URGING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO CONVENE A WORKING GROUP TO EXPLORE AND PROPOSE METHODS TO INCENTIVIZE WOMEN ENTREPRENEURSHIP IN HAWAII.

WHEREAS, in 2015, the New York Times ran a study on the status of the glass ceiling that revealed the blunt reality that "fewer women run big companies than men named John"; and

WHEREAS, though there have been some positive changes in gender composition in businesses in recent years within the United States, women still hold only about ten percent of top executive positions, including chief executive officers, chief financial officers and the next three highest paid executive positions; and

WHEREAS, for women of color, this underrepresentation drops further to one in every twenty-five leaders; and

WHEREAS, evidence-based business cases show that, overall, a racially and gender diverse workforce leads to better financial performance, including increased sales and greater profits, better reputation and greater market share, increased innovation and talent retention, and better group performance and decision making; and

WHEREAS, regardless of these evidence-based findings, the underrepresentation of women persists at every level in the corporate pipeline, starting early on in many women's careers, with women of color faring significantly worse than white women and most men; and

WHEREAS, women-owned businesses make up less than ten percent of high-growth firms; and

WHEREAS, industries that attract the highest revenues tend to have the fewest women entrepreneurs, including management consulting, with 0.02 percent being women-owned; wholesale
trade, with 1.4 percent being women-owned; mining, with 0.2 percent being women-owned; and manufacturing, with 1.2 percent being women-owned; and

WHEREAS, women-owned businesses instead are concentrated in healthcare and social assistance; professional, science, and technology services; administrative support services; retail trade; and other service industries; and

WHEREAS, these general trends around industry concentration and firm growth for women-owned businesses are further corroborated by a table, adapted from The Middle Market Power Index, confirming that most women-owned businesses make up only a fraction of firms, and that their revenues tend toward the small to middle-market in size; and

WHEREAS, women in the United States start their businesses with half as much capital as men, relying much more heavily on bootstrapping, and only four percent of commercial loan dollars go to women-owned businesses; and

WHEREAS, Small Business Administration Loans, the top funding method for women entrepreneurs, is helpful but unlikely to assist in attracting a large influx of start-up capital; and

WHEREAS, while venture capital dollars are spread across the seventeen percent of startup businesses founded and run by women, women chief executive officers receive less than three percent of venture capital dollars; and

WHEREAS, the gender gap in financing also tends to grow over time, with men accessing exponentially more capital the larger their firms grow, despite companies with one or more women on the founding team outperforming all-male companies by sixty-three percent; and

WHEREAS, there are multiple ways forward to try to populate investor spaces with more women, including:
(1) Gender diverse angel investor groups that focus on women-led companies;

(2) Crowdfunding, which has shown some promise for women's seed funding and allows women to sidestep some of the obstacles associated with traditional financing; and

(3) Gender-lens investing, the most rapidly growing trend over the last decade for supporting women in business; and

WHEREAS, the National Association of Women Business Owners proposes that one of the best ways to strengthen women's networks and foster a better entrepreneurial ecosystem is to proliferate more regional and local incubators and accelerators, which often combine financial support with training, networking, and mentorship to support women entrepreneurs; and

WHEREAS, research has shown that eighty percent of business owners who receive training and business assistance remain in business after five years, while only fifty percent of those without such help survive; and

WHEREAS, to assist women business owners and small business ecosystems, other states have considered options such as establishing community lender loan loss programs operated by the state, allocating lottery funds for distribution to support small businesses, and working with local private businesses and nonprofits to match loans for small businesses; and

WHEREAS, in Hawaii, women working full-time, year-round currently earn 81.6 cents on the dollar as compared with men, while the earnings ratio in Hawaii has stalled and even decreased since 2004, when it was 83.4 percent; and

WHEREAS, if working women in Hawaii were paid the same income that working men in Hawaii earned, the average annual increase in earnings would be $13,000; and

WHEREAS, it is estimated that women employed full-time in Hawaii lose a combined total of more than $2,500,000,000 every year due to the wage gap, which could cover eight months of
child care, a year of tuition at a public university, three
months of mortgage and utilities payments, or five additional
months of rent; now, therefore,

BE IT RESOLVED by the Senate of the Thirtieth Legislature
of the State of Hawaii, Regular Session of 2020, that the
Department of Business, Economic Development, and Tourism is
urged to convene a working group to explore and propose ways to
incentivize women entrepreneurship in Hawaii; and

BE IT FURTHER RESOLVED that the working group address such
issues as the gender pay gap in Hawaii and assess capital and
financial resources for women entrepreneurs in Hawaii, including
state funding; and

BE IT FURTHER RESOLVED that the Director of Business,
Economic Development, and Tourism and Executive Director of the
Hawaii State Commission on Status of Women, or their respective
designees, serve as co-chairs of the working group; and

BE IT FURTHER RESOLVED that the co-chairs of the working
group invite community representatives to serve on the working
group, including:

(1) Women's Fund of Hawaii;

(2) Educational organizations, including Project Thesis
and the Patsy T. Mink Center for Business &
Leadership;

(3) Accelerators, including Mana Up, Hawaii Investment
Ready, Elemental Excelerator, and Blue Startups;

(4) Chamber of Commerce Hawaii;

(5) Community development financial institutions with
existing character-based loan programs; and

(6) Other interested parties or experts with relevant
experience on subjects to be addressed by the working
group; and
BE IT FURTHER RESOLVED that members of the working group shall serve without compensation; and

BE IT FURTHER RESOLVED that the working group is requested to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than December 1, 2020; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Governor; Director of Business, Economic Development, and Tourism; Executive Director of the Hawaii State Commission on Status of Women; Executive Director of Women's Fund of Hawaii; Executive Director of Project Thesis; Director of the Patsy T. Mink Center for Business & Leadership; Co-founders of Mana Up; Chief Executive Officer of Hawaii Investment Ready; Managing Director of Elemental Excelerator; Chief Executive Officer and Co-founder of Blue Startups; and Executive Director of Chamber of Commerce Hawaii.

OFFERED BY: [Signature]