

JPMorganChase



Revitalizing Innovation

Models of Equitable Entrepreneurship
Across the United States



EIC | Evidence-to-Impact
Collaborative

About the Venture Equity Project

Launched in 2021, the [Venture Equity Project](#) is a multi-year initiative and coalition of nonprofit and academic institutions, supported by JPMorganChase and Nasdaq. The Venture Equity Project explores models to expand venture capital access for underrepresented entrepreneurs through cutting-edge research and actionable policy recommendations. Our work identifies opportunities for ecosystem builders, policymakers, investors, and educators, by offering insights for those committed to advancing equity in entrepreneurship.

Now in its third year, the Venture Equity Project is focused on the role of the U.S. states in fostering equity within the venture ecosystem. This research is a collaboration among the Nasdaq Entrepreneurial Center, Heartland Forward, and Penn State University's Evidence-to-Impact Collaborative.

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INTRODUCTION

The Urgent Need for Equitable Access to Venture Capital

Entrepreneurship drives innovation and economic growth in the U.S., but equitable access to venture capital remains out of reach. Venture capital-backed companies generate jobs at eight times the rate of non-venture-backed firms [1], yet funding disparities are stark. In 2023, Black founders received only 0.48 percent of venture capital investment [2], all-women teams' 2 percent [3], and Latinx -founded companies about 2 percent [4]—the lowest levels in recent history. Research has found that including more women and Black Americans in the early stages of innovation could boost U.S. GDP by as much as \$640 billion[5]. These disparities underscore the urgent economic need to increase opportunities for underrepresented entrepreneurs.

We use the term "underrepresented" to refer to venture-ready entrepreneurs who identify as Black, Hispanic, and women. We honor the broad spectrum of diversity within the venture capital ecosystem and recognize there are limitations in our definition and our data. Equally, we believe a focus on each of these groups is warranted and significant.

Two distinct problem sets emerge from the persistent lack of venture capital investment in companies led by underrepresented entrepreneurs:

- No single data model fully tracks the flow of capital to underrepresented founders (though many strong efforts exist), and
- There is no single programmatic model that is accepted as a way to catalyze the flow of capital to these founders within the venture capital ecosystem.

A New Model for Equitable Entrepreneurship

The Venture Equity Project exists to catalyze models of equitable entrepreneurship. We are working toward a future where underrepresented founders can identify supportive ecosystems, access capital, and ensure these efforts are accurately measured and shared.

Advancing entrepreneurship can also strengthen collaborations and partnerships among policymakers, economic development agencies, nonprofits, community organizations, universities, and technical assistance providers. The Venture Equity Project stands in support of ecosystem builders across the country, offering valuable insights and perspectives to enhance their efforts.

[1] National Venture Capital Association. (n.d.). Employment dynamics and venture-backed companies. NVCA.

[2] Hardy, Q. (2024, January 17). Funding for Black founders dropped in 2023. TechCrunch.

[3] PitchBook. (2023, August 18). Female founders in VC: A year in review 2023. PitchBook.

[4] Crunchbase News. (2023, July 18). Latinx startup founders saw a funding decline, but some regions saw progress. Crunchbase News.

[5] Citigroup. (2020, September 22). Closing the racial inequality gaps: The economic cost of Black inequality in the U.S.

INTRODUCTION

Building on Breakthroughs: How Emerging Venture Markets Are Advancing Opportunities for Underrepresented Entrepreneurs

While much is known about the ecosystems nurturing venture founders in California, New York, and Massachusetts, the state of equitable access to venture capital outside these regions has been underreported and is largely unknown.

Research conducted in 2022 by our Venture Equity Project partner, Extend Ventures, uncovered critical findings that informed the analytical approach for this study. Extend Ventures' analysis revealed that non-traditional geographic markets with growing venture activity are increasingly supporting underrepresented entrepreneurs, offering new opportunities for investment and growth.

We believe that more deeply understanding the relationship between geography and opportunity will contribute to building models that foster equitable entrepreneurship.

Place-Based Solutions for Systemic Change

This report offers a comprehensive view of how place shapes opportunities for underrepresented entrepreneurs. Our research combines the contributions of the coalition's strengths: Penn State University analyzed state-level legislative activity and discourse, Heartland Forward evaluated business ownership among Black, Hispanic, and women entrepreneurs using U.S. Census data, and the Nasdaq Entrepreneurial Center provided qualitative insights from entrepreneurial models being implemented across the U.S. Together, these efforts provide a nuanced understanding of state-level impact on entrepreneurial equity.

By sharing data and case studies, we aim to inspire collaboration and foster stronger connections among those working to create more inclusive entrepreneurial ecosystems.

This report aims to remove the two key barriers we've observed:

First, we aim to inform the development of data models that accurately track capital flows to underrepresented founders, and;

Second, we highlight programmatic models that effectively catalyze funding for these entrepreneurs.

INTRODUCTION

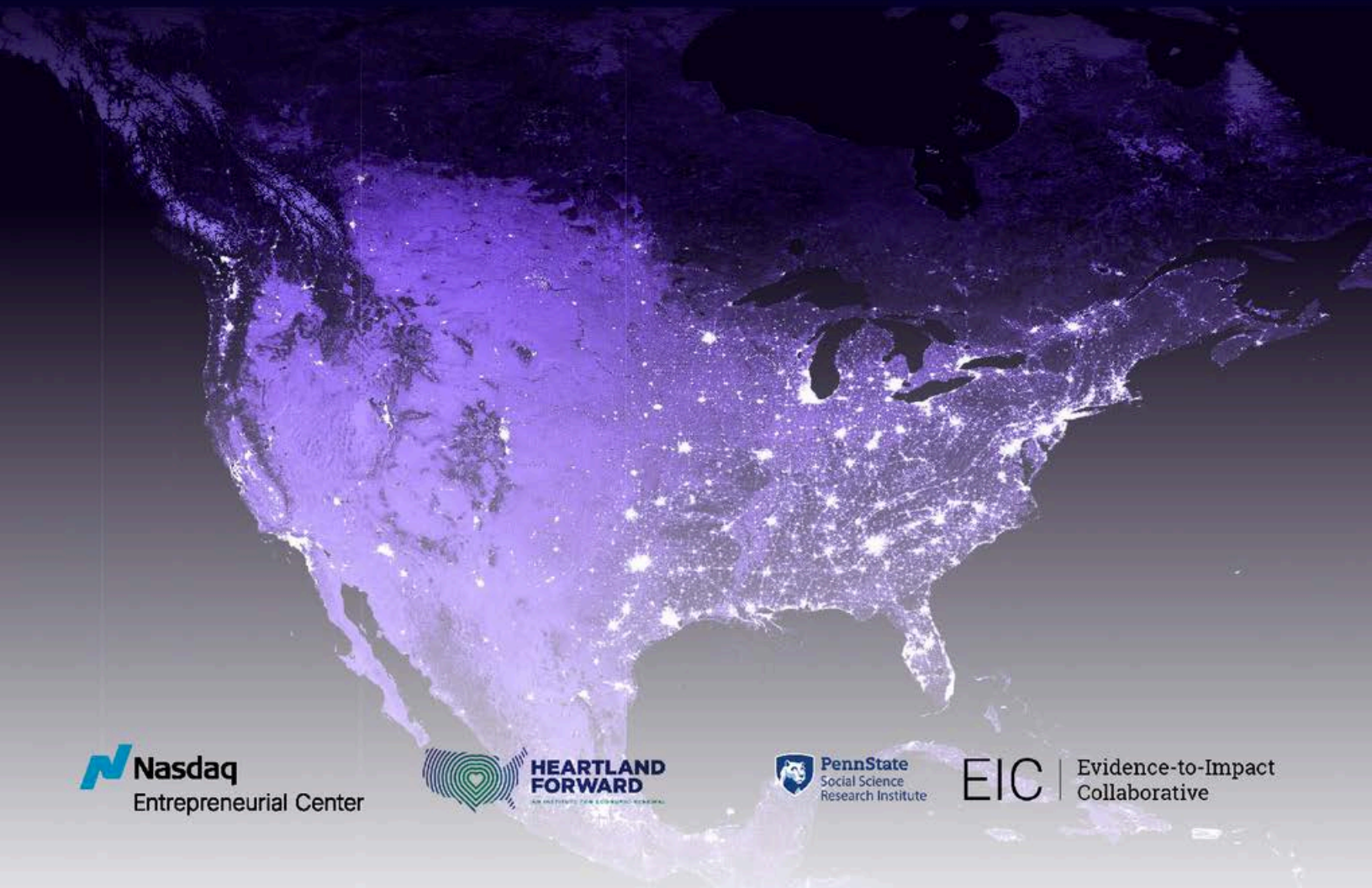
Our Key Hypotheses: Foundations for Transformative Models

We present four key hypotheses that we believe can help dismantle the systemic barriers faced by underrepresented entrepreneurs. These hypotheses guided our exploration of how location impacts equitable entrepreneurship and provide a foundation for developing inclusive, transformative models.

- 1 Leveraging Regional Strengths Fuels Innovation:** Innovation flourishes when it harnesses the unique industries, expertise, and talent of a region.
- 2 KPI-Driven Innovation is Critical:** Thriving ecosystems prioritize inclusive innovation aligned with measurable success metrics at the state, city, and organizational levels.
- 3 Collaboration Powers Lasting Change:** Sustainable impact on underrepresented entrepreneurs comes from public-private partnerships, not siloed efforts.
- 4 Continuous Experimentation Strengthens Data Models:** Effective entrepreneurial equity models require ongoing experimentation to refine and optimize solutions.

Across the U.S., each stakeholder brings valuable insights, and including these voices is essential. Our goal is to unite these perspectives and share models that can lead to real change. While we don't have all the answers yet, taking action now is key to ensuring that innovative ideas get the attention and funding they deserve. Some states are already making impressive strides, and we hope to both recognize their efforts and inspire others to do the same.

Summary of Key Findings



SUMMARY OF KEY FINDINGS

Key Findings – State Analysis

State and local policies, organizations, and programs play a critical role in advancing entrepreneurial equity across the U.S. By analyzing state policies, business ownership rates, and case studies, we identify state ecosystems that support diverse founders. Our research highlights the growing bipartisan focus on entrepreneurship and the importance of place in fostering an equitable innovation economy.

Leveraging insights from Extend Ventures on non-coastal venture hubs for underrepresented founders, **Heartland Forward** conducted deeper analysis to uncover how states are advancing venture equity.

Black and Hispanic Entrepreneurship Rates: States on the Rise

Georgia and Oregon Lead the Nation in Black Entrepreneurship Equity. The top states for Black entrepreneurship equity are Georgia, Oregon, Arkansas, Texas, and Maryland. Georgia and Oregon share the highest average rankings. Three Midwest states are ranked between 7th and 10th overall: Missouri, Illinois, and Michigan. Illinois ranks at least 12th across the three metrics, while Missouri ranks 6th in the Successful Founder Share of All Black Business Owners and 4th in the Black Entrepreneurship Equity Ratio. North Carolina ranks #10 for Hispanic entrepreneurs, and #10 for Black entrepreneurs.

Florida Dominates in Hispanic Entrepreneurship Equity, followed by South Carolina, Louisiana, Hawaii and New Mexico. Florida ranks first in Hispanic entrepreneurship equity with an average score of 2.33, significantly outperforming other top states of Hawaii, Louisiana, and South Carolina, which all average 4.67. New Mexico, with a large Hispanic population, also stands out, ranking in the top 10 across all metrics, which is crucial for the state's economy, where 50% of residents are Hispanic.

Establishing Positive Business Indicators for Black, Hispanic, and Women Owned Businesses

To identify successful Black, Hispanic, and Women founders, we used data from the U.S. Census Bureau's American Community Survey (2017-2021) and calculated three key measures.

- **Successful Founder Share of All Black, Hispanic, or Women Workers:** This metric is a ratio of the number of the successful Black, Hispanic, or Women business owners in the state, as defined by those who have incorporated their business and who are earning higher than the state's average income, compared to the total Black, Hispanic, or Women working population in the state.
- **Successful Founder Share of Black, Hispanic, Women Business Owners:** This metric is a ratio of successful Black, Hispanic, or Women business owners compared to the total Black, Hispanic, or Women business owners in the state.
- **Black, Hispanic, or Women Entrepreneurship Equity Ratio:** This metric compares the success rate of Black or Hispanic workers to that of white, non-Hispanic workers, and the success rate of Women workers relative to that of male workers.

