

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Strategic Marketing and Support - BED 100/SM
- b. Summary of program objectives.**

This Program's Objective supports Departmental Missions of *"Increasing international trade and international educational opportunities for Hawaii's citizens"* and *"Advocating policies to provide a competitive business environment for and supporting Hawaii's small businesses"*. With the restructuring of BED 120 to focus solely on energy, this Program's Objectives also supports the Departmental Mission of *"Aligning, facilitating and leading public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy."*

Strategically located at the crossroads between Asia and the U.S. mainland and with its multicultural heritage, Hawaii has always been uniquely international in outlook. With increased global integration, new and significant international opportunities and challenges have arisen.

This Program focuses on new opportunities that include increased export of Hawaii goods and services and attracting overseas business and investment into the state. This Program supports Hawaii citizens and businesses to meet the challenges of global competition, as competitors are now not only down the street, but half-way across the world.

In order to maintain a globally competitive economy, this Program also focuses on improving the skills of Hawaii's existing and future workforce, especially in the area of science, technology, engineering, and math (STEM) and international education. This program also focuses on building Hawaii's capacity to innovate, by providing supportive policies, facilities, and assistance.

This Program also extends economic development opportunities to those areas outside major economic centers and into communities and rural areas by encouraging entrepreneurship and "home grown" businesses.

Finally, this Program support small business growth by advocating the rights of business in balance with regulations to protect the consumer and the environment.

Hence the overall Objective of BED 100 is to *“Enhance Global Competitiveness and Build Local Competencies”*.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program’s measures of effectiveness relate to the department’s mission and program objectives.

Export of Goods and Services – Attracting new sources of business and investment, positioning Hawaii as a significant global business location, and facilitating opportunities for Hawaii’s companies to access new domestic and international markets are vital to increasing the export of Hawaii’s goods and services. The Division’s measures of effectiveness include the dollar amount of investments, exports, and direct economic impact that are generated by its business development and promotional activities and the number of trade/investment leads generated and actual/potential clients reached. These measures directly relate to Departmental Mission of *“Increasing international trade and international educational opportunities for Hawaii’s citizens”*.

Innovation Capacity and Workforce Development – Support for STEM and international education skills, vital to the development of a globally-competitive economy and for increased capacity to innovate, will be measured by improvements to the “Hawaii Innovation Indicators (“ see: “Innovation Indicators” at www.hawaii.gov/dbedt/innovation) which include year-on-year percentage increase in:

- > proportion and performance of students in STEM programs
- > college readiness, college-going and completion rates
- > entrepreneurial training and activity
- > university, government and private industry R&D spending per \$1000 of GDP
- > patents issued per 100 workers
- > venture capital invested per \$1000 GDP
- > SBIR grant dollars per \$1000 GDP
- > STTR grant dollars per \$10,000 GDP
- > percent degrees earned in STEM majors at UH
- > 25 – 44 year olds enrolled in part-time post-graduate education
- > technology sector growth and proportion of jobs
- > proportion of STEM jobs outside technology sector
- > growth in R&D jobs
- > size and growth of the creative sector
- > percentage of STEM occupations in the economy
- > average earnings in STEM
- > numbers of secondary and post-secondary students studying abroad

> participants in international professional development, education exchange, professional and trade conferences in Hawaii

These measures directly relate to Departmental Mission of *“Aligning, facilitating and leading public and private resources to develop Hawaii’s innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy.”*

Improve Hawaii’s business environment – Supporting communities and rural areas to enhance economic development, administering incentives that benefit businesses, reducing regulations detrimental to small business, and advocating fairness for business are necessary elements for a healthy business environment. The effectiveness of the Division in meeting this priority is measured by the number of jobs generated by community based organizations, number of new firms enrolled in enterprise zones, number of jobs generated by businesses in enterprise zones and the number of rules reviewed by Small Business Regulatory Review Board and the Business Advocate. These measures directly relate to the Departmental Mission of *“Advocating policies to provide a competitive business environment for and supporting Hawaii’s small businesses”*.

c. How Performance Results Affect Program Activities

Performance results serve as an indicator to whether activities are relevant to and having an impact on the needs of Hawaii’s economy. By correlating the increase in revenues and the leads and reach of aggregated activities, we have a good determinant of the effectiveness of the program activities related to increasing the export of goods and services. Should the correlation of these performance indicators, coupled with other factors such as reduced budgets and manpower reflect a decrease, steps to revise and adjust program activities are undertaken. Similarly, performance measures of job growth and new firms enrolled in community based and enterprise zone activities serve as an indicator to the effectiveness of the program. Taking into account current economic conditions, and other external factors, activities are revised to not only maintain growth of business environment, but to stimulate growth.

Finally, STEM workforce development and innovation capacity activities are best measured by increased education attainment and progress through the education pipeline; increased public and private research and development (R&D) effort; increased public and private capital availability; increases quality of workforce and the putting in place infrastructure that supports innovation. Year-on-year percentage increases in the Hawaii Innovation Indicators provide feedback on the relevance and impact of the program activities. Conversely, declines in these percentages will result in a reassessment of the specific program activity designed to impact that area.

The following were implemented to improve performance results:

- Reorganized to include the Science and Technology Branch formerly with the Strategic Industries Division, within BED100, to take advantage of synergies and commonalities in program focuses, and to better leverage available funds.
- Restructured the Immigrant Investor Program to be in compliance with new rules and regulations as set forth by the U.S. Customs and Immigration Service by seeking a professional third party to market, screen and track investments and investors participating in the program;
- Branded under "Global Links" the various international related activities undertaken by the Division: Global Links newsletter, Global Links seminar, Global Links special events, etc.
- Entered into a contract with the Pacific and Asian Affairs Council (PAAC) to facilitate and implement more international educational relationships. PAAC has a strong network of international affairs clubs at the local high schools while DBEDT has a strong network of contacts in education in Taiwan and China. The partnership will help more Hawaii students and teachers to travel abroad, and vice versa.
- Developed a continuing and comprehensive local, national and international marketing program that positions Hawaii as a location for serious business.
- Implemented a more collaborative approach to mobilize county economic development agencies and boards, industry and trade associations, private sector firms and the academic community to jointly produce and implement projects, leverage resources and compliment skills.
- Collaborated with partners located overseas and in domestic markets, including expatriates, to help market Hawaii as a business location and to find partners/opportunities for Hawaii's firms.
- Continued streamlining the Beijing and Taipei Offices in 2007 and 2008 to be responsive to the potentially lucrative opportunities resulting from, among other things: a) Shanghai's 2010 World's Fair; b) a major development initiative in Western China, led by an effort to use tourism to stimulate local and regional economies; and c) development of World Trade Centers in China. Hawaii's expertise in sustainable tourism development could be well-utilized in these development efforts, and plans and programs are underway to ensure that our firms are being considered.
- Aggressively pursued opportunities to promote Hawaii as a location for investment, through seminars and outbound and inbound missions.
- Enhanced the level of awareness and provided relevant information on Hawaii's products, as well as supported business development for companies interested in international trade.
- Increased the local awareness of DBEDT's Beijing and Taiwan offices.

- Collaborated with DLIR and the Workforce Development Council, colleges and universities and other state agencies to identify and streamline ways for government to meet these needs.
- Continued to emphasize improving the rule review process of the Review Board. The Advocate has improved communications with regulatory agencies to insure that draft rules have a more specific impact analysis before they are sent to the Governor.
- Partnered with Federal, State and private economic development fund providers, private sector businesses, and technical assistance providers to develop more efficient lines of communication between agencies to control duplication of services, and to leverage funding.
- Obtained passage of legislation to help more farmers qualify for EZ benefits by substituting increasing sales rather than employment as a stipulation. Finally, a strategic plan has been developed with input from DBEDT staff, program staff and county representatives to enhance and improve the effectiveness of the EZ program.
Increased activities with Korea to take advantage of the visa waiver passage, such as securing the Joint Korea-U.S. Pacific States Economic Conference for Hawaii in 2009.

d. Modifications to program's performance measures and rationale for these modifications.

The following modifications were made to program's performance measures and rationale:

- INVESTMENT, EXPORTS, DIRECT ECONOMIC IMPACT GEN BY BUS DEV & PROMO ACT \$M – Dollar values of direct results received as a result of business development and promotional activities were combined to provide a better metric of direct economic impact in dollars. Includes metrics from the Science and Technology Branch formerly with the Strategic Industries Division, within BED100.
- NUMBER OF TRADE & INVESTMENT LEADS GENERATED, ACTUAL/POTENTL CLIENTS REACHED – Leads and persons reached were combined to provide a more accurate metric of the extent/reach of activities. include the Science and Technology Branch formerly with the Strategic Industries Division, within BED100,
- NUMBER OF RULES REVIEWED BY SBRRB AND BUS ADVOCATE – Measure included as an indicator of small business support
- VALUE OF SUPPORT FOR WORKFORCE DEVELOPMENT PROJECTS \$K—Measure included as an indicator for workforce development support in the area of STEM.
- BAC MEASURES OF EFFECTIVENESS – The Business Action Center (BAC) has been transferred to DCCA so measures are deleted.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 100						
1	INVESTMENT, EXPORTS, DIRECT ECONOMIC IMPACT GEN BY BUS DEV & PROMO	Increase	9.1	12.5	13	13
2	NUMBER OF TRADE & INVESTMENT LEADS GENERATED, ACTUAL/POTENTL CLIENTS REACHED	Increase	1555	575	650	650
3	CLIENT SATISFACTN BASED ON EVAL SURVEYS	See foot note 1.	9	9	9	9.5
4	# JOBS GENERATED BY COMMUNITY-BASED ORGANIZATIONS	Increase	153	100	100	100
5	# NEW FIRMS ENROLLED IN ENTERPRISE ZONE PROGRAM	Increase	15	22	40	40
6	# JOBS GENERATED BY ENTERPRISE ZONE BUSINESSES	Increase	830	300	300	300
7	#RULES REVIEWED BY SBRRB AND BUS ADVOCATE	Increase	63	67	-	-
8	VALUE OF SUPPORT FOR WORKFORCE DEVELOPMENT PROJECTS \$K	Increase	-	595	600	600

Note: 1. remain in 8-10 range.

