



# ALICE in Hawai'i: 2022 Facts and Figures

November 2022

In partnership with



HAWAI'I COMMUNITY  
FOUNDATION



Aloha United Way, with generous financial support from the Bank of Hawai'i Foundation and in partnership with the [Financial Health Network](#) and [United For ALICE](#), presents a comprehensive study that offers a current financial snapshot of Hawai'i's households. This research is intended to meet the great need for current data that reflects the impacts of the COVID-19 pandemic and where Hawai'i is now.

This study of **ALICE** – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed - households is unique, as it tracks both the incidence of financial hardship in Hawai'i and the day-to-day impacts on island residents. Available for the first time since before the pandemic, this report builds on prior research by United For ALICE that compares local cost of living to household income to identify the share of households that are below the ALICE Threshold – those who are **ALICE** and those below the Federal Poverty Level (FPL).



Additionally, this report provides a never-before-seen view into ALICE households by connecting changes in Hawai'i resident responses to questions from the 2019 Hawai'i Financial Health Pulse survey, developed by the Financial Health Network and sponsored by the Bank of Hawai'i Foundation and the Hawai'i Community Foundation.

We hope the information shared in this report, while sobering, will inspire solutions to systemic barriers and disparities that prevent local residents from thriving and guide action among policymakers, businesses and the community to identify ways to help our family, friends and neighbors across Hawai'i.

## Sponsor

This study would not have been possible without the vision and financial support of the Bank of Hawai'i Foundation, which recognized the need for this information at a critical time for our community. Bank of Hawai'i is a vital supporter of the ALICE population in Hawai'i through support for the ALICE Initiative led by Aloha United Way and the Hawai'i Community Foundation.



## Partners

Aloha United Way and the Hawai'i Community Foundation have established an unprecedented three year partnership to grow the ALICE Initiative. This strategic alliance underscores the importance of what we face as a community and the need for collaboration across sectors and a new way of working together. The two organizations have already invested \$4.5 million in the ALICE Fund for the next three years and together lead a cohort of 17 nonprofits focused on increasing financial stability and economic mobility for those below the ALICE threshold.

This report builds on the work of others committed to improving the lives of those facing financial struggles in Hawai'i. Aloha United Way is deeply grateful to the following partners:



Last, the research team offers sincere thanks to the 2,391 individuals in Hawai'i who freely shared their time and experiences as survey respondents. Your generosity helps the entire community, and is appreciated.

## Methodology

The research methodology for this study is different than that used in prior ALICE Reports. Data collection for the U.S. Census Bureau's 2020 American Community Survey (a key source for ALICE data) was interrupted by the pandemic, and their population estimates did not meet the Bureau's data quality standards for public [release](#). Therefore, a survey of Hawai'i residents was commissioned through Anthology Research, a Hawai'i-based professional research firm.

Anthology conducted a telephone and online survey of full-time Hawai'i residents between July 1, 2022 and September 13, 2022. A total of 2,391 completed surveys were collected, using a stratified sampling approach by county. The resulting overall margin of error is +/- 2.00% points with a 95% level of confidence.



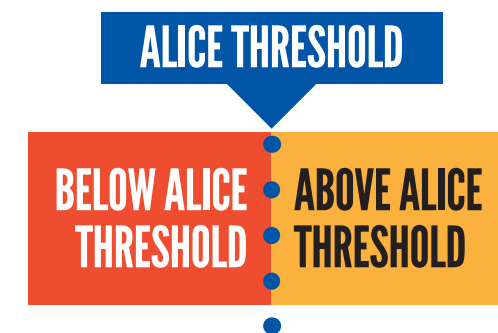
### Key Terms

**Household Survival Budget:** The bare-minimum costs of basic necessities (housing, child care, food, transportation, health care, and a smartphone plan, plus taxes). While costs vary by household composition and location, the average Household Survival Budget in Hawai'i for a single adult is just over \$35,000 and the costs for a family of four (two adults, one infant, one preschooler) is more than \$100,000.

**Poverty:** Households earning below the [Federal Poverty Level, which in Hawai'i equates to \\$15,630 for a single-person household and \\$31,920 for a four-person household](#).

**ALICE:** Households with income above the Federal Poverty Level but below the basic cost of living.

**ALICE Threshold:** The average income needed to afford the Household Survival Budget. Households **below the ALICE Threshold** are unable to make ends meet and include both ALICE and poverty-level households.



