

EXECUTIVE SUMMARY

Across Hawai'i, 48 percent of households struggled to afford basic household necessities in 2015.

WHO IS ALICE?

With the cost of living higher than what most people earn, **ALICE** families – an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed – have income above the Federal Poverty Level (FPL), but not high enough to afford a basic household budget that includes housing, child care, food, transportation, and health care. ALICE households live in every county in Hawai'i – urban, suburban, and rural – and they include women and men, young and old, of all races and ethnicities.

WHO IS STRUGGLING?

While the FPL reports that 11 percent of Hawai'i households faced financial hardship in 2015, an additional 37 percent (165,013 households) qualified as ALICE.

WHY ARE THERE SO MANY ALICE HOUSEHOLDS IN HAWAI'I?

Low wage jobs dominate the local economy: Sixty-two percent of all jobs in Hawai'i pay less than \$20 per hour, with more than two-thirds of those paying less than \$15 per hour (\$15 per hour full time = \$30,000 per year). These jobs – especially service jobs that pay wages below \$20 per hour and require a high school education or less – will grow far faster than higher-wage jobs over the next decade.

The basic cost of living outpaces wages: The cost of basic household expenses in Hawai'i is more than what most of the state's jobs can support. The average annual Household Survival Budget for a Hawai'i family of four (two adults with one infant and one preschooler) is \$72,336 – significantly more than double the U.S. family poverty level of \$27,890.

Economic conditions vary by county: Analysis of the economic conditions across Hawai'i's counties shows that it is difficult for ALICE households in Hawai'i to find affordable housing, job opportunities, and community resources in the same place.

Public and private assistance helps, but doesn't provide financial stability: The income of ALICE and poverty-level households in Hawai'i is supplemented with \$1.4 billion in government and nonprofit assistance, as well as \$2.2 billion in health care resources. Because government expenditure is increasingly composed of health care spending, which consists of services and cannot be transferred to meet other needs, there remain gaps for families in Hawai'i to achieve the most basic financial need in many areas, including a 49 percent gap for housing and a 52 percent gap for child care.

WHAT ARE THE CONSEQUENCES, AND WHAT WOULD IMPROVE THE ECONOMIC SITUATION FOR ALICE HOUSEHOLDS?

Consequences: When ALICE households cannot make ends meet, they are forced to make difficult choices such as forgoing health care, accredited child care, healthy food, or car insurance. These “savings” threaten their health, safety, and future – and they reduce productivity and raise insurance premiums and taxes for everyone. The costs are high for both ALICE families and the wider community.

Long-term change: While short-term strategies can make conditions less severe, only structural economic changes will significantly improve the prospects for ALICE and enable hardworking households to support themselves. Strengthening the Hawai'i economy and meeting ALICE's challenges are linked: Improvement for one would directly benefit the other. The ALICE tools can help policymakers, community leaders, and business leaders to better understand the number and variety of households facing financial hardship and to create more effective and lasting change.

GLOSSARY

ALICE is an acronym that stands for **A**sset Limited, **I**ncome **C**onstrained, **E**mployed, comprising households with income above the Federal Poverty Level but below the basic cost of living.

The Household Survival Budget calculates the actual costs of basic necessities (housing, child care, food, transportation, and health care) in Hawai'i, adjusted for different counties and household types.

The ALICE Threshold is the average level of income that a household needs to afford the basics defined by the Household Survival Budget for each county in Hawai'i. (Please note that unless otherwise noted in this Report, households earning less than the ALICE Threshold include both ALICE and poverty-level households.)

The Household Stability Budget is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds savings and smartphone categories, and it is adjusted for different counties and household types.

The ALICE Income Assessment is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a shortfall, or Unfilled Gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

Consequences of Households Living Below the ALICE Threshold in Hawai'i

Impact on ALICE		Impact on Community
HOUSING		
Live in substandard housing or unsafe neighborhoods	Health and safety risks; increased maintenance costs; inconvenience; increased risk of crime	Increased health care costs; workers stressed, late, and/or absent from job – less productive
Move farther away from job	Longer commute; costs increase; late and/or absent from job; poorer job performance; less time for other activities	More traffic on road; workers stressed, late, and/or absent from job – less productive; increased cost of urban sprawl including infrastructure and services such as roads, public transit, sewage, etc.
Homeless	Disruption to job, family, school, etc.	Costs for homeless shelters, foster care system, health care
CHILD CARE AND EDUCATION		
Substandard child care	Safety and learning risks; health risks; children less likely to be school-ready, read at grade level, graduate from high school; limited future employment opportunity	Future need for education and social services; less productive workers
No child care	One parent cannot work; forgo immediate income and future promotions	Future need for education and social services
Substandard public education	Learning risks; limited earning potential/ mobility; limited career opportunity	Stressed parents; lower-skilled workforce; future need for social services
FOOD		
Less healthy	Poor health; obesity	Less productive workers/students; increased future demand for health care
Not enough	Poor daily functioning	Workers/students even less productive; increased future need for social services and health care
TRANSPORTATION		
Old car	Unreliable transportation; risk of accidents; increased maintenance costs	Workers stressed, late, and/or absent from job – less productive
No insurance/ registration	Risk of fine; accident liability; risk of license being revoked	Higher insurance premiums; unsafe vehicles on the road
Long commute	Costs increase; late and/or absent from job; poorer job performance; less time for other activities	More traffic on road; workers late to job; increased demand for road maintenance and services
No car	Limited employment opportunities and access to health care/child care	Reduced economic productivity; higher taxes for specialized public transportation; greater stress on emergency vehicles
HEALTH CARE		
Underinsured	Delaying or skipping preventative health and dental care; more out-of-pocket expense; substandard or no mental health coverage	Workers report to job sick, spreading illness; less productivity, more absenteeism; increased workplace issues due to untreated mental illness
No insurance	Forgoing preventative health care; use of emergency room for non-emergency care	Higher premiums for all to fill the gap; more expensive health costs; risk of health crises
INCOME		
Low wages	Longer work hours; pressure on other family members to work (drop out of school); no savings; use of high-cost financial products	Workers stressed, late, and/or absent from job – less productive; higher taxes to fill the gap
No wages	Cost of looking for work and finding social services; risk of depression	Less productive society; higher taxes to fill the gap
SAVINGS		
Minimal savings	Mental stress; crises; risk taking; use of costly alternative financial systems to bridge gaps	More workers facing crises; unstable workforce; community disruption
No savings	Crises spiral quickly, leading to homelessness, hunger, illness	Costs for homeless shelters, foster care system, emergency health care