BED 100/SM Table 6: Program Performance Results

Attachment:

Supporting the Export of Goods and Services:

- Export Sales and Investments Generated by Business Development & Promotional Activities

The Division links Hawaii experts and producers with overseas customers, assists overseas companies in establishing their business in Hawaii and helps local project promoters find investors. The Division endeavors to meet the evolving needs of Hawaii's vendors, service providers and project developers in targeted growth industries as identified by the Department. In FY 2007 & 2008, the Division generated 575 trade and investment leads. The following were reported by firms as a result of these leads. (This is not a complete list of firms reporting export growth or investments—most firms declined to be identified).

Investments & Export Sales Generated by Business Development & Promotional Activities			
FY	Name	Category	Economic Impact
2007	MicroNose Technologies (Environmental)	Investment	\$1,250,000.00
	Kodama Koi Farm (Aquaculture)	Investment	\$2,000,000.00
	Total I (Import/Export)	Investment	\$260,000.00
2008	Kona Brewing (Import/Export)	Export	\$12,000.00
	Food Taipei (Diversified Agriculture)	Export	\$1,500,000.00
	Kalakaua 1723 (EB-5 from China)	Investment	\$2,000,000.00
	Hawaii Simple Green (Import/Export)	Export	\$60,000.00
	Total		\$7,082,000.00

Reverse Missions/Incoming Overseas Groups Attracted and Assisted for Business, Education and Training

Drawing upon the Division's extensive networks with government agencies overseas; international organizations abroad and local; and universities, policy makers, businesses and other leaders in Hawaii and the Asia Pacific region to serve as a source of expertise and leads; the Division was able to attract and service a number of incoming groups to Hawaii for business, education and training, and investment prospecting. Following is a listing of groups that came to Hawaii from out of state and the impact that their visit made to our economy.

FY	Name	#Participants	#Group nights
2007	BYUH Summer ESL Camp	16	224
	Beijing Mayor Wang Qishan	10	50
	China Friendship Association	16	48
	Beijing Agriculture Academy	7	49
	China National Tourism Administration	9	36

	Guilin Tourism Group	4	24
	Heilongjiang Tourism Administration	16	32
	National Committee of the People's Consultative Conference	4	28
	CCPIT Shanghai Pudong	6	18
	Ironman Competition	1	3
	Beijing Civil Aviation University Men's Basketball Team	17	68
	Shanghai Municipal Tourism Commission	24	144
	China American Scientific Expedition and Cultural Exchange	33	231
	CCPIT Guangdong Sub Branch	6	30
	CCTV TV Crew	4	24
	Heilongjiang Provincial Tourism Administration Chairwoman Madam Bo Xiru	3	12
	Heilongjiang Provincial Tourism Administration/Group Board Chair Mr. Zhen Zhiqi	3	12
	Governor of Qing Hai Madam Song Xiuyan and her delegation	12	36
	Zhongguancun Technology Committee	6	24
	TOTAL	197	1,093
	Direct Impact = 1,093 x \$233.80 (total direct visitor spending) = \$256,000		
	Total Output = 1.68 (multiplier) x \$256,000 = \$430,000		
	State tax multiplier = 0.106 (multiplier) x \$256,000 = \$27,136		

FY	Name	#Participants	#Group nights
2008	Nankai University Study Mission to Hawaii	25	250
	Global Links China Consulting	2	12
	Fukui Chamber of Commerce & Industry	14	28
	China Life Insurance Company	160	800
	Beijing Tourism Group Summer Camp	18	252
	China American Scientific Expedition and Cultural Exchange	77	770
	Hyundai Motor Corp China Executive	3	12
	Shandong Provincial Tourism Bureau	3	12
	Chinese Academy of Social Sciences	1	3
	Chinese Academy of Sciences	1	4
	Jiangsu Province Executive Group	30	150
	Huazhong University Women's Basketball Team	14	60
	Guangdong Foreign Affairs Office	14	42
	China Council for the Promotion of International Trade	21	63
	China Ministry of Education	8	24
	China American Scientific Expedition and Cultural Exchange	54	378
	Audi China	300	1500
	"Self Drive" Tour Group	65	195
	China Inaugural US Tour Group	160	320
	Asian Development Bank Business Opportunities Seminar	5	20
	Asia Productivity Organization Study Tour on Environmental Management in Hawaii	19	114
	Niigata Prefectural Gov't's Visit	2	4

	TOTAL	996	5,013
Direct Impact = 5,013 x \$233.8 (total direct visitor spending) = \$1.2 million Total Output = 1.68 (multiplier) x \$1.2 million = \$2.02 million State tax multiplier = 0.106 (multiplier) x \$127,200			

Building Global Links

Doing business in a global context requires an understanding of a variety of underlying political, cultural, legal, economic and environmental conditions that will influence operations, viability and success of the venture. The Global Links forums were created to provide information from a variety of international sources, on a various range of topics that lead to a better understanding of the overseas markets.

FY	Name	Reach/Hawaii Attendees
2008	Hawaii Global Links: ADB	80
	Hawaii Global Links: US Embassy-Beijing	65
	Hawaii Global Links: China Ministry of Education	75
	Hawaii Global Links: EXIM Bank	25
	Hawaii Global Links: US Embassy-Hanoi, Vietnam	50
	Hawaii Global Links: Taiwan Bureau of Energy	50
	Hawaii Global Links: TECO	45
	Hawaii Global Links: Canadian Consulate	40
	Hong Kong Trade Development Council Conference	6
	China Town Hall	40
	NAFSA Bi-Regional Conference	500
	TOTAL	976

The Hawaii Global Links online newsletter serves to inform educators, businesspersons, government officials and others of the latest developments in business and international education in Hawaii. Articles highlight speakers at the Hawaii Global Links Forums, as well as special events, such as educational and trade exhibitions. DBEDT's Overseas Offices in Beijing and Taiwan are regular contributors. Seven issues of the Hawaii Global Links on-line newsletter were produced since October, 2007.

Publication	Frequency	Reach Per Issue
Hawaii Global Links Newsletter	Bi-monthly	1,218

Events and Activities Held out-of-State

The Division links the resources of Hawaii businesses with the needs of overseas domestic and international markets by participating in trade shows or marketing forums. While participation in these shows frequently results in direct contracts and sales, value lies in being able to assess the viability of a product or service, developing a targeted marketing strategy, securing a distributor, sourcing lower cost inputs, and increasing profitability through business alliances and financing. To support participating companies and to increase awareness of Hawaii's

strategic assets, advantages and accomplishments in science and technology industry sectors, the Science & Technology Branch develops and updates brochures and industry directories in the "Technology in Paradise" series. To date, brochures have been developed for aerospace, applied optics, life sciences, ocean science & technology, and sustainable energy.

FY	Name	Reach/Hawaii Participants
2007	BIO-Boston	26
	SPIE-San Diego	20
	OCEANS-Vancouver, BC	7
	Korea U.S. Economic Council Pacific States Annual Meeting-Seoul	30
	Tokyo Business and Investment Seminar	20
	Okinawa Business and Investment Seminar	15
	Hiroshima Business and Investment Seminar	30
	Niigata Business and Investment Seminar	10
	TOTAL	158

FY	Name	Reach/Hawaii Participants
2008	BIO – San Diego (including Tech Showcase and Kama'aina Come Home events)	40
	PowerGen (Renewable Energy)	10
	Korea U.S. Economic Council Pacific States Annual Meeting, Idaho	3
	Guam Economic Opportunities Conference	10
	Hawaii Teacher Study Tour to China	15
	Hawaii Student Study Tour to China	25
	Freeman Foundation Community College Program in China	9
	7 th Graduate School Expedition in Taiwan	15
	2008 Pingtung American Higher Education & Travel Fair	5
	China International Education Exhibition Tours (CIEET)	10
	TOTAL	142

In addition to events held out of the State, the Science & Technology Branch organizes or co-sponsors conferences in Hawaii to attract national and international industry, academic and government experts to exchange information on technical developments and to network and develop partnerships, business relationships and potential research programs. Hawaii's mid-Pacific location provides a natural meeting place and conferences held in the State focus attention on Hawaii's emerging role as a center for S&T research and development and commercialization.

FY	Name	Participants
2007	Pacific Rim Summit on Industrial Biotechnology & Bioenergy	397
	PACON 06 (Pacific Congress on Marine Science & Technology)	173
	JUSTSAP 06 (Japan-US Science, Technology & Space Applications Symposium)	130
2008	PACON 07	149

EnergyOcean 07	278
JUSTSAP 07	150
TOTAL	1277

Marketing Consortia Development

The Division has developed a number of key partnerships with industry to provide leadership in strategic marketing to overseas markets. By drawing upon its networks and resources in overseas governments, agencies and businesses, the Division has been able to increase contracting opportunities for firms.

Consortia		
FY	Groups Organized and Assisted	\$Value of Contracts/\$Increase in Revenue
2007, 2008	Environmental Development Group (EDG)	
	International Development Group (IDG)	\$75,000.00
	Study Hawaii	\$1,000,000.00
	TOTAL	\$1,025,000.00

International Education

The Division supports Hawaii high-school students, and University undergraduates and graduates to participate in study abroad programs to improve their language skills, develop a deeper understanding of culture and observe international business through first hand experiences in a foreign country. These experiential learning opportunities abroad provide an appreciation of the international business and professional opportunities and challenges available in their future profession. In addition, the Division attracts Chinese students to Hawaii's educational institutions through its offices in Taiwan and Beijing. The 5,645 foreign students in the state contributed \$117.6 million to the state economy in the 2006-2007 academic year.

FY	International Education Promotions	Members
2007	Study Hawaii Group	15
2008	China Hawaii Educational Exchange Consortium (CHEEC)	5
	Japan-Hawaii Super Science High School Exchange Consortium	5
	Total	25

Office of Aerospace Development

The 2007 Legislature established the Office of Aerospace Development, which is housed within the Science & Technology Branch. The programs of this office are focused specifically on activities to capitalize on Hawaii's strategic location, unique Moon/Mars-like geological resources, existing infrastructure and resident

university/industry expertise. These attributes give Hawaii significant competitive advantages in this industry and strong potential for global leadership.

The 2007 appropriation included funding for the following initiatives:

- Established the Pacific International Space Center for Exploration Systems (PISCES) at UH Hilo, which among other accomplishments, formed research partnerships that won grants totaling \$640,000.
- Facilitated the world's first solar energy to microwave power-beaming experiment in Hawaii (the demonstration was aired nationally on the Discovery Channel).
- Conducted the 2007 JUSTSAP Symposium and 2007 PISCES Conference on the Big Island.
- Represented Hawaii at several conferences and symposia to promote interest in and support for Hawaii-based aerospace activities.
- Developed extensive marketing materials (including websites, brochures, video productions and Skyline displays) to promote Hawaii's aerospace assets, current activities and future potential to the global space community.

Supporting the Improvement of Hawaii's Business Environment:

Community Based Economic Development

The Division's Community Based Economic Development program has well-established networks with non-profit, business, industry, social service agencies and organizations, and community groups in Hawaii that it leverages to produce a comprehensive set of grants and technical assistance programs to improve the competitiveness of community and rural based organizations. Through its work with other agencies and organizations such as Office of Hawaiian Affairs, Council for Native Hawaiian Advancement, Hawaii Alliance of Community Based Economic Developers (HACBED), it develops specialized seminars and workshops to meet the needs of its community constituents. It also provides direct grant assistance to worthy non-profit organizations to implement key projects.

Community Based Economic Development				
FY	Name	Technical Assistance Provided	Reach/Organizations or Individuals Assisted	\$ Value of Assistance
2007	Hawaii Alliance for Community-Based Economic Development	Organizational Assessment	12 organizations	\$20,000
	Council for Native Hawaiian Advancement	Conference Co-sponsorship	500 attendees	\$10,000
	Council for Native Hawaiian Advancement	Grantee Forum	125 individuals	\$5,000
	Office of Hawaiian Affairs	Economic Development Summit Co-sponsorship	100 organizations	\$1,000
2008	Council for Native Hawaiian Advancement	Conference Co-sponsorship	1,000 attendees	\$13,000

	Council for Native Hawaiian Advancement	Grantee Forum	125 individuals	\$5,000
	Empower Oahu	Technical Assistance	8 organizations representing Aiea, Kalihi-Palama-Chinatown, North Shore, Papakolea, Waianae, Waimanalo, Waipahu and Wahiawa	\$10,000

FY2008	Grants Awarded	\$Value
	Kona Historical Society	\$10,000
	Ho'oulu Lahui, Inc.	\$10,000
	North Shore Country Market	\$10,000
	Ke Aupuni Lokahi, Inc.	\$14,999
	Hale Ku'ai Cooperative	\$14,999
	Enterprise & Development Resources for the Pacific	\$5,000
	Hawaii Cooperative of Organic Farmers	\$10,000
	Lokahi Pacific, Inc.	\$4,950
	Waianae Coast Coalition	\$7,000
	Wailea Village Historic	\$12,000
	South Seas Women's Development Group	\$14,999
	TOTAL	\$53,949

In FY 2007, 12 community based organizations receiving CBED financial support in the prior year reported:

- 163 new full-time jobs created.
- 100 new part-time jobs created.
- 72 new businesses created.
- 92 existing businesses assisted.
- 280 students assisted/trained.

Enterprise Zones

Enterprise Zones are making a tangible and cost-effective contribution to the department's efforts to stimulate business activity and job creation in economically distressed areas. The addition of more high-tech business activities to EZ eligibility, and the flexibility for agricultural concerns, should also increase the program's contribution to the state's economic diversification efforts.

Enterprise Zones			
FY	New Companies Enrolled	Certification Letters Issued	Number of Companies in Program
2007	15	104	204
2008	22	89	209

Note, results are reported based on a fiscal year. The EZ Annual Report to the Governor is reported based on a calendar year.

Also, end-of-year reports used for certification may be submitted at any time. Thus, the total letters issued for 2007 is higher than reported for last year.

Jobs generated that were reported in FY07 were calculated at 830 over a period of seven years which is the term of enterprise zone eligibility. In FY08, it was calculated at 300 to avoid any double counting from previous years.

Small Business Regulatory Review Board/Business Advocate

The Business Advocate has responsibility for assisting state agencies in determining the effect of regulations on the business community. Reviewing and testifying on proposed legislation and analyzing administrative rules carry out this objective. While much of the effort of the Advocate is based on input from the agencies themselves, there is a continuing emphasis on determining the best methods for developing meaningful and less burdensome regulations and helping agencies determine the business impact of their rules. The advocate also supports the Small Business Utilization Council which was created to assist small business through contract set-asides as sub-contractors to large contracts.

Small Business Regulatory Review Board			
FY	Rules Reviewed by SBRRB	Rules Reviewed by Business Advocate	Total Rules Reviewed
2007	51	12	63
2008	55	12	67

Supporting Workforce Development:

A key strategy in developing a globally competitive workforce and build an economy that is based on developing human capital instead of limited natural resources is to direct more attention to expanding and diversifying Hawaii's science & technology (S&T) sectors, including preparing Hawaii's workforce to fill the expanding demand for highly skilled employees in these sectors, as well as tech-related jobs in all sectors of the economy. The foundation of creating this workforce is improving the State's ability to deliver a quality education in science, technology, engineering, and math (STEM).

STEM Education:

Supporting the development of new STEM programs became a primary focus of the Science & Technology Branch in 2007. Acts 111 and 271 (SLH 2007) funded programs designed to supplement the current education system and offer students and teachers added programs/tools to raise the standards of STEM education. The Hawaii Excellence in Science & Technology (HiEST) Academy program is administered by the UH Community Colleges in volunteer DOE high schools. Act 111 provided funds for two Kauai high schools and DBEDT funds were used for a limited pilot program at Waipahu High School for the 2007 – 2008 school year. DBEDT worked with the Department of Human Services to provide funds to expand

the HiEST program to six more schools for the 2008 – 2009 school year, reaching 408 math and 630 physical science students.

With Act 111 funding, DBEDT partnered with the University of Hawaii's STEM Workforce Development Program in the Office of Technology Transfer & Economic Development to establish a secondary and post-secondary internship/mentorship program that will expand opportunities for students to experience work environments in the private sector related to their field of study.

With Act 271 funding, DBEDT entered into a contract with the Economic Development Alliance of Hawaii to utilize an appropriation to maintain and expand the successful Project EAST contextual learning program.

In 2007, DBEDT partnered with the Department of Education to submit a proposal for a STEM education grant from the National Governors Association Center for Best Practices. Funds for the grant are provided by the Bill & Melinda Gates Foundation and Intel Corporation. Hawaii was one of six successful states, based in part on the commitment shown by the Administration and the Legislature to promote STEM education.

Robotics Competitiveness:

One of the most enriching experiences for students is meeting and competing with their counterparts in conjunction with a contextual learning experience. While we can only measure the number of students and teams participating, and the amount of outside funds generated to produce the events, the intangibles of STEM education as a result of the experience provided to students by the robotics challenges are immeasurable and invaluable.

The Division continues to develop a number of partnerships in the public and private sector to provide hands-on training and experience with robotics in an "education-entertainment" format. It has taken the lead as project manager for the FIRST Regional Robotics Competition in 2008 and 2009. The Division is also assisting with the planning and implementation of the Pan Pacific VEX Robotics Championship.

FY	Name	Reach/#Participants	Int'l Teams	Sponsorship/Funding Secured
2008	FIRST Hawaii Regional Robotics Competition	<ul style="list-style-type: none"> ⇒ ~2,000 spectators ⇒ 37 High School Teams ⇒ 25 Hawaii Teams (16 Oahu, 2 Maui, 2 Kauai, 5 FBI) ⇒ 12 Mainland Teams (Cali, NJ, WV, FL) ⇒ 700+ Students ⇒ 450+ Students from Hawaii 	0	NASA Scholarships (for team registration fees of \$6,000/team) - \$120,000.00 NASA Event Support - \$150,000 BAE Support (Event sponsorship, team grants, mobile shop, receptions, volunteer support) - \$324,500
2009	FIRST Hawaii Regional	<ul style="list-style-type: none"> ⇒ ~2,000 spectators expected 	2	NASA Scholarships (for team registration fees of \$6,000/team) - \$120,000.00

	Robotics Competition	⇒ 34 High School Teams ⇒ 24 Hawaii Teams (19 Oahu, 2 Maui, 1 Kauai, 2 FBI) ⇒ 8 Mainland Teams (CA, LA, MA) ⇒ 700+ Students expected ⇒ 450+ Students from Hawaii expected		NASA Event Support - \$125,000 BAE Support (Event sponsorship, team grants, mobile shop, receptions, volunteer support) - TBD
	Pan Pacific VEX Robotics Championship	⇒ ~2,000 spectators expected ⇒ 84 Middle to High School Teams ⇒ 67 Hawaii Teams (44 Oahu, 4 Maui, 3 Kauai, 15 FBI, 1 Molokai) ⇒ 5 Mainland Teams (CA) ⇒ 1000+ Students expected ⇒ 700+ Students from Hawaii expected	12	Innovation First - \$100,000 NASA Event Support - \$10,000

Human Capital Development

The Division's workforce development component was established to develop initiatives to prepare the workforce for high skilled jobs by aligning workforce development with economic development. By coordinating and leveraging workforce development support with funds from other state, labor and education agencies, and the private sector, the workforce development program seeks to address the present workforce needs of businesses, and the workforce needs of the future.

Much of the work in FY2008 has been devoted to working closely with sister agencies and organizations; i.e. – Department of Labor and Industrial Relations (DLIR), DLIR/Workforce Development Division, Workforce Development Council (WDC), UH Community Colleges, local area Workforce Investment Boards and industry associations (Society for Human Resource Management) to collaborate on developing an alignment of policies and actions that complement each organizations mission and achieve workforce development objectives. Activities in the WDC were actions associated with the management of Workforce Investment Act funding, the development of the Five Year Strategic Plan for Workforce in the State and sponsorship of a WDC workforce forum held in Honolulu in January of 2008. Part of the mission of this division is to generate more resources for workforce related activities. Much of the work done applying for grants and programs were started in FY2008 and submitted in FY2009. Applications were sent to the NSF (2), DOLETA (1), and the NGA (2) for consideration for programs. The results of applications submitted are pending.

FY2008	Program Activities
	Workforce Development Council Forum, Hawaii January 2008
	Workforce Development Council Five Year Strategic Plan for the State

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. **Title and Program ID:** Creative Industries Division.- BED 105/CI
- b. **Summary of program objectives.**

This Program aligns with Departmental Missions of *"Aligning and facilitating public and private resources to encourage Hawaii citizens' life-long learning and development of science, technology, engineering, and math skills, resulting in the ability to turn new and creative ideas into products and services that have demand in global markets"*, and *"Increasing international trade and international educational opportunities for Hawaii's citizens"*.

The development of a vibrant and sustainable creative sector will provide Hawaii with the foundational elements necessary to transition our economy from one that is land based to one focused on human capital and innovation. The development of Hawaii's creative sector is all the more important in the context of the current economic challenges. During this "lean" period, Hawaii must position itself for economic recovery and future growth, including in the visitor industry. Hawaii's creative sector plays a critical role in both that recovery and the future growth.

In its broadest definition, our creative economy encompasses a wide spectrum of activities that are rooted in, or generated by artistry, design, aesthetic value or cultural enterprise. Creativity, by its very nature, is also prevalent in industries such as engineering, science, technology, education and healthcare. All combined, these core drivers of Hawaii's innovation-based economy signify the greatest potential in growth, by influencing the way creative applications, ideas and products are created and translated into goods and services.

Hawaii is seeing increasing growth in the creative and technology sectors, according to recent reports such as the September 2008 *Innovation Indicators*¹ by the Department of Business, Economic Development and Tourism's Research and Economic Analysis Division (READ), noting the following areas as fundamental components of a successful innovation infrastructure:

- Capacity for Innovation, leading to;
- A thriving array of innovation assets, resulting in:
- Economic transformation and a strong, prosperous sustainable economy.

¹ Innovation Indicators Report; Hawaii's Innovation Initiative – September 2008.

Hawaii's is making great strides in the development of a vibrant creative economic sector. For example, the total average annual creative output for Hawaii has risen 15% since 2002 when there were 39,984 creative sector jobs to 46,163 jobs in 2007, an annual average increase annually of 2.9%. Average salaries in the creative sector in 2007 were \$49,906, placing the creative sector above the annual wage base. Total creative earnings for the state also increased to \$1.110 billion in 2005.

The Creative Industries Division / DBEDT:

Formed in 2003 to provide a cohesive program to support the development of Hawaii's creative economy comprised of the entertainment, culture and arts sectors, the Creative Industries Division is dedicated to promoting the growth of Hawaii's creative industries. Comprised of the **Film Industry Branch (FIB)** and the **Arts and Culture Development Branch (ACDB)**, the Creative Industries Division is dedicated to:

- Activating Strategic Partnerships
- Connecting existing assets to deliver
- Tangible and Transformational results

Survey of Industry Sectors

In response to a 2005 SMS Research survey conducted with businesses and artisans in Hawaii's creative industries sectors, the following were cited as need areas to support growth:

-
- Marketing & planning workshops
 - Technology infusion & opportunities
 - Market intelligence
 - Intellectual property protection
 - Business & community networking

Leveraging resources, partnerships, developing innovative education and workforce development are all critical to accelerating the economic viability of the creative industries in Hawaii's economy. The end result: higher paying and highly desirable jobs and entrepreneurial opportunities for the 21st century and beyond.

CID target industry sectors:

- Film, television, digital media & animation
- Performing arts
- Visual fine arts
- Literary arts

- Heritage & preservation
- Advocacy & support
- Arts and Music education
- Design & culinary arts
- Cultural arts & events
- STEM/New Media and Music Education

Creative Industries Division program objectives:

- Develop programs to accelerate the growth and sustainability of Hawaii's creative workforce.
- Develop alliances across affinity sectors to drive economic growth.
- Create education programs that support workforce development in film, digital media, STEM education; blending arts, science, and technology.
- Institutionalize programs to advance Hawaii's innovation economy (Creative Industries Zone-Hawaii Film Studio/KCC/UHACM, broadband connectivity)

CID programs are maturing, and as such are currently focused on three major areas that support and accelerate product export, workforce development and development of Hawaii's innovation infrastructure :

- **Innovation in Education**
- **Music Industry Development**
- **Film and Digital Media Industry Development**

Innovation in Education

CID/DBEDT, in partnership with the Department of Education, Career and Technical Education (CTE), University of Hawaii Community College-Kapiolani Community College focused on transforming the way in which students learn the core skills necessary to succeed in an innovation-centric workforce. Projects include Creativity Academies; a standards-based curriculum that infuses STEM education with creative disciplines and MELE - the Music Entertainment Learning Experience program, with courses focused on the business of music and recording, at Honolulu Community College in partnership with Belmont University, Mike Curb School of Music Business, Nashville, TN.

Music Industry Development

CID has formed partnerships with The Recording Academy, the American Society of Composers, Authors and Publishers (ASCAP), Grammy Foundation, Grammy Museum, Real Networks, iTunes, Austin City Limits

(Austin, TX), Hawaii Visitors and Conventions Bureau, Hawaii Tourism Authority and the Rock and Roll Hall of Fame (Cleveland, OH) and Experience Music Project (Seattle, WA) founders, to develop programs designed to advocate and accelerate for the growth of Hawaii's music industry.

Film and Digital Media Industry Development

Hawaii has a thriving film, television and digital media program that has recently seen an increase in overall production activity in large part due to the success of Act 88, the refundable tax incentive program, which provides for education and workforce development support. CID and its Hawaii Film Office deliver vital production support services to off-shore productions, support local film industry development and together with the University of Hawaii Academy for Creative Media and the U.S. Economic Development Administration are exploring the potential of a mixed use digital media facility to house education programs and incubate new companies in the areas of film and new media arts. CID also supports efforts to bring Hawaii's broadband infrastructure up to international standards and speed, providing residents with increased capability to export their creative product globally.

Creative Industries Division Branch Specific Program Objectives:

Arts and Culture Development Branch

The mission of the Arts and Culture Development Branch (ACDB) is to activate a statewide program that accelerates the economic viability and visibility of the arts and cultural sectors of Hawaii's creative economy.

~~ACDB'S program objectives are to expand and diversify Hawaii's economy~~
by:

Short Term:

- Evaluating the current economic status of Hawaii's creative economy sectors.
- Developing strategic partnerships and initiatives that support human capital development in creative industry sectors, including education.
- Directing the formulation and implementation of statewide programs to assist Hawaii creative industry businesses in developing and expanding domestic and foreign markets for their products and services.

Long Term:

- Activating key sector-specific partnerships to advance goals and initiatives to create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services.

- Serving as a statewide liaison and business advocate to support and enhance industry sectors of Hawaii's creative economy that have the potential to become greater economic drivers for Hawaii.
- Identifying and analyzing challenges and issues that hamper the growth of industry sectors of Hawaii's creative economy and recommending appropriate State remedies by developing legislative proposals and policies to support and enhance the viability of these sectors.

Film Industry Branch (FIB) (aka Hawaii Film Office)

The mission of the Film Industry Branch (aka Hawaii Film Office) is to stimulate and support a sustainable, self-sufficient film, television, and digital media industry which respect Hawaii's natural beauty and resources. To promote statewide economic development of the film and video production industry in Hawaii in growth, revenue generation, diversity of resources, and stability.

Short Term:

- Administer and improve the statewide one-stop film permitting process.
- Serve as the primary liaison between the film industry and government, and striving to maintain positive relations among the film industry and government, and maintaining positive relations among the film industry, the community, labor, and business.
- Attract more off-shore productions through marketing Act 88 (SLH 2006) film industry tax incentives which increased the refundable tax credit to 15% on Oahu and 20% on the neighbor islands. Program also is responsible for increased educational opportunities in film and digital media, with productions donating services, equipment, internships, mentorships and outreach to 32 schools.
- Market and promote Hawaii as a film location through advertising and promotional materials, trade shows, film festivals, and film industry events.
- Support local film industry development including workshops and seminars, film festivals and outreach to Hawaii schools.
- Provide support for industry groups, networking and film education opportunities, access to resources, and strategic business partnerships to stimulate distribution of products.

Long Term:

- Stimulate the development of the local film and digital media industries by developing infrastructure and export opportunities.

- Streamline operations and management at the Hawaii Film Studio, including site improvements.
- Develop a multi-use digital media production and education facility to support incubating creative products and services.
- Work with education leadership in Hawaii to create initiatives in the areas of professional development in film, television, digital media, and new media that support all aspects of workforce development.

2. Program Performance Results:

a. Table 6: Program Performance Results

Refer to Table 6, Program Performance Results.

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

CID's measures of effectiveness support the department's mission to transition Hawaii's economy to a thriving, globally competitive economy based on the capacity to innovate.

Working with the diverse creative sectors in film, television, digital media, new media arts, visual and performing arts and literary arts, CID uses the indicators of direct expenditures, those expenditures impacts on Hawaii's economy, tax revenues generated by the direct expenditures, additional funding streams stimulated for these sectors, as well as the overall annual percentage of growth in the aggregate creative sectors to focus its objectives and programs.

For example, the division's film branch is focused on stimulating and attracting off-shore production, which results in increased tax revenues, direct expenditures and supports growth of Hawaii-based workforce in the film, television and digital media industries.

In the short term, the film industry attraction programs stimulate the economy, build a skilled workforce and facilitate opportunities for growth of the film, digital media, new media arts entrepreneurial sectors.

In the long term, CID's MOE's support Hawaii transition to an economy based on creativity and innovation by ensuring there are indicators, metrics and measures of performance for all sectors to deliver sustained growth and opportunity in these areas.

c. Discussion on how performance results affect program activities.

The measures of effectiveness allow for strategic planning, driving our decisions as to how best to apply the limited resources to be effective, accountable and support our division and department's mission to build a knowledge based workforce for the 21st century.

d. Modifications to program's performance measures and rationale for these modifications.

Modifications were made for the Biennium year 2009-2011 Measures of Effectiveness.

Adding: **Creative Economy Annual Growth** rate to track level of music, film, arts, technology, digital media, non-profit and for profit sectors growth. This is critical to measure and track effectiveness of CID programs.

Adding: **Number of Creativity Academy programs in Hawaii schools** to show growth rate of schools using the CA program of fused curriculum in arts, science and technology.

Adding: **Percentage of HS graduates entering UHCC and UH system in New Media Arts, Technology and Film**, to determine 1) success rate of CA program within higher education, 2) infrastructure needed to support sector-specific growth in these areas.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (Increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
1	The amount of direct expenditures from film productions in Hawaii.	Increase	185.7	183.7	100	100
2	Impact on State's economy of direct expenditures from film productions.	Increase	296.7	293.6	159.8	159.8
3	Tax revenues generated by direct expenditures from film productions.	Increase	13.7	16.5	12.9	12.9
4	Amount of funding stimulated in addition to CID budget to support arts, culture and film activities.	Increase	192400	1.1 M	1 M	1 M
5	Creative Economy rate of growth (jobs + annual revenues)	new measure				
6	Number of Creativity Academies in Hawaii HS	new measure	n/a	n/a		
7	% of HS graduates entering UH system in new media, film, arts, music	new measure				

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Foreign-Trade Zone – BED 107/BA

b. Summary of program objectives.

Program Objectives align with Departmental Missions of *"Increasing international trade opportunities for Hawaii's citizens"; "Advocating a competitive business environment for Hawaii's small businesses"; and "Improving, directly and in partnership with other departments, Hawaii's critical infrastructure"*.

The Program's Objectives are to encourage value-added and international trading activities that will create new investment and job opportunities in Hawaii by operating a statewide Foreign-Trade Zone program that reduces the barriers and costs associated with international trade.

The Foreign-Trade Zone (FTZ) Division of the Department of Business, Economic Development & Tourism administers the federal grant, issued in 1965 to the State of Hawaii, for the Foreign-Trade Zone 9 (FTZ9). There are currently 14 sites on the islands of Oahu, Maui, and Hawaii that have received a foreign-trade zone designation of which three general-purpose zone and four special-purpose subzone sites are activated. As the grantee, the FTZ9 staff is responsible for ensuring that U.S. Customs and Foreign-Trade Zones Board regulations are followed by the operators of the subzones at these sites.

The FTZ Division's primary responsibility is to administer the FTZ program in Hawaii. In addition, the FTZ Division provides advice and direction to potential users of the program and operates a general-purpose zone at Pier 2. Any company that imports and exports merchandise can take advantage of the benefits of the Foreign-Trade Zone program at this Pier 2 incubation-type, shared-use facility. The FTZ also provides important port services to the Department of Homeland Security's U.S. Customs and Border Protection.

Specific program objectives include:

- Oversee the implementation of the FTZ program on a statewide basis to make the advantages of the FTZ program available to as many qualifying firms as possible.
- Operate the FTZ public warehouse facility at Pier 2; provide office, exhibit, warehouse, and industrial space to qualified individual businesses.

- Provide information to local, national, and international firms to explain the advantages of doing business in Hawaii under the auspices of the FTZ program.
 - Partner with both private and public sector entities to encourage greater participation in the FTZ program and attract new economic activity to Hawaii.
 - Continue operating the program in a self-sustaining manner without the use of general funds.
 - Implement information technology to reduce the transaction costs of complying with federal regulations.
 - Plan for the expansion of services and facilities to meet the needs of businesses that qualify for FTZ utilization.
 - Work in conjunction with U.S. Customs and Border Protection in streamlining the admittance process in easing barriers for Foreign-Trade Zone users while increasing utilization to maximize benefits to clients.
 - Align with DBEDT's other Business Development Programs and its strategic plans to increase Hawaii exports and business development.
 - Promote the programs of the Export-Import Bank of the United States to small- and medium-size businesses.
 - Actively promote the FTZ program through various chambers of commerce and business associations and initiate and build relationships with key groups to utilize the FTZ as an international hub.
 - Maintain FTZ9 relationships with the national Foreign-Trade Zones Board officials and keep abreast of updated policies and regulations to ensure the most up-to-date information is available to FTZ9 customers.
-
- Short-term desired results include:
 - Increased growth of Hawaii's small and medium sized entities exporting through the e-commerce program.
 - Align public/private partnerships to provide well rounded assistance programs for Hawaii companies.
 - Assist businesses and State agencies in providing additional FTZ#9 incentive for new companies/investments to the Hawaii market.
 - More companies participating in the FTZ#9 program statewide.
 - Consult with web designers and experts to maximize the FTZ website and e-commerce program implementation.
 - Long-term desired results include:
 - Increased economic diversification for Hawaii businesses.
 - Increased foreign investments towards Hawaii businesses.
 - Increased business exports and established Hawaii export industry.
 - Growth with consistent active Pier 2 users.
 - Contributing to DBEDT strategic goals.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The goals of DBEDT are to attract new business, stimulate private investment, create jobs, encourage the expansion and retention of existing companies, bring about structural changes to Hawaii's economy that facilitate an increase in productivity. The Measures of Effectiveness allows the Foreign-Trade Zone (FTZ) to actively identify and react to changes in the business climate, applying its efforts to attract, grow, and service a thriving import/export industry in Hawaii.

Each measure is a reflection of the volume and value of goods imported into and exported from Hawaii. An increase in volume and value reveals the positive impact the FTZ program has on businesses by stimulating the economy through the development of new business, growth and creation of jobs, and a positive future for Hawaii through increased exports.

c. Discussion on how performance results affect program activities.

The Measures of Effectiveness are indicators of the import/export industry in Hawaii. As the value and volume of cargo into the Foreign-Trade Zone and its subzones increases, so does the strength and number of businesses in Hawaii. Positive results indicate an increase in business activity and employment. It also validates the effectiveness of FTZ actions and provides a clear direction for future activities. In these instances the Foreign-Trade Zone focuses its marketing efforts on the expansion of the program.

If the measures show a decline in value or a reduction in program users or business employment, the Foreign-Trade Zone identifies these decreases and acts accordingly to quickly assist businesses in an effort to stabilize and reverse the decline. Some factors however are out of the FTZ control such as declining oil prices on the world market or the overall world economy. In these instances, the FTZ focuses its activities on assisting businesses through tough economic periods. The Foreign-Trade Zone also works to ensure its own stability and strength by reviewing and adjusting projected revenues and planned expenditures.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 107						
1	Increase of Cargo in/out of FTZ (Excluding Subzones)	Increase	15	16	5	3
2	Value Cargo In/Out of All Subzones	Increase	39	-3.29	0	3
3	Value of Cargo In/Out of Pier 2 Facility	Increase	-6	-5.3	2	6
4	# Of New Firms Using the FTZ Program	Increase/Year	28	25	30	30
5	Value of Exports From All FTZ Facilities	Increase	18	-6	0	5
6	Number of Users' Employment Attributed to Participation in FTZ Program	Increase/Year	50	50	60	50

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Economic Planning and Research - BED 130/FA
- b. Summary of program objectives.**

This Program's Objective aligns with Departmental Missions of *"Supporting public policy-making and public and private decision-making by providing data, research and analysis; by creating better data standards, reports, and data-sharing protocols with other state entities and Hawaii's educational institutions"*, *"Leading efforts to transform how Hawaii produces, distributes and uses energy"*, *"Aligning and facilitating public and private resources to encourage Hawaii citizens' life-long learning and development of science, technology, engineering, and math skills"*, and *"Advocating open, fair and transparent tax and regulatory policies to provide a competitive business environment for Hawaii's small businesses."*

This Program's Objective is to enhance and contribute to the economic planning and development of the state by providing analyses, forecasts and policy recommendations; conducting and reporting on basic research into the state's economy, compiling and publishing data on tourism, business activity, the economy, and demographic characteristics; and maintaining a statewide statistical reporting system.

Activities of this Level IV program, Economic Planning and Research (BED 130) to accomplish the above objectives include the following:

- Develop and produce short-range economic forecasts and long-range, state population and economic projections.
- Publish monthly visitor arrival and characteristic reports, expenditure reports and information on cruise ship spending. The program is the only source of detailed state visitor statistics and endeavors to continually improve the quality and quantity of information on the industry.
- Produce the *State of Hawaii Data Book*, containing more than 700 tables of key data widely used by government, business and residents. The State Data Book provides residents agencies and companies in Hawaii with access to a common, authoritative base of statistical information that saves users countless hours of research and compiling of information.

- Conduct strategic economic and industry analyses and impact studies; A range of studies are undertaken to address economic development issues, industry development and trends, the economic impact of tourism and other major industries.
- Update and utilize the Hawaii Input-Output models to guide state, county and private sector planning efforts. The program recently developed a new set of Input-Output models for each individual county. This will enable more accurate estimates of how economic activity affects a particular county.
- Improve and add to the division's modeling tools based on emerging best practices in the field of econometrics.
- Produce the web-based publications, *Quarterly Statistical and Economic Report* (QSER) and monthly, *Selected Economic Indicators* (SEA). As cores data products, the QSER and SEA provide current detailed statistics on Hawaii's economy in a convenient on-line format.
- Conduct Census-related workshops to enhance businesses' ability to mine census data for marketing and business development purposes. The free training sessions help business and agency staff learn how to obtain important census data from the Bureau's web site.
- Maintain economic information and statistics on the department's web site. Approximately 60% of all hits to the DBEDT website are made to access data maintained by the research program.
- Partner with agencies such as the Workforce Development Council, University of Hawaii, Enterprise Honolulu, Hawaii Science and Technology Council (HSTC) and others to develop an understanding of, and options for, addressing the workforce and development needs of key industries.
- Respond through the DBEDT Library to nearly 4,000 annual requests for information and other inquiries to the department.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The results show that the program is providing an abundant volume of data and analyses on the health and outlook for Hawaii's economy, population, industries and related issues. These efforts are focused on the priority economic development need to transition the economy to more high valued, high skill economic activity. It is also anticipating the emerging needs of the public and private sectors through the development of new data delivery systems (one-line data warehouse) and growth industry research.

c. Discussion on how performance results affect program activities.

Accuracy of forecasts and timeliness of reports are metrics that are closely monitored by the program's managers. Because these are important factors in the impact and services provided by the program these become key measures determining program effort. Quantity of requests and reports issued have become less helpful measures guiding program decisions. Quantity of requests may decline as more materials are provided in a clear and easily obtainable form on the internet. Also, the subject matter and quality of analysis are increasingly more important factors in effective research services than quantity as a performance measure.

d. Modifications to program's performance measures and rationale for these modifications.

Consistent with the assessment in 'c' above, the program is modifying performance measures to emphasize the satisfaction level of users with the programs products and services, and how effectively the information is getting to the public, rather than simply the quantity of output. (Quantity of output is addressed in performance measures dealing with program activities). The new measures of effectiveness are as follows:

- Prog. Survey respondents 'more than satisfied' (%)
- Prog. Outputs cited in major new media (ave. monthly #)
- Accuracy of Econ & Demog. Forecasts

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 130 - Table 6b						
1	#Req for analysis, research & data products	Increase	1080	946	1000	1000
2	# pub produced (incl electronic)	Increase	48	85	60	60
3	Accuracy of Econ & Demog. forecasts	Increase	2	2	1	2
4	% touris stat reports issued within 30 days of month-end	Increase	100	100	95	95
5	% of other time-sensitive reports issues as scheduled.	Increase	95	95	95	95
BED 130 - Table 6d						
1	Prog. Survey respondents 'more than satisfied' (%)	Increase	NA	56	50	50
2	Prog. Outputs cited in major news media (ave, mnthly #)	Increase	20	22	20	20
3	Accuracy of Econ & Demog. forecasts	Increase	2	2	5	5

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID:

General Support for Economic Development Departmental Administration
(Office of the Director, Administrative Services Office) BED 142 AA

b. Summary of program objectives.

In general, this program's objective is to lead and enhance the effectiveness and efficiency of economic development programs by providing overall leadership and direction, formulating state-wide and departmental policies and plans, managing operations, allocating resources, providing staff support and other administrative services, coordinating and partnering with other state and federal agencies and with private entities and informing the public about programs, services, projects, data and activities.

Specifically, this program's objective is to:

- Formulate, recommend and implement the economic development policies of the Governor and implement initiatives proposed and approved by the Legislature.
- Formulate and implement short-term and long-term economic development state-wide and/or sector-specific policies and plans.
- Allocate resources, and administer fiscal, budgetary, personnel, contracting, and information technology operations for the Department.
- Assist and support the economic development and diversification efforts of the State by providing information to the Administration, Legislature, government agencies, the business community, and the general public on the Hawaii economy and society, and on the Department's programs and activities that relate to the development, growth, vitality and diversification of the Hawaii economy and businesses.
- Propose, establish, and administer a broad range of Departmental initiatives and programs that fulfill the goals and objectives of the executive and legislative branches in such areas as tourism, business development, business attraction, international trade, small business services, rural development, land use, economic data, energy, technology development and services, and housing.

- The Director of the department serves as the State's Energy Resources Coordinator.
- Coordinate and partner with other state and federal agencies in areas including energy, infrastructure, agriculture, secondary and post-secondary education, workforce development, land and natural resources, housing, health and the environment.
- Maintain State emphasis on support for tourism and other established industries, while concurrently fostering new industries that broaden Hawaii's economic base and business mix.
- Directly oversee the administration of all Departmental operations, including supervision of program offices, management, and staff. Establish and implement policies governing such administration, including fiscal, budgetary, personnel, and contractual matters.
- Oversee attached agencies, boards and commissions and other special programs and projects assigned to the Department by either the legislative or executive branch.
- Establish and maintain links to business and industry in Hawaii, on the mainland and overseas, and with chambers of commerce, government agencies, and other organizations to promote business expansion or relocation to the state.
- Develop and administer, in cooperation with other State agencies, programs and projects that effectively combine and maximize the use of existing funding and personnel resources to achieve mutual goals (e.g., diversification of economic sectors and cross-marketing of Hawaii agriculture products).
- Coordinate the Department's legislative proposals and responses.
- Serve as the State's chief liaison with the local business community and with off-shore businesses seeking to establish operations in Hawaii.
- Draft and distribute reports and other materials on the varied functions and activities of, and economic data compiled by the Department. Assist all divisions and agencies in drafting, editing, printing, and distributing publications, newsletters, reports, etc., which assist Hawaii businesses.

2. Program Performance Results:

a. Table 6: Program Performance Results

This program reviews and approves, through a Yearly Activity Plan (YAP; see www.hawaii.gov/dbedt/YAP) process the objectives, activities and performance results of each departmental program. The "performance result measures" summarized by each program's testimony submission for Operational Budget for Biennium Budget 2009-2011, is the ultimate responsibility of this program.