# EXECUTIVE SUMMARY

This new ALICE report comes at a time of great uncertainty for Hawai'i residents. Even as the COVID-19 pandemic fades, for many the economic horizon seems bleak, with sharp inflation making it more difficult to cover everyday expenses and access credit.

The pandemic affected Hawai'i households unevenly. Some maintained a relatively comfortable financial position, while others slipped from ALICE into poverty, even as government and private sector support prevented even worse impacts. In this study, one of the largest recent surveys of its kind in Hawai'i, we find that more Hawai'i households have fallen below the ALICE Threshold, with an alarming increase in households now in poverty, from 9% in 2018 to 15% in 2022.

We see that households who before the pandemic were already impacted by rising costs, and lack of affordable housing, living wage work, and childcare were the most vulnerable during the pandemic and this report shows that the impacts of the pandemic and inflation continue for many. Residents are doing more than ever to try to get by, yet many will not be able to overcome these ongoing challenges on their own. With 44% of the state struggling, larger economic policies must urgently and collectively be examined and transformed to work for more of Hawai'i's residents.

## Key Findings

### POVERTY SHARPLY INCREASED

There was a sharp increase in the number of households pushed below the poverty line (15% in 2022 vs. 9% in 2018).

### COVID'S LASTING IMPACT

The COVID-19 pandemic negatively impacted Hawai'i residents' financial and emotional wellbeing, and many of these negative impacts persist.

### RESIDENTS IN DEBT

More than 3 in 4 Hawai'i households are carrying debt and 1 in 3 below the ALICE Threshold owe more than is manageable.

### MORE PEOPLE ARE AT A TIPPING POINT

More Hawai'i households have fallen below the ALICE Threshold (44% in 2022 vs. 42% in 2018).

### A GROWING CRISIS: MENTAL HEALTH

The three most common issues that continue to impact Hawai'i households overall are:

- Mental health challenges
- Difficulty paying off debts
- Difficulty paying for housing

### NEW MINIMUM WAGE CLOSER TO ALICE THRESHOLD

The vast majority of households below the ALICE Threshold (84%) have combined annual household income of less than \$75,000, the equivalent of two full-time wage earners making \$18/hr. each.

### STRUCTURAL DISPARITIES PERSIST

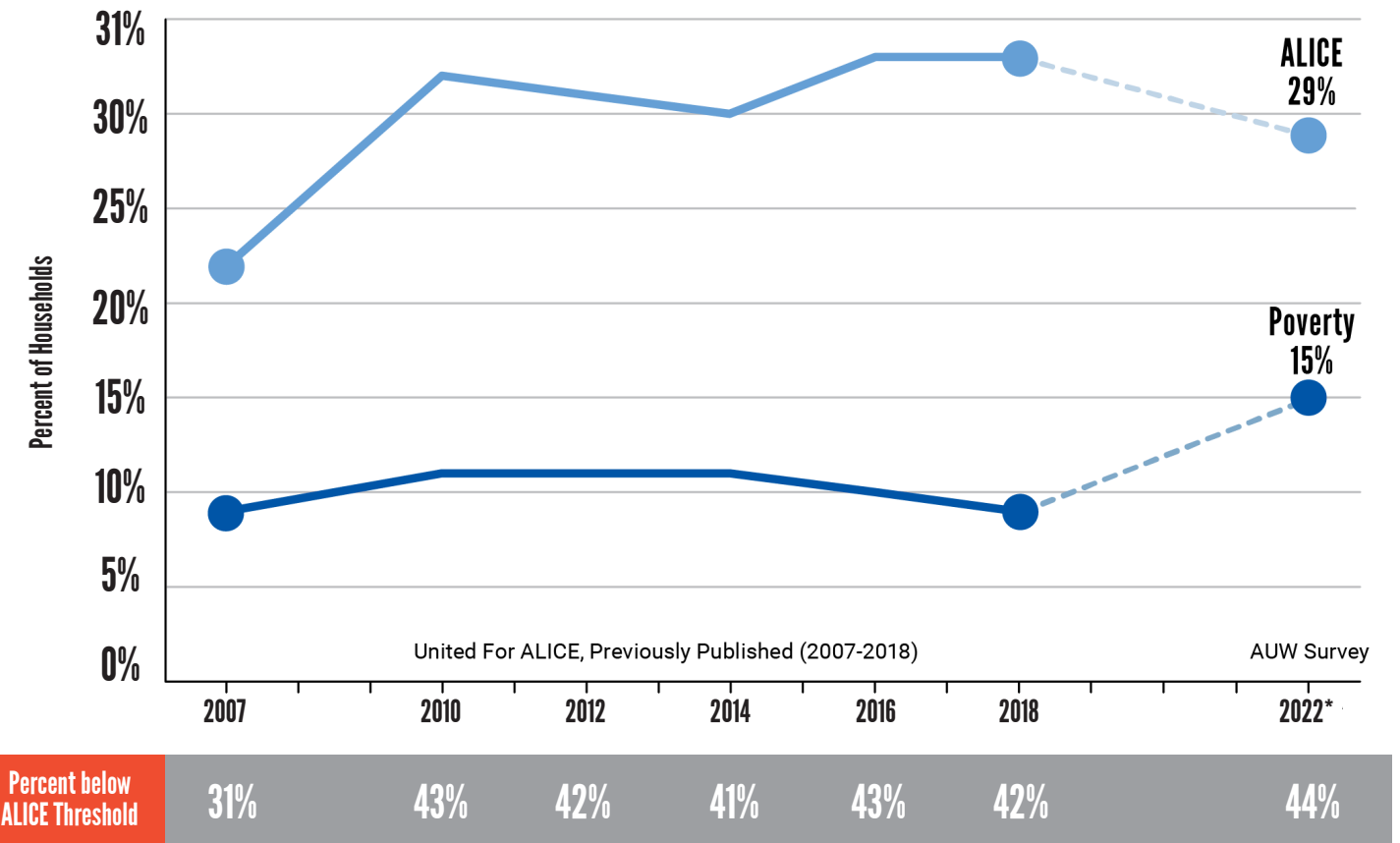
There are significant disparities by race/ethnicity, household size and households with children that mean some households are much more likely than others to be below the ALICE Threshold.

