



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented to the
Senate Committee on Energy, Economic Development, and Tourism
Tuesday, March 28, 2023 at 1:05 p.m.

by

Vassilis L. Syrmos
Vice President for Research and Innovation
University of Hawai'i System

SCR 177/SR 121 – RECOGNIZING THE IMPORTANCE OF THE FOURTH SECTOR OF THE ECONOMY AS COMPLEMENT TO THE THREE TRADITIONAL SECTORS, AND THE GROWTH AND DEVELOPMENT OF FOR-BENEFIT ORGANIZATIONS IN PROMOTING SUSTAINABLE AND EQUITABLE ECONOMIC DEVELOPMENT

Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

The University of Hawai'i (UH) appreciates the Hawai'i State Legislature's recognition of the "fourth sector" as an emerging sector of the economy via SCR 177/SR 121.

The UH research enterprise is already engaged with a number of "for-benefit" organizations in the area of indigenous innovation and knowledge to help promote sustainability, resilience and social equity in Hawai'i and beyond.

While faculty members from UH would be pleased to offer their expertise as members of the Fourth Sector Working Group, it should be noted that these individuals need to be selected by the UH president.

Thank you for the opportunity to comment.

SCR-177

Submitted on: 3/26/2023 10:49:05 AM

Testimony for EET on 3/28/2023 1:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Doorae Shin	Testifying for Hawai'i Impact Collaborative	Support	In Person

Comments:

Aloha,

My name is Doorae Shin and I am writing in support of this resolution. I am the Founder and Director of Hawai'i Impact Collaborative, a consultancy working with nonprofits on progressive and environmental projects on the islands.

As someone who has worked in both the public and nonprofit sector in Hawai'i for over 10 years, from working at the University of Hawai'i to serving at various nonprofits, I have experienced firsthand the growth and importance of the fourth sector.

The concept of a fourth sector is a way to conceptualize the "for-benefit" sector in Hawai'i which is already thriving in many ways and is made up of people, agencies, organizations, and businesses from the public, private, and nonprofit sectors combined. In this fourth "for-benefit" sector, we are all committed to working for the common good – for our communities, for Hawai'i's environment, and a values-driven economy.

The passage of this resolution would formally acknowledge the importance of this fourth sector and establish the Fourth Sector Working Group to begin strategically leveraging this sector for the highest benefit and impact for Hawai'i and our people.

Please pass these resolutions.

Mahalo,
Doorae Shin

Testimony in Support of SCR177 / SR121

Senate Committee on Energy, Economic Development, and Tourism Hearing
Tuesday 3/28/2023 @ 1:05pm | Conference Room 229 & Videoconference

Aloha Chair, Vice Chair, and Members of the EET Committee,

My name is Heerad Sabeti and I represent the Fourth Sector Group (4SG), an nonprofit organization based in Washington DC. I am writing in strong support of SCR177 / SR121, which will establish a Working Group to develop a long-term strategic plan for harnessing the fourth sector of the economy in Hawai'i.

The fourth sector, or for-benefit sector, is a rapidly growing segment of the economy that combines the social and environmental mission of the nonprofit sector with the innovation and entrepreneurship of the private sector. For-benefit organizations come a wide range of models that prioritize social and environmental impact alongside financial sustainability, such as social enterprises, cooperatives, community development corporations, mission driven businesses and civic enterprises.

At 4SG, we support governments and other stakeholders around the world who are working to strengthen the enabling ecosystem for these organizations. I believe the fourth sector has enormous potential to benefit Hawai'i in a number of ways, and that the proposed resolution is a critical first step in realizing this potential:

- **Driving innovation:** Fourth sector organizations are uniquely positioned to develop new products, services and business models that address social and environmental challenges. By supporting the fourth sector, Hawai'i can tap into this innovation potential and create new opportunities for economic growth and competitiveness.
- **Job creation and training:** The fourth sector can create new job opportunities for Hawai'i's residents, particularly in communities that have been historically underserved. Many for-benefit organizations prioritize job training and workforce development, helping to build a more skilled and resilient workforce that can thrive in the 21st-century economy.
- **Economic diversification and growth:** By supporting the growth of for-benefit organizations, Hawai'i can create new markets for goods and services, attract new investments, and promote the development of sustainable industries, such as renewable energy, regenerative agriculture, care services and green infrastructure.
- **Social and environmental impact:** The fourth sector can address some of Hawai'i's most pressing social and environmental challenges, including climate change, inequality, food security and access to affordable housing. For-benefit organizations can provide innovative solutions that prioritize social and environmental impact, while also promoting financial sustainability and long-term viability.
- **Strengthening communities:** Fourth sector organizations are often deeply rooted in local communities and can provide essential services and support to underserved populations, promoting civic engagement and supporting local culture and heritage. For-benefit

organizations can work closely with communities to identify their unique needs and challenges, and develop tailored solutions that can improve the quality of life for residents.