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

At one level, the effectiveness of the Director's Office and the Administrative Services Office (ASO) is measured by how well they provide the Department's programs with leadership and the administrative assistance they need to achieve their respective goals and objectives. ASO's performance is measured in the areas of contracts processing and voucher (payment) processing. The number of contracts and letters of agreement (LOAs) executed by the ASO is a measure of the services that are provided to help the economy. The percentage of error-free vouchers processed by the ASO for the programs is an indication of the quality of support provided to the programs to enable them to efficiently procure the goods and services they require for their operations.

As discussed in 2. a. above, at another level each performance measures identified by the departmental programs are approved by this program. As such, achievement of those measures relate directly to the department's mission of:

In the short term, to monitor and strengthen Hawaii's economy and business sectors and, in the medium- to long-term, to transition Hawaii to a world-competitive economy based on human capital and the capacity to innovate.

To achieve its Mission in the short-term, to meet the current global economic crisis the Department leads efforts to implement the Administration's Five Point Economic Plan, with a particular emphasis on implementing the Hawaii CIP and federal spending stimulus plans.

To achieve its Mission in the medium- to long-term, the Department leads efforts to improve the competitiveness of Hawaii's economy and businesses and to create the conditions to encourage and facilitate increased productivity, entrepreneurial effort and innovation.

c. Discussion on how performance results affect program activities.

They serve to provide feedback on the general effectiveness of our program. Program activities are adjusted to improve performance.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
	BED 142AA					
1	% CONTRACTS & LTRS OF AGMT PROC/REVWD W/IN 10 DAYS	Increase	100	205	100	100
2	% CHNG IN AMT OF FED & NONSTATE GRANT FUNDS RECD	Increase	-38	33	0	0
3	% ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED	Increase	99	99	95	95
4	SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME (<)	Decrease	0.80	2.00	2.00	2.00
5	% DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE	Increase	98	99	98	98

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: High Technology Development Corporation – BED 143/TE

b. Summary of program objectives.

The mission of the agency is to **facilitate the growth and development of the commercial high tech industry in the state**. Its statutory duties include, but are not limited to:

- (a) Developing industrial parks as high technology innovation centers and the development of projects within or outside of industrial parks;
- (b) Providing support and services to Hawaii-based high technology companies;
- (c) Collecting and analyzing information on the state of commercial high technology activity in Hawaii;
- (d) Promoting and marketing Hawaii as a site for commercial high technology activity in Hawaii;
- (e) Providing advice on policy and planning for technology-based economic development.

To put it simply, HTDC, as the State's leading agency in tech-based economic development (TBED), serves three (3) major functions for the State:

- (1) Liaison between the industry and the State government, to facilitate communication for forming TBED policies and state-wide plans, and to advise the legislature and the administration as appropriate
- (2) Establish incubation centers and assist in planning for tech parks to improve innovation infrastructure of the State, and
- (3) Provide specialized programs and services needed for mentorship of tech entrepreneurs and businesses looking to incorporate innovation to complete in the global market

These functions serve the State to shift to an innovation-based economy, less dependent on our limited natural resources or our geographical location. Such an economy offers more diverse opportunities to people of Hawaii with higher paid jobs.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The five (5) MOE registered with the State are just some of the indicators used to measure our performance. Because incubation is a large part of what HTDC does, our MOE focus only on the incubation center related activities.

These figures are significant because studies by the Small Business Administration show that companies which went through an incubation program has a significantly higher chance of survival compared to companies that do not; 50% of small businesses fail after the first year of business and 90% fail in the first five years. HTDC's incubator in Manoa has a 76% success rate, reversing the statistics from non-incubated businesses.

Because HTDC's ability to offer physical incubation is limited by the size of our facilities, we also launched a virtual incubation program as well as services community members can participate in without being a physical tenant. HTDC believes that because we act as a clearinghouse of information and programs useful to innovation companies, the number of companies we serve as tenants or community members is an important metric. These metrics feed into Hawaii's long-term commitment to growing the tech and related industries to found an innovation-based economy.

HTDC closely monitors our effectiveness through both quantitative and qualitative metrics, because HTDC believes that a limited set of quantitative data may not provide the whole picture when it comes to performance levels and effectiveness. To that end, surveys and questionnaires are collected from attendees of workshops, current HTDC clients, graduates (companies leaving the incubation centers), and our economic development and industry partners.

HTDC also monitors its performance at the program-level (e.g., federal programs we administer come with metrics dictated by the federal government, each grant/contract we receive come with specific deliverables). In addition to the five MOE listed in this document, and in

addition to specific metrics dictated by each grant/contract, HTDC also monitors other important innovation growth metrics, including:

- Small Business Innovation Research (SBIR) award winners from the State of Hawaii
- Hawaii SBIR award winners and their award amounts
- Number of new Hawaii SBIR award winners
- Number of staff of graduating companies at the time of graduation
- Square footage of office size at our incubation facility vs. one they are moving into
- For the clients of HTDC's Manufacturing Extension Partnership Program (MEP): cost savings to our clients due to our assistance, their overall sales numbers, new monies invested as a result, and number of clients served.

c. Discussion on how performance results affect program activities.

HTDC must maintain a rigorous standard because much of its funding comes from the federal government programs with their own list of deliverables and metrics HTDC must meet for continued funding, but also from private sector clients (program fees and rent), who can choose not to utilize our services should they find our services ineffective.

HTDC creates a set of mid-term focus areas, which in turn feed into the five of the six departmental areas of interests, which then addresses the State's goals. The current focus areas are:

1) Establishing an entrepreneurship campus:

A coordinated effort that brings together industry partners and economic development supporters to provide coherent entrepreneurship mentoring

2) Neighbor island initiatives:

While many entities cut their outreach programs to rural areas to obtain efficiencies, HTDC believes that as a State agency, we must not be Honolulu-centric, and fill the gap in programs, esp. in times of economic adversity. We must adjust our strategies to leverage the strengths and address the challenges faced by each of our communities rather than searching for a generic solution.

3) Alignment with federal programs:

Accepting that the State of Hawaii does not have sufficient funds or resources to fully execute our plans to establish an innovation-based, we must do better to align the federal resources available to our existing goals of our State.

Shorter-term tactics are then devised as projects, to meet the deliverables set for those focus areas. Tasks and related expenditures are then approved. Should we discover that tasks for the projects themselves are not addressing the specific deliverables of the focus areas, the projects are retooled and the implementation plan re-examined, or the project itself is terminated and replaced with more effective project ideas and corresponding plans.

Tasks that do not address these focus areas do not gain the support of HTDC's senior management and their expense requests denied. Further, for the last two years, HTDC has practiced zero-based budgeting approaches for both fiscal and programmatic decisions, and prioritizes expenses that address multiple areas/purposes over ones that only serve single purposes. MOE assist the staff and managers to evaluate not only the return on investment of each of our projects but also help set priorities and allocation of our limited resources.

Here is an example of specific goals met by HTDC-MEP during the 12-month period from October 1, 2007 through September 30, 2008. Twenty companies measured had notable impacts on the State's economy:

- \$6+ million in retained and increased sales.
 - \$3.69 million of cost savings or 10.5 times return on federal and State funding.
 - \$6.69+ million worth of investment or 15 times return on federal and State funding.
-
- Over 127 employees retained and 113 jobs created.

To achieve these goals, MEP staff retooled their project plans to discontinue activities that did not contribute significantly to the above metrics (e.g., hosting workshops that provided very little "attendee to client conversion") and prioritized assistance to companies where larger investment numbers were realized by the companies (e.g., assisting Hawaii SBIR award winners), and established partnerships with other entities to further improve on this result for continued funding by the federal government.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 143						
1	# of companies assisted at HTDC Incubation Centers	Increase	152	156	220	175
2	Mktg: # of individuals or companies assisted	Decrease	33805	34723	60400	32100
3	# of potential tech-based companies	Decrease	1476	1350	1290	1200
4	# of companies applying for incubation services	Level	15	13	21	15
5	# of contacts and responses	Decrease	136184	140474	255000	127200

* The statistic for Internet website activity for HTDC's three sites for FY09 were projected during the previous biennium budget process when a different vendor was hosting the websites. The vendor used a different methodology of tracking website activities than the current vendor. The statistic reported for FY07, FY08 & FY10 are based on information from the current vendor.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. **Title and Program ID:** Hawaii Strategic Development Corporation - BED 145/VC

b. **Summary of program objectives.**

Program aligns with Departmental Mission as follows:

<i>Departmental Mission</i>	HSDC FY09 Contribution to Effort:
<i>Stabilize the economy and establish the basis for future growth.</i>	Monitor and provide appropriate oversight to ~\$30M in unprecedented state investments in the high technology and energy sectors. Encourage investment and contractor Partners, at this critical time, to leverage the remaining limited funds with private and public sources, for priority investments.
<i>Transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030</i>	Provide oversight and guidance in the implementation of the \$8.7M Hydrogen Investment Fund efforts

Departmental Mission	HSDC FY09 Contribution to Effort:
<i>Align, facilitate and lead public and private resources to encourage Hawaii citizens' life-long learning and development of science, technology, engineering, and math skills, resulting in the ability to turn new and creative ideas into products and services that have demand in global markets</i>	Work with local education institutions to: (1) introduce entrepreneurship into the public school curriculum; (2) provide a service to students by introducing future entrepreneurs to the essential concepts of business development; and, (3) design, create and implement a college level course, complete with a post course assessment and follow-up survey, for a target audience of 8-24 middle and high school teachers, that will instruct teachers how to introduce the concept of entrepreneurship into the standard middle and high school curriculum.
<i>Increase international trade and international educational opportunities for Hawaii's citizens</i>	Monitor and provide guidance to those investee companies to encourage investments that result in increase of Hawaii's exports of goods and services.