# BELOW THE ALICE THRESHOLD

The number of Hawai'i households that are struggling to make ends meet hit a new high in 2022, at 44%. This includes households with income below the Federal Poverty Level as well as those who are **ALICE** – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE households don't earn enough to afford housing, child care, food, transportation, health care, a smartphone plan, and taxes – the basics needed to live and work in the modern economy. More than 2 in 5 households across the state have been hit hard by the pandemic and are losing confidence in their ability to get by. Hawai'i's population as a whole is doing worse than before the pandemic.

There is a second, alarming shift among households below the ALICE Threshold. More than one in seven households (15%) have income below the Federal Poverty Level, a sharp increase from 9% in 2018. The share of households who are ALICE fell from 33% in 2018 to 29% in 2022. This suggests hardship deepened for many island residents during the pandemic. By 2022, only 56% of Hawai'i households are above the ALICE Threshold – with enough income to cover the basics – down from 58% in 2018.

## Households by Income, Hawai'i, 2007 – 2022

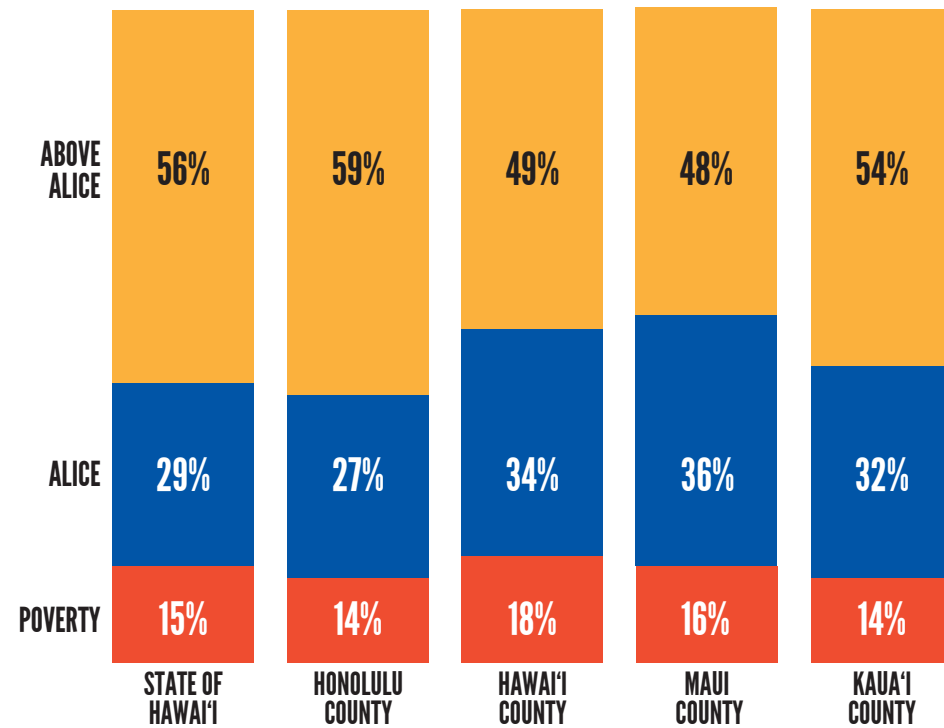


\*Note: Data for 2007–2018 is from previously published reports by United For ALICE. Data for 2022 was collected by Anthology for this Aloha United Way (AUW) Survey.

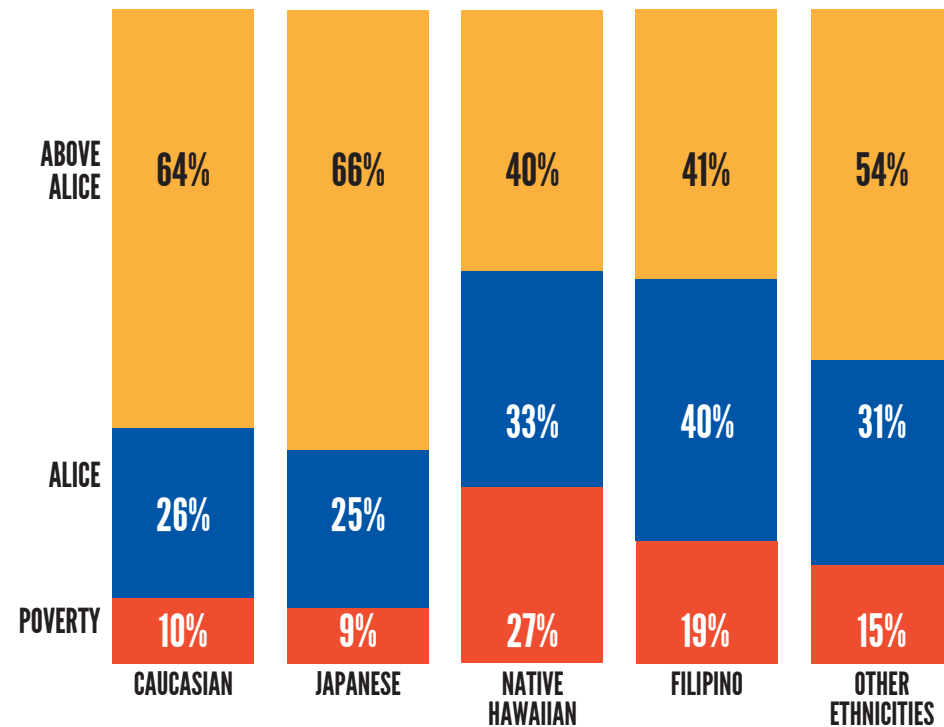