This methodology helps assess state-level equity in entrepreneurship. We take the average ranking across all three metrics to determine each state's overall performance in entrepreneurship equity. For the full report from Heartland Forward, please refer to Appendix A.

Women Entrepreneurship Rates

Washington D.C., Colorado, Hawaii, Washington, Oregon, Wyoming, Arizona, California, New York, and New Mexico rank in the top 10 states for supporting women entrepreneurs. This ranking of U.S. states evaluates where female entrepreneurs, including venture-backed women, experience the highest rates of success. It is based on a composite analysis using data from Pitchbook and the U.S. Census American Community Survey.

SUMMARY OF KEY FINDINGS

Key Findings – Legislative Analysis

Government plays a critical yet complex role in the entrepreneurial ecosystem. With its vast power, resources, and influence, it is uniquely positioned to drive systemic changes that impact entrepreneurial equity. Understanding government actions is essential for effectively advocating entrepreneurial equity to lawmakers. By examining place-based insights that are central to advancing equity, we aim to deepen our understanding of the policy landscape in key states.

Penn State University pursued a state-level legislative analysis to understand the potential impact state governments can have on entrepreneurial equity.

Building on prior analyses conducted in the first two years of the Venture Equity Project, the research team analyzed state-level entrepreneurial legislation between 2013 and 2023. Drawing from Heartland Forward's analyses, the team also conducted an informal evaluation of entrepreneurial legislation introduced by high-performing states over the past year.

Virginia, Ohio, California, and Wisconsin Led Legislative Action on Entrepreneurship in Past Ten Years

- Over the last decade, 2013-2023, just 1.6 percent of 1.4 million pieces of state-level legislation that were introduced addressed entrepreneurship.
- Over the last decade, Virginia (1350), Ohio (402), California (837), and Wisconsin (342) introduced the most entrepreneurship bills relative to all legislation that state introduced.
- In 2023, Washington, Kentucky, Wisconsin, and Washington, D.C. introduced the most entrepreneurial legislation relative to all bills introduced in 2023.

Racial Equity in Entrepreneurship Has Been Growing Priority in Washington, D.C, South Carolina, Massachusetts and Minnesota in Past Ten Years

- 23 states and D.C. introduced legislation addressing entrepreneurship and race between 2013-2023.

- Over the course of the last decade, Washington, D.C. (12), South Carolina (5), Massachusetts (14), and Minnesota (17), introduced the most entrepreneurship legislation that considers race relative to their total volume of bills introduced in the state.
- In 2023, Washington, South Carolina, Minnesota, and Alabama introduced the most entrepreneurial legislation that considers race/ethnicity relative to all entrepreneurial bills introduced in 2023.

Bipartisan Support for Entrepreneurship

- Over the last decade, both Republican and Democratic parties produced a relatively similar volume of overall bills, although the Democratic party did introduce 1.2 times the volume of entrepreneurship related bills compared to the Republican party.
- The gap between parties has closed in 2023, suggesting that entrepreneurship has increased in saliency as a critical bi-partisan issue.

Legislators in Delaware, Puerto Rico, Illinois, and Connecticut Lead the Conversation on Entrepreneurship

- Mentions of entrepreneurship in legislators' social media posts doubled from 2013 to 2023, from 0.3% of all posts in 2013 to 0.6% in 2023. However, the topic still represents a small proportion of the overall content.
- Over the last decade, Delaware, Puerto Rico, Illinois, and Connecticut increased their entrepreneurship social media discourse the most.

Equity Innovation Leaders

States Pioneering Equity in Entrepreneurship

EQUITY INNOVATION LEADERS

Equity Innovation Leaders: States Pioneering Equity in Entrepreneurship

This section explores how geography shapes the challenges and opportunities for underrepresented founders in the U.S., focusing on seven states we call Equity Innovation Leaders:

Florida, Georgia, Illinois, Maryland, Michigan, North Carolina, and Texas.

These states were selected for their strong venture capital activity (top 50% in 2023), alignment with 2021 Extend Ventures findings, and consistently high rankings across all three metrics for Black, Hispanic, and Women entrepreneurs in the Heartland Forward analysis. We refer to them as the **Equity Innovation Leaders** for their commitment to fostering inclusive entrepreneurship.

Through video interviews with key stakeholders, we examine the policies, organizations, and programs that promote equity for underrepresented entrepreneurs.

These case studies aim to raise awareness and deepen understanding of what it takes to create an inclusive entrepreneurial ecosystem. They offer valuable insights and serve as models for other regions.

These states highlight our four key hypotheses about transformative models of inclusive entrepreneurship:

Leveraging Regional Strengths Fuels Innovation: Innovation flourishes when it harnesses the unique industries, expertise, and talent of a region.

KPI-Driven Innovation is Critical: Thriving ecosystems prioritize inclusive innovation aligned with measurable success metrics at the state, city, and organizational levels.

Collaboration Powers Lasting Change: Sustainable impact on underrepresented entrepreneurs comes from public-private partnerships, not siloed efforts.

Continuous Experimentation Strengthens Data Models: Effective entrepreneurial equity models require ongoing experimentation to refine and optimize solutions.

EQUITY INNOVATION LEADERS

Equity Innovation Leaders by Location and Focus

Theme	State	Organization	Key Focus
Leveraging Regional Strengths Fuels Innovation	Georgia	<u>Russell Innovation Center for Entrepreneurs</u>	RICE is dedicated to nurturing and growing Black-owned businesses through comprehensive support and a proven, evidence-based approach.
	Texas	<u>The Ion District</u>	The Ion District focuses on creating an inclusive innovation hub that reflects Houston's diversity and fosters collaboration across sectors.
KPI-Driven Innovation is Critical	Illinois	<u>Illinois Department of Commerce & Economic Opportunity, Office of Minority Economic Empowerment</u>	OMEE focuses on breaking down systemic barriers faced by minority and women entrepreneurs through specialized business collectives and access to venture capital.
	North Carolina	<u>NC IDEA Foundation</u>	The Foundation ensures that 50% of programmatic resources serve underrepresented communities, focusing on minority, women, and rural entrepreneurs.
Collaboration Powers Lasting Change	Florida	<u>Miami-Dade Innovation Authority</u>	MDIA bridges the gap between private and public sectors to support regional innovation and commercialization of technologies.
	Michigan	<u>Invest Detroit</u>	Invest Detroit is a leader in the coalition aiming to address Michigan's lack of early-stage investment capital to prevent talent and business drain to neighboring states.
Continuous Experimentation Strengthens Data Models	Maryland	<u>TEDCO</u>	TEDCO focuses on economic empowerment and inclusive growth, prioritizing underrepresented entrepreneurs in tech and life sciences.

Regional Strengths Fuel Innovation

Georgia: Russell Innovation Center for Entrepreneurs, Atlanta

Recognition for building a nonprofit dedicated to supporting Black businesses and having driven \$450 million in total economic activity.

Model

Type: 501(c)(3) nonprofit

Starting Line Challenge: Address the systemic barriers Black entrepreneurs face.

Solution: Launch a nonprofit dedicated to supporting the needs of Black businesses. RICE exists to nurture genius and convert it into greater wealth, with an evidence-based, reliable method for building Black businesses.

Overview

Founded in 2019, RICE is the largest center in the world focused on Black business. A remarkable 46% of RICE businesses have thrived beyond the startup stage, more than ten times the national average. RICE businesses are valued at five times the average value of Atlanta's Black-owned businesses. So far, RICE Stakeholders, have created hundreds of jobs, generated more than \$100 million in revenue, and driven \$450 million in total economic activity.

Insight

"Atlanta is at a crossroads—with RICE squarely at the center, occupying the nexus of access, opportunity, exposure, and impact. We are called to inspire the next generation of entrepreneurs and invite all Atlantans, regardless of race or socioeconomic status, to participate and contribute. Something special is happening on Atlanta's Westside. It's game time. I hope you will join us." – James M. "Jay" Bailey, President and CEO

Themes

- **Focused on Black Entrepreneurship:** RICE is dedicated to nurturing and growing Black-owned businesses through comprehensive support and a proven, evidence-based approach.
- **Six Pillars of Support:** RICE's approach centers on community, connections, curriculum, capital, coaching, and culture to provide holistic business support.
- **Measurable Impact:** RICE has significantly increased the survival and success rates of Black-owned businesses in Atlanta, far surpassing national averages.
- **Long-Term Economic Growth:** RICE has generated substantial economic activity, new revenue, and job creation, proving the value of sustained support for Black entrepreneurs.

Actionable Recommendations

Focus on Comprehensive Support: Use a multi-faceted approach like RICE's Six C's (Community, Connections, Curriculum, Capital, Coaching, Culture) to support entrepreneurs in all areas of their business journey.

Offer Sector-Specific Programs: Provide customized, hands-on support for businesses in various industries to help them grow and thrive.

Invest in Long-Term Success: Develop long-term, sustainable ventures through structured programs like the Big IDEAS Curriculum, ensuring businesses are well-positioned for success.

Regional Strengths Fuel Innovation

Texas: Ion District, Houston

Recognition for creating an inclusive innovation hub that reflects Houston's diversity and fosters collaboration across sectors.

Model

Organization Type: A joint initiative between Rice University and the City of Houston

Starting Line Challenge: Houston, despite being one of the most diverse cities in the United States, faced a significant challenge in creating equitable access to venture capital and innovation opportunities.

Solution: Bring together a meaningful concentration of innovation into one area, allowing for cross-pollinating across sectors, outlooks, and communities.

Overview

Rice University established Ion District, a dynamic innovation hub situated on 16 acres in the heart of Houston. The vision was to create a thriving ecosystem that brings together entrepreneurs, corporations, investors, and support organizations to collaborate and innovate. Ion harnesses Houston's potential to emerge and endure as a tech hub, a thought leader, a cultural core, and a global economic force. Ion District is more than just a physical space for innovation; it is Rice University's "love letter to Houston," aiming to be an epicenter for technology, entrepreneurship, and community development.

Insight

"There's something almost magical about Houston—it's hard to quantify the sense of belonging that emerges when people from all walks of life come together. Our unique tapestry of global communities woven together across an expansive city fosters a unique culture where barriers fade into the background. This seamless integration creates a unique opportunity to take Houston's talent and sprawl and connect it all in an inclusive innovation ecosystem that reflects our city's diversity of ethnicities and enduring individualism." – Paul Cherukuri, Chief Innovation Officer and Vice President for Innovation at Rice University

Themes

- **Inclusive Innovation Ecosystem:** Ion District focuses on creating an inclusive innovation hub that reflects Houston's diversity and fosters collaboration across sectors.
- **Cross-Sector Partnerships:** Ion District combines private, public, and academic investments to build an ecosystem that supports underrepresented founders and local startups.
- **Strategic Focus Areas:** Ion District leverages Houston's strengths in sectors like clean energy, aerospace, and health technology to drive practical, scalable innovations.
- **Community Benefits and Investment:** Through a Community Benefits Agreement with the City of Houston, Ion District ensures that its activities contribute to affordable housing, inclusive hiring, and broader community development efforts in Houston.

Actionable Recommendations

Promote Inclusivity and Diversity: Focus on creating innovation ecosystems that reflect the diversity of the community, providing resources and support to underrepresented groups.

Leverage Strategic Partnerships: Collaborate with local governments, universities, and community organizations to create impactful initiatives that drive both economic and social benefits.

Focus on Scalable and Practical Innovation: Develop innovation hubs that focus on scalable solutions, especially in sectors where the city or region holds a natural advantage.

KPI-Driven Innovation



Illinois
Department of Commerce
& Economic Opportunity
OFFICE OF ECONOMIC EQUITY & EMPOWERMENT
JB Pritzker, Governor

Illinois: Illinois Department of Commerce & Economic Opportunity (DCEO) Office of Economic Equity & Empowerment (OE3)

Recognition for breaking down systemic barriers faced by minority and women entrepreneurs through specialized business collectives and access to venture capital.