Description of program objectives/activities as presented in the Multi Year Program and Financial Plan.

- **HIGH TECH TRANSITION:** The 2007 legislative session appropriated \$5M to HSDC for a grant fund to support "dual use" companies, those which are developing defense and commercial markets applications. Funds were expended through a contract with the Pacific International Center for High Technology Research (PICHTR) and were directed to companies which have received prior funding from the Center of Excellence for Research in Ocean Sciences (CEROS) or from the Hawaii Technology Development Venture (HTDV), but require follow-on-funding to transition already developed IP. The 1st round of a competitive solicitation resulted in 7 contracts (\$1.5M) and a 2nd round will be completed in the Spring.
- **HYDROGEN FUND:** The 2006 legislative session appropriated \$8.7M Hydrogen Fund to DBEDT Strategic Industries Division (SID) with future HSDC oversight. Funds were expended through a competitive DBEDT/SID contract with Kolohala Holding, the General Partner. Work is beginning to create a Hydrogen Economy. HSDC will review invoices and provide limited oversight as needed.
- **EDUCATION:** HSDC supports entrepreneurial development programs through conferences designed to assist firms in improving their management capabilities and attract capital. HSDC sponsors conferences bringing in venture capitalists to meet with entrepreneurs and positioning them for

possible investment. Other conferences are provided for investors and support organizations to better understand private equity investing.

- **ENTREPRENEURSHIP:** HSDC entered into a new partnership with Chaminade University, driven by data indicating: (1) small proprietor (entrepreneur-run) organizations constitute the largest segment of Hawaii businesses; (2) entrepreneur-run businesses are the fastest growing national business segment; (3) entrepreneur run businesses are started without the entrepreneur understanding what is involved in developing the business; and (4) introducing entrepreneurship into the regular educational curriculum would provide a service to students by introducing future entrepreneurs to the essential concepts of business development. The partnership shall design, create and implement a college level course, complete with a post course assessment and follow-up survey, for a target audience of 8-24 middle and high school teachers, that will instruct teachers how to introduce the concept of entrepreneurship into the standard middle and high school curriculum. The course will be presented during the 2009 Chaminade Special Summer Institute.
- **INVESTMENTS:** Through its "indirect investment" policy, HSDC invests public funds in privately managed venture capital limited partnerships, which in turn invest in emerging Hawaii companies. The venture capitalists identify companies with promising products or technologies, high market potential, and strong management teams, and negotiate the investment directly with the firm. HSDC assists in technology development, creating and transitioning Intellectual Property (IP) and launching new industries. This policy provides entrepreneurs with access to venture capital expertise and private sources of capital to leverage public funds. HSDC has made capital commitments to funds ranging from seed stage investment, to early/growth stage, to later stage mezzanine financing. This diversified investment policy is designed to provide different stages of financing to companies throughout their growth cycles. The investments made by HSDC are typically for a ten year period. HSDC has invested approximately \$16 million in ten venture capital limited partnerships which have invested or are investing in Hawaii companies.

2. Program Performance Results:

To meet its objectives in the upcoming fiscal year, HSDC will continue to:

- Work with companies to assist them to become "investment-ready."
- Work with other entrepreneurial support organizations, through the Hawaii Technology Enterprise Network (HiTEN), to form a network to assist entrepreneurs.
- Monitor and provide guidance to PICHTR regarding the \$5M Follow-On-Funding effort

- Monitor and provide guidance to DBEDT/SID in the implantation of the \$8.7M Hydrogen Fund

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The measures of program effectiveness relate to the departmental mission of aligning, facilitating and leading public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy. They also align with departmental missions of leading efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030. Finally the measures relate to the departmental mission of increasing international trade opportunities for Hawaii's citizens.

c. Discussion on how performance results affect program activities.

Although by design HSDC has no influence over the investment decisions of its venture fund managers or of the companies receiving grants, any decline in or non-performance of the measures of effectiveness will result in HSDC management encouraging the General Partners to increase performance with end-of-contract liquidation returns and for rapid and detailed investment reporting.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 145/VC						
1	Incr in Leveraging Public Investments w/Private Capital	Increase	0	1400000	5000000	5000000
2	Incr in Number of Venture Capital Partnerships Established	Increase	0	0	1	1
3	Increase In Number of Companies Funded	Increase	0	5	5	5
4	Amount New Inv Capital Raided thru State Private Inv Fund	Increase	0	130	0	0

BED 145/VC Table 6: Program Performance Results

Attachment:

The completion of this section will be left to the new HSDC Permanent President, to be identified in early 2009, and the results of the ongoing HSDC Fiscal Audit to provide specific quantifiable metrics.

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
5-Point Economic Plan	Monitor and provide oversight to ~\$30M (i.e., \$15M in investments, \$8.7M in the Hydrogen Fund, \$5M in PICHTR Follow-on-Funding effort) in unprecedented State investments in the High Tech and Energy sectors. Encourage investment and contractor partners, at this critical time, to leverage the remaining limited funds with private and public sources, for priority investments.	\$15M in investments: HSDC, as a Limited Partner in 10 contract partnerships, has no influence on what investments are made, but can apply pressure to encourage General Partners or other mechanisms to increase HI investments with end-of-contract liquidation returns, demand rapid and detailed investment reporting.	<ul style="list-style-type: none"> -Number of new investment -Amount of new investments -Returns on short term (<1 year) investments -IP developed -Technology Readiness level (TRL) improvements in previously developed products -Amount of new leveraged VC -Number of new employees, in assisted companies, directly linked to assistance -Average individual incomes of employees of assisted companies, directly linked to assistance

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
Energy	Provide oversight and guidance in the implementation of the \$8.7M Hydrogen Fund efforts conducted by DBEDT/SID and General Partner	H2 Fund is divided into 3-efforts that include no influence on what investments are made: (1) H2 Plan development (\$0.4M) where many metrics will be defined; (2) Identifying and Implementing Matching Fund Projects (\$4M); (3) Identifying and implementing equity investments (\$4M)	<ul style="list-style-type: none"> -# of new investment -Amount of new investments -New H2 Economy Capability IP developed -Technology Readiness level (TRL) improvements in previously developed products -Amount of new leveraged VC -# of new employees, in assisted companies, directly linked to assistance -Average individual incomes of employees of assisted companies, directly linked to assistance -Original investments, present status of investments, amount of leveraged funds -#, type, original investment and present amount of active investments in Hawaii companies -#, type, original investment and present amount of active investments in Non-Hawaii companies -#, type, original investment and present amount of inactive investments in Hawaii companies -#, type, original investment and present amount of inactive investments in Non-Hawaii companies -Fees and commissions received by General Partners

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
STEM Education	Work with local education institutions to: (1) introduce entrepreneurship into the public school curriculum; (2) provide a service to students by introducing future entrepreneurs to the essential concepts of business development; and, (3) design, create and implement a college level course, complete with a post course assessment and follow-up survey, for a target audience of 8-24 middle and high school teachers, that will instruct teachers how to introduce the concept of entrepreneurship into the standard middle and high school curriculum.	HSDC-Chaminade contract has not been finalized, but developing quantifiable metrics, for monitoring long term success, are included in the tasking	<p>SHORT TERM</p> <ul style="list-style-type: none"> -# of student-teachers attending course -# of public school students under student-teacher -# of follow-on public school lectures, events linked to entrepreneurship concept -results of before/after testing results <p>LONG TERM</p> <ul style="list-style-type: none"> -# and % of graduating students entering an entrepreneurial situation -# and % of graduating students entering a successful entrepreneurial situation

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
International Trade	Monitor and provide guidance (as permitted) to those specific historic investments targeted to encourage international trade	\$.05M in investments: HSDC, as a Limited Partner in one fund focused on international. While it has no influence on what investments are made, HSDC can encourage General Partners or other mechanisms to increase investments with objective of increasing Hawaii's exports of goods and services.	<ul style="list-style-type: none"> -# of new Int'l focused investments -Amount of new Int'l focused investments -Returns on short term (<1 year) Int'l focused investments -Amount of new leveraged VC -Number of new employees, in assisted companies, directly linked to assistance -Average individual incomes of employees of assisted companies, directly linked to assistance
Infrastructure	Provide funding mechanisms for investment in emerging technology companies. by developing networks to organize public and private sources of capital, and to establish infrastructure to support venture capital investment	See Hydrogen Fund and PICHTR contract above	See Hydrogen Fund and PICHTR Contract metrics above

Historic Investment Statistics

Number, type and amount of General Partnership/Limited Partner relationships including individual investments under each:

- i. Original investments, present status of investments, amount of leveraged funds
- ii. Number, type, original investment and present amount of active investments in Hawaii companies
- iii. Number, type, original investment and present amount of active investments in Non-Hawaii companies
- iv. Number, type, original investment and present amount of inactive investments in Hawaii companies
- v. Number, type, original investment and present amount of inactive investments in Non-Hawaii companies
- vi. Fees and commissions received by General Partners