## BELOW THE ALICE THRESHOLD (Continued)

When considering those in our communities who are struggling most, it is important to note not all groups are impacted equally. For instance, we see that there are significant disparities by county and ethnicity, in particular. Hawai'i households below the ALICE Threshold are more common in neighbor island counties than they are in Honolulu County. Those who identify as Native Hawaiian, Filipino and of other ethnicities are more likely to be ALICE or living below the Federal Poverty line.

### Percentage of ALICE Households by County



### Percentage of ALICE Households by Ethnicity



## WHO IS BELOW THE ALICE THRESHOLD?

While there are people of all ages, races, and ethnicities struggling in every community, specific groups face disproportionate impacts that increase the likelihood that a household is below the ALICE Threshold.

### Specifically, households below the ALICE Threshold are more likely...

To have children in the household:

**54%**

of households with children are below the ALICE Threshold.

To live in larger households:

**65%**

of households with 3 or more occupants are below the ALICE Threshold.

To be Native Hawaiian or Filipino:

A majority of Native Hawaiian (60%) and Filipino (59%) residents fall below the ALICE Threshold.

To have lower levels of educational attainment:

**65%**

of respondents without a college degree are below the ALICE Threshold.

To struggle with paying for basic household expenses:

**46%**

of households below the ALICE Threshold are unable to pay all of their bills on time.