Model

Organization Type: State Government Agency

Starting Line Challenge: Minority and women entrepreneurs in Illinois face systemic barriers to accessing venture capital, stemming from a lack of financial resources and network connections.

Solution: OE3's Illinois Women's Business Collective (ILWBC), together with the Illinois Office of Entrepreneurship, Innovation & Technology (EIT) at DCEO, prioritized breaking down these barriers by developing programs and tools that not only provide direct venture capital - such as the Illinois Innovation Venture Fund (INVENT) Program - but also focus on fostering the networks, skills, and confidence needed to thrive in a competitive market.

Overview

The Illinois Women's Business Collective (ILWBC), led by Michelle Lura White, Women's Business Development Manager and state liaison to the women's entrepreneurial ecosystem, serves as an important statewide platform for cross-sector organizations and leaders focused on identifying systemic gaps and developing collaborative solutions to better support business leaders, women-owned businesses, and future female founders throughout Illinois. The ILWBC offers multigenerational female entrepreneurs from all backgrounds an accessible, digital hub of centralized business resources, mentorship, and support.

Insight

"Within the Illinois Women's Business Collective, one of its biggest returns on investment in supporting women entrepreneurs was increasing the statewide collective organizations' participation by 793% within two and a half years to ensure cross-sector organizations throughout the state are part of the conversations and solutions in continuing to advance Illinois women-owned businesses, future women business owners, and aspiring female entrepreneurs from diverse backgrounds and generations throughout Illinois." – Michelle Lura White, Women's Business Development Manager

Themes

- **Empowering Minority Entrepreneurs:** OE3 focuses on breaking down systemic barriers faced by minority and women entrepreneurs through specialized business collectives and access to venture capital.
- **Digital Resource Centralization:** OE3 offers a centralized digital hub of resources, providing accessible business tools and mentorship across various minority groups.
- **Collaborative Ecosystem:** The statewide business collectives (Black Business Collective, Illinois Asian American Pacific Islander Business Collective, Latinx Business Colectivo, and IL Women's Business Collective) work with cross-sector organizations to support entrepreneurs.
- **Tailored Solutions:** OE3 ensures that each collective provides targeted, community-specific support for the unique challenges faced by their respective groups.

Actionable Recommendations

Centralize Digital Resources: Create digital hubs to make business resources accessible for minority-owned businesses, providing entrepreneurs easy access to tools and information in multiple languages.

Develop Specialized Business Collectives: Collaborate with or create specialized business collectives that focus on supporting diverse communities with tailored resources, mentorship, and empowerment opportunities.

Collaborate with Cross-Sector Leaders: Engage with cross-sector organizations to identify systemic gaps and build collaborative solutions for inclusive and sustainable economic empowerment for diverse entrepreneurs.

EQUITY INNOVATION LEADERS

KPI-Driven Innovation

North Carolina: NC IDEA Foundation



Recognition for ensuring that its programmatic resources serve underrepresented communities, focusing on minority, women, and rural entrepreneurs.

Model

Organization Type: 501(c)(3) private foundation

Starting Line Challenge: Lack of access, exposure, networks, funding and resources for Black, Female and Hispanic entrepreneurs.

Solution: Programmatic and funding resources be in service to under-served, underrepresented communities, most notably, minorities, women, and rural constituencies.

Overview

NC IDEA Foundation strengthens North Carolina's economy by equitably providing grants and programs to help entrepreneurs of diverse backgrounds achieve their entrepreneurial ambition to start and grow high impact companies. Established in 2005, this independent 501(c)(3) private foundation provides grant funding and support on the principles of diversity, equity, and inclusion (DEI). The Foundation fosters a collaborative culture and is committed to DEI with the commitment that no less than 50% of NC IDEA programmatic and funding resources be in service to under-served, underrepresented, and under-represented communities, most notably, minorities, women, and rural constituencies. In 2020, it established the North Carolina Black Entrepreneurship Council (NC BEC) to address the inequities that have limited access, exposure, networks, funding and resources for Black entrepreneurs. Additionally, NC IDEA, in partnership with Wells Fargo and others, has supported several rural initiatives, companies, and events across the state to similarly uplift rural entrepreneurship within North Carolina.

Insight

"NC IDEA's activities reflect an investment in the potential to grow, from within the State. The companies will create the jobs and wealth that strengthen the economy and build diverse communities. Policymakers, business leaders, and community stakeholders must all work together to sustain equitable outcomes. With the creation of the North Carolina Black Entrepreneurship Council (NC BEC), we empowered a select group of leaders representing the Black community to create grant programs to address the systemic inequities of Black America through entrepreneurship. The model is now informing efforts to elevate rural entrepreneurship in North Carolina." – *Thom Ruhe, President and CEO of NC IDEA Foundation*

Themes

- **Equitable Grant Funding:** The Foundation ensures that 50% of programmatic resources serve underrepresented communities, focusing on minority, women, and rural entrepreneurs.
- **Collective Approach to Entrepreneurship:** NC IDEA fosters collaboration with councils such as the North Carolina Black Entrepreneurship Council to develop programs that address systemic inequities.
- **Comprehensive Support:** Through partnerships, grant programs, and reporting mechanisms, NC IDEA strengthens the entrepreneurial ecosystem for diverse founders.
- **Statewide Impact:** The Foundation has invested over \$23 million in grant funding to support nearly 600 companies across North Carolina.

Actionable Recommendations

Collaborate with Existing Councils:

Engage with or establish councils that address challenges specific to underserved entrepreneurs, such as the NC BEC.

Track and Showcase Impact: Use tools like Salesforce to track and measure outcomes through annual surveys, demonstrating impact to funders and stakeholders.

Join Statewide Collaborative Efforts:

Strengthen the entrepreneurial ecosystem by partnering with organizations that create innovative programs to support entrepreneurs across the state.

Public-Private Sector Collaboration Fuels Sustainable Change

Florida: Miami-Dade Innovation Authority

Recognition for bridging the gap between public and private sector innovation.

Model

Organization Type: 501(c)(3) Nonprofit

Starting Line Challenge: Limited entrepreneur participation within the regional economy.

Solution: Public-private sector collaboration.

Overview

Miami-Dade Innovation Authority (MDIA) is an independent nonprofit organization dedicated to accelerating the discovery and commercialization of technologies that address critical local challenges. By investing in growth-stage technology companies, MDIA bridges the gap between the private and public sectors. Founding members include Mayor Daniella Levine Cava, with seed funding from the Knight Foundation and Ken Griffin, founder of Citadel, highlighting the importance of a unified public-private approach to regional innovation. MDIA's mission is to support early-stage companies by providing procurement assistance, funding opportunities, and structured innovation processes. This includes piloting new technologies and creating a sandbox environment where innovative solutions can be tested, all with the goal of improving the quality of life for Miami-Dade residents.

Insight

"We believe innovation is not confined to any location. We seek out solutions that address public issues, have market potential, and can scale to impact a large population, setting best practices for others to follow. Our ROI focuses on return on impact. We invest in companies with scalable solutions to public challenges, aiming for both financial returns and positioning the public sector as a catalyst for commercialization. In the last year, we've attracted 263 companies from 41 countries, with 52% of founders identifying as people of color and 26% as women or non-binary. This shows our commitment to creating a diverse pipeline of opportunities." – Leigh-Ann Buchanan, President and CEO

Themes

- **Public-Private Collaboration:** MDIA bridges the gap between private and public sectors to support regional innovation and commercialization of technologies.
- **Structured Innovation Process:** Through the Public Innovation Challenge Program, MDIA provides a structured approach to piloting and scaling new technologies.
- **Sector-Specific Focus:** MDIA targets challenges in climate, health, housing, mobility, and talent, ensuring alignment with local needs and economic growth goals.
- **Diverse Entrepreneurial Pipeline:** Commitment to diversity in the entrepreneurial ecosystem with over half of founders being people of color or women/non-binary.

Actionable Recommendations

Foster Public-Private Collaboration:

Encourage partnerships between the public and private sectors to drive regional innovation and effectively address local challenges.

Implement Structured Innovation

Processes: Develop and utilize structured processes for piloting and scaling new technologies to streamline innovation and reduce risks.

Support Early-Stage Companies:

Provide procurement assistance and funding opportunities to help early-stage companies grow and succeed.

Public-Private Sector Collaboration Fuels Sustainable Change

Michigan: Invest Detroit

Recognition for its leadership role in developing the Michigan Innovation Fund, a fund to grow Michigan's entrepreneurial and innovation ecosystem.

Model

Organization Type: Nonprofit Community Development Financial Institution (CDFI)

Starting Line Challenge: Low rates of entrepreneurship in Michigan.

Solution: The formation of the Michigan Innovation Fund to create a strong and sustainable ecosystem that supports early-stage startups and innovation.

Overview

Over the past several decades, Michigan has lost significant jobs, talent, and investment opportunities due to the lack of early-stage investment capital to support startups. To address this, the Michigan Innovation Fund creates a strong and sustainable ecosystem that supports early-stage startups and innovation, leading to broader economic growth and a diverse economy for the state. While some states have selected to have a single-state venture funding entity, our approach is a decentralized model. The Michigan Innovation Fund will leverage existing venture teams within strong fiscally managed organizations to provide entrepreneurs multiple opportunities to identify the right partner or partners. To reach this goal, the Fund was formed through a coalition created to address early-stage capital gaps in Michigan, preventing loss of founders to states like Ohio, Illinois and California. Coalition members include Invest Detroit, Michigan State University, Ann Arbor Spark, Western Michigan University, and University of Michigan, all organizations with existing venture teams supporting the start-up ecosystem. The fund, inspired by research around other states' funding models, has public support from the state and Governor.

Insight

"In order to grow the startup ecosystem in Michigan, we knew we needed to build strong public policy and programming, along with funding, that supported five nonprofit/university funds with strong track records to help them become self-sustaining evergreen funds." – Jennifer Hayes, Senior Vice President, Operations & Policy Invest Detroit

Themes

- **Addressing Capital Gaps:** The coalition aims to address Michigan's lack of early-stage investment capital to prevent talent and business drain to neighboring states.
- **Decentralized Venture Model:** Rather than a single state venture fund, Michigan uses a decentralized approach to distribute venture capital through various local institutions.
- **Evergreen Funds:** Focus on creating self-sustaining venture funds that continue to support early-stage startups indefinitely.
- **Public Policy Support:** Securing bipartisan support and inclusion in the state budget was critical for the fund's sustainability and growth.

Actionable Recommendations

Form Coalitions to Address Capital Gaps: Build collaborations with local organizations and institutions to tackle early-stage capital shortages and retain talent within the state.

Secure Public and Bipartisan Support: Ensure funding and policy support by gaining the backing of state officials and bipartisan stakeholders.

Develop Evergreen Funds: Establish mission-driven evergreen venture funds to provide ongoing support for early-stage startups.

Experimentation Enhances Data Models

Maryland: TEDCO

Recognition for focusing on inclusive growth for Maryland entrepreneurs, using data to prioritize equity.

Model

Organization Type: Development Organization

Starting Line Challenge: Improve outcomes for early-stage companies in Maryland, with a focus on supporting underrepresented founders.

Solution: Launch a state-funded investment vehicle with technical support for entrepreneurs.

Overview

TEDCO is committed to boosting economic empowerment in Maryland by fostering an inclusive and entrepreneurial innovation ecosystem through funding opportunities, resources, and connections for early-stage tech and life sciences companies. Specializing in Seed and Series A investments, TEDCO is a quasi-public organization primarily funded by the state of Maryland and the State Small Business Credit Initiative (SSBCI). TEDCO focuses on economic empowerment and inclusive innovation in Maryland by strategically allocating funding and resources. TEDCO is dedicated to accelerating support and investment focus in underserved entrepreneurial communities. Leading these diversity efforts is Elizabeth Good Mazhari, TEDCO's Investment and DEI Advisor, who analyzes application and funding demographics to identify discrepancies and enhance community outreach. TEDCO also advocates for state capital to fund equity initiatives such as the Social Impact Funds, which consist of the Inclusion Fund (30% diverse ownership) and the Pre-Seed Builder Fund (51%+ diverse ownership).