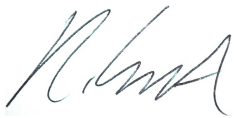
Hawai'i has a unique opportunity to lead the way in developing the fourth sector, given its rich cultural heritage, strong commitment to sustainability and a thriving innovation ecosystem. By investing in the fourth sector, Hawai'i can create new opportunities for economic growth, job creation and community development, while also addressing some of the most pressing social and environmental challenges facing the state.

To achieve these goals, however, it is essential to have a strategic plan that outlines specific actions, targets, and metrics for growing the fourth sector. The proposed resolution would create a Working Group to develop such a plan, bringing together stakeholders from all sectors to identify opportunities and challenges, set priorities, and establish a roadmap for action.

I urge you to support the proposed resolution to develop a strategic plan for growing the fourth sector in Hawaii.

Thank you for considering my testimony in support of SCR177 / SR 121. I urge you to pass this resolution to support the growth and development of for-benefit organizations in Hawai'i. By doing so, Hawai'i can unlock the enormous potential of the fourth sector to create a more sustainable, equitable and resilient future for all its residents, while also setting an example for other communities around the world.

Mahalo,

A handwritten signature in black ink, appearing to read 'H. Sabeti', written in a cursive style.

Heerad Sabeti

CEO, Fourth Sector Group



KL Felicitas Foundation

info@klfelicitasfoundation.org
www.klfelicitasfoundation.org
P.O. Box 218 · Big Sur · California · 93920

Testimony in Support of [SCR177 / SR121](#)
[Senate Committee on Energy, Economic Development, and Tourism Hearing](#)
Tuesday 3/28/2023 @ 1:05pm | Conference Room 229 & Videoconference

Aloha Chair, Vice Chair, and Members of the EET Committee,

My name is Lisa Kleissner and I am the President of the KL Felicitas Foundation and Board Chair of Hawai'i Investment Ready. I am writing **in strong support of SCR177 / SR121**, which will establish a Working Group to develop a long-term strategic plan for harnessing the fourth sector of the economy to advance sustainable and equitable development in Hawai'i.

Our foundation has been working with government, philanthropy and the private sector in Hawai'i for the past 10 years to scale emergent purpose-driven enterprises that are charting a new for-benefit economy for Hawai'i. While this concept may be new to Hawai'i, Hawai'i is not new to the concept. An island economy by definition must leverage its resources to maximize benefits for community and its fragile environment.

For those unfamiliar with this concept, the fourth sector represents a growing wave of purpose-driven organizations that are focused on creating positive social and environmental impact while also generating sustainable revenue. These for-benefit organizations combine elements of both traditional for-profit businesses and non-profit organizations, seeking to address social or environmental challenges in innovative ways while also sustaining themselves financially. They come in a wide variety of models, including social enterprises, cooperatives, mission-driven businesses and more.

Our foundation has been investing in for-benefit enterprises and organizations globally for the past 23 years. We have first hand knowledge that for-benefit enterprises are powerful catalysts for economic growth and development in many regions, particularly in areas that are traditionally underserved by other sectors. Hawai'i is home to many inspiring for-benefits that are driving significant positive change, not only in our communities, but in other countries where our foundation has an opportunity to share these examples with our fourth sector investor peers.

By supporting and encouraging the growth of these organizations, Hawaii can enhance its reputation as a leader in sustainable and equitable economic development. This will attract new investment, create new business opportunities, and help build a more resilient and inclusive economy for all Hawaii residents.

Thank you for considering my testimony in support of SCR177 / SR 121. I urge you to pass this resolution and show your support for the growth and development of for-benefit organizations in Hawaii. By doing so, we can unlock new opportunities for entrepreneurship, innovation, and community empowerment that will benefit us all for years to come.

Mahalo nunui,

Lisa L. K. Kleissner
President, KL Feliciatas Foundation
Board Chair, Hawai'i Investment Ready



Statement of
Meli James
Cofounder
Mana Up
before the

[Senate Committee on Energy, Economic Development, and Tourism Hearing](#)

Tuesday, March 28, 2023
1:05 PM
Conference Room 229 & Videoconference

In consideration of
[SCR177](#) / [SR121](#)

Senator Lynn DeCoite, Chair Senator Glenn Wakai, Vice Chair and Members of the Committee.

Testimony in Support of [SCR177](#) / [SR121](#)
[Senate Committee on Energy, Economic Development, and Tourism Hearing](#)
Tuesday 3/28/2023 @ 1:05pm | Conference Room 229 & Videoconference

Aloha Chair, Vice Chair, and Members of the Committee,

Mana Up **supports SCR177 / SR121**, which will establish a Working Group to develop a long-term strategic plan for harnessing the fourth sector of the economy to advance sustainable and equitable development in Hawai'i.

Mana Up's mission is to create a thriving local product ecosystem in Hawaii that will help solve challenges our island economy faces, including lack of affordability for many residents and an outmigration trend of Hawaii-born residents. By creating this ecosystem, we hope to (1) create meaningful job opportunities for the next generation as Hawaii is one of the only states to have a declining local population, with more Native Hawaiians leaving than ever before, (2) foster sustainable tourism by integrating local people and companies, (3) diversify the economy through exports based on our unique niche in the international market, bringing in new dollars to the state and expanding our economic growth, (4) through value added agricultural products, generate use of agricultural land.

Mana Up has operated an accelerator for the past five years, with seven cohorts and 74 graduates. 100% of companies are headquartered in Hawaii. In 2021, this portfolio accounted for \$61 million in annual revenue (with 67% of revenue coming from markets outside Hawaii, bringing new dollars into the State), 498 jobs, and a 33% median growth rate. In analyzing revenues of graduates before and after the program, Mana Up has helped add \$35 million in annual revenue in 2022 – and revenues continue to grow.

The fourth sector represents a growing wave of purpose-driven organizations that are focused on creating positive social and environmental impact while also generating sustainable revenue. These for-benefit organizations combine elements of both traditional for-profit businesses and non-profit organizations, seeking to address social or environmental challenges in innovative ways while also sustaining themselves financially. They come in a wide variety of models, including social enterprises, cooperatives, mission-driven businesses and more.

For-benefit enterprises have been shown to be powerful catalysts for economic growth and development in many regions, particularly in areas that are traditionally underserved by other sectors. Hawai'i is home to many inspiring for-benefits that are driving significant positive change in our communities. By supporting and encouraging the growth of these organizations, Hawaii can enhance its reputation as a leader in sustainable and equitable economic development. This can attract new investment, create new business opportunities, and help build a more resilient and inclusive economy for all Hawaii residents.

Thank you for considering my testimony in support of SCR177 / SR 121. I urge you to pass this resolution and show your support for the growth and development of for-benefit organizations in Hawaii. By doing so, we can unlock new opportunities for entrepreneurship, innovation, and community empowerment that will benefit us all for years to come.

Mahalo for the opportunity to submit this testimony on behalf of Mana Up.

Sincerely,

Meli James
Cofounder, Mana Up

SCR-177

Submitted on: 3/27/2023 10:18:26 AM

Testimony for EET on 3/28/2023 1:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Maria-Elena Caprio	Testifying for The Kūkulu Switchboard	Support	Written Testimony Only

Comments:

Testimony in Support of SCR177 / SR121

Senate Committee on Energy, Economic Development, and Tourism Hearing Tuesday 3/28/2023 @ 1:05pm | Conference Room 229 & Videoconference

Aloha Chair, Vice Chair, and Members of the EET Committee,

My name is Maria-Elena Caprio and I live in Honolulu and am the Director of the Kūkulu Switchboard (nonprofit), an online platform helping to facilitate open exchange of resources (financial, volunteer, in-kind and professional services) across all Hawai'i islands. I am writing in strong support of SCR177 / SR121, which will establish a Working Group to develop a long-term strategic plan for harnessing the "for-benefit" sector ("4th Sector") of the economy as complementary to the three traditional sectors (private, public, and nonprofit) to advance sustainable and equitable development in Hawai'i.

The "fourth sector" is an emerging sector of the economy which consists of "for-benefit" organizations that combine market-based approaches of the private sector with the social and environmental aims of the public and non-profit sectors.

Since its launch three years ago, activity on the Kūkulu Switchboard (nearly 1,000 members in Hawai'i) has continued to demonstrate the emergence of a fourth sector of the economy, where government, philanthropists, nonprofits, and for-profit businesses are interacting together for mutual betterment, sowing seeds of interconnectivity and relationship that have the potential to reshape the future towards a more vibrant, sustainable and healthy Island Economy.