To have insufficient income:

**84%**

have combined annual household income of less than \$75,000, well below the median income of \$87,722 as reported by the Census Bureau for 2020.

To be working, but with inconsistent work opportunities:

**62%**

have members of the household who work full time

**30%**

work part-time

**29%**

are paid hourly

### Employment Status

Households below the ALICE Threshold are significantly more likely to have a member of the household who:



Works part-time



Is a full-time student



Is paid hourly



Is a homemaker



Works hours that vary



Is disabled – unable to work



Is unemployed

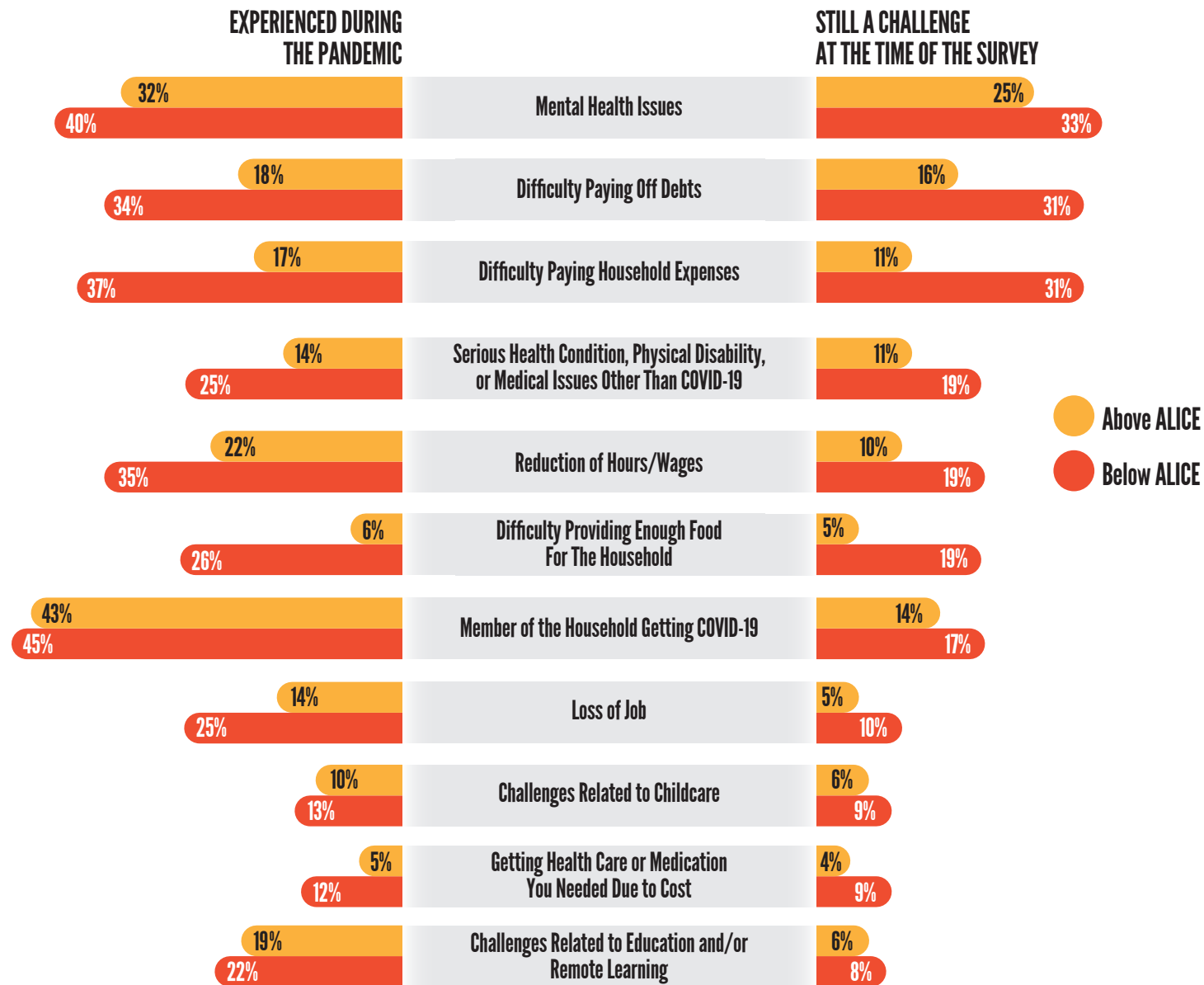


Works multiple jobs

# THE EFFECT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic disproportionately affected Hawai'i households below the ALICE Threshold who were already struggling financially. These residents were significantly more likely than their neighbors above the ALICE Threshold to experience each of the following challenges during the pandemic. Moreover, each of these challenges are more likely to persist for those households below the ALICE Threshold.