Insight

"You can't improve what you don't measure. TEDCO lacked hard data on who was applying to TEDCO and whom we were funding. We want to ensure the best entrepreneurs and ideas were getting the resources and funding they needed to be given a chance at success, without regard to their background and network."

– Elizabeth Good Mazhari, TEDCO's Investment and DEI Advisor

Themes

- **Inclusive Innovation:** TEDCO focuses on economic empowerment and inclusive growth, prioritizing underrepresented entrepreneurs in tech and life sciences.
- **Diversity in Funding:** The launch of Social Impact Funds (Inclusion Fund and Pre-Seed Builder Fund) aims at ensuring diverse ownership among startups.
- **Data-Driven Equity:** TEDCO uses tools to analyze demographics in application and funding processes to better serve diverse communities.
- **Public-Private Partnership:** TEDCO leverages public and private stakeholders to align resources, particularly state funding, to foster innovation.

Actionable Recommendations

Analyze Program Applications:

Leverage tools to analyze application and funding demographics, addressing disparities to enhance outreach and support for diverse entrepreneurs.

Advocate for State Funding: Secure for state capital to support equity initiatives, such as the Social Impact Funds, and provide targeted programs like mentorship and rural support to foster inclusive growth.

CONCLUSION

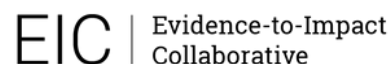
This report highlights the urgent need to expand equitable entrepreneurship models for underrepresented founders. By analyzing state-level policies, business ownership rates, and successful case studies, we explored how geography and opportunity shape entrepreneurial outcomes.

The collaborative efforts of Penn State University, Heartland Forward, and the Nasdaq Entrepreneurial Center have reinforced the importance of data-driven, inclusive ecosystems. While we acknowledge that there is still much work to be done, we are inspired by the progress in emerging venture markets across the U.S., and we hope to see more states adopt similar approaches.

We celebrate the leaders who are forging collaborations and creating pathways to equitable venture capital opportunities, uplifting their communities, states, and economies. Their success and sustainability as organizations rely on community support and recognition. We invite you to join us in identifying and honoring these impactful leaders.

Together, we have the opportunity to reshape the entrepreneurial landscape and ensure that opportunity is accessible to all as we accelerate and strengthen the innovation economy. By supporting and elevating these initiatives, we can build a future where every entrepreneur, regardless of background or geography, has the resources and pathways to succeed.

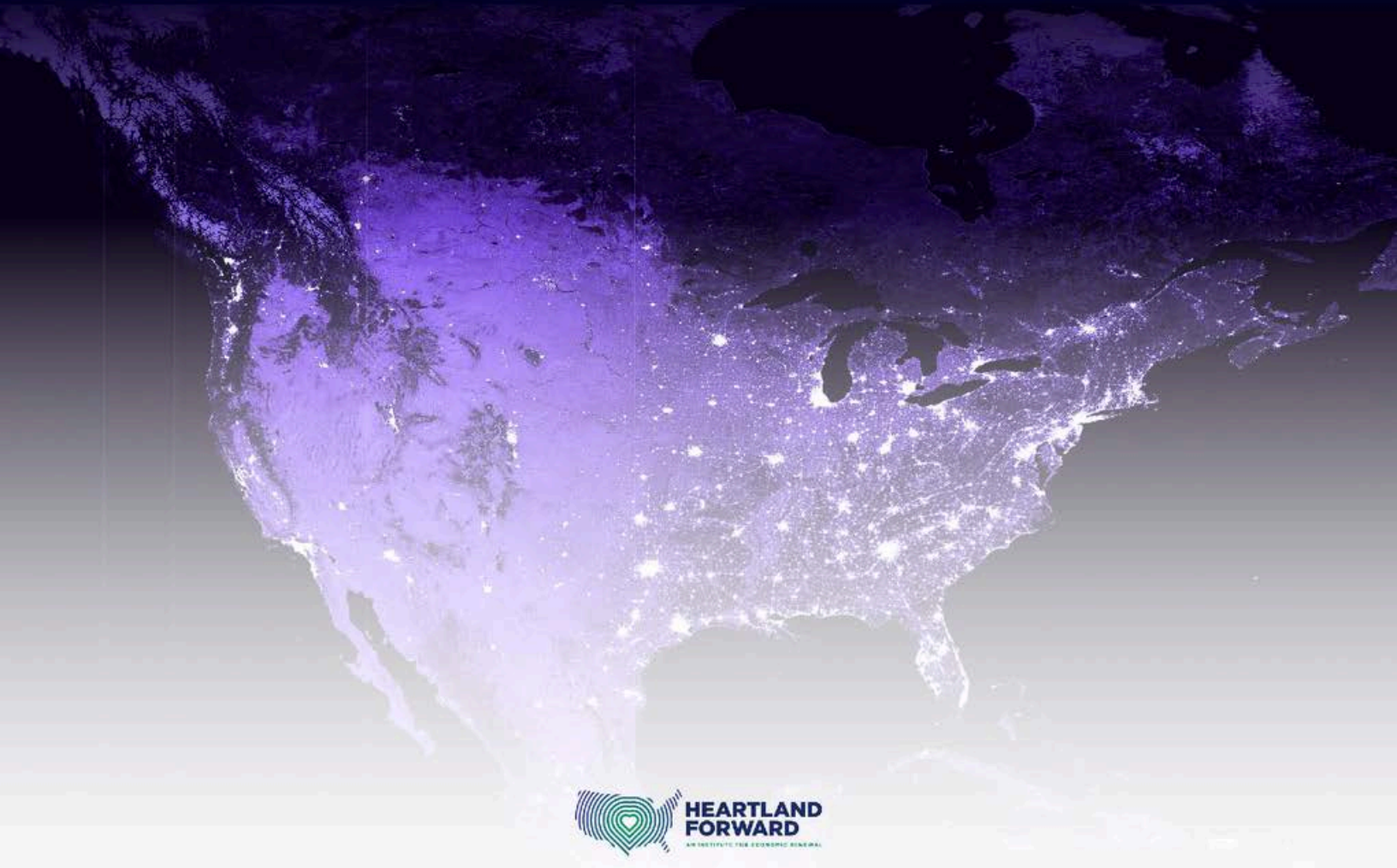
The time to act is now.



Appendix A

Heartland Forward

Evaluating
Entrepreneurship
Equity Across the U.S.



HEARTLAND FORWARD RESEARCH

Overview

Our research on Black, Hispanic, and Women entrepreneurship equity centers on success measures linked to the economic outcomes of founders, both current and future. Given the limited venture capital funding for Black and Hispanic founders, venture equity cannot be solely defined by investments. While all states still need to work to create truly equitable entrepreneurship ecosystems, some are much closer to achieving equity than others. We believe it is important to identify states that have reduced the equity gap to enable businesses led by underrepresented founders to succeed. We aim to understand the reasons for their success and prescribe best practices for improving entrepreneurship equity.

Our Approach

This research for the Venture Equity Project on Black, Hispanic, and Women entrepreneurship equity focuses on measures of entrepreneurship success related to the current and future economic success of the founder. We take this approach for two reasons. First, closing the wealth gap between Black, Indigenous, and People of Color (BIPOC) and white communities is central to our interest in increasing venture funding to Black and Hispanic founders. Second, we believe an increase in the number of founders achieving economic success is an indication that the state is also increasing the number of venture-ready founders; we offer evidence of this relationship below.

Identifying Successful Founders

Our focus is on identifying economically successful Black, Hispanic, and Women founders. We define successful founders as founders who have incorporated their business and are earning higher than the state's average income. We consider incorporation status in addition to income because we believe the choice to incorporate signals an interest growing the business in the future.

Measuring Entrepreneurship Equity

To identify successful Black, Hispanic, and Women founders and generate comparable state-level metrics of entrepreneurship equity, we utilize individual responses to the U.S. Census Bureau's American Community Survey from 2017 to 2021. Data were obtained via IPUMS USA, a data project of the University of Minnesota. Learn more at www.ipums.org.

HEARTLAND FORWARD RESEARCH

Business Indicators

We calculate three key measures for Black, Hispanic, and Women entrepreneurship.

Successful Founder Share of All Black, Hispanic, or Women Workers: This metric is a ratio of the number of the successful Black, Hispanic, or Women business owners in the state, as defined by those have incorporated their business and who are earning higher than the state’s average income, compared to the total Black, Hispanic, or Women working population in the state.

Successful Founder Share of Black, Hispanic, Women Business Owners: This metric is a ratio of successful Black, Hispanic, or Women business owners compared to the total Black, Hispanic, or Women business owners in the state.

Black, Hispanic, or Women Entrepreneurship Equity Ratio: This metric compares the success rate of Black or Hispanic workers to that of white, non-Hispanic workers, and the success rate of Women workers relative to that of male workers. This methodology helps assess state-level entrepreneurship equity.

This metric has a straightforward interpretation: Georgia’s Black Entrepreneurship Equity Ratio of 0.39 means the state’s Black workers are only 39% as likely as white, non-Hispanic workers to achieve entrepreneurship success; a value of 1 would indicate Black and white, non-Hispanic workers are equally likely to find entrepreneurship success. Georgia’s Black Entrepreneurship Equity Ratio is the second-best among all states, reflecting how far we are from achieving equity even in the top-performing states.

Table 1 displays the value and ranking for each of the three Black and three Hispanic entrepreneurship equity metrics; the linked interactive table allows users to sort states by any metric. Additionally, we provide columns for each state’s average ranking across the three Black metrics and across the three Hispanic metrics.

We believe these average rankings effectively measure each state’s overall performance in Black and Hispanic entrepreneurship equity.

The next two subsections highlight top-performing states in achieving more equitable outcomes for each demographic group. Note that because of data limitations related to the size of the Black and Hispanic populations in some states, we are only able to calculate Black entrepreneurship equity metric values for 32 states and are only able to calculate Hispanic metric values for 36 states.

Explore Table 1: <https://public.tableau.com/app/profile/jonas.crews/viz/ReportTables/Table1>

HEARTLAND FORWARD RESEARCH

Business Indicators

Leading States for Black Entrepreneurship Equity

Based on average ranking, the top five states for Black entrepreneurship equity are Georgia, Oregon, Arkansas, Texas, and Maryland. Georgia and Oregon are tied for the best ranking average, with each averaging slightly better than a second-place position; Oregon is the top state for the Successful Founder Share of All Black Workers and the Black Entrepreneurship Equity Ratio, while Georgia is the top state for the Successful Founder Share of All Black Business Owners. Meanwhile, Arkansas' ranks at least 4th across all three metrics, and both Maryland and Texas rank in the top six for all metrics.

Three Midwest states are ranked between 7th and 10th overall: Missouri, Illinois, and Michigan. Illinois ranks at least 12th across the three metrics, while Missouri ranks 6th in the Successful Founder Share of All Black Business Owners and 4th in the Black Entrepreneurship Equity Ratio. Michigan's broader economic revitalization story is reflected in respectable rankings in the Successful Founder Share of All Black Workers and the Successful Founder Share of All Black Business Owners, and its 8th-place ranking in the Black Entrepreneurship Equity Ratio makes it clear that Michigan is focused on improving economic equity as it revitalizes.

Florida and Southern States Lead in Hispanic Entrepreneurship Equity

Florida is far and away the best-performing state for Hispanic entrepreneurship equity. Florida's average ranking across our three metrics is 2.33, or roughly a 2nd-place average finish, which is half the average for the next-best states; Hawaii, Louisiana, and South Carolina all have an average ranking of 4.67. Kentucky rounds out the top five due largely to a 2nd-place in the Hispanic Entrepreneurship Ratio. What makes these results even more noteworthy is that Florida has the 3rd-largest Hispanic population of any state, with 6 million Hispanic individuals living where they have a relatively high chance of finding entrepreneurial success. Conversely, California, which has the largest Hispanic population in the U.S., ranks no better than 28th (out of 36) across our three Hispanic metrics.[1] California is 40.4% Hispanic, while Florida is 27.4% Hispanic.

