

Editorial: Tap resources to buoy nonprofits

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Hawaii's nonprofits are struggling in a perfect storm of frenetic federal funding cuts and layoffs — now exacerbated by a government shutdown — that have reduced resources, even as demand grows for the essential services many of them provide. Crucial aid to nonprofits must be expedited so that they can keep helping others; at the same time, nonprofits themselves must learn new survival strategies to keep afloat.

A new analysis by the University of Hawaii Economic Research Organization (UHRO) and the Hawaii Community Foundation (HCF) gives needed clarity on today's stark situation, quantifying that 74 federal grants to 59 Hawaii nonprofits — totaling \$126 million in unpaid balances — are politically vulnerable.

More than half of this risk is concentrated in health care programs, with significant exposure also in human services, environment and education, says the report, "The Vulnerability of Hawaii's Nonprofit Sector to Cuts in Federal Funding."

Further, the analysis notes Hawaii's heightened vulnerability, in that cuts to health care, housing and education would compound stresses from reductions in Medicaid, "food stamps" and other safety net programs.

It's already gone well beyond theoretical. Fallout is manifesting on the frontlines, such as: the Hawaii Foodbank having food shipments canceled and food-buying funds reduced, while food insecurity rises; closures of at least one domestic-violence shelter and a Kauai clean-and-sober house; dwindling shelter and support services for homeless youth.

HCF calls today's situation one of the most severe threats to Hawaii's nonprofit sector in decades. Slashed, frozen or delayed federal funds, it says, could affect more than 500,000 residents who rely on nonprofits daily; the nonprofits sector itself, which employs 1 in 8 workers here, is enduring layoffs.

So UHERO-HCF's statewide analysis is a vital "early warning system" to identify grants, organizations and at-risk subsectors — guiding leaders to prepare proactive responses.

Most directly and urgently, that means the new \$50 million emergency grants-in-aid fund created by this year's Legislature for this very purpose. Senate Bill 933, signed into law in July as Act 310, created the fund for nonprofits experiencing federal funding cuts; grants are to be allocated by four state legislators appointed by the Senate president and House speaker.

No funds have yet been disbursed, a House spokeswoman said — but the timeline for applications should be announced shortly, as well as the accounting process.

An aside: The House has named Reps. Jenna Takenouchi and Daniel Holt as its fund administrators — but the Senate ignored repeated requests from the Star-Advertiser about its designees or any information. The Senate's nonresponsiveness cannot be how nonprofits, anxious for updates and funding, will be treated.

Many eyes will be watching that Act 310 fulfills its mission — with taxpayers' funds wisely, expeditiously and equitably disbursed for maximum impact and uplift to Hawaii's most vulnerable people.

For struggling nonprofits, rapid disbursement of stabilizing funds is critical, states the UHERO-HCF report. "Speed will be an important factor: less than 14 days from federal action would ensure that the organizations can still make their next payroll. Administrators of the Act 310 fund, as well as similar philanthropic efforts, could use the data collected for this study to pre-register organizations at risk and ensure timely payment."

HCF also is meeting the moment by reactivating its Hawai'i Resilience Fund, in tandem with the Harold K.L. Castle Foundation. Meant to complement — not duplicate — state resources, the rapid-response fund has already put nearly \$300,000 in initial grants in motion. HCF also committed \$500,000 of its own reserves and is looking to raise at least \$1.8 million by month's

end from philanthropic, corporate and individual partners. To those who can afford to donate, volunteer or otherwise help, do it.

What also must happen is for nonprofits themselves to mine new strategies for resiliency and sustainability. Think economy of scales, for instance, and assess what nonprofits with similar missions are doing — does it make sense to pool resources, perhaps even streamline operations that are duplicative? Now is the time to look beyond insular missions, and see what's possible via new networks and unity of purpose; it might prove more effective than toiling in silos.

To that end, the UHERO-HCF report suggests:

>> Community leaders support nonprofits with grantwriting, fundraising campaigns and financial planning to diversify revenue streams, build reserves and reduce reliance on federal funds.

>> The philanthropic community convene nonprofit leaders in vulnerable subsectors to discuss shared needs, coordinate services and engage in strategic planning.

Nonprofits are invaluable for picking up the slack or filling key niches not covered by government or for-profit entities. Many are now imperiled, at the very height of need due to abrupt federal cuts and firings. Help keep them afloat — especially ones that provide the basics of shelter, food, safety and health care. That helps your friend, family, neighbor — and it's the essence of community.