



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Thursday, March 30, 2017
2:00p.m.
State Capitol, Conference Room 308

in consideration of
SB 900, SD1, HD1
**RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.**

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports SB 900, SD1, HD1, an administration bill. This measure will support DBEDT's efforts to assist Community-Based Economic Development (CBED) initiatives in the State's overall economic development strategy. Community-based organizations are normally rurally-located and serve the distressed areas of our State. Many community-based organizations embark upon economic development activities in order to finance their worthy goals. This bill will allow DBEDT to help more community-based organizations achieve their economic development objectives by amending Ch. 210D-2, 5, and -11.

Under CBED's current statute, the definition of "community-based organization," is limited to organizations that are "membership-based" nonprofits in order to participate in CBED grant and technical assistance programs. However, there are a number of nonprofit organizations active in community-based economic development that are not "membership-based." This bill enables the CBED program to assist qualified non-profit organizations to participate in CBED programs.

The CBED Advisory Council has had difficulty meeting due to a lack of a quorum. By reducing the number of members from 12 to 10, it will be easier to schedule meetings and comply with quorum requirements.

Technical assistance is an important component in enabling community-based organizations to be successful in their missions, including economic viability. Expanding CBED grantee qualifications to include organizations providing technical assistance to community-based organizations will allow DBEDT to better assist in the success and viability of these community-based organizations.

The CBED program has been in existence for almost 25 years. Throughout its history, it has assisted over a thousand organizations with grants, loans and technical assistance and created numerous jobs in the process. With the proposed changes in the statute, the CBED program of DBEDT can assist Hawaii's vital community-based entities to grow and become more sustainable.

Thank you for the opportunity to provide testimony.

Board Members

President

Jason Okuhama
Managing Partner,
Commercial & Business Lending

Secretary

Marcus Kawatachi
Deputy Director,
Hawai'i Civil Rights Commission

Trina Orimoto

Clinical & Research
Psychologist

Kaipo Kukahiko
Executive Director,
KEY Project

Miwa Tamanaha
Deputy Director,
Kua'āina Ulu 'Auamo

HACBED Staff

Brent N. Kakesako
Executive Director

Keoki Noji
Chief Operating Officer

Athena T. Esene
Bookkeeper & Office Manager

Malachi Krishok
Program Coordinator

Will Simmons
AmeriCorps VISTA

Avena Gaeleai
Bookkeeping Intern

Foley Pfalzgraf
AmeriCorps VISTA

Date: March 28, 2017

To: Representative Sylvia Luke, Chair, Representative Ty J.K. Cullen, Vice-Chair, and members of the Committee on Finance

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Support for SB900 SD1 HD1

Aloha Chair Luke, Vice-Chair Cullen, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) supports SB900 SD1 HD1, which would amend the definition of "community-based organization" and the qualifications for community-based economic development grants, and reduce the number of Advisory Council members from twelve to ten.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED has historically been intertwined with the CBED Program as many of HACBED's Founders were involved with the creation of the CBED Program and served on the Advisory Council and/or received grants and loans to plan, implement, and enhance their projects in the community.

The passage of SB900 SD1 HD1 would make three critical and needed amendments that would improve the efficiency and efficacy of the CBED Program:

- *Broaden the Definition of "Community-Based Organization"* – the current definition narrowly defines a CBO as membership-based, which is limiting and does not encompass the range of ways work is done in the community. Removing "membership-based" from the definition of CBO would ensure that a broader array of CBOs furthering economic development in their community would be able to receive support from the CBED Program.
- *Provide Support as Needed Based on the Capacity of the CBO* – it takes a certain level of capacity to obtain grants and loans from any institution or funder. As such, including technical assistance as an option for a grant will ensure startups and grassroots organizations with limited capacity will be able to get assistance from the CBED Program. In addition, eliminating the requirement that community-based organizations show, at the time of applying for a grant, that benefits will be realized for five years will also ensure that community-based organizations doing needed work will not face another obstacle to serve their community.
- *Increase Opportunities for the Advisory Council to Meet & Work* – currently, it is

difficult for Council Members to meet and achieve quorum, which has limited the number of official meetings and the ability to make decisions on grant and loan awards as well as implement improvements to the CBED Program. Decreasing the number of total members but maintaining requirements for statewide representation would allow the Council to maintain a needed diversity of viewpoints from across the state, but be able to more regularly make critical decisions and more effectively conduct official business.

Please let me know if you may have any additional questions at (808)550-2661 or bkakesako@hacbed.org.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director