Another standout with a large Hispanic population is New Mexico, which ranks in the top 10 in all three metrics. This strong performance in our Hispanic entrepreneurship equity metrics is important not only for the one million Hispanic people living in New Mexico but for the New Mexico economy overall, as the Hispanic community makes up 50% of the total population in the state.[2]

HEARTLAND FORWARD RESEARCH

Case Study: The Relationship Between Female Entrepreneurship Success and Deal Flow

In recent years, PitchBook has worked to identify the gender of founders in its expansive business investment database, allowing researchers to study the share of venture capital funding going to businesses founded or co-founded by female entrepreneurs.

For our purposes, we can compare the share of venture capital deals going to female (co-)founded companies to the share of all successful founders who are female to see if the two metrics are related. If they are related, we will know, at least for this historically underrepresented group, it is the case that an increase in the number of founders achieving economic success generally indicates an increase in the number of venture-ready founders.

We hypothesize that entrepreneurial ecosystems begin to produce economically successful founders before investors discover these clusters of successful entrepreneurs and start investing at a rate aligned to the quality of the businesses.

Therefore, we do not use identical time periods to compare Census Bureau-derived data on successful female founders to PitchBook-derived data on investments into female (co-)founded businesses. Instead, we use Census Bureau surveys completed between 2017 and 2021 to calculate the share of successful founders who are female, and we use venture capital deals^[3] closed between 2020 and Q1 2024 to calculate the share of deals going to female (co-)founded companies.^[4]

The Relationship Between Venture-Backed Female Co-Led Companies and Female-Owned Businesses Across the States

The interactive scatterplot shows the relationship between the Entrepreneurship Success Share and the deal share. Note the clear positive relationship between the two metrics in Figure 1.

For the more statistically inclined readers, we report the correlation coefficient for the relationship between the two metrics. A correlation coefficient is simply a number between -1 and 1, indicating the strength of the linear relationship between two metrics. Negative values indicate a negative relationship, while positive values indicate a positive relationship. A value of 0 indicates no linear relationship, while values close to -1 and 1 indicate strong linear relationships; a value of 1 would correspond with an upward-sloping, perfectly straight line. Note: Figure 1 is displayed with South Dakota excluded.

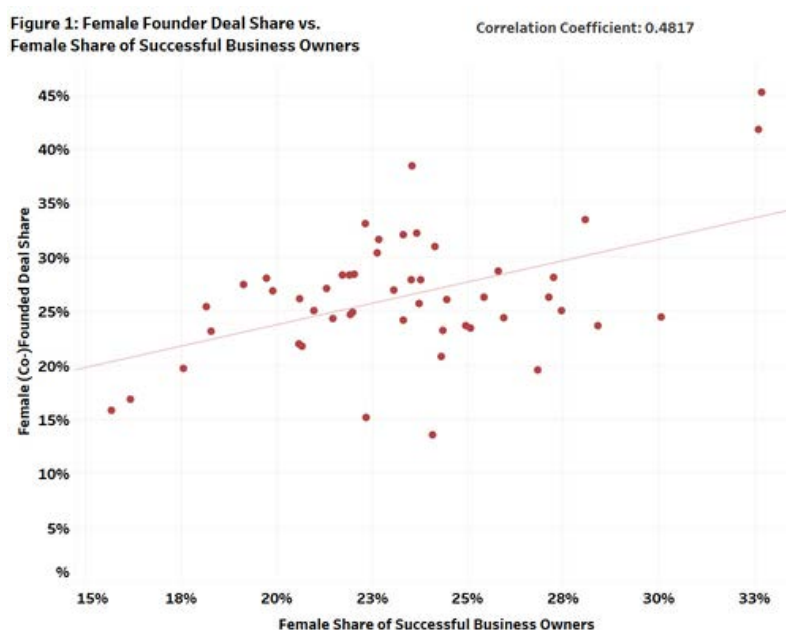


Figure 1. Female Founder Deal Share vs Female Share of Successful Business Ownership

HEARTLAND FORWARD RESEARCH

The Relationship Between Venture-Backed Female Co-Led Companies and Female-Owned Businesses Across the States, Continued

For all states and Washington, D.C., the correlation coefficient is a moderate 0.32. However, South Dakota (top-left of the plot) seems to be an outlier, which makes sense as the low overall number of deals during our evaluation period (19 total deals) increases the likelihood that the Female (Co-)Founded Deal Share does not truly reflect the equity of the entrepreneurship ecosystem.

The interactive version of the visualization allows users to remove potential outliers and also subset the data to a particular set of states, and the correlation coefficient will update as states are excluded. If we remove South Dakota, the correlation coefficient increases to 0.48, a relatively strong correlation.

For this historically underrepresented group of founders, there is a relationship between our income-based measure of entrepreneurship success and venture-readiness. This finding leads us to ponder two questions: Does the relationship also hold for Black and Hispanic founders, and should investors consider entrepreneurship ecosystems producing large numbers of financially successful Black and Hispanic founders as a viable approach sourcing future deal flow? We hypothesize that the answer to both questions is “Yes.”

Explore Table 2: <https://public.tableau.com/app/profile/jonas.crews/viz/ReportTables/Table2>

State-Based Insights Comparing Venture-Backed Female Co-Led Companies and Female-Owned Businesses

In addition to the female share of successful founders, we use U.S. Census Bureau American Community Survey responses to calculate the Successful Founder Share of All Female Workers, Successful Founder Share of All Female Business Owners, and the Female Entrepreneurship Equity Ratio. Calculating these three metrics allows us to directly compare female entrepreneurship success to Black and Hispanic success in each state, and the female metrics are included in Table 1 for this reason. Note that while the comparison group in the Black and Hispanic Entrepreneurship Equity Ratios is the white, non-Hispanic population, the comparison group for the Female Entrepreneurship Equity Ratio is the male population.

We also utilize PitchBook data on female founders to calculate other metrics of female venture equity: the number of venture capital deals going to female (co-)founded businesses per 100,000 adult females in the state (Deals per 100,000 Adult Females), the venture capital dollars going to female (co-)founded businesses per 100,000 adult females in the state (Capital per 100,000 Adult Females), and the share of all venture capital dollars going to female (co-)founded businesses (Female Capital Share).

We compare the PitchBook- and Census Bureau-derived in [Table 2](#), and we discuss findings from this comparison to illustrate the benefits of obtaining both entrepreneurship success data and deal flow data for an underrepresented demographic group. In particular, we demonstrate the insights that can be gained by identifying imbalances between the two sets of metrics.

HEARTLAND FORWARD RESEARCH

State-Based Insights Comparing Venture-Backed Female Co-Led Companies and Female-Owned Businesses, Continued

Top performers across both sets of metrics are Washington, DC, Colorado, Washington, and Oregon. However, none of these regions performs well across all seven female metrics, indicating that even the top performers in female entrepreneurship equity are not at the forefront in all areas.

Notably, Mountain West states offer unique investment opportunities into female-owned businesses. Idaho, Montana, Nevada, and New Mexico rank relatively well in successful business creation (Successful Founder Share of All Female Workers) and successful business creation equity (Entrepreneurship Equity Ratio). However, they generally rank in the bottom half of states in Female Deal Share and Capital Share, as well as population-adjusted deal counts and venture capital dollars for female (co-)founded businesses. Thus, the data indicate untapped investment opportunities in these states' female-owned startups.

One Mountain West state not experiencing an imbalance between successful female-owned business activity and investment into female-founded companies is Wyoming; Wyoming does rank poorly in Female Deal Share, but this may be an oddity of Wyoming deal data. Investors should track the success of investments in Wyoming's female (co-)founded businesses to better understand the potential returns from the more equitable investment activity in the Mountain West state, as investment success in Wyoming may give insights into the potential returns from investing in female founders in Idaho, Montana, Nevada, and New Mexico.

Data for Florida demonstrates similar investment opportunities to Idaho, Montana, Nevada, and New Mexico; the state ranks 3rd in the Successful Founder Share of All Female Workers and 2nd in the Successful Founder Share of All Female Business Owners, but it ranks no better than 22nd in any Pitchbook metrics. This juxtaposition of nation-leading successful business creation with relatively low investment into those businesses indicates that Florida's female entrepreneurs may be primed for a major injection of venture capital dollars.

New York and Massachusetts are top performers in our Pitchbook measures, but they rank near the bottom in each female successful business metric. Thus, female (co-)founded businesses are receiving funding at relatively high rates in these states. Still, the overall rate of successful female-owned business creation is low in New York and Massachusetts compared to both females in other states and males in the same state. Thus, these states may benefit from efforts to spur more female entrepreneurship activity and support existing female entrepreneurs.

Conclusion

The analysis presented here aims to characterize the landscape of entrepreneurship equity in the U.S. The other sections of this report begin to explain why some states outperform others in entrepreneurship equity by describing the efforts made by seven states to close the entrepreneurship equity gap. Future additions to the Venture Equity Project will continue down this path, utilizing anecdotal information, policy activity, and economic data to identify the policies and initiatives communities can deploy to create a more equitable entrepreneurship landscape.

[1] U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates.

[2] U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates.

[3] We define venture capital investments as all investments labeled by Pitchbook as angel, seed, early-stage venture capital, or late-stage venture capital.

[4] We consider this 4.25-year evaluation period because venture capital activity is relatively volatile across years due to fundraising and investment cycles of investment funds. Additionally, Q1 2020 marked the start of a unique era for venture capital activity, and Q1 2024 was the most recent quarter of data available at the time of the analysis. Disclaimer: Data have not been reviewed by PitchBook analysts.

HEARTLAND FORWARD RESEARCH

State Rankings

Ranking of U.S. States for Black Entrepreneurs

This ranking of U.S. states evaluates support for Black entrepreneurs by analyzing where they achieve the highest rates of success and equity. The analysis is based on data from the U.S. Census American Community Survey, providing insights into both entrepreneurial outcomes and equitable opportunities for Black business owners across the states. Fewer than 50 states had sufficient data for Black entrepreneurs. States with sufficient data are presented in the ranking.

Rank of U.S. States for Black Entrepreneurial Success and Equity			
1	Oregon	17	Virginia
1	Georgia	18	Mississippi
3	Arkansas	19	Pennsylvania
4	Texas	20	South Carolina
5	Maryland	21	Colorado
6	California	22	Oklahoma
7	Missouri	22	Ohio
8	Nevada	24	Washington
9	Illinois	25	New Jersey
10	North Carolina	26	Tennessee
10	Michigan	27	Alabama
12	District of Columbia	28	Minnesota
13	Florida	28	Arizona
14	Indiana	30	Massachusetts
15	Louisiana	30	Connecticut
16	New York	32	Kentucky

HEARTLAND FORWARD RESEARCH

State Rankings

Ranking of U.S. States for Hispanic Entrepreneurs

This ranking of U.S. states evaluates support for Hispanic entrepreneurs by analyzing where they experience the highest rates of success and equity. The analysis is based on data from the U.S. Census American Community Survey, offering insights into both entrepreneurial outcomes and equitable opportunities for Hispanic business owners across the states. Fewer than 50 states had sufficient data for Hispanic entrepreneurs. States with sufficient data are presented in the ranking.

Rank of U.S. States for Hispanic Entrepreneurial Success and Equity			
1	Florida	18	Kansas
2	South Carolina	20	Ohio
2	Louisiana	21	Nevada
2	Hawaii	22	Indiana
5	Kentucky	23	Texas
6	New Mexico	23	New York
7	Missouri	25	Oklahoma
8	Virginia	26	Washington
8	Colorado	26	Massachusetts
10	North Carolina	28	New Jersey
10	Minnesota	29	Tennessee
12	Alabama	29	Michigan
13	Rhode Island	31	Arizona
14	Oregon	32	Pennsylvania
15	Idaho	32	Illinois
16	Georgia	34	California
17	Maryland	35	Wisconsin
18	Utah	36	Connecticut

HEARTLAND FORWARD RESEARCH

State Rankings

Ranking of U.S. States for Black and Hispanic and Hispanic Entrepreneurs

This ranking of U.S. states evaluates support for Hispanic and Black entrepreneurs by examining where they achieve the highest rates of success and equity. The analysis is based on data from the U.S. Census American Community Survey. This data provides insights into both entrepreneurial outcomes and equitable opportunities across the states. Fewer than 50 states had sufficient data for Black and Hispanic entrepreneurs. States with sufficient data are presented in the ranking.

