



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented before the
Senate Committee on Water, Land, Agriculture, and Hawaiian Affairs
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by
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SB 1758, Relating to the Agribusiness Incubator Program

Chair Kokubun, Vice Chair Tokuda, and Members of the Committee:

The purpose of SB 1758 is to appropriate funds for the Agribusiness Incubator Program.

The University supports the intent of SB 1758, provided that its passage does not replace or adversely impact priorities expressed in our Board of Regents approved Biennium Budget request.

The University of Hawai'i's Agribusiness Incubator Program (AIP) is currently funded through a special grant from the U.S. Department of Agriculture to institutions that serve Native Alaskans or Native Hawaiians. The AIP provides hands-on business consulting services to agribusinesses that might not otherwise have access to such assistance.

The AIP's consultants offer their clients assistance in the areas of strategy, business and marketing planning, financial assessment, process improvement, and project management. The incubator program serves both start-ups and established companies seeking to expand. In addition, the incubator takes part in community-based efforts and industry initiatives to promote and sustain Hawai'i agriculture.

The National Business Incubator Association reports that 87 percent of graduates of an incubator program remain in business, compared to only 25 percent of those developed without incubation. The improved viability and reduced risk demonstrated by incubated agribusinesses benefit not only the businesses and their employees, but also the landowners from whom they lease agricultural land.

To date, the incubator has served 31 clients, including farming and value-added businesses located throughout the islands. The program's accomplishments include helping ten new businesses become established and facilitating the development and market introduction of value-added products. Comparing data from current and prior years for clients that have been served by the program for more than one year shows that many of these businesses have grown dramatically. On average, clients have

increased their revenues by 121 percent, increased their operating profits by 98 percent, and increased their workforces by 34 percent.

At present, the incubator program is dependent entirely on federal funding. This is a vulnerable situation for this valuable program, as became evident this year with a Congressional proposal to discontinue earmarks for fiscal year 2007. A state funding component for the incubator program will protect it from unpredictable changes in federal funding.

Thank you for the opportunity to testify on this bill.