The fourth sector represents a growing wave of purpose-driven organizations that are focused on creating positive social and environmental impact while also generating sustainable revenue. These for-benefit organizations combine elements of both traditional for-profit businesses and non-profit organizations, seeking to address social or environmental challenges in innovative ways while also sustaining themselves financially. They come in a wide variety of models, including social enterprises, cooperatives, mission-driven businesses and more.

For-benefit enterprises have been shown to be powerful catalysts for economic growth and development in many regions, particularly in areas that are traditionally underserved by other sectors. Hawai'i is home to many inspiring for-benefits that are driving significant positive change in our communities. By supporting and encouraging the growth of these organizations,

Hawaii can enhance its reputation as a leader in sustainable and equitable economic development. This can attract new investment, create new business opportunities, and help build a more resilient and inclusive economy for all Hawaii residents.

Thank you for considering my testimony in support of SCR177 / SR 121. I urge you to pass this resolution and show your support for the growth and development of for-benefit organizations in Hawaii. By doing so, we can unlock new opportunities for entrepreneurship, innovation, and community empowerment that will benefit us all for years to come.

Mahalo,

Maria-Elena Caprio
Director, Kūkulu Switchboard

c: (808) 357-8833

website: kukulu.org



Testimony in Support of [SCR177](#) / [SR121](#)
[Senate Committee on Energy, Economic Development, and Tourism Hearing](#)
Tuesday 3/28/2023 @ 1:05pm | Conference Room 229 & Videoconference

Aloha Chair DeCoite, Vice Chair Wakai, and Members of the EET Committee,

My name is Keoni Lee and I am the CEO of Hawai'i Investment Ready (HIR). **Thank you for this opportunity to provide my robust support for SCR177 / SR121**, which will establish a Working Group to develop a long-term strategic plan for harnessing the fourth sector of the economy to advance sustainable and equitable development in Hawai'i.

We are hearing more and louder calls to transition to a “resilient” or “regenerative” Hawai'i economy. Economies are ecosystems and resilient ecosystems have strong interdependent relationships. We cannot build resilience in silos. The fourth sector work is a strategy to further develop and strengthen these interdependencies. The only way to get there is to do things differently, and to do them together.

Hawai'i Investment Ready (HIR) is a 501(c)3 nonprofit impact investing intermediary working at the nexus of business, purpose, and culture to restore regenerative abundance to Hawaii's economy. HIR has spent the last decade as the leading entity working and developing fourth sector enterprise in Hawai'i. These for-benefit businesses and nonprofits provide viable market solutions to address social or environmental challenges. HIR's portfolio of social enterprises comprises over 63 for-profit and nonprofit companies representing nearly 450 jobs and over \$115M in annual revenue.

When we talk about resilient economic development, these businesses are demonstrating what is possible in Hawai'i. In April 2020 HIR served its portfolio companies. During the height of the COVID crisis, when Hawai'i was approaching 23% unemployment, 34% of our portfolio enterprises saw an increased demand for their products and services, and 20% were pivoting their business models to better serve the needs of their customers and beneficiaries. Just 1.7% reduced their workforce, with over 100M in annual revenue. This data shows that these are resilient business models that can weather and even thrive during economic shocks, strengthened by collaborations between government, private, and philanthropic sectors. This resolution will help better bring together these three sectors to see how we can water and grow this emerging sector in Hawai'i.

I also provide perspective as an entrepreneur and graduate of HIR's accelerator program. Prior to joining Hawaii Investment Ready in 2019, I co-founded two successful social enterprises: 'Ōiwi TV – Hawai'i's first and Native Hawaiian language and cultural television station, and Waiwai Collective, a contemporary Hawaiian gathering space growing a community and movement grounded in collective values and shared responsibilities to mobilize systemic

change in Hawai'i. I have experienced fourth sector entrepreneurship and how cross-sector collaboration can unlock new possibilities for innovation.

Last year, HIR brought Heerad Sabeti, CEO of The Fourth Sector Group, to Hawai'i to speak at HIR Accelerator Cohort V's final presentations and introduce him to the broader funding community. This resolution is an affirmation of the enthusiastic response he received from social enterprises, philanthropic, private, and government sectors.

Hawai'i's government leaders know that we need public-private partnerships to achieve the kind of change we want to see in our economy and communities, because it cannot be done alone or in isolation. But we have seen the power of combining these forces in strategic collaboration, greater than the sum of its parts.

This working group will allow us to bring these critical perspectives together to bet on our collective capacity for growth and innovation, and ideate about what is possible and transformative when we work together in shared alignment for the well-being for Hawai'i's future for all.

Mahalo,

A handwritten signature in black ink, appearing to read "Keoni Lee". The signature is fluid and cursive, with the first name "Keoni" being more prominent than the last name "Lee".

Keoni Lee
CEO, Hawai'i Investment Ready



Funder Hui Testimony in Support of [SCR177 / SR121](#)
[Senate Committee on Energy, Economic Development, and Tourism Hearing](#)

Please accept this letter on behalf of myself, Ashley Lukens, Director of Funder Hui and the Executive Director of the Frost Family Foundation. I am writing **in strong support of SCR177 / SR121**, which will establish a Working Group to develop a long-term strategic plan for harnessing the fourth sector of the economy to advance sustainable and equitable development in Hawai'i.

As a philanthropic leader in this state, we watch our sector constantly being asked to help solve problems that our dysfunctional economy creates: whether it be poverty due to the problematically low wages of our tourism sector to the environmental degradation the economy creates. Another path forward is possible, and it would be to support economic drivers that integrate social and environmental well being into their business model.

The fourth sector represents a growing wave of purpose-driven organizations that are focused on creating positive social and environmental impact while also generating sustainable revenue. These for-benefit organizations combine elements of both traditional for-profit businesses and non-profit organizations, seeking to address social or environmental challenges in innovative ways while also sustaining themselves financially. They come in a wide variety of models, including social enterprises, cooperatives, mission-driven businesses and more.

For-benefit enterprises have been shown to be powerful catalysts for economic growth and development in many regions, particularly in areas that are traditionally underserved by other sectors. Hawai'i is home to many inspiring for-benefits that are driving significant positive change in our communities. By supporting and encouraging the growth of these organizations, Hawaii can enhance its reputation as a leader in sustainable and equitable economic development. This can attract new investment, create new business opportunities, and help build a more resilient and inclusive economy for all Hawaii residents.

Please pass SCR177 / SR 121.

Mahalo,

Ashley Lukens, PhD

[Funder Hui](#) and Frost Family Foundation

SCR-177

Submitted on: 3/27/2023 8:13:05 AM

Testimony for EET on 3/28/2023 1:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Alan Abramson	Testifying for Fourth Sector Group	Support	Written Testimony Only

Comments:

Testimony in Support of SCR177 / SR121

Senate Committee on Energy, Economic Development, and Tourism Hearing

Tuesday, 3/28/2023

My name is Alan Abramson, and I have collaborated with the Fourth Sector Group on numerous projects. I am pleased to write in strong support of SCR177 / SR 121 which will establish a Working Group to develop a long-term strategic plan for harnessing the fourth sector of the economy to advance sustainable and equitable development in Hawai'i.

First, a little more about myself – in my day job I serve as a Professor of Government and Politics in the Schar School of Policy and Government at George Mason University, and as Director of the Schar School's Center on Nonprofits, Philanthropy, and Social Enterprise. George Mason University, which has its main campus in Fairfax, Virginia in the Northern part of the state just outside Washington, DC, is now Virginia's largest public university. I hold a Ph.D. in Political Science from Yale University, and previously worked at the Aspen Institute and Urban Institute.

I support the committee's exploration of appropriate strategies to support fourth sector development because I believe this emerging sector has great potential to unleash new resources to address difficult challenges in health care, employment, climate change, education, and other areas. In the U.S., government is the largest source of funding for tackling issues of poverty and other social problems, but government social budgets seem quite constrained today. And while philanthropic funding is growing, it remains relatively modest compared to government resources and to the challenges that exist. Hybrid, fourth sector activity has the chance of channeling additional market-oriented capital – and perhaps some fresh thinking – to complement the important work that government and philanthropy are already doing in grappling with social problems.

I especially applaud the committee's approach in proposing to establish a working group to consider the multiple issues involved in establishing a stronger support system for fourth sector development. There are many questions that state policymakers will want to address related to eligibility requirements for fourth sector entities; any tax, government procurement, or other benefits these entities will receive; education, training, and technical assistance; accountability systems; financing mechanisms; public information about the fourth sector; and others. Helpfully, Hawai'i will have the chance to learn from and build on the experiences of many other states that have taken steps to encourage fourth sector activity as it seeks to tailor its own approach to its particular circumstances. I am, of course, happy to help Hawai'i's effort in any way I can.

Mahalo,

Alan Abramson

Professor and Director, Center on Nonprofits, Philanthropy, and Social Enterprise

Schar School of Policy and Government, George Mason University

SCR-177

Submitted on: 3/22/2023 5:08:11 PM

Testimony for EET on 3/28/2023 1:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

NO!!