Rank of U.S. States for Black and Hispanic Entrepreneurial Success and Equity			
1	Florida	16	California
1	Oregon	16	Michigan
3	Georgia	18	Minnesota
3	Missouri	19	New York
5	Louisiana	20	Illinois
6	Maryland	21	Ohio
6	North Carolina	22	Oklahoma
8	South Carolina	23	Pennsylvania
9	Virginia	24	Washington
10	Texas	25	New Jersey
11	Nevada	26	Tennessee
12	Colorado	27	Massachusetts
13	Kentucky	28	Arizona
14	Indiana	29	Connecticut
15	Alabama		

HEARTLAND FORWARD RESEARCH

State Rankings

Ranking of U.S. States for Women Entrepreneurs

This ranking of U.S. states evaluates where female entrepreneurs, including venture-backed women, experience the highest rates of success. It is based on a composite analysis using data from Pitchbook and the U.S. Census American Community Survey. The U.S. Census data is presented in Table 1, while the Pitchbook data is shown in [Table 2](#).

Rank of U.S. States for Women Entrepreneurial Success and Equity			
1	District of Columbia	27	Massachusetts
2	Colorado	28	Louisiana
3	Hawaii	29	Oklahoma
4	Washington	30	Texas
5	Oregon	31	Nebraska
6	Wyoming	32	New Jersey
7	Arizona	33	Alaska
8	California	34	Delaware
9	New York	35	Connecticut
10	New Mexico	36	Utah
11	Rhode Island	37	West Virginia
12	Florida	39	Arkansas
13	Indiana	39	Missouri
14	Illinois	40	South Carolina
15	Minnesota	41	South Dakota
16	North Carolina	42	Pennsylvania
17	Montana	43	Michigan
18	Georgia	44	Kansas
19	Maine	45	Tennessee
20	Nevada	46	Wisconsin
21	Vermont	47	Ohio
22	Kentucky	48	Mississippi
23	Idaho	49	Alabama
24	Maryland	50	Iowa
25	New Hampshire	51	North Dakota
26	Virginia		

Appendix B

Penn State University

Government's Strategic Role in Advancing Entrepreneurial Equity

PENN STATE UNIVERSITY EVIDENCE-TO-IMPACT COLLABORATIVE RESEARCH

Overview

Government is one of the most crucial, but complex, stakeholders in the entrepreneurial atmosphere. With profound power, resources and opportunity, government is uniquely positioned to make systemic changes which impact entrepreneurial equity and potential. Understanding government activity is imperative to learning how to best champion entrepreneurial equity to legislators.

Our Approach

In the first two years of the Venture Equity Project, Penn State and the Nasdaq Entrepreneurial Center explored state-level legislative and policy indicators of a positive entrepreneurial landscape. These factors included early-stage entrepreneurship, entrepreneurial job indicators, new employer business (leveraging valuable data sets from the Ewing Marion Kauffman Foundation), and legislation considering entrepreneurship and various dimensions of entrepreneurial intersectionality (race, gender, geography, etc.).

In order to build the foundation to address the role of state legislation in the entrepreneurial ecosystem, the Penn State University team conducted an up-to-date (2023) analysis of state-level entrepreneurial legislation of the past decade (2013-2023) and the past year (2023). Also, based on analyses by Heartland Forward, we anecdotally evaluated the entrepreneurial legislation that high-performing states introduced in the last year.

Future directions in these analyses include, with our Venture Equity Project collaborating partners, developing a clearer picture of the conditions across all stakeholder groups, and where non-profits, government and industry partners are best positioned to advocate for entrepreneurial equity.

PENN STATE UNIVERSITY EVIDENCE-TO-IMPACT COLLABORATIVE RESEARCH

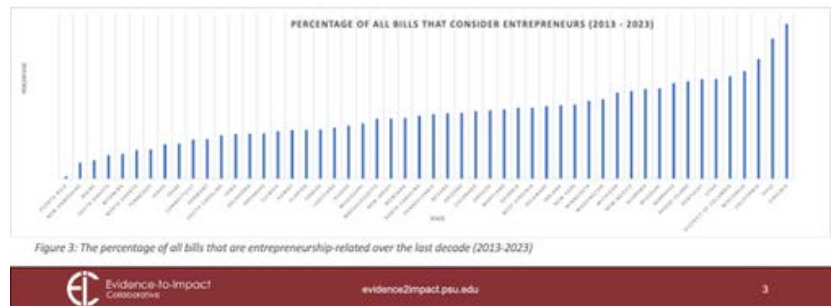
Legislative Trends

In the last ten years (2013-2023), there have been 1.4 million pieces of legislation introduced and 1.6 percent of legislation over the last decade considered entrepreneurship (just over 20,000 pieces of legislation). In 2023, entrepreneurship bills were still 1.6% of all legislation introduced that year. While this indicates that consideration for entrepreneurs has not decreased, it does not match what is to be expected when considering the attention entrepreneurship has received in recent years.

Over the last decade (2013-2023), Virginia, Ohio, California, and Wisconsin introduced the most entrepreneurial legislation (relative to all bills introduced across the decade). In 2023, Washington, Kentucky, Wisconsin, and Washington, D.C. introduced the most entrepreneurial legislation (relative to all bills introduced in 2023).

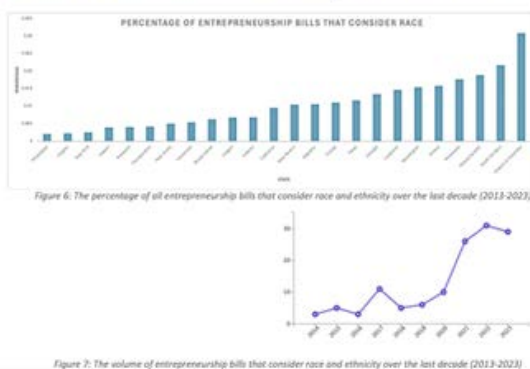
Legislative activity of the past decade: Diving deeper into entrepreneurship

Over the last decade, Virginia (1350), Ohio (402), California (837), and Wisconsin (342) introduced the most entrepreneurship bills relative to all legislation that state introduced



Legislative activity of the past decade: Consideration of entrepreneur race and ethnicity

Over the course of the last decade, D.C. (12), South Carolina (5), Massachusetts (14), and Minnesota (17), introduced the most entrepreneurship legislation that considers race relative to their total volume of bills introduced in the state. Peak entrepreneur race bills were introduced in 2022 at 31 pieces of legislation.



Over the last decade, both Republican and Democratic parties produced a relatively similar volume of overall bills, although the Democratic party did introduce 1.2 times the volume of entrepreneurship related bills compared to the Republican party. However, this gap has closed in 2023, suggesting that entrepreneurship has increased in saliency as a critical bi-partisan issue.

Only twenty-three states and the Washington, D.C. introduced legislation related to entrepreneurship, race, and ethnicity between 2013 and 2023. In 2023, twenty-nine pieces of legislation were introduced that considered entrepreneurship, race, and ethnicity. In 2023, Washington, South Carolina, Minnesota, and Alabama introduced the most entrepreneurship legislation related to race and ethnicity, relative to the total volume of bills introduced.

PENN STATE UNIVERSITY EVIDENCE-TO-IMPACT COLLABORATIVE RESEARCH

Legislative Social Media Discourse

Over the last decade (2013-2023), mention of entrepreneurship in legislators' social media has doubled (0.3% of all posts in 2013 to 0.6% of all posts in 2023), however it still represents a small proportion of the overall content. Between the Democratic and Republican parties, there is not much difference in the magnitude of instances entrepreneurship is discussed on social media.

Delaware and Illinois were the two states that had the most relative entrepreneurship posts both across the decade and in 2023. Over the last decade, Delaware, Puerto Rico, Illinois, and Connecticut increased their entrepreneurship social media discourse the most.

Discourse over the past decade: Social media at a glance

Over the past decade, the presence of entrepreneurship in all social media discourse has doubled from .3% to .6%

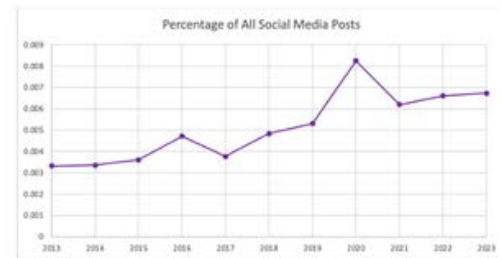


Figure 8: The percentage of all bills that are entrepreneurship-related over the last decade (2013-2023).



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6

Legislative Themes

There were multiple common themes that entrepreneurship legislation from 2023 shared across our states of interest, Equity Innovation Leaders, Florida, Georgia, Illinois, Maryland, Michigan, North Carolina, and Texas. The data presented offers valuable insights into the legislative landscape surrounding entrepreneurship and its intersection with various contextual factors.

In 2023, most state-legislation entrepreneurship related to the following themes:

- 1 Labor laws and employment
- 2 Tax incentives and financial support
- 3 Education and workforce development
- 4 Small business and economic development
- 5 Healthcare and social support
- 6 Environmental protection and sustainability
- 7 Consumer and business protections
- 8 Technological and digital regulation

PENN STATE UNIVERSITY EVIDENCE-TO-IMPACT COLLABORATIVE RESEARCH

Legislative Consideration of Socioeconomic and Socioculture Factors Affecting Entrepreneurs

The deeper consideration of socioeconomic and sociocultural factors that affect entrepreneurship and entrepreneurs is apparent in introduced legislation of 2023 and include **programs like the statewide paid family leave insurance program enacted in Illinois and the Healthy Maryland Program**, aiming to provide comprehensive universal single-payer healthcare for all residents by 2026. Other promising direct interventions, such as tax credit schemes, are being tested to stimulate entrepreneurial growth through the promotion of economic wellbeing albeit in narrow circumstances. For example, **Georgia's \$9,600 tax credit program for small businesses hiring certified workforce-ready graduates in high-tech full-time jobs**, as well as **the extension of research and development tax credits in Illinois**, are being explored.

The rise in entrepreneurship-related legislation as well as the increased prevalence of related content in social discourse indicates increasing legislative attention and a growing awareness of its importance as a major facet of economic dynamism. Some of this greater awareness could be attributed to better organized and articulated advocacy campaigns, especially as social media virality has risen in prominence in recent years.

However, the gap between this increased attention in discourse and the disproportionate increase in the magnitude of entrepreneurial legislation, and by proxy, actual impact on entrepreneurial equity by legislative means requires further exploration. In terms of political party differences, while both parties show increasing interest in entrepreneurship, the focus areas and proposed solutions differ, and the activity is highly variable from state to state. Additionally, our analysis indicates geographic variation in entrepreneurial legislation across states regardless of party, which highlights the need for tailored strategies appropriate to particular contextual environments.

The states' legislative initiatives encompass a broad range of issues pertinent to entrepreneurs, indicative of the complexity of entrepreneurship but also potentially the enhanced sophistication of policymakers to grasp that complexity and the holistic demands, challenges, and impediments of the entrepreneurial endeavor and its practitioners.

This enhanced sophistication in conceptualizing the needs of the entrepreneur as an individual, a family member, and a member of a broader community, reflects increased attention to socioeconomic and sociocultural factors. Thus, legislative themes such as healthcare and social support in the entrepreneurial context indicate a greater awareness of the entrepreneur as an individual with potentially unmet needs.

PENN STATE UNIVERSITY EVIDENCE-TO-IMPACT COLLABORATIVE RESEARCH

Further Exploration of State-Based Legislative Trends

This analysis lays a strong foundation for further exploration. Continued efforts to expand this work most logically point to Longitudinal Analysis which could permit the tracking of legislative trends over time to identify emerging issues and policy shifts. These trends could also be overlaid with developments in the legislative community as well as newsworthy moments in time in the broader societal context to explore how legislative behavior has been affected by socio-cultural exigencies.

There are opportunities to employ additional and more refined data resources to further enrich the analysis such as more region or state-specific economic and labor market data to understand the impact of different types of entrepreneurial legislation on various outcomes (e.g., job creation, business survival, access to capital). Additionally, other opportunities for future analysis include a more comprehensive exploration informed and stratified by sectoral, industry, or business categorical data and characteristics, geographic differences within state boundaries and moderated by urban areas and rural areas.

Furthermore, comparative analyses could explore and contrast entrepreneurial policy landscapes across different countries to identify potential best practices. Lastly, this analysis does not embark on a review of policy implementation across the polities discussed, an extremely complex task that poses significant risks for fidelity to the model and overall program effectiveness. Evaluating policy implementation practices, pitfalls, and successes in a small subset of exemplars might be of interest in future analysis for a deeper consideration of these mechanisms to promote entrepreneurial equity.

Methodology

Quorum is a public affairs software system that tracks multiple levels of legislative activity – including official legislation and unofficial statements (including press releases and social media), searchable at the federal, state, committee, and individual legislator level.

Our team observed official and unofficial activity from the past decade (2013-2023). Official activity includes bills introduced, and unofficial activity includes social media activity (YouTube, videos, Tweets, and Facebook posts).

The platform operates on Boolean search terms that pulls any piece of data in the software. Our study team created multiple search terms to pull legislation, and all other statements related to a certain content area or target population.

Those search terms are as follows:

1. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
to pull legislation/social media that considers entrepreneurs.
2. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("Black" OR "Hispanic" OR "Latinx" OR "Pacific Islander" OR "Asian"
OR "Middle Eastern" OR "race and ethnicity") to pull legislation/social media that
considers entrepreneurs of color.
3. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("gender" OR "gender identity" OR "female") to pull legislation/social
media that considers female entrepreneurs.
4. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("access to capital" OR "capital access") to pull legislation that
considers access to capital for entrepreneurs.
5. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("rural") to pull legislation that considers rural entrepreneurs.
6. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("angel investor" OR "seed investor" OR "private investor") +
("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("grants" OR "grant") + ("entrepreneur" OR "entrepreneurship" OR
"small business" OR "microbusiness") WITHIN 10 OF ("venture capital" OR "venture
dollars") + ("entrepreneur" OR "entrepreneurship" OR "small business" OR
"microbusiness") WITHIN 10 OF ("investor crowdfunding" OR "crowdfunding") to
pull legislation that considers entrepreneurial funding.
7. ("entrepreneur" OR "entrepreneurship" OR "small business" OR "microbusiness")
WITHIN 10 OF ("tax credit") to pull legislation that considers entrepreneurial tax
credits.

PENN STATE UNIVERSITY EVIDENCE-TO-IMPACT COLLABORATIVE RESEARCH

Methodology

Our team first pulled all entrepreneurship-related legislation that our selected states introduced in 2023 from the Quorum database, using the first listed search term. Using ChatGPT4 we converted seven spreadsheets containing legislation from these various states into a json file using the following prompt:

"Here is a csv or xlsx file. First fix the potential font issues by converting the font to UTF-8. Then remove any blank rows. Then, I would like you to prepare it for creating embeddings for RAG by converting it to a json document that I can download. For each row in the file, combine the columns to form the value of the json key/value pair. When you combine the columns, make sentences by combining the column header with the content in the column. So, if the column header is "Title" and the content in the row is "Certified Public Accountants", the sentence could be, "The Title is Certified Public Accountants." By doing this for every column in each row, you will create the value for the key/value pair."

We then used OpenAI API with GPT-4o to create an NEC Entrepreneur Legislation Assistant. Using the File search feature, we uploaded the json documents we created to the vector store, and we set the max number results to 40. We provided the following instructions to the assistant:

"You are a qualitative research analyst that will help analyze state legislation from seven different states: Florida, Georgia, Illinois, Maryland, Michigan, North Carolina, Texas. One file for each state has been uploaded to File search. You will be asked questions about the content of the legislation. To answer, go through the provided text from the files to find the answers. Each piece of legislation is legislation that impacts entrepreneurs in some way."

We then asked the following questions to the assistant:

1. What are the key issues that are being addressed by the legislation in Florida? And what solutions are they proposing?
2. What are the key issues that are being addressed by the legislation in Georgia? And what solutions are they proposing?
3. What are the key issues that are being addressed by the legislation in Maryland? And what solutions are they proposing?
4. What are the key issues that are being addressed by the legislation in Michigan? And what solutions are they proposing?
5. What are the key issues that are being addressed by the legislation in Illinois? And what solutions are they proposing?
6. What are the key issues that are being addressed by the legislation in North Carolina? And what solutions are they proposing?
7. What are the key issues that are being addressed by the legislation in Texas? And what solutions are they proposing?
8. Using the conversation above, provide a broad summary of how the states are addressing issues that entrepreneurs face.
9. Considering that all the legislation in the provided files impacts entrepreneurs, which solutions have the greatest potential to benefit entrepreneurs?

Appendix C

Equity Innovation Leaders

Extended Case Studies



Public-Private Sector Collaboration Fuels Sustainable Change

Florida: Miami-Dade Innovation Authority

Recognition for bridging the gap between public and private sector innovation.

Overview

The Miami-Dade Innovation Authority (MDIA) is an independent nonprofit organization focused on accelerating the discovery and commercialization of technologies that address critical local challenges. By investing in growth-stage technology companies, MDIA serves as a bridge between the private and public sectors. Founded by Mayor Daniella Levine Cava with seed funding from the Knight Foundation and Ken Griffin, founder of Citadel, MDIA highlights the importance of a unified public-private approach to regional innovation.

Key Focus Areas

MDIA's mission is to support early-stage companies through procurement assistance, funding opportunities, and structured innovation processes. MDIA facilitates the piloting of new technologies and creates a "sandbox" environment where innovative solutions can be tested, all with the goal of improving the quality of life for Miami-Dade residents. The organization focuses on areas such as climate, health, housing, mobility, and talent to keep Miami-Dade at the forefront of technological advancements and sustainable development.

Programs and Impact

One of MDIA's flagship initiatives, the Public Innovation Challenge Program, connects private innovators with major regional economic engines like PortMiami. Through strategic investments and a rigorous test-and-validate process, the program helps companies develop market-ready solutions while creating jobs within the county. MDIA selects Challenge Partners based on five key criteria: Culture of Innovation, Pilot Viability, Host Capacity, Innovation Track Record, and Economic Opportunity.

Additional Insights

"We believe innovation is not confined to any location. We seek out solutions that address public issues, have market potential, and can scale to impact a large population, setting best practices for others to follow. Our ROI focuses on return on impact. We invest in companies with scalable solutions to public challenges, aiming for both financial returns and positioning the public sector as a catalyst for commercialization. In the last year, we've attracted 263 companies from 41 countries, with 52% of founders identifying as people of color and 26% as women or non-binary. This shows our commitment to creating a diverse pipeline of opportunities."

– Leigh-Ann Buchanan, President and CEO

Regional Strengths Fuels Innovation

Georgia: Russell Innovation Center for Entrepreneurs, Atlanta

Recognition for building a nonprofit dedicated to supporting Black businesses and having driven \$450 million in total economic activity.

Overview

The Russell Innovation Center for Entrepreneurs (RICE) is a nonprofit organization founded in 2019, dedicated to addressing systemic barriers that Black entrepreneurs face in Atlanta. Despite being a city with the highest number of Black entrepreneurs per capita, only 4% of Atlanta's Black-owned businesses survive the startup stage. RICE aims to reverse this trend by nurturing Black businesses, with the mission to "Build. Black. Business." Occupying 54,000 square feet, RICE is the nation's largest nonprofit center exclusively focused on supporting Black entrepreneurs. An impressive 46% of RICE businesses have succeeded beyond the startup stage, creating hundreds of jobs and generating significant economic activity.

Key Focus Areas

Six C's of RICE: The organization emphasizes six essential components for Black business development—Community, Connections, Curriculum, Capital, Coaching, and Culture. Big IDEAS Curriculum: RICE's comprehensive curriculum supports entrepreneurs through every stage of their journey, ensuring they are equipped for long-term success. Sector-Specific Support: Programs such as the Logistics Launchpad, Retail Readiness Academy, and Supply Chain Accelerator provide targeted, hands-on assistance for entrepreneurs in their respective industries.

Programs and Impact

Since its founding, RICE has had a tremendous impact:

- \$450 million in economic activity since 2020, which includes gross and total county outputs, as well as disposable personal income for residents.
- \$60 million in new revenue generated by RICE Stakeholder businesses.
- 1,318 jobs sustained by Stakeholder businesses since 2020.
- 46% of RICE Stakeholder businesses thrive beyond the startup stage, significantly higher than the national average for Black-owned businesses.

Additional Insights

"Overall, being at RICE, networking with different people, and getting to meet these executives helps relationship-wise and makes me feel great. Before RICE, I really didn't have an opportunity to meet a lot of people in the corporate world, in entrepreneurship, or in business. With RICE, there are always things going on. You always have an opportunity to meet great people."

— Jamia Ramsey, Founder of Blendz Apparel



KPI-Driven Innovation

Illinois: Illinois Department of Commerce & Economic Opportunity (DCEO) Office of Minority Economic Empowerment (OMEE)

Recognition for breaking down systemic barriers faced by minority and women entrepreneurs through specialized business collectives and access to venture capital.

Overview

The Illinois Department of Commerce and Economic Opportunity (DCEO) through its Office of Minority Economic Empowerment (OMEE) focuses on breaking down systemic barriers that minority and women entrepreneurs in Illinois face. OMEE's initiatives, such as the Illinois Innovation Venture Fund (INVENT) Program and the Illinois Women's Business Collective (ILWBC), provide entrepreneurs with direct access to venture capital and essential networks, skills, and confidence needed to compete in the market. Led by OMEE Deputy Director Rebecca Estrada, the office empowers diverse communities such as women, minorities, youth, veterans, and people with disabilities to grow their businesses.

Key Focus Areas

OMEE's mission is to foster economic growth and empowerment for minority communities across Illinois, including Black/African, Latinx, Asian American and Pacific Islander (AAPI), and women entrepreneurs. The office has launched several statewide business collectives like the Illinois Women's Business Collective (ILWBC), the Black Business Collective, the Latinx Business Colectivo, and the Illinois Asian American Pacific Islander Business Collective. These collectives provide centralized digital resources, mentorship, and community support tailored to meet the specific needs of their constituencies.

Programs and Impact

The Illinois Women's Business Collective (ILWBC), led by Michelle Lura White, Women's Business Development Manager, is a statewide platform connecting cross-sector organizations to support women entrepreneurs. It has focused on eliminating silos, fostering collaboration, and providing digital resources such as the InvestInHER Speaker Series and the Connecting HER to Illinois Business Resources guide. Future initiatives include transitioning the resource guide into a digital platform for easier access.

OMEE's minority business collectives also make a significant impact:

- The Black Business Collective, led by Matthew J. Simpson, launched the Illinois Black Business Survey, providing data-driven interventions in communities based on survey results.
- The Latinx Business Colectivo, led by Diana Alfaro, spearheaded Illinois' recognition as the first state to support Support Latino Business Day, hosted the 2nd Annual Illinois Latin@ Economic Summit, and developed the Train the Trainer series.
- The Illinois Asian American Pacific Islander Business Collective (IAAPIBC), led by Edwin Tumlos, is building its infrastructure to address small business issues through an AAPI lens.

Additional Insights

"Within the Illinois Women's Business Collective, one of its biggest returns on investment in supporting women entrepreneurs was increasing the statewide collective organizations' participation by 793% within two and a half years to ensure cross-sector organizations throughout the state are part of the conversations and solutions in continuing to advance Illinois women-owned businesses, future women business owners, and aspiring female entrepreneurs from diverse backgrounds and generations throughout Illinois."

– Michelle Lura White, Women's Business Development Manager

Experimentation Enhances Data Models

Maryland: TEDCO

Recognition for focusing on inclusive growth for Maryland entrepreneurs and using data to prioritize equity.

Overview

TEDCO is committed to boosting economic empowerment in Maryland by fostering an inclusive and entrepreneurial innovation ecosystem through funding opportunities, resources, and connections for early-stage tech and life sciences companies. Specializing in Seed and Series A investments, TEDCO is a quasi-public organization primarily funded by the state of Maryland and the State Small Business Credit Initiative (SSBCI).

Key Focus Areas

TEDCO focuses on economic empowerment and inclusive innovation in Maryland by strategically allocating funding and resources. By prioritizing underserved entrepreneurial communities and advocating for diverse ownership, TEDCO ensures that a wide range of early-stage tech and life sciences companies have the opportunity to succeed.

Programs and Impact

TEDCO is dedicated to accelerating support and investment focus in underserved entrepreneurial communities. Leading these diversity efforts is Elizabeth Good Mazhari, TEDCO's Investment and DEI Advisor, who analyzes application and funding demographics to identify discrepancies and enhance community outreach. TEDCO also advocates for state capital to fund equity initiatives such as the Social Impact Funds, which consist of the Inclusion Fund (30% diverse ownership) and the Pre-Seed Builder Fund (51%+ diverse ownership).

Urban Business Innovation Initiative: Provides mentorship for community entrepreneurs.

Rural Business Innovation Initiative: Offers targeted support for entrepreneurs in rural areas

Government Program Development, Affairs & Policy Department: Advocates for entrepreneurial support at state, federal, and local levels.

Additional Insights

"It's difficult to attribute TEDCO's success to a single or even handful of critical allies given the breadth of needs within the ecosystem, and TEDCO has been committed to identifying and engaging all stakeholders as we take a strategic approach to addressing and evolving with the ecosystem's needs. Our elected officials at both the state and federal level have also been consistent allies, regardless of party affiliation at the top of the ticket."

– Elizabeth Good Mazhari, TEDCO's Investment and DEI Advisor

Public-Private Sector Collaboration Fuels Sustainable Change

Michigan: Invest Detroit

Recognition for its leadership role in developing the Michigan Innovation Fund, a fund to grow Michigan's entrepreneurial and innovation ecosystem.

Overview

Invest Detroit is a nonprofit Community Development Financial Institution (CDFI) addressing Michigan's low rates of entrepreneurship by forming the Michigan Innovation Fund. This fund creates a strong and sustainable ecosystem to support early-stage startups and innovation, ultimately driving broader economic growth and a diverse economy for the state. Unlike some states with a single-state venture funding entity, Michigan adopts a decentralized model, leveraging multiple venture teams across various strong fiscally managed organizations to provide entrepreneurs with diverse partnership opportunities.

Key Focus Areas

The Michigan Innovation Fund is dedicated to ensuring that Michigan has at least five self-sustainable evergreen funds for early-stage venture funding. This coalition includes Invest Detroit, Michigan State University, Ann Arbor Spark, Western Michigan University, and the University of Michigan—all organizations with established venture teams supporting the startup ecosystem. Inspired by research on other states' funding models, the fund has public support from both the state and the Governor to address early-stage capital gaps and retain talent that would otherwise migrate to states like Ohio, Illinois, and California.

Programs and Impact

A critical partner in this coalition is Invest Detroit, which drives equity, investment, and wealth generation through its experienced venture team. The Michigan Innovation Fund's efforts have garnered bipartisan support, leading to inclusion in the state budget. These efforts have laid the groundwork for long-term growth in Michigan's venture and startup landscape, with continuous collaboration and policy backing seen as crucial for a sustainable entrepreneurial ecosystem.

Additional Insights

"In order to grow the startup ecosystem in Michigan, we knew we needed to build strong public policy and programming, along with funding, that supported five nonprofit/university funds with strong track records to help them become self-sustaining evergreen funds."

– Jennifer Hayes, Senior Vice President, Operations & Policy, Invest Detroit

North Carolina: NC IDEA Foundation

Recognition for ensuring that its programmatic resources serve underrepresented communities, focusing on minority, women, and rural entrepreneurs.

Overview

NC IDEA Foundation is a 501(c)(3) private foundation dedicated to strengthening North Carolina's economy by equitably providing grants and programs to support entrepreneurs from diverse backgrounds. Established in 2005, the Foundation focuses on diversity, equity, and inclusion (DEI) by providing programmatic and funding resources that serve under-served, underrepresented, and under-represented communities, including minorities, women, and rural populations.

Key Focus Areas

NC IDEA Foundation emphasizes collaboration and DEI, committing no less than 50% of its programmatic and funding resources to underserved communities. This includes providing resources to minorities, women, and rural constituencies, ensuring equitable access to entrepreneurial opportunities throughout North Carolina.

Programs and Impact

In 2020, NC IDEA established the North Carolina Black Entrepreneurship Council (NC BEC) to address the barriers faced by Black entrepreneurs, such as limited access to networks, funding, and resources. The Council works with the Foundation to identify and recommend partners, grant recipients, and programs that empower North Carolina's Black community. Additionally, in collaboration with Wells Fargo and other partners, NC IDEA supports rural initiatives, companies, and events to boost rural entrepreneurship.

The ECOSYSTEM grant program, created in 2016, builds on the Foundation's success of providing direct grants to NC-based entrepreneurs. This program offers grants to organizations with innovative programs serving diverse entrepreneurs across the state. Since its inception, NC IDEA has awarded over \$23 million in grant funding, supported nearly 600 companies, and impacted hundreds of communities and partners.

Additional Insights

"NC IDEA's activities reflect an investment in the potential to grow, from within the State. The companies will create the jobs and wealth that strengthen the economy and build diverse communities. Policymakers, business leaders, and community stakeholders must all work together to sustain equitable outcomes. Simply put, with more capacity, we can do more. With the creation of the North Carolina Black Entrepreneurship Council (NC BEC), we empowered a select group of leaders representing the Black community to create grant programs to address the systemic inequities of Black America through entrepreneurship. The model of the NC BEC is now informing our efforts to elevate rural entrepreneurship in North Carolina."

– Thom Ruhe, President and CEO of NC IDEA Foundation

Regional Strengths Fuels Innovation

Texas: The Ion District, Houston

Recognition for creating an inclusive innovation hub that reflects Houston's diversity and fosters collaboration across sectors.

Overview

The Ion District, a joint initiative between Rice University and the City of Houston, was created to address the city's challenge of equitable access to venture capital and innovation opportunities despite Houston being one of the most diverse cities in the United States. Rice University established the Ion District as a dynamic innovation hub spanning 16 acres in central Houston, with the goal of creating a thriving ecosystem that brings together entrepreneurs, corporations, investors, and support organizations. The Ion positions Houston as a tech hub, a thought leader, a cultural core, and a global economic force, serving as Rice University's "love letter to Houston."

Key Focus Areas

- **Fostering Inclusivity and Diversity:** The Ion District was designed to reflect Houston's diverse population, providing programs and spaces that promote inclusivity. Through partnerships with organizations like DivInc (supporting BIPOC and women-led startup founders) and the Supergirls Shine Foundation, the Ion is committed to fostering cultural change and enabling all individuals to participate in the innovation economy. The innovators and organizations involved with the Ion embody the spirit of Houston's culture and its forward momentum.
- **Strategic Partnerships and Community Investment:** Rice University has committed significant resources to community investments focused on building an inclusive tech workforce, developing entrepreneurship, and enhancing community capacity building. A Community Benefits Agreement with the City of Houston ensures that the Ion District benefits not only its participants but also the wider community, supporting affordable housing, homelessness initiatives, and inclusive hiring practices. The Rice Management Company has also invested in underrepresented founders and local tech-enabled startups through capacity-building grants and initiatives aimed at inclusive hiring practices, reinforcing the Ion's mission of community-centric innovation.
- **Developing a Practical and Impactful Innovation Ecosystem:** The Ion District reflects Houston's pragmatic approach to business and innovation, focusing on scalable solutions and capital efficiency. By leveraging Houston's proximity to major industries like energy, aerospace, and healthcare, the Ion is a hub for practical and sustainable business innovation.

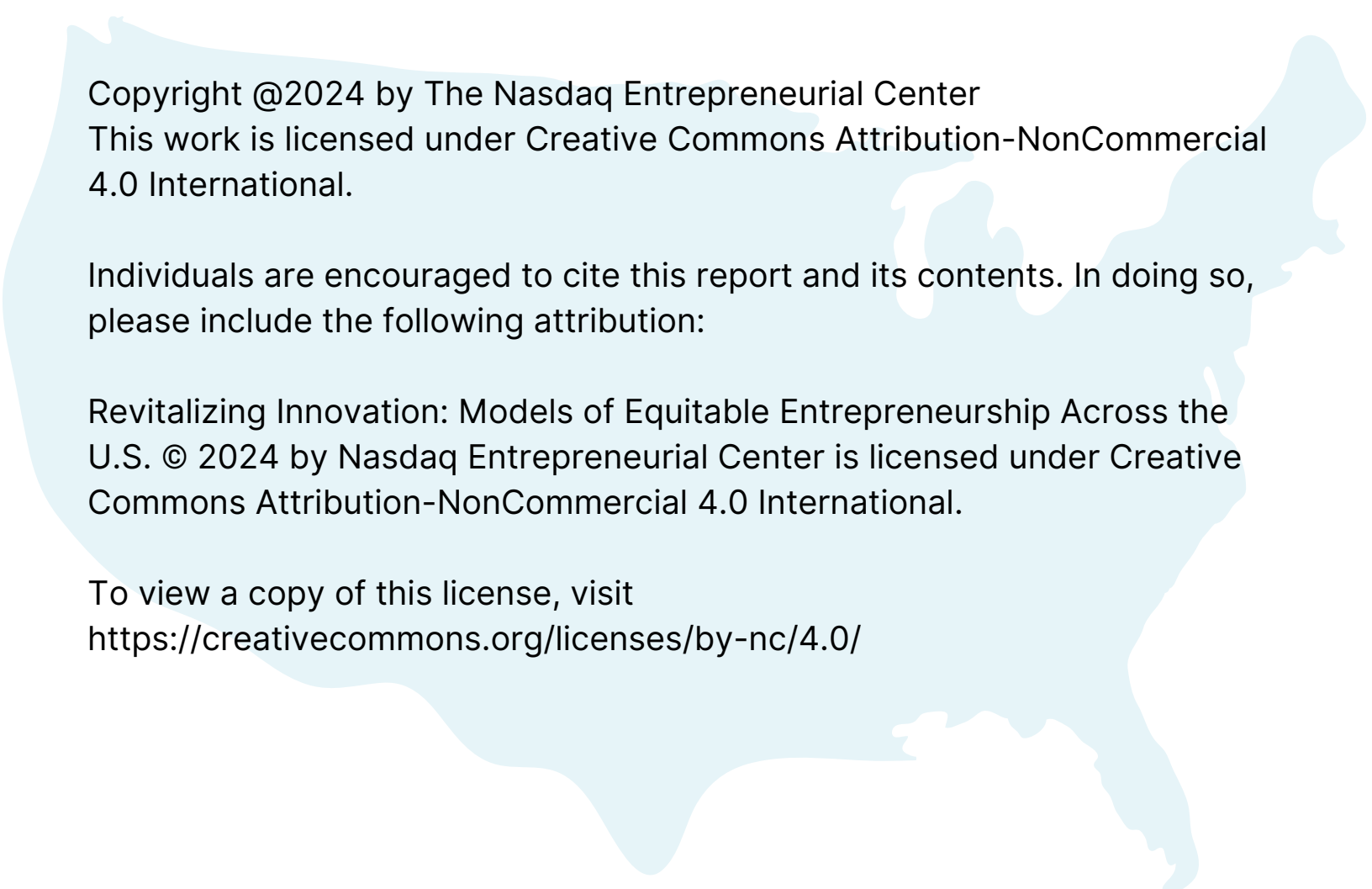
Programs and Impact

The Ion District has made significant strides in building an inclusive, collaborative, and dynamic innovation ecosystem. By fostering a culture of inclusivity and investing in strategic partnerships, the Ion has attracted a diverse group of entrepreneurs, investors, and innovators. The District's focus on practical, scalable innovation has positioned Houston as a leading center for technology and entrepreneurship.

Additional Insights

"Clean energy, aerospace, space exploration, sports, and health tech—the Ion District is focused on practical innovations that can scale to achieve global market impact. Take the Houston energy transition community—it's focused on delivering clean energy rapidly and at scale, in a cost-effective, capital-efficient way."

– Paul Cherukuri, Chief Innovation Officer of Rice University



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