

**FB11-13 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
UNIVERSITY OF HAWAII**

III. OPERATING COST DETAILS

	MOF	FY 12 Request			FY 13 Request			FY 14	FY 15	FY 16	FY 17
		FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
A. Personal Services (List all positions)											
Other Personal Services											
Fringe Benefits											
Turnover Savings											
Subtotal Personal Service Costs		0.00	0.00	0	0.00	0.00	0	0	0	0	0
By MOF											
A	A	0.00	0.00	0	0.00	0.00	0	0	0	0	0
B	B	0.00	0.00	0	0.00	0.00	0	0	0	0	0
N	N	0.00	0.00	0	0.00	0.00	0	0	0	0	0
W	W	0.00	0.00	0	0.00	0.00	0	0	0	0	0
B. Other Current Expenses (List by line item)											
Services, Non Employee	A			16,297			32,594	33	33	33	33
Subtotal Other Current Expenses				16,297			32,594	33	33	33	33
By MOF											
A	A			16,297			32,594	33	33	33	33
B	B			0			0	0	0	0	0
N	N			0			0	0	0	0	0
W	W			0			0	0	0	0	0
C. Equipment (List by line item)											
Subtotal Equipment				0			0	0	0	0	0
By MOF											
A	A			0			0	0	0	0	0
B	B			0			0	0	0	0	0
N	N			0			0	0	0	0	0
W	W			0			0	0	0	0	0
L. Current Lease Payments (Note each lease)											
Subtotal Current Lease Payments				0			0	0	0	0	0
By MOF											
A	A			0			0	0	0	0	0
B	B			0			0	0	0	0	0
N	N			0			0	0	0	0	0
W	W			0			0	0	0	0	0
M. Motor Vehicles (List Vehicles)											
Subtotal Motor Vehicles				0			0	0	0	0	0
By MOF											
A	A			0			0	0	0	0	0
B	B			0			0	0	0	0	0
N	N			0			0	0	0	0	0
W	W			0			0	0	0	0	0
TOTAL REQUEST		0.00	0.00	16,297	0.00	0.00	32,594	33	33	33	33

FB11-13 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
UNIVERSITY OF HAWAII

IV. JUSTIFICATION OF REQUEST

a. Please provide general justification

The neighbor islands, particularly Hawai'i and Kaua'i, owe a significant portion of their overall economy to agricultural endeavors, and sustainability of those endeavors is key to the continuing overall economic health of the islands. The demise of the sugar industry has required more people to become independent farmers, as well as engaging in diversified agriculture, without having an adequate background in running agricultural businesses

Some of our clients' businesses are agricultural in nature, but they are very much underrepresented in our overall client portfolio. The specific reasons for this are not clearly known; however, the consensus among our consultants is that farmers, particularly small farmers, either do not know about the HSBDCN, or do not perceive what is available to them through the services of the HSBDCN.

\$16,297 represents approximately one day per week of contract consultant time for one year. HSBDCN proposes that for the 2011 – 2013 fiscal biennium, an equivalent of one day per week, i.e. a total of 8 man-hours per week, be devoted to outreach to the agricultural community. This would increase to 16 man-hours per week in Year 2. The specific purpose will be to raise the level of awareness among small farmers regarding the high value and availability of sound business consulting at no cost to them.

b. Please describe how this request will meet strategic outcomes, identify which outcomes will be met

Anticipated outcomes from this initiative are successful launches of agricultural enterprises and enhanced performance of those already in operation. These outcomes closely align with at least two of the University of Hawai'i System Strategic Outcomes:

•*Contributing to the state's economy and providing a solid return on its investment in higher education through research and training.*

Though not formal in nature, the training and practical education of the agriculture sector of small business reached through this initiative very positively aligns with the strategic outcome stated above. The outreach initiative, moreover, reaches those clients who otherwise might never benefit from professional business counseling.

•*Acquiring, allocating, and managing public and private revenue streams and exercising exemplary stewardship over all of the University's resources for a sustainable future.*

The return on this particular incremental investment significantly leverages the value of resources already in place. In other words, the currently funded consulting resources can be used to produce measureable economic results in this sector without additional financial support.

c. What is overall benefit of this proposal to: the state, system, UHH, individual students?

As part of the HSBDCN's strategic plan, special attention is already being paid to nurturing and expanding collaborative relationships throughout our island economic community. One of those resources is the College of Tropical Agriculture and Human Resources (CTAHR). The HSBDCN Agricultural Outreach Initiative will produce a larger intersection between the sets of all CTAHR and HSBDCN clients. We would anticipate encountering clients who are either unaware of CTAHR or what is available for them there, and would encourage their use of CTAHR assistance and resources.

At the HSBDCN, entrepreneurs are our target market. It has been our experience that the entrepreneurial spirit is nourished and strengthened by availability of informational resources, and that the entrepreneurial spirit is not confined to the formally educated. The association of the HSBDCN with the University of Hawai'i System is a vital bridge serving both those in and out of the formal educational structure.

FB11-13 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
UNIVERSITY OF HAWAII

d. What is the consequence to the state, system UHH, or individual students if this proposal is not funded?

The HSBDCN will deliver services to the economic community of the state with less emphasis on agriculture. On the island of Hawaii in particular, the net effect on the local economy will be a greater exposure to risks of economic underperformance, or even failure. CTAHR will have a few less new community contacts than otherwise.

V. RELATIONSHIP OF THE REQUEST TO STATE PLAN OR FUNCTIONAL PLAN

a. What are the outcome measures that will be used to measure the success of this proposal? (this should be quantifiable)

Performance measures currently in place for HSBDCN consulting activities are

- Businesses successfully launched.
- Revenue (sales) increase
- Jobs created
- Capital formation

Procedures for gathering this information on each client is deployed and in operation.

Additionally, the referral source for each new client ("How did you hear about us?") is a metric maintained across the network regardless of client type. For the HSBDCN Agricultural Outreach Initiative, a direct correspondence between outreach-sourced clients and their results can therefore be unambiguously collected.

b. What is the timeframe for this measurement?

Measurements are ongoing in keeping with our Malcolm Baldrige Continuous Quality Improvement program. We re-negotiate these goals each September, and they are tracked by the U.S.SBA Office of SBDCs based on the federal fiscal year (Oct 1 - Sep 30).

c. What is the current level of measurement?

The HSBDCN is accredited by the Association of Small Business Development Centers, a nationwide association of the 63 state and regional SBDC programs. Accreditation standards are based on the Malcolm Baldrige Continuous Quality Improvement model wherein the entire HSBDCN operation is viewed and described as a system. Specific metrics are defined and collected to illuminate the operation of the system as well as to quantify and accurately describe results. Those metric data are continuously analyzed and iteratively used to enhance and/or change the system so as to increase system effectiveness. The HSBDCN Agricultural Outreach Initiative will be integrally included in our Continuous Quality Improvement Process. For the purposes of effectiveness, the AOI measurements will be compared on a \$ expended per result achieved basis with our performance in other economic sectors (retail sales, services, manufacturing, ...). For the agriculture sector, clients identified by the specific efforts under AOI will be compared with those not indentified by the AOI .

d. Proposed consequence of not meeting the performance measures? Specifically, if measures are not met, what does program propose happens to this additional funding?

Depends on the reasons determined for and conditions surrounding not meeting the performance measures. Our continuous quality improvement program focuses more on trends than on levels. Level is important however, and if the performance trend is such that the performance level is not likely to be achieved in a reasonable period of time following feed back from the metrics, then either the activity is re-directed or the required levels are re-visited or the activity is terminated and resources applied elsewhere. Should the latter condition prevail in this instance, the next application for the resource would likely be toward providing clients' businesses with expert advice on energy conservation approaches and suggestions for their business enterprise.

FB11-13 BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
UNIVERSITY OF HAWAII

e. What are the current resources being applied to this area (positions and dollars)?

There is currently no Agricultural Outreach Initiative in place.

f. Explain why current resources cannot be reallocated for this purpose?

The HSBDCN is currently performing at capacity relative to goals negotiated with our grant sponsor.

g. Explain what expenditures have been made for this or similar efforts in prior years. Have those efforts been successful? Please elaborate.

The HSBDCN is currently performing at capacity relative to goals negotiated with our grant sponsor.

VI. ELECTRONIC DATA PROCESSING

No significant additional data processing required.

VII. IMPACT ON OTHER STATE PROGRAMS/AGENCIES

None known.

VIII. IMPACT ON FACILITY REQUIREMENTS (R&M, CIP)

None.

IX. EXTERNAL CONFORMANCE REQUIREMENTS

None.

X. OTHER COMMENTS

h. Please provide description of and effect on current workload as it pertains to this request

Aside from the additional contract resource, current personnel should experience only small increase (<10%) in their current workload. More significantly, consultants' portfolios should shift toward a higher percentage of clients in agriculture-related businesses.

i. What other relevant factors are there for justifying the importance of this request that have not been addressed above?

None known.