It is also clear many households across income levels experienced loss and hardship during the pandemic and challenges continue today. Mental health issues, followed by difficulty paying off debts, are now the most common continuing impact at all income levels.

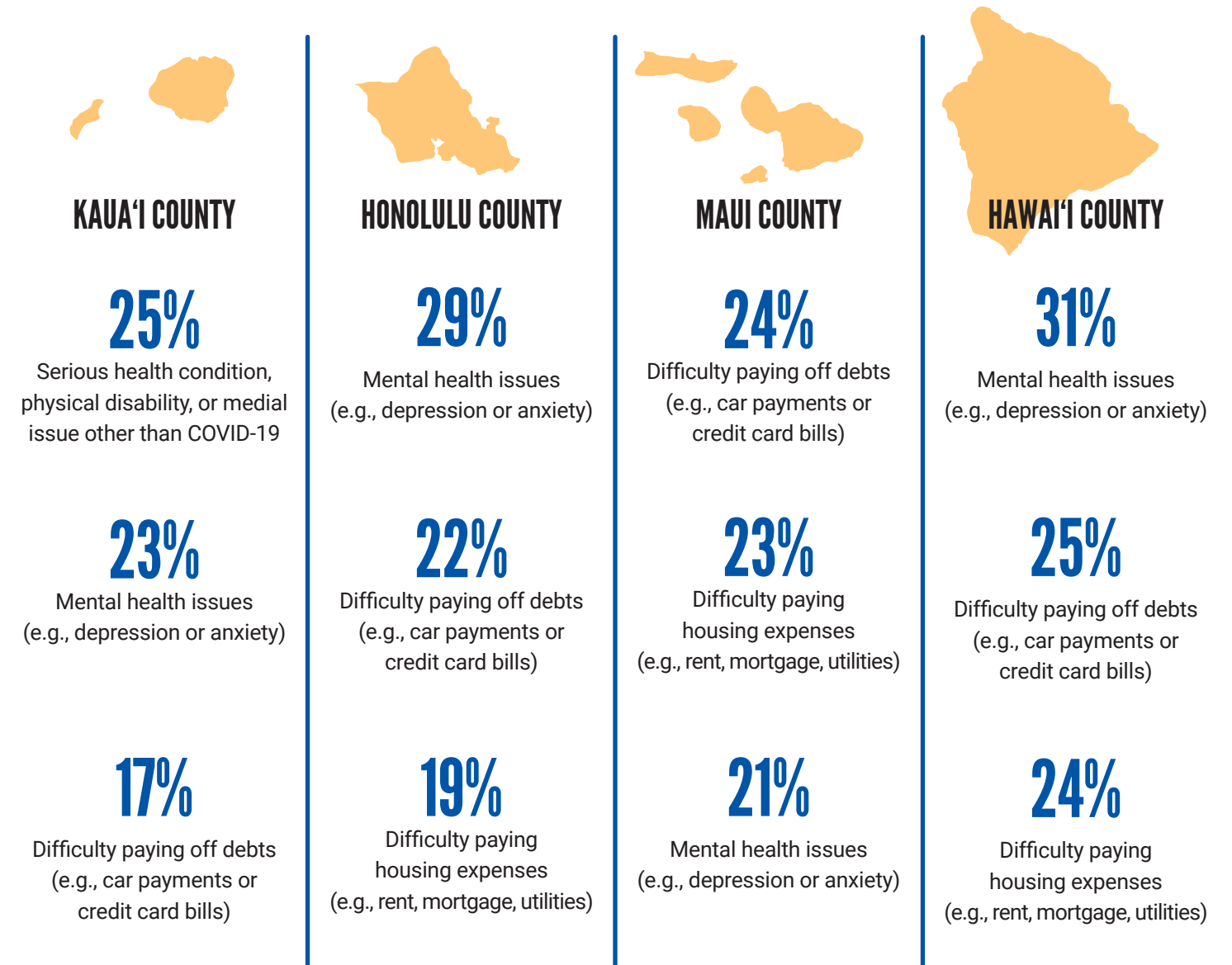


**BELOW ALICE THRESHOLