \text{Total National Employment})}$$

A business sector with an LQ equal to 1.0 possesses exactly the same share of total regional employment as that business sector's share of national employment. When a regional business sector possesses a location quotient greater than 1.0, this signals that the business sector is more concentrated in the region than it is nationwide. Conversely, a location quotient less than 1.0 indicates that the business sector is less concentrated in the region than it is nationwide. The higher the location quotient, the more concentrated the level of regional employment as compared to its national equivalent. For example, a location quotient of 1.25 would indicate that a business sector's share of total regional employment is 25 percent higher than the same business sector's share of national employment. An LQ of 2.0 would indicate that a business sector's share of regional employment is twice as large as the national share, while an LQ of 0.5 would indicate that the business sector's share of local employment is half the national equivalent.

Location quotients are often used to provide an introductory examination of the competitive position of a local business sector. Those business sectors with relatively large LQs are often assumed to possess competitive advantages. However, competitive advantage is not derived from employment concentration alone. The region's talent base; infrastructure; the availability of support services; the transfer of academic research and technology to the marketplace; and the capacity of educational institutions are among a multiple of regional assets that heavily impact the competitive advantage of an business sector cluster and should be considered when identifying clusters that are competitive and viable for targeting.

## Stakeholder Input

*Market Street* staff conducted two days of stakeholder input with community leadership, small business owners, young professionals, educators and non-profit directors, workforce development professionals, entrepreneurs, economic development professionals, and leaders in the agriculture, manufacturing, real estate, tourism, finance, and health care sectors. Over a dozen focus groups attended by nearly 100 participants, twelve one-on-one interviews, and an online survey responded to by 1,537 residents and employers across the Madison Region led to the information integrated throughout this report and in **Appendix B**.



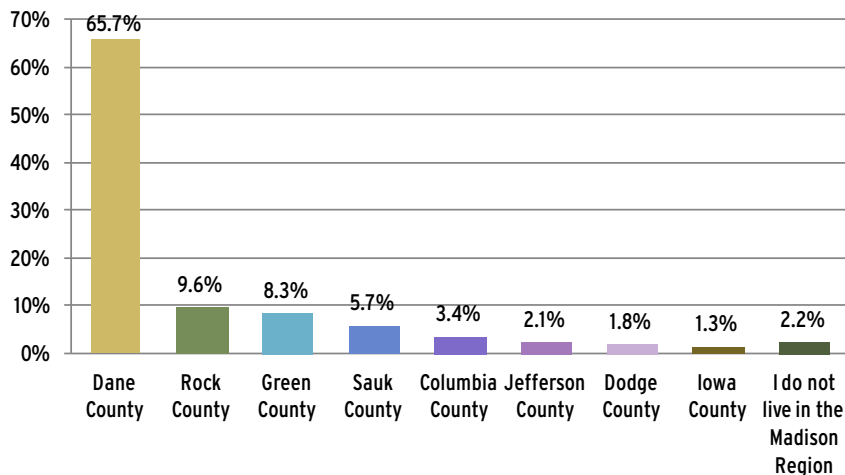
## APPENDIX B: ADVANCE NOW ONLINE SURVEY

An online survey corresponding to the **Advance Now** process was available at the project website for a period of about three weeks. During that time, the survey received **1,537 responses**. Response percentages and a select number of comment responses are included on the pages that follow. These responses are selected at random and do not represent the tenor of the entire complement of survey comments.

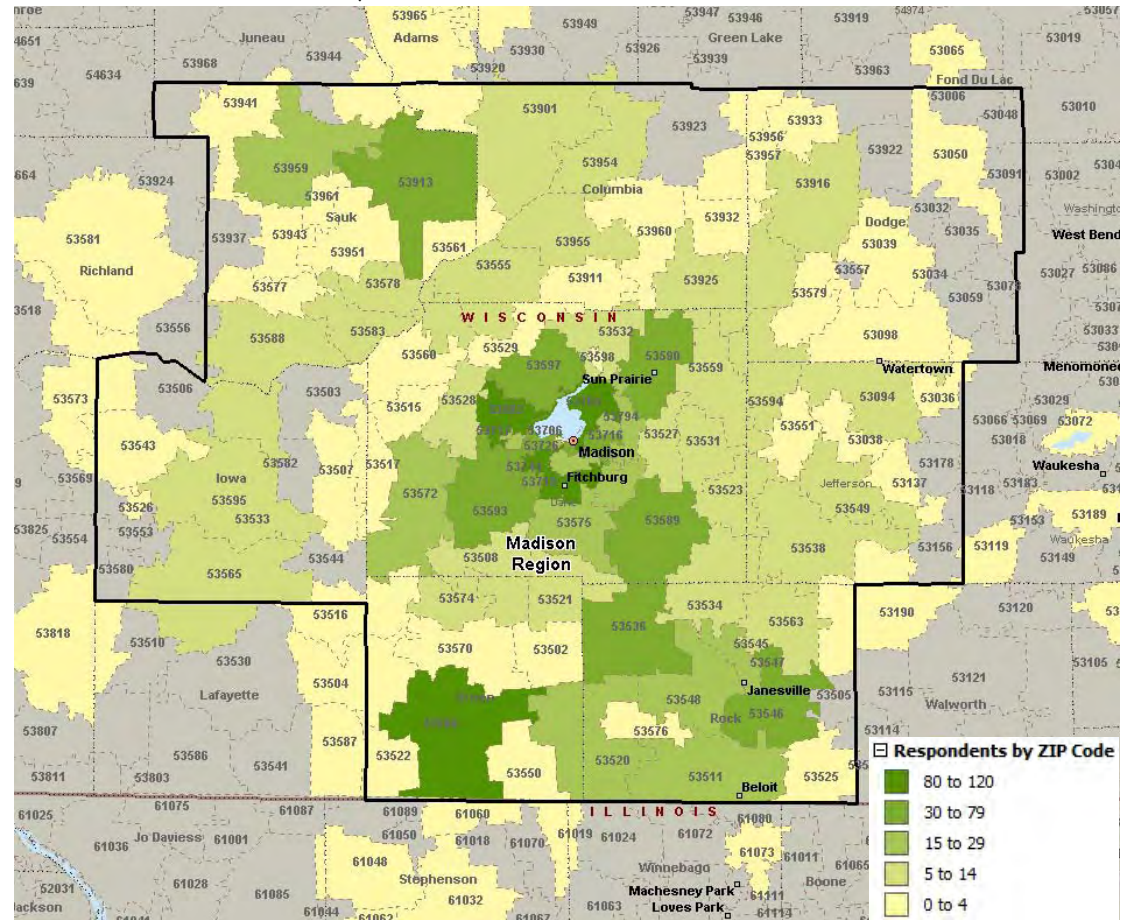
Logic was built into the survey to direct respondents to or past questions that they are most qualified to answer. For example, if a respondent did not indicate he or she was at management level or above, they were taken past questions related to business climate, workforce capacity, and other issues.

### TELL US ABOUT YOURSELF...

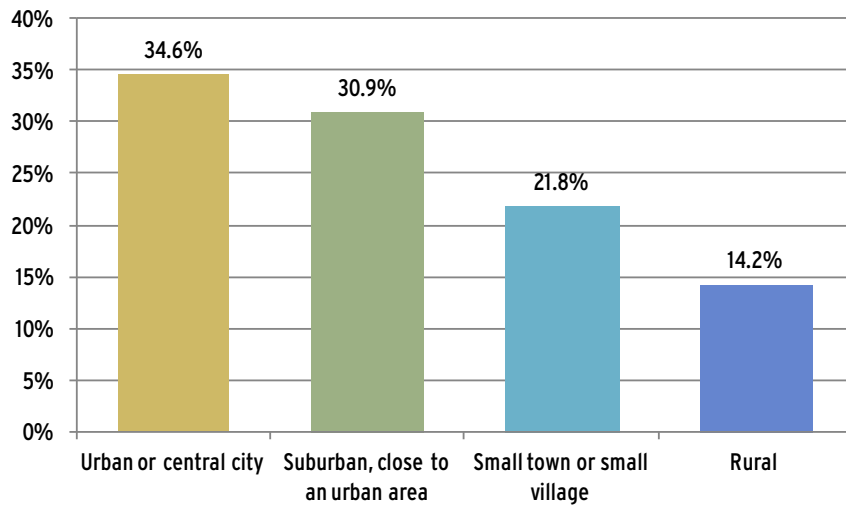
#### i. In which county do you live?



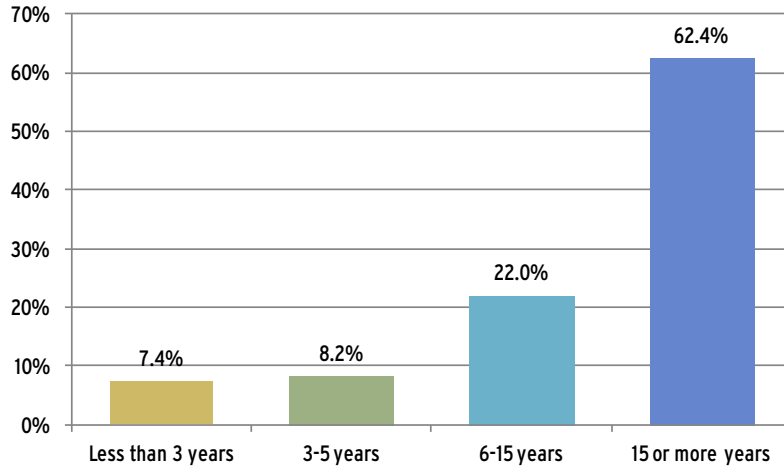
2. What is the ZIP code of your residence?



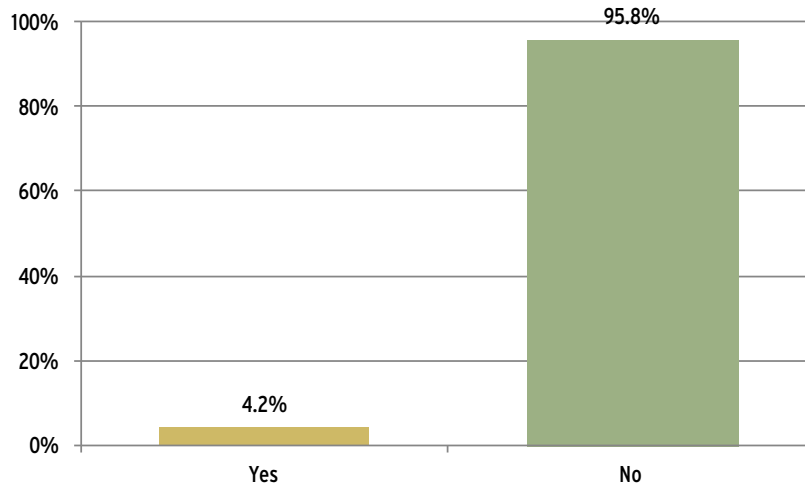
3. Which best describes the area where you live?



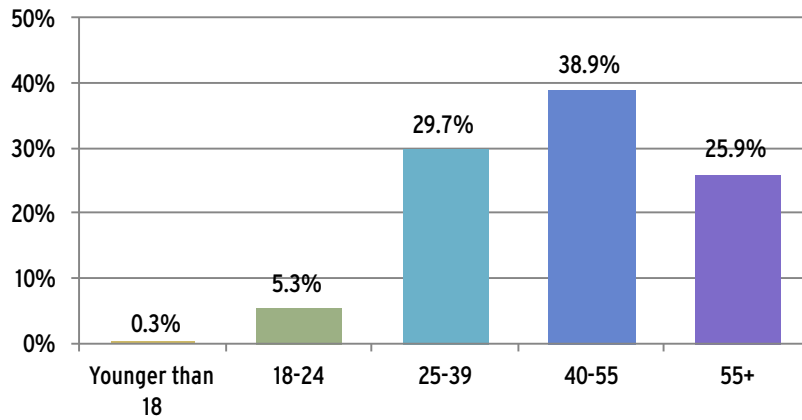
4. How long have you been a part of the Madison Region (Columbia, Dane, Dodge, Green, Iowa, Jefferson, Rock, and Sauk counties)?



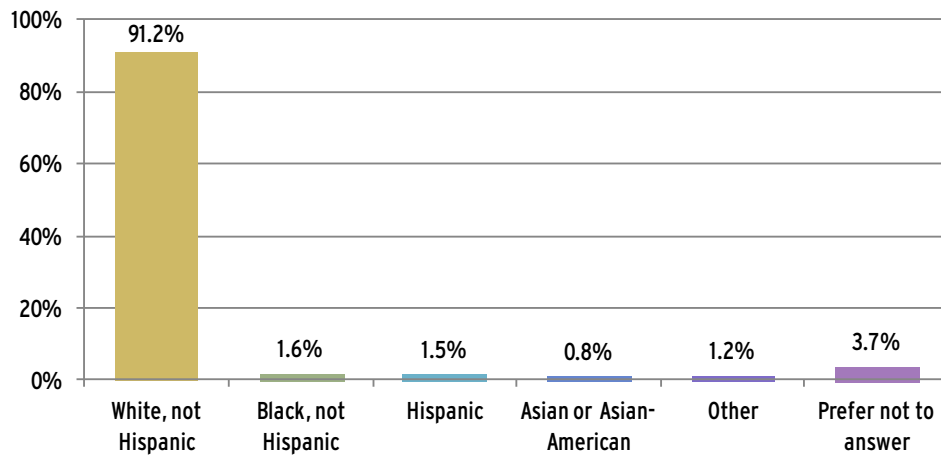
5. Are you a current Thrive investor?



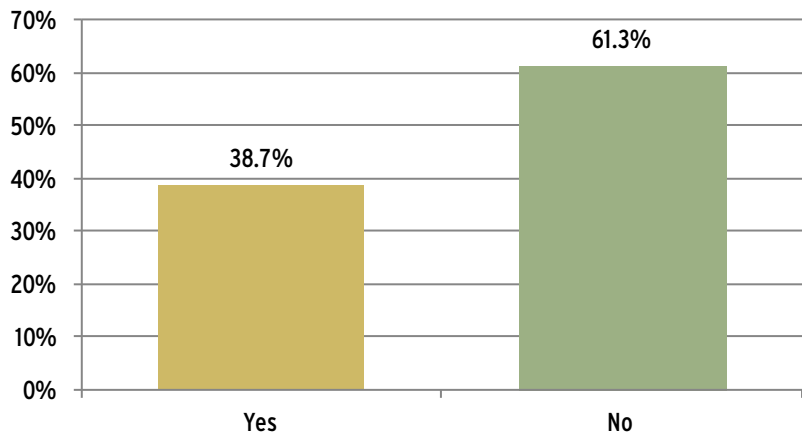
**6. What is your age?**



**7. What is your race/ethnicity?**

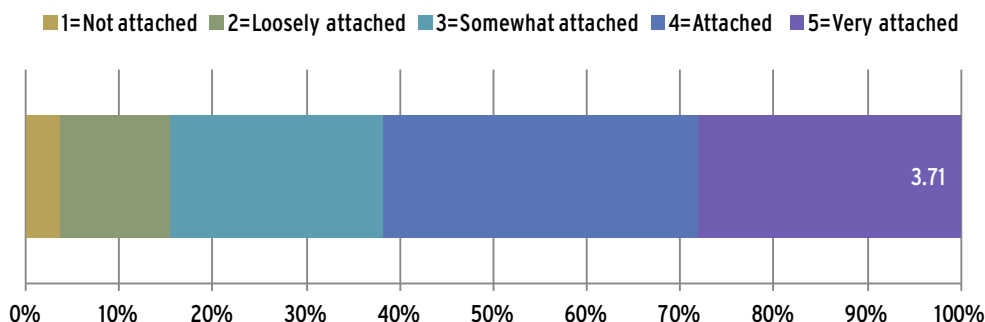


**8. Does your household include children ages 18 or younger?**



REGIONAL AND COMMUNITY ATTACHMENT

9. Please rate the level of attachment you feel towards your specific community within the Madison Region.



10. Explain your level of attachment to your community in Madison Region.

- What community do you consider “yours”? Are there factors that make you feel attached to this community?

*Selected responses:*

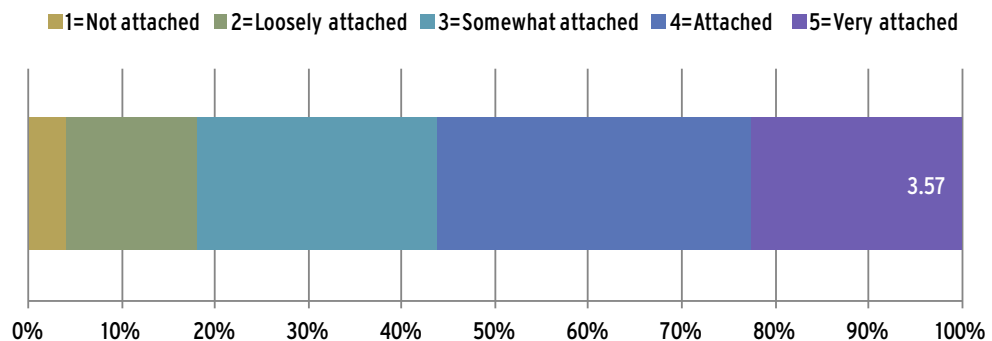
- Mineral Point – Yes, lots of opportunity to interact with interesting people, particularly as town is small and folks get out and about. I live right on the main street and have a retail space, which allows a lot of people to connect with me in my space.
- Sauk Prairie – it is beautiful, welcoming, has great schools, an awesome clinic, hospital, movie theatre, restaurants, arts, river arts center
- Town of Newport – My husband’s family has been here many generations, the family has a farm and a restaurant business that put us into touch with our neighbors. We are active politically.
- I’m attached specifically to Madison’s downtown and eastside neighborhoods. My “community” consists of the types of people who live/frequent these areas – liberal/progressive, middle-class, no specific race, culturally intuned. The progressive (politically and culturally) nature of my community as well as the general feeling of caring for your neighbors. Plus we have the best restaurants and businesses.
- Verona – Yes – the small-town nature; the local school; the local, family-run grocery store; the bike paths.
- Monroe – Small town atmosphere, good people & a good place to raise my family

- **Are there factors that make you feel detached from this community?**

*Selected responses:*

- I work off-farm in Madison, so I am away from the community a lot. I am not a native to this place so am viewed as an outsider by some.
- Becoming a suitcase town – most everyone drives to Madison for employment.
- The community can be elitist and often over-the-top in their very specific agendas.
- My specific local rural area is seemingly deeply divided between new exurbanites and long term farming families.
- Increases in criminal behavior, lack of advanced technological resources available to residents (example of online payments for water utility)
- Lack of mobility (ease of public transit and until recently not a lot of sidewalks in Monona).

**11. Please rate the level of attachment you feel towards the Madison Region as a whole.**



**12. Explain your level of attachment to the Madison Region.**

**a. Are there factors that make you feel attached to the larger region?**

*Selected responses:*

- Exploring the region outside of Madison, especially by bike, and especially to farms, artisan breweries, or state parks
- Larger shopping opportunities, biking and canoeing opportunities. Hospitals and Work.
- Memberships in various groups that extend beyond my county.
- I was born and mostly raised in Madison and have spent a great deal of my life working and playing in all of the eight county region.

- UW, the Mad City ethos, crazy politics, progressive politics, good thinkers, caring solid Midwesterners
- I went to school in Madison and continue to attend the UW football games.
- As the Madison region expands, friends and coworkers move to the outlying areas. I end up learning about these bedroom communities and find that there are often restaurants and businesses that I want to frequent in these areas.

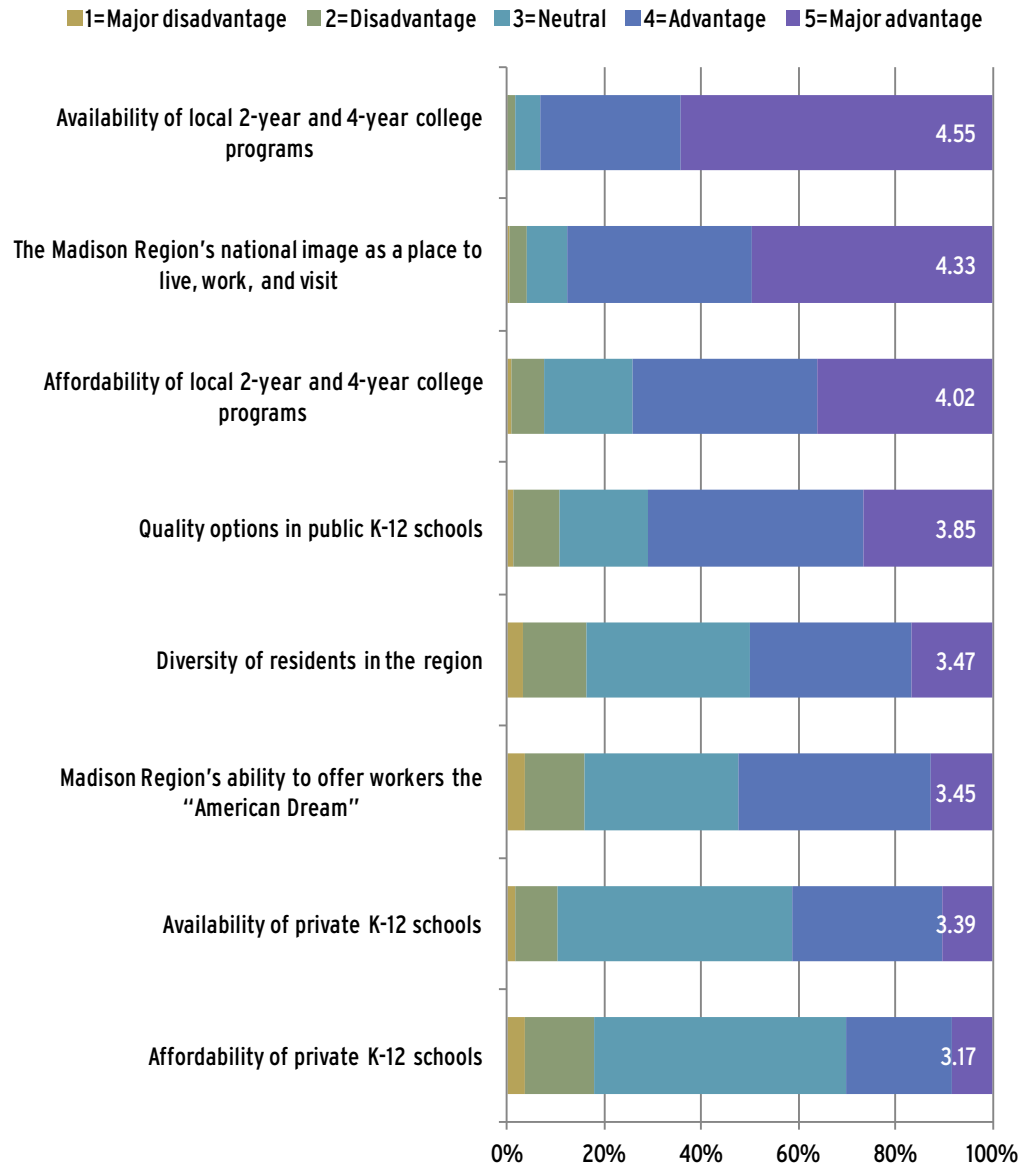
**b. Are there factors that make you feel detached from the larger region?**

*Selected responses:*

- Not owning a car makes it difficult to feel attached to the region as a whole, since I cannot easily or conveniently reach anyplace outside Madison and its close-in suburbs
- Suburban sprawl, people disinterested in public schools, widening gap between working class and rich
- Political differences between Dane and surrounding counties
- Even though people come and go, unless you are born here you can't really fit in.
- A somewhat racist/classist undercurrent specifically towards African-American and Latino males in poverty, the "not in my neighborhood" syndrome that seems to occur in many neighborhoods, lack of decent public transportation such as light rail, easier bus routes
- Not involved or interested in any Badger events.
- The fact that outside of Madison, the region is mostly rural.

**PEOPLE**

13. Please rate the following aspects of the Madison Region’s demographic and socioeconomic dynamics as they relate to its competitiveness.

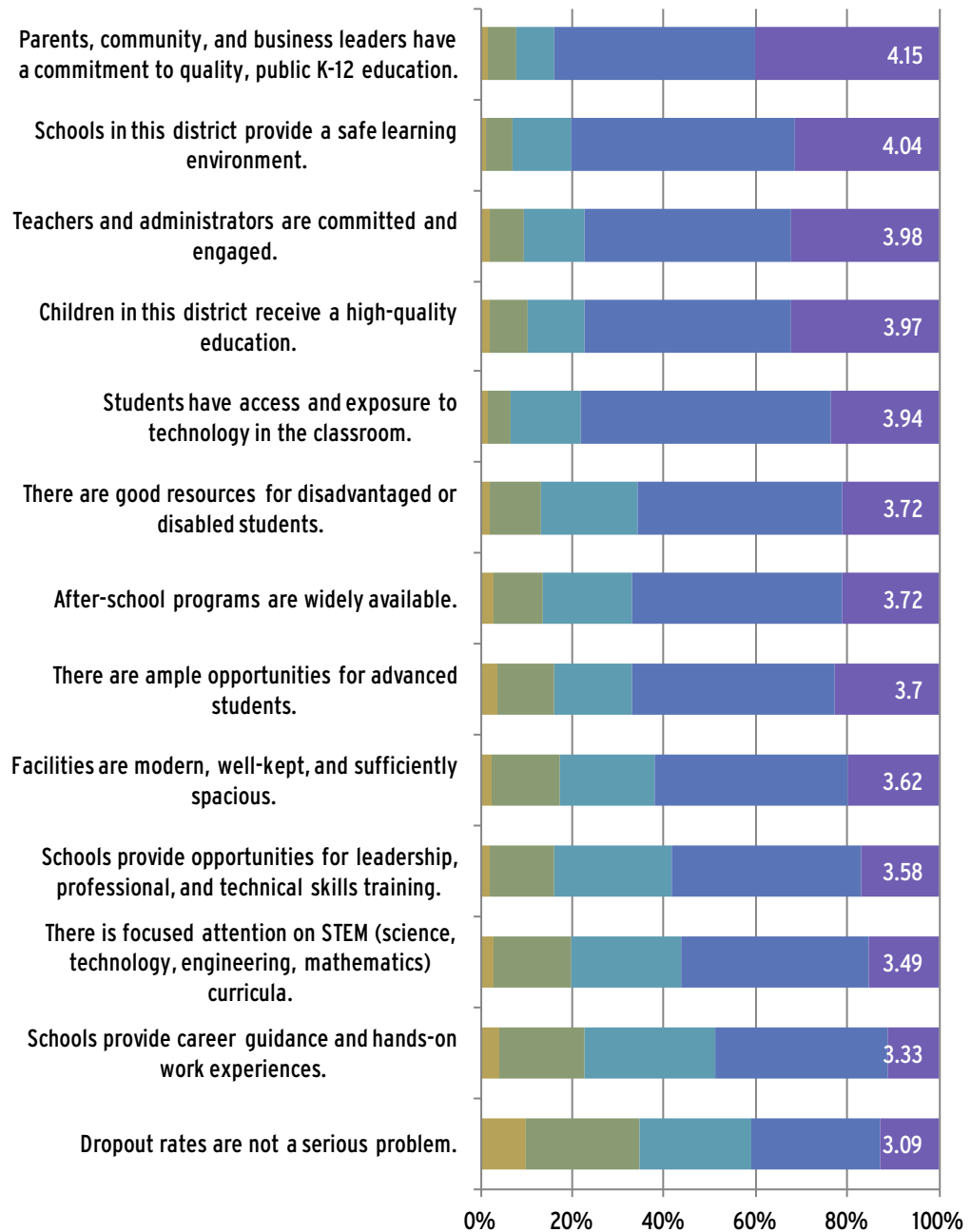




K–12 EDUCATION

14. Please respond to the following statements about the school district with which you are most familiar.

1=Strongly disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly agree

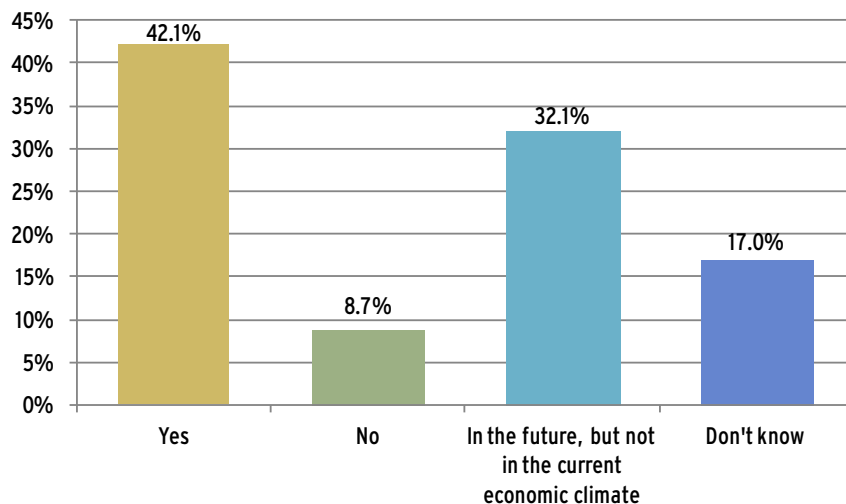


**15. What do you think needs to be done to improve your school or school district?**

*Selected responses:*

- Provide after-school options for elementary and intermediate students. Support referenda, especially when it affects the youngest students.
- More participation from the parents. Programs to help working parents to be more involved in the education process. More programs to prepare students to not only go to college but to succeed.
- More understanding between groups who support more school funding and those who want to hold the line on spending.
- A major influence is the economic situations of the families of school children. Improving the socioeconomic realities of the families with school ages children will have the greatest positive impact on improving students learning abilities and capabilities.
- As everywhere, the district needs to find ways to raise access to financial resources. We've cut to the bone.
- It's a surprising omission from this survey – Achievement Gap. Close the gap. We all do better when we all do better.
- School to work programs; coordinating educational tracks with work opportunities
- A better balance between the haves and have nots. The smaller schools do not have the facilities, funding or programs of the larger schools such as Sun Prairie.

**16. Do you feel there will be job opportunities available to you (or your child) in the Madison Region upon graduation from high school, college, or university, or upon completion of military service?**

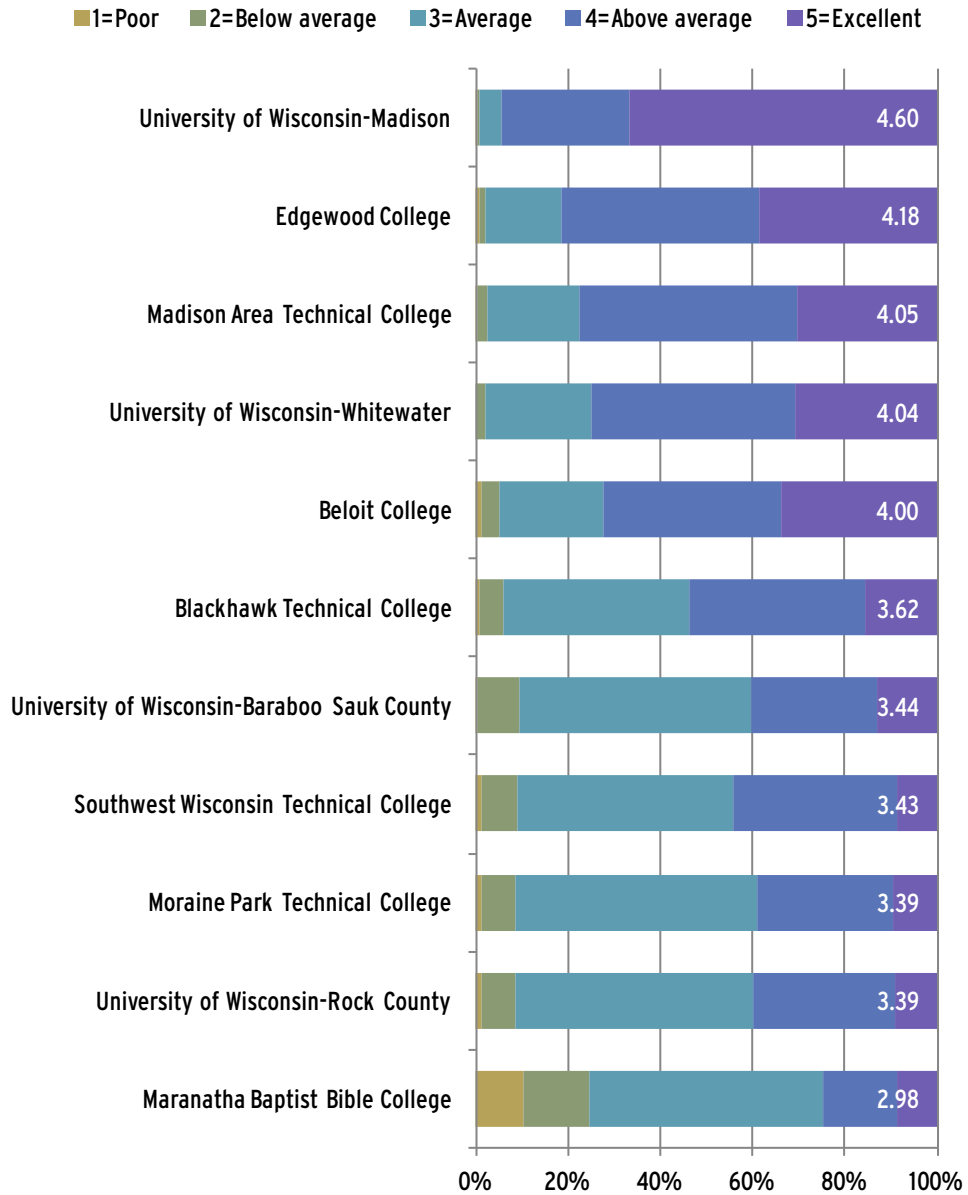


*Selected responses:*

- There are “jobs,” but career availability is questionable.
- New graduates need time to explore the world away from their home turf. The issue is whether or not they can find affordable homes, transportation and diversions/entertainment near places of adequate employment.
- Jobs still seem to be available but much harder to find and less than in the past.
- Madison is extremely competitive – there is an oversupply of highly educated people for a relatively small number of good-paying jobs. There are plenty of jobs in certain sectors, but not all of them pay well.
- If and only if you major in the proper high demand areas. When you complete military you have to retrain and go back to school in one of those areas so it takes a lot longer than it used to start a family and still own a house in a somewhat safe area and a car that is somewhat safe.
- I think it depends...many jobs are very hard to get around here because of the UW and other colleges. Even VERY good students can’t find jobs because the competition is so high in every field. I have serious doubts.

HIGHER EDUCATION AND WORKFORCE DEVELOPMENT

17. Please rate the quality of the Madison Region’s public and not-for-profit private colleges and universities.



18. Please list any degree programs not currently offered in the area that you feel should be added to local colleges’ curricula.

Top responses:

- Nursing

- Architecture
- Small business/entrepreneurship
- Adult learning/professional development
- Biotechnology/pharmaceutical manufacturing

**19. What do you feel is the GREATEST STRENGTH of the regional workforce?**

*Selected responses:*

- The regional workforce is primarily white collar – government, medical, biotech, information technology talent to the area. This helps keep us competitive and attract some of the best talent.
- Dedication – A workforce that wants to work and takes pride in the work they do. Innovation – Best and brightest at the university level and many places that support start-up ventures (Sector67, for example).
- The overall level of education, which makes the number of high-tech companies we have in this area possible.
- I think that there is strong blue collar workforce available, including a fair amount of higher tech training. There also is a good supply of workers available that are on the lower end of the pay scale.
- The desire to be in Madison. This is a double-edged sword. It keeps people here, but means that we have a lot of overqualified individuals in the area. It can make it difficult for people looking for entry level positions, and drives the average wage employers need to pay down.
- Pride in the community helps strengthen work ethic, dependability, commitment to the employers in the region.

**20. What do you think is the GREATEST WEAKNESS of the regional workforce?**

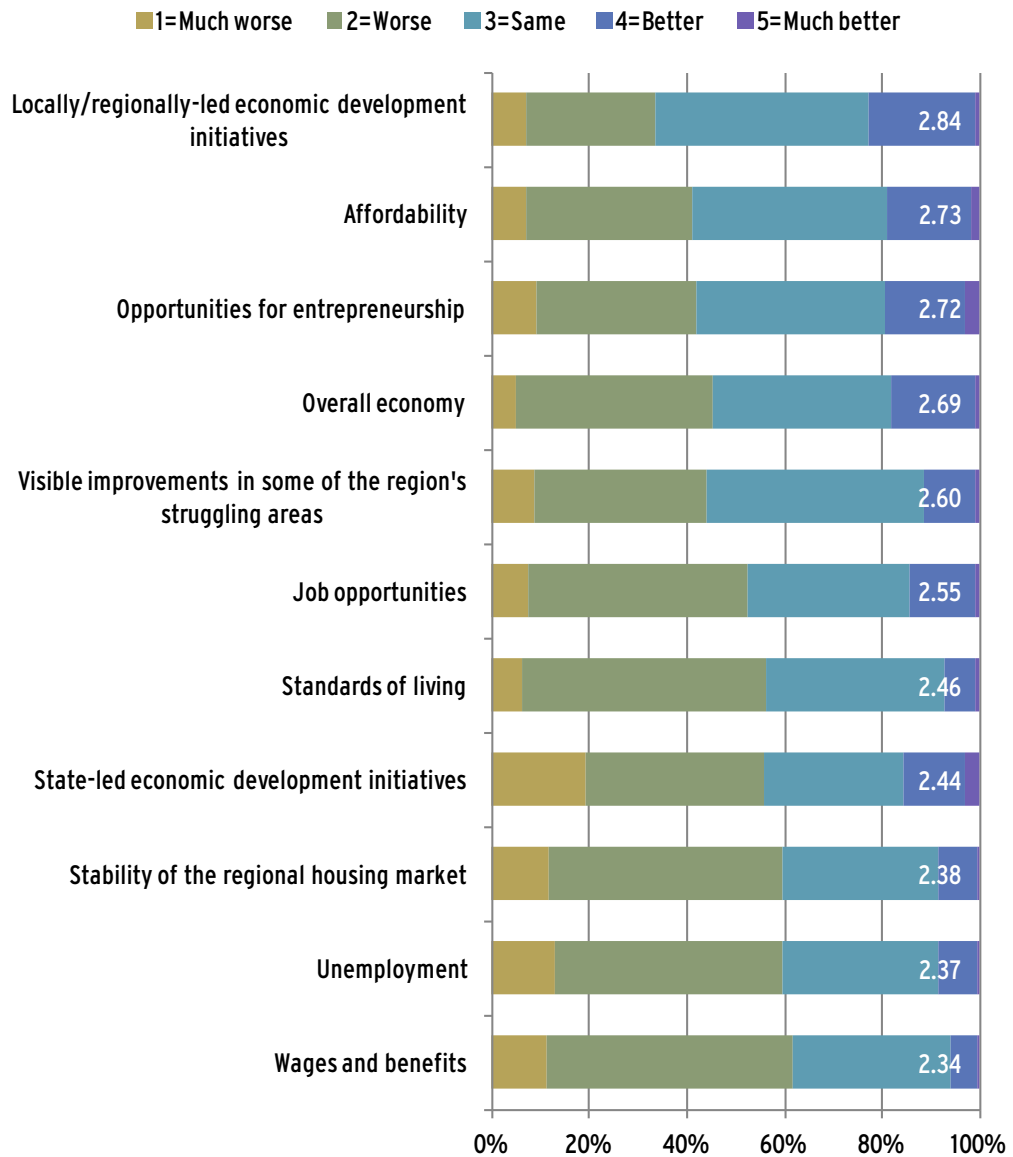
*Selected responses:*

- There appears to be a growing divide in Madison between the skilled and educated population and those that are being left behind by a newer economy.
- The area is limited or lacking of other skilled job opportunities. There is a clear disadvantage to the skilled workers that need to be addressed.
- I find that there are a lot of people who have four year degrees or more, who are working in jobs unrelated to these degrees. I met somebody working in a retail store in the mall with a bachelor's unrelated to her shop, my fiancé has a master's in accounting and she is working at a make-up store. I even met a man with a PhD working in Starbucks. There are not enough jobs in the area for these people.

- Under educated youths entering the work field. Lack of motivation and skills. The younger set has more of an “entitlement” mind set instead of working hard for something.
- Advanced technical skills, aptitude in math and science, soft skills in communication, project management and international business
- Diversity issues. The failure to maintain and grow a middle class of people of color – makes it harder to attract professional people of color to the area.

**REGIONAL ECONOMY**

21. Please rank whether the following are improving or getting worse in the Madison Region, relative to the most recent recessionary period.



22. In your opinion, what is the biggest challenge facing the Madison regional economy?

*Selected responses:*

- The lack of jobs, especially ones that will support a family’s needs. As costs of gas, food, taxes, mortgages/rents go up it becomes increasingly difficult to find employment that will sustain a family or household.
- The gutting of public sector unions. Madison’s regional economy is heavily influenced by state, county, city and university jobs, and the intentional weakening of this workforce through semi-privatization of state agencies, reorganization within state agencies, and the elimination of any meaningful union representation by workers will have great ripple effects throughout the economy, affecting the small and medium sized businesses that serve these people.
- Perception of Madison as unfriendly to business. The recent protests and recall elections make the region look like a spoiled five year old throwing a tantrum (I have a five year old and it looks the same).
- Forming, retaining and attracting the knowledge based businesses and industries with footloose workers who often seem to favor even bigger cities with a wider range of career/employment choices, milder weather, nearby mountains and oceans, etc.
- Diversity is good across a variety of sectors, high tech, light manufacturing, customer service, etc. Need to be sure agriculture is in the mix – sometimes it goes unseen. Some people are “against” larger operations but this is where we are headed to be profitable and we are “safer” than many smaller farms.
- Inviting risk-takers to see Madison as a venue to become entrepreneurs. We need people of all ages who look to Madison as a resource of educated people and provide different ways of thinking, which will excite workers. Young and talented workers are leaving Madison for diverse opportunities in Chicago, New York, California, etc.

**23. What, in your opinion, is the top action the Madison Region could initiate to improve its economy and drive job creation?**

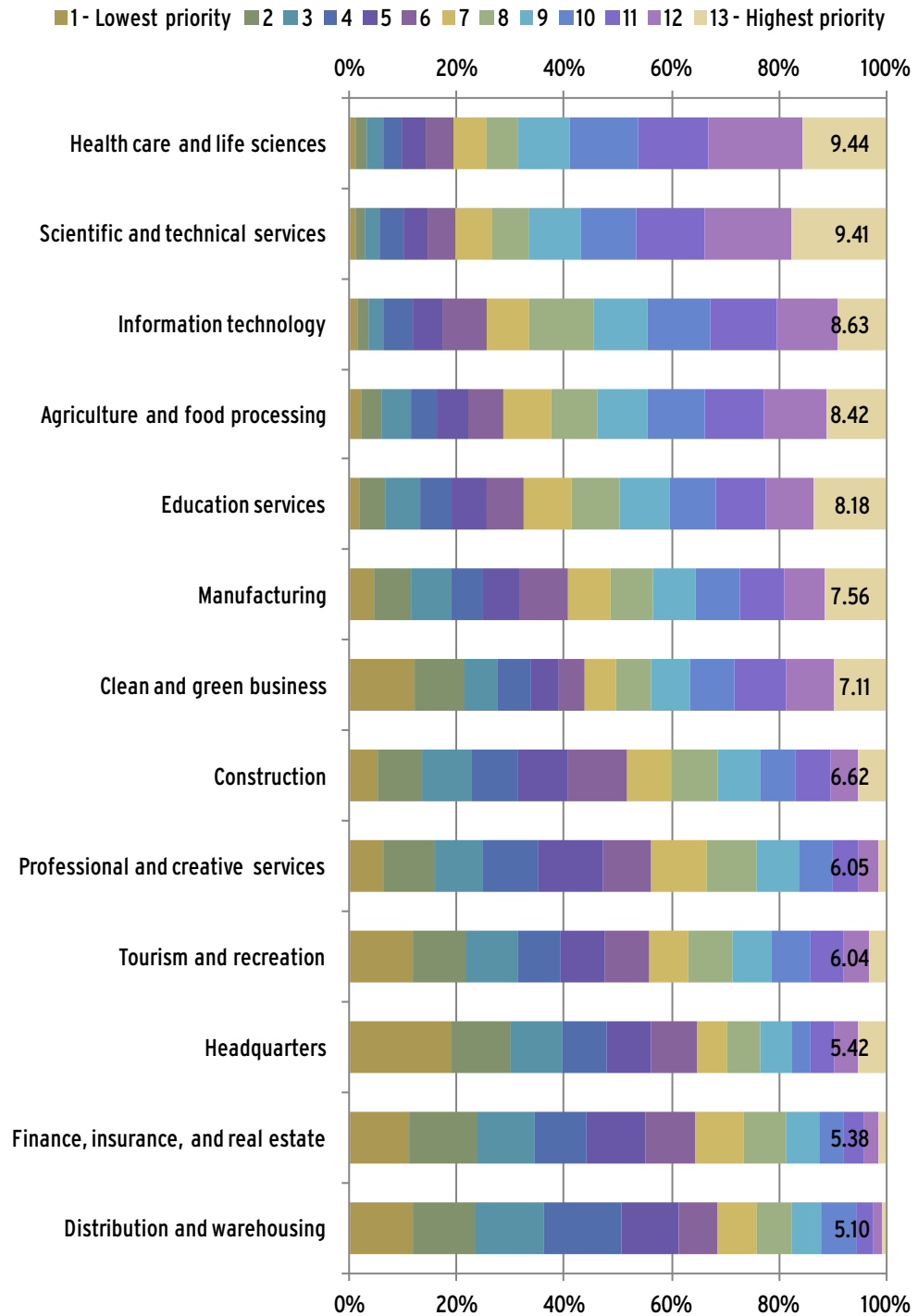
*Selected responses:*

- Streamline technical programs to get people out into the workforce faster. People should not have to go into deep debt in order to get the skills they need.
- Link the universities more tightly together as it applies to business development. Encourage interaction with the Milwaukee region to draw on the strengths of both regions in the state. Connect with transportation
- Needs a stronger regional approach, Madison needs to “play well” with neighboring communities. Madison tends to go it alone too much.



- Create a seamless two-track program that produces the entrepreneurs of tomorrow and marries them with tech transfer coming out of the university and the investment capital to catalyze it.
- Provide stability and incentive for companies to come here. They go hand in hand, and with the recent political issues both are not present. We seem to go back and forth between either stability or incentive, it'd be good to offer both & make good on that promise.
- Greater resources for start-ups, small businesses, and independent businesses and consultancies. The region can benefit greatly from a larger percentage of workers who could work anywhere, but choose the greater Madison area.

24. Please rank the following 13 business sectors according to how highly prioritized they should be for job creation in the eight-county Madison Region.



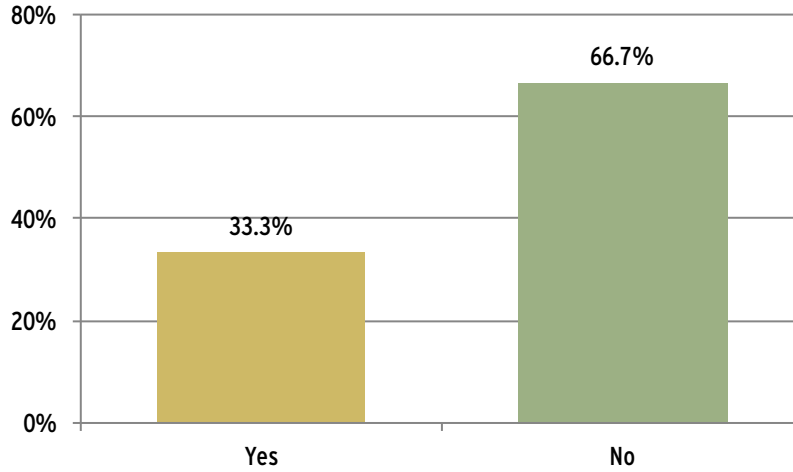
**25. Are there any recent events or announcements – good or bad – that have had an important impact on the Madison regional economy?**

*Selected responses:*

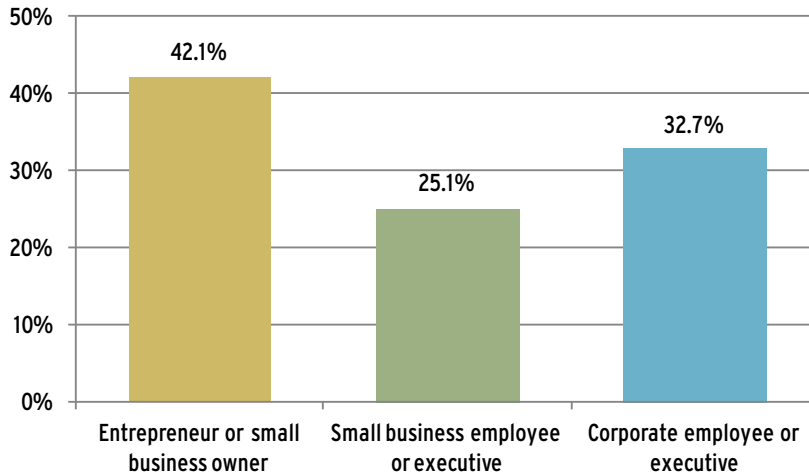
- Demonstrators downtown that obstruct doors and disrupt business.
- Closing GM in Janesville
- In the longer run, the political decisions at the State level to not support expansion of high-speed passenger rail service, to reduce funding for education, to make siting of wind power facilities more difficult, to weaken environmental protections, to trash public sector employees generally, etc. will make the region less attractive to cutting edge industries.
- Retraction of Edgewater Hotel redevelopment agreement. Shows that the City is focused on the vocal minority. Madison agreed to a level of funding (from the press, which may be wrong), so own up and follow through. Back-tracking on commitments and having multi-year review processes for business ventures would make me skittish about doing any dealings with the City. While not all encompassing for the region, Madison represents a large part of the region and it reflects poorly on all of us in the area.
- The other thing is lack of well defined programs from the State for job creation. The election was based upon economic development. While private parties ultimately have to make the decision to expand or grow, the State's efforts have been lackluster at best. No defined plan on the course of action for the next few years, efforts of WEDC, or new policies/programs. Continuation of old programs or borrowing legislation from other states is not the visioning that was anticipated.

**BUSINESS CLIMATE**

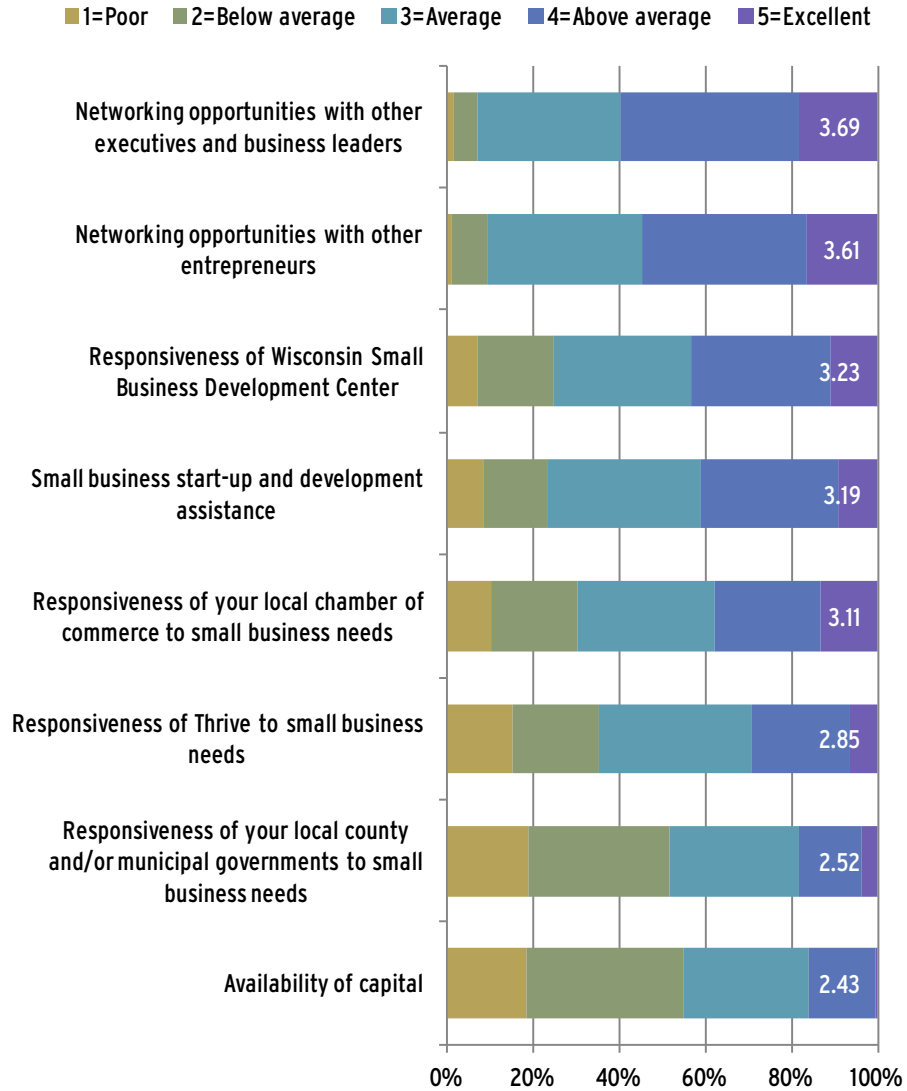
26. Do/did you make management decisions at your company that would qualify you to rate aspects of the region's business climate?



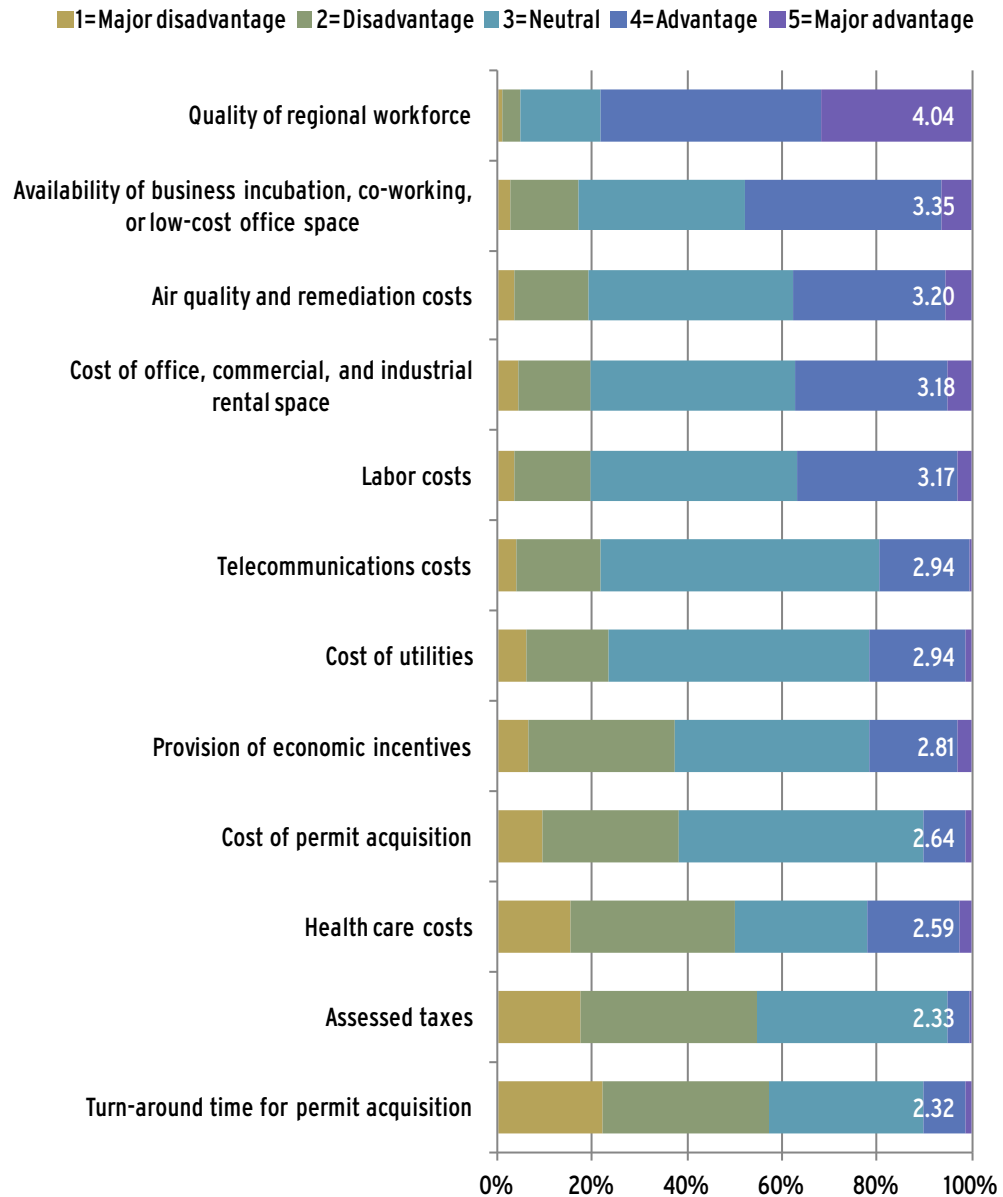
27. Which of the following best describes your role at your business or organization?



**28. Please rate the following components of business and entrepreneurial support and assistance in the Madison Region.**



29. Please rate the following elements of the Madison Region’s business climate according to the degree to which each is an advantage or disadvantage to businesses.

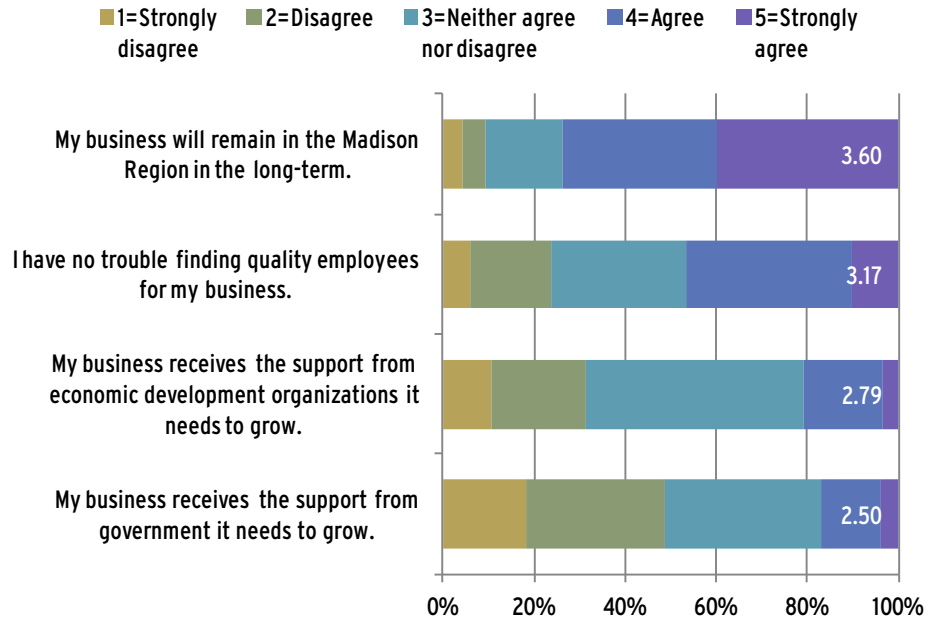


Other business climate factor (selected comments):

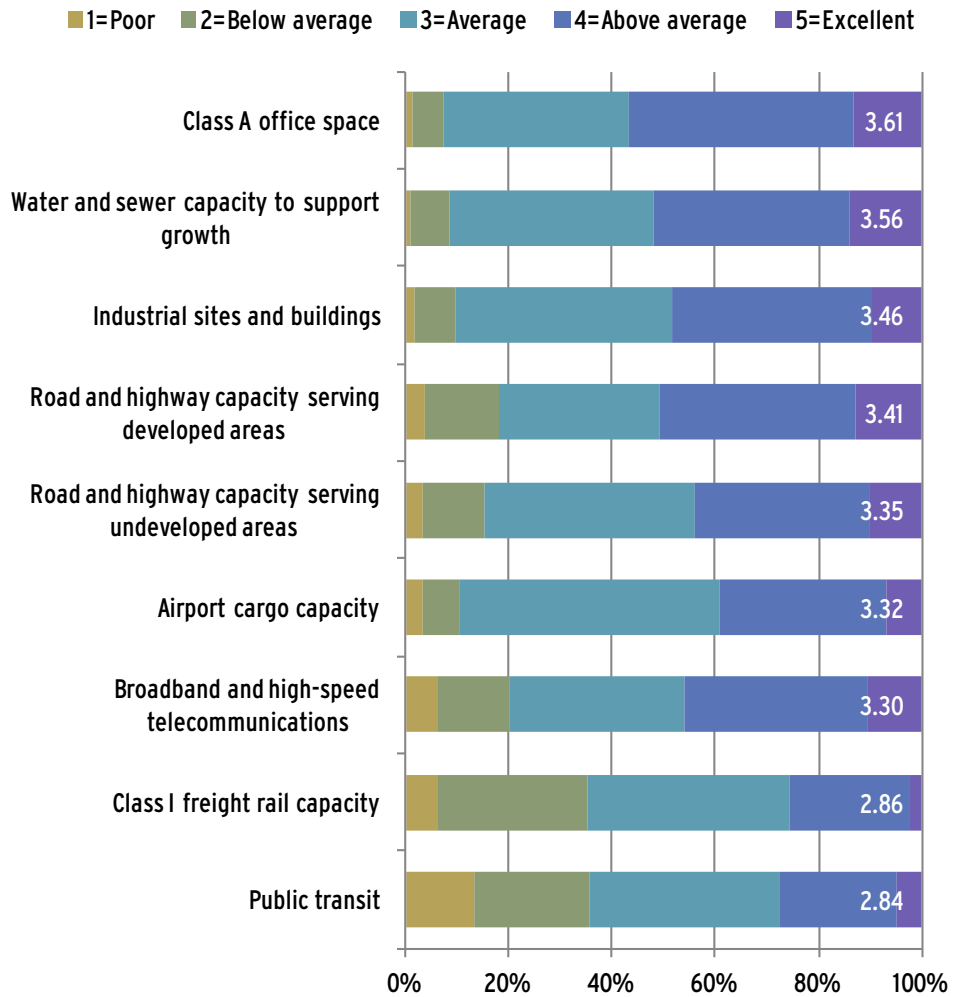
- Lack of understanding of the rewards of working for small companies, coupled with the lack of support to assist small companies increase/recruit staff.
- tech transfer opportunities
- Regulatory environment – major disadvantage.

- Political environment is a strong negative
- Lack of quality cell phone and broadband in adjacent rural communities where people live

30. Please rate the following statements according to the degree to which you agree, where 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree.

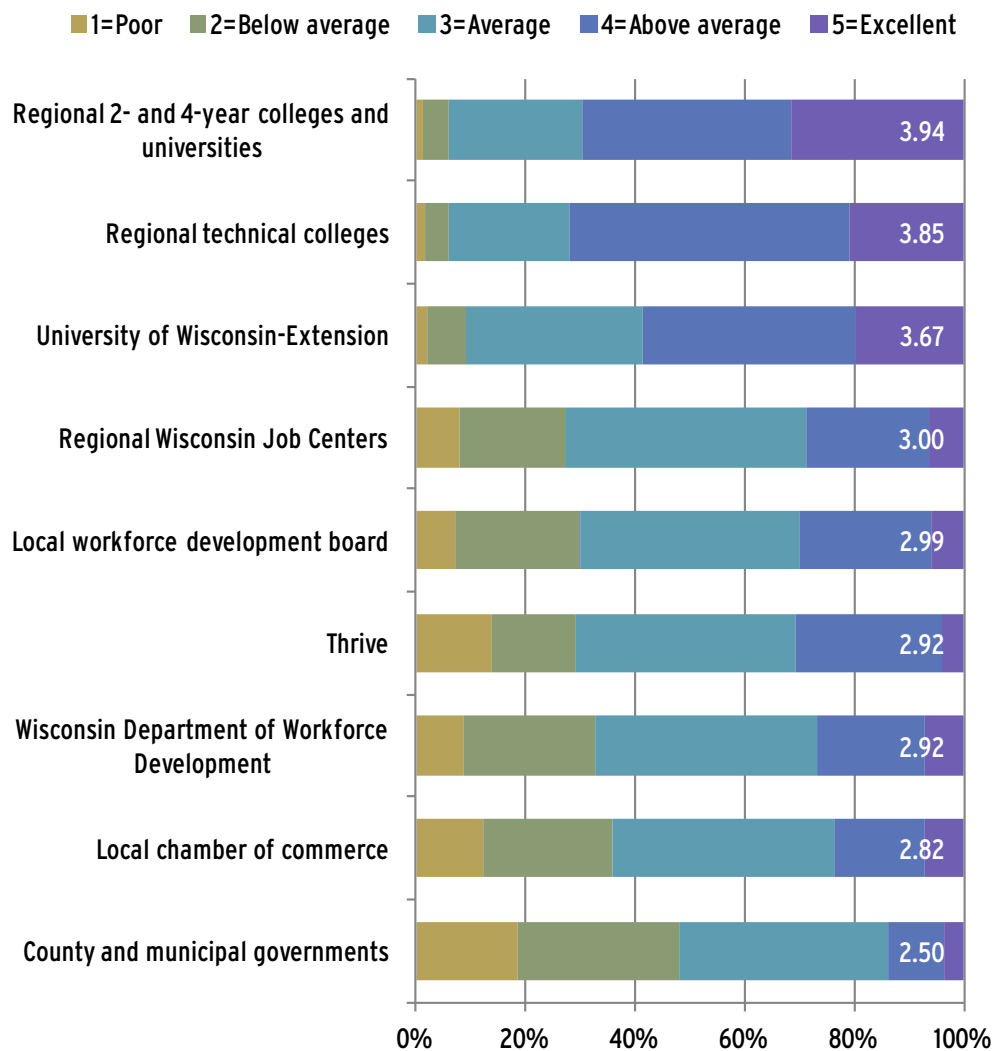


31. Please rate the following elements of the region's infrastructure.





32. If you needed assistance finding or training workers for your business, please rate the level of service you would expect to find from the following entities or organizations in regards helping you to meet your workforce needs.



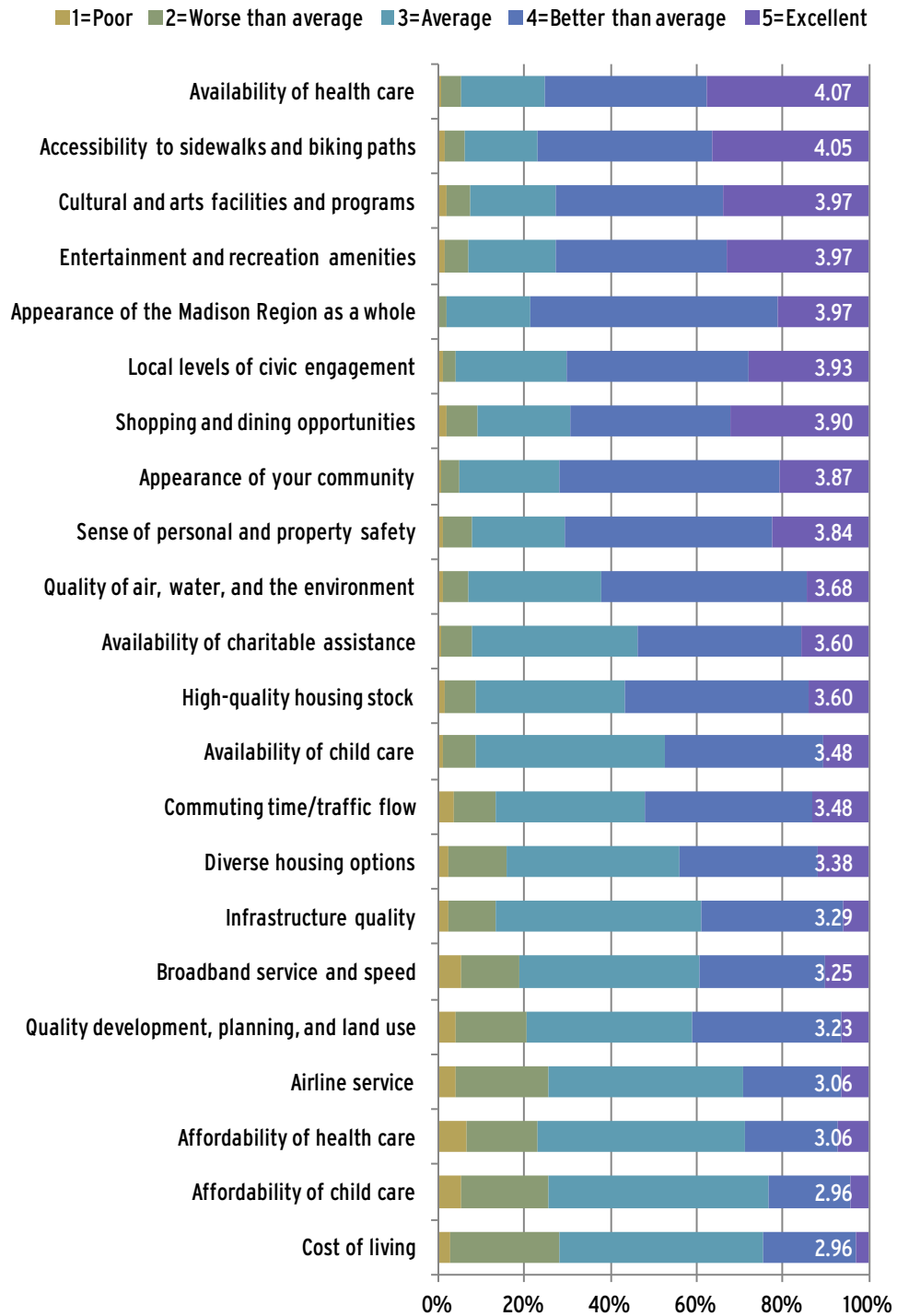
*Selected responses:*

- As a small business owner, I have experienced little or no assistance with identifying how to increase our staff. I have contacted tech schools to recruit, and received no responses. I have tried to post with the regional job center and had similar results. Local college grads have larger expectations for salaries and benefits and as such, seek to work for larger firms. As a smaller company will appear less attractive and inferior. Although small companies make up the bulk of the workplace, we are suffering from an image crisis in which workers view smaller firms as less than desirable.

- The perception, though it may not be true, is that any workforce organizations will be you will find low cost, unskilled workers. This is probably an issue resulting from poor brand identity and marketing message for these organizations. And, the people who have been previously self reliant and successful would not join these organizations until they were forced to do so. The marketing message for these organizations are misdirected to the wrong audience. These orgs communicate mainly to the unemployed, not the employer. Even when these orgs have separate sections for employers, the message is trying to make the employers feel sympathy to hire someone.
- If you are a small town, services from these groups is hard to come by. It starts with the county focusing on the major city and not having enough resources to reach out to the entire community.
- Without the University of Wisconsin, its extensions, and Technical colleges, Madison fails. We take this University and colleges for granted to the extreme that it should cause embarrassment. We have the tools in place to be a powerpacked city ahead of the market with advancement, but our local workforce development and government might have the most opposite strategies that the Universities do. If local government, workforce, etc behaved more like UW–Madison....we'll get where we need to be.

QUALITY OF LIFE

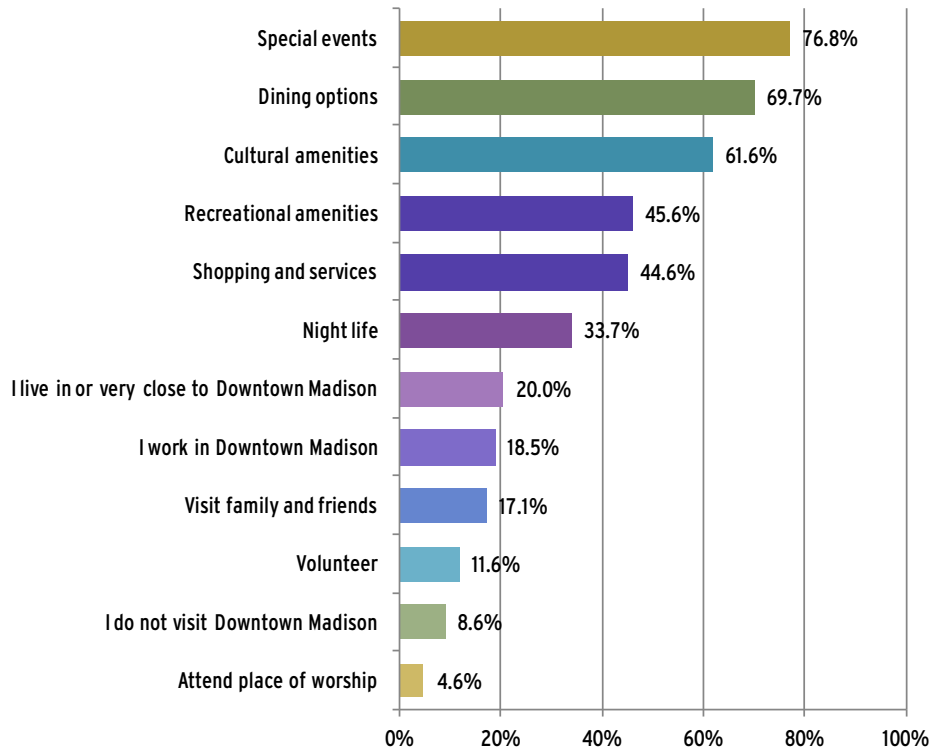
33. Please rate the following aspects of the Madison Region's quality of life, based on your experiences where you live.



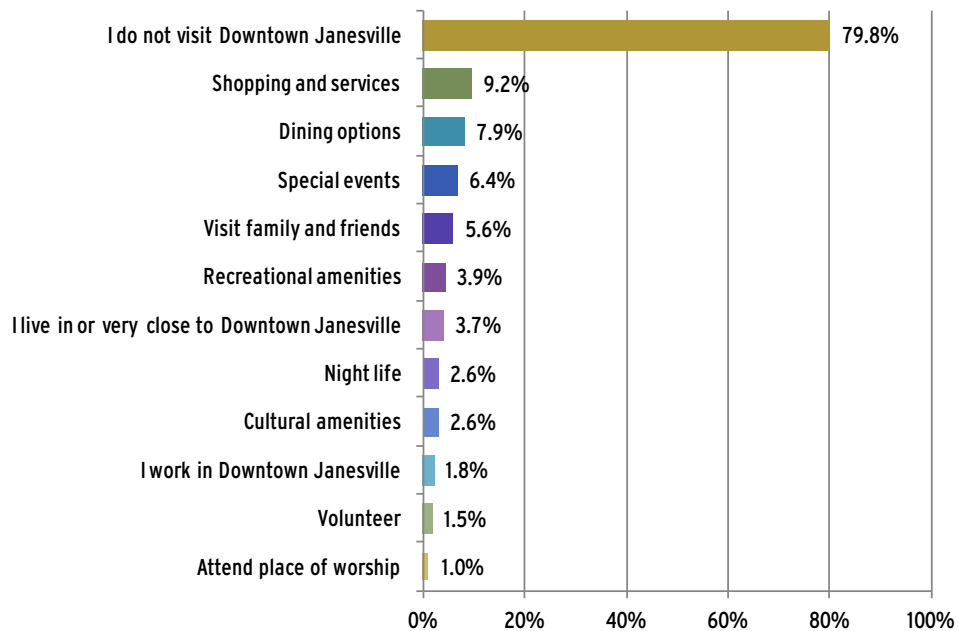
*Selected responses:*

- With these two lakes, it is a significantly wasted opportunity that Madison does not have an iconic shared public recreational space. When guests come to visit the best place to sit and enjoy the city and the lakes is on campus at the Union Terrace. That is a fun place to be, but this appears to be a huge oversight on the city's behalf. We could have our own (miniature) Navy Pier, Millennium Park, or Central Park where people come together to spend an afternoon lavishing in the majesty of this city.
- I think this question has a high potential for providing incorrect interpretation of the data given. I have given some of these categories higher than average marks because the area is flooded with opportunities – which is not necessarily a good thing – such as there is too much emphasis given to bike paths that are no benefit to me.
- One thing we could really use to improve our economy would be MANY MORE direct flights to major cities on the east and west coasts.
- Health care affordability is based on employment – that is a disadvantage to the creative class. Traffic jams have been increasing over the 25 years we have lived here.
- After comparing communities around the country, there are few that compare to Madison area for the combination of safety, schools, entertainment, housing, cost of living, recreation.
- shopping and dining should be separate. we have great dining. we have terrible shopping.

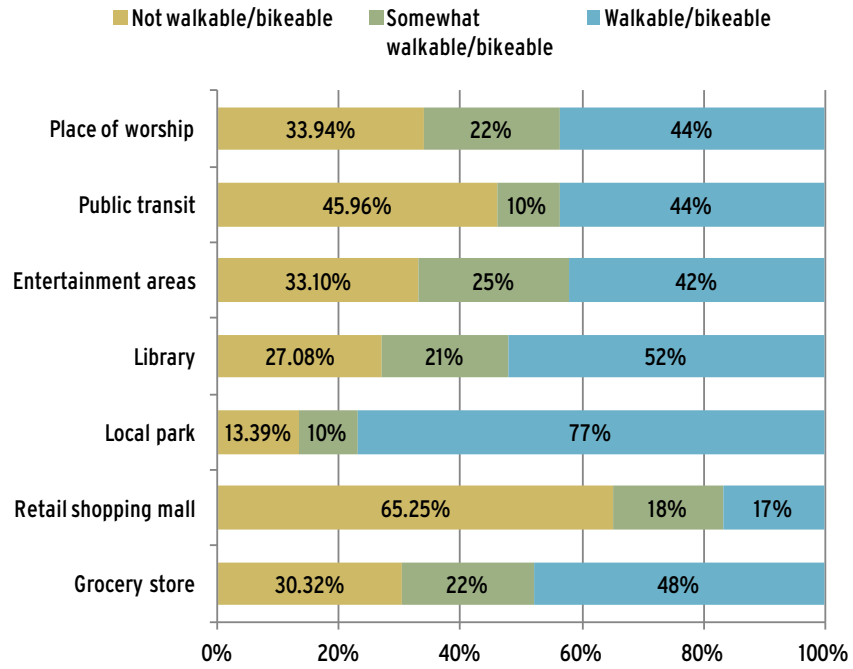
**34. I visit Downtown Madison for the following reasons (select all that apply):**



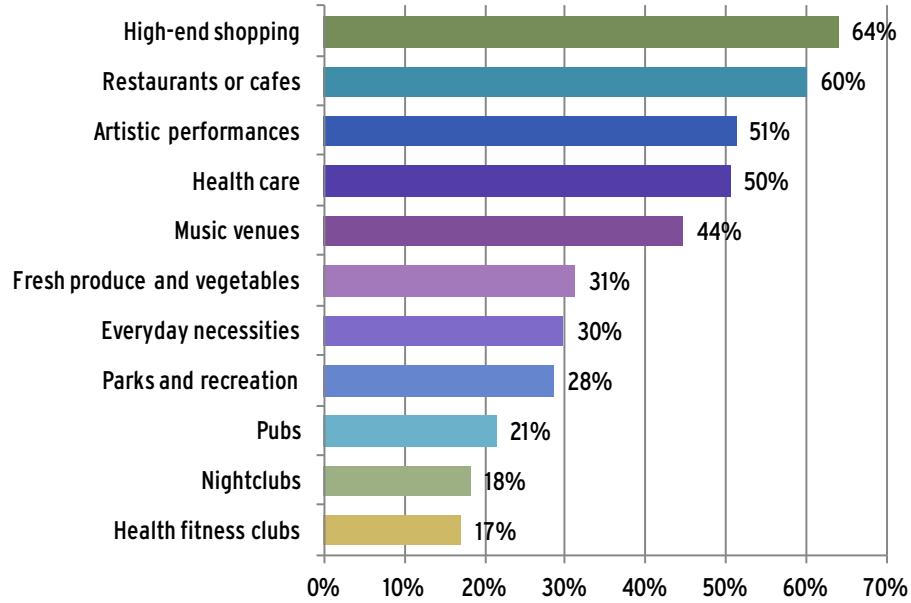
**35. I visit Downtown Janesville for the following reasons (select all that apply):**



36. Please indicate which of the following destinations you are able to walk or bike to from your home:

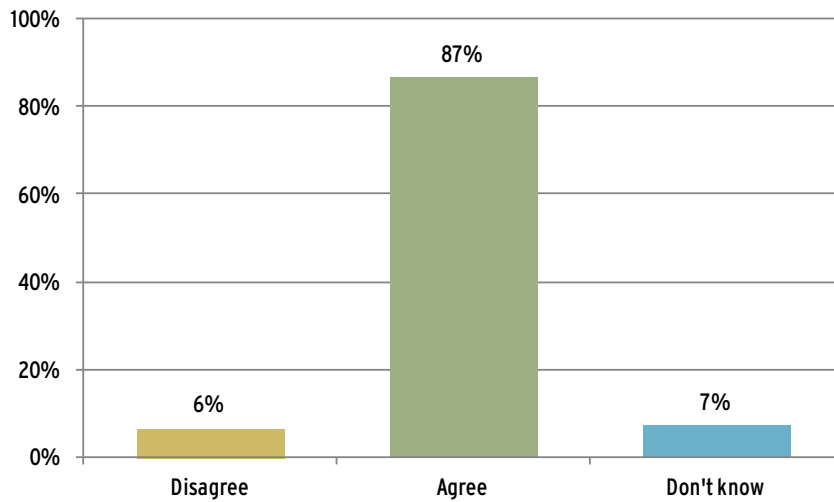


37. Please identify the following goods or services for which you frequently leave the community where you reside:



**YOUNG PROFESSIONALS**

38. Please indicate if you disagree or agree with the following statement about young professionals (educated workers ages 25–39): “The Madison Region is an attractive and desirable place to live for young professionals.”



**39. I would recommend the following community or communities to young professionals looking for a place to live in the Madison Region:**

*Selected comments:*

- Downtown Madison. It's getting there but needs more cultural venues, diverse events. "Grown people, upscale" type things happening that appeal to YP. There are some but when we say "cultural events" it isn't the same things I think about when I hear "cultural" as in ethnic.
- People who like a night life: Madison only. People more focused on family: Stoughton, McFarland, Mount Horeb.
- Green County – communities near Monroe with close access to Madison
- Dane: Madison, Green: New Glarus; Rock: Edgerton (Possibly); Jefferson: Watertown & Cambridge; Dodge: none; Columbia: none; Sauk: none
- University Heights, Dudgeon-Monroe, Vilas, Nakoma, Shorewood, Westmoreland and more!

**40. What does the Madison Region need to do to attract and retain young professionals?**

*Selected comments:*

- Diversify the companies with young professionals. There is UW, Epic, and a big opportunity for growth for larger professional services oriented organizations.
- It's hard to say because sometimes you have to leave to get entry-level experience in a big city and to appreciate how good Madison is.
- Invite young people to buy their first homes in small communities within 30 mile drive of Madison. Also, important, promote the fact that young, "non-traditional" (i.e. gay) families are welcome in rural communities. People from outside WI often assume that farm towns are anti-gay, which is far from true. Need to show people how to connect with similar folks.
- Tap into those who want to live more rurally, but close to a city. Provide professional jobs in outlying areas that attract professionals.
- Provide the diversity of employment/career choices that meet the advancement aspirations of young professionals (including two-career households where both want opportunity). Provide suitable housing and employment locations in the parts of the communities where they really

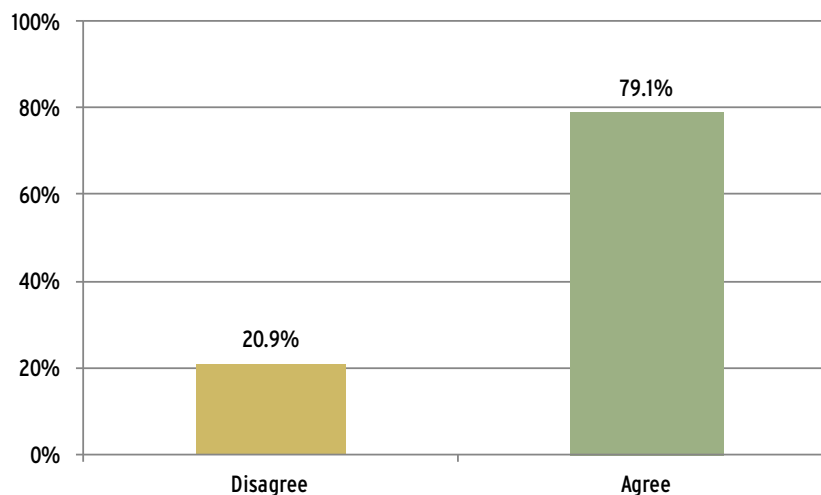


would like to be (Downtown Madison, for example, may lack housing for middle-income or family-oriented professionals). Provide sources of venture capital and a supply of suitable business spaces for professional start up businesses – again within the sub-areas of the community that are attractive to young professions generally.

- Realistic entry level jobs at competitive salary with opportunities for internal growth and promotion, or lateral professional transitions.
- I think Madison does a pretty good job. However, improving transit options and growing the biking friendly streets is a good direction.

### INCLUSIVENESS AND LEADERSHIP

41. Do you disagree or agree with the following statement? “The Madison Region is an inclusive, welcoming place where a diverse range of people can find a home community.”



*Selected comments:*

- It is a friendly and welcoming region. But the region is not particularly diverse racially or ethnically, and may seem unwelcoming to some groups if only because the similar population is so small – even if the community tries to be inclusive.
- I agree that this is largely true, however the lacking diversity of the Madison Region makes it difficult for single professional minorities to establish a meaningful community and build a life here.
- It is difficult to make friends here in Madison if you come from elsewhere, particularly if you don’t have children to connect you with parents/school groups. People here are so family oriented; they don’t include new people into their circles, which is largely family or long time friends.

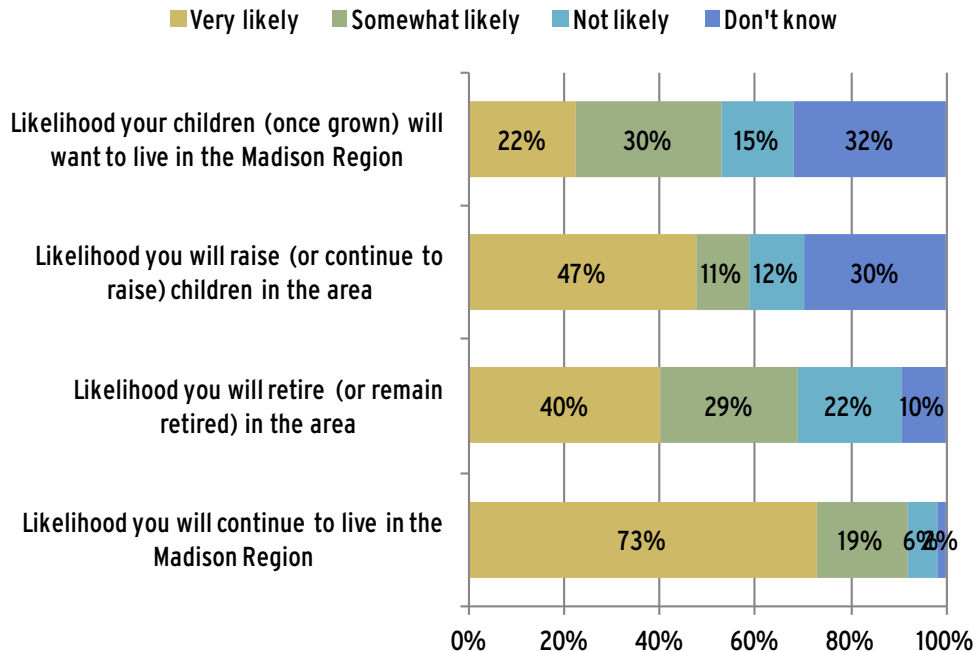
- I feel that most people can feel very comfortable living in Madison, as long as you know that if you have an opinion challenging the status quo thinking, you can be shunned. If you agree with the conventional wisdom, or don't mind keeping your mouth shut, you can fit in here.
- I think there are portions of a diverse population that are well served and others that are sorely underserved (like the Hmong community) and whose ideas, needs and potential contributions to the greater community are largely ignored.
- In general, people are very warm and welcoming. But, it can be a very daunting place to try to break into very established and entrenched attitudes and already tight-knit communities/groups. It can appear to be on the surface quite an exclusive and homogeneous place.

**42. If you could make one recommendation for strengthening the effectiveness of your community's leadership (within the public or private sector), what would it be?**

*Selected comments:*

- The political process must show itself to not be a major impediment to economic development. City hall in Madison is sending mixed signals on public investment.
- Seek out different individuals to be on committees. Change things up a bit.
- Think inclusively about the next generation and what can be done to greatly increase opportunities to meaningfully participate in economic success. Even if the region is successful in maintaining or strengthening the local economy, if too many people do not benefit, social problems and decline are likely sooner or later.
- Businesses need to become more corporate citizens. Individuals but not necessary businesses take part in making charitable contributions/ investments in the urban fabric. [Madison Gas and Electric] is a leader in this. Others should follow.
- Develop a strategic plan to attract and retain a significant diverse leadership presence in public and private sectors in the Madison Region.
- Work together. Non-respectful, rude, and abrasive politics makes great headlines but does not stabilize the economy in our region. Business owners want an environment where politics are stable.

43. Is your family likely to stay in the Madison Region? Please rate the following statements.



44. If you will not continue to live in the region, and/or you feel your children will not choose to live in the region, why do you feel this way?

*Selected comments:*

- Madison is a life stage city with many great things. It is difficult to build a career outside of academia in Madison. If the city and air transport grew, many would be more likely to stay.
- People often meet their life mates at college. That in turn draws young people into new communities away from their home towns. The issue isn't about retaining young people in their hometowns, it's about offering a new hometown to new people.
- want bigger; need more things to do that is not shopping and movies. bike trail and parks are nice in summer fall and spring but wet days and winter time need more to do
- It is a good place to raise a family but it still has a small town feeling. You stay here long enough you know everyone. We are looking for more of the opportunities that can be found in NYC or Chicago. At least I am. It is hard as a woman of color to be here. It is very isolating. I have a great network of friends but there is more to being happy then the same small circle with limited opportunities.

- As an entrepreneur, the lack of infrastructure (e.g. venture capital) for supporting high-growth businesses is extremely lacking. This is a chicken and egg problem. We don't have the businesses to attract the money here, which is why we need to shift the culture of entrepreneurship in the state.
- I don't want my children growing up to think they have to be a certain way. As a low income, single parent, I have to live where I can afford and sometimes those places are not the greatest examples for my child. I would rather live in a smaller town that I can afford and be proud. A place where I don't have to fear letting my child outside to play.
- As we grow older we get tired of the brutal Wisconsin winters. We may likely decide to retire somewhere warmer. We may, however, continue to live here for most of the year, and travel elsewhere during the winter months.

## CONCLUSION

### 45. In your opinion, what is the Madison Region's GREATEST STRENGTH?

#### *Top Ten Responses*

- 1 University of Wisconsin-Madison
- 2 People
- 3 Schools/education
- 4 Environment/natural beauty
- 5 Diversity
- 6 Arts/culture
- 7 Lakes
- 8 Quality of life
- 9 Workforce and work ethic
- 10 Progressive/liberal

#### *Selected comments:*

- Clean beautiful area, small town feel, but close to large city of Madison
- Potential. So many great ideas that could radically transform the area for the better if only we could learn HOW to get things done effectively.
- The variety of things to do. Everyone seems very friendly and happy.
- That it's a perfect crossroads between urban and rural life: the people are educated, and there are all the amenities of urban life, while we also have a

great appreciation for the agriculture that helps drive everything in the state, and Madison itself is one of the most tree-lined cities in the country.

- Good suburbs to live in, relatively “clean” and low crime rate as compared to Milwaukee suburbs for example. Another strength is UW–Madison and the students that it brings into town.
- urban/rural perspective the area offers

**46. In your opinion, what is the Madison Region’s GREATEST WEAKNESS or challenge to overcome?**

*Top Ten Responses*

- 1 Economic climate/jobs/unemployment
- 2 Divisive politics
- 3 State/Governor
- 4 (tie) Cost  
Taxes
- 6 Segregation/lack of diversity
- 7 Poverty
- 8 Transportation/connectivity
- 9 Crime
- 10 Conflicting attitudes about growth/development

*Selected comments:*

- Figuring out a regional economic identity and sticking to it
- Its government and the ridiculous political practices – and party representation loyalty at the expense of good to the people.
- Sprawl – new neighborhoods that are cookie cutter, have no personality. We should be reinvesting in our urban areas, not running from them and continually developing more farmland.
- Too many highly educated individuals with too few job opportunities, which causes people to have high debt and low paying jobs, and makes it difficult to live in a community with such a high cost of living.
- With everything centering around the “Madison” region, it’s going to be difficult but important to be more inclusive of the entire region
- Always fighting and taking too long to make decisions – and then always going back and forth once a decision is made – lack of a clear vision for the future.

**47. Imagine if you were to leave the region and not return for ten years. What would you like to see different about the region, if anything? Please share your vision for the future of the Madison Region.**

*Selected comments:*

- I think the Madison region will become more decentralized compared to the city of Madison. The move of Epic to Verona is a good example, and other communities nearby, including Fitchburg, Janesville, and others will probably experience similar economic boosts. The key will be to make sure the highly educated workforce in the area has access to similar opportunities around the region.
- Better environment for businesses, more moderate political environment
- Access to local and regional transit. Better connectivity throughout the Midwest
- Extensive alternative energy options (e.g., wind and solar) that are cheap and the reinvestment in infrastructure (especially downtown Madison) with low unemployment due to quality jobs that enable families to be secure and stable which results in improved academic performance of students that succeed not only at a state and national level, but also compared to an international level of school performance.
- I would hope to see much greater recognition of and appreciation for the symbiotic relationship between Madison/Dane County and surrounding counties, with much stronger collaboration resulting there from. Specifically, I hope that Madison can enjoy better air and train (high-speed rail) connections.
- A diverse landscape of successful, growing businesses that have been built on our regional strengths within a political environment that has learned to be respectful of individual opinion and strives for the common good.
- Renewed dedication to institutions that benefit all: great schools, parks, museums, libraries, arts and cultural events, green space. Greater diversity and integration. A dynamic, globally-oriented economy that engages the skills of a well-educated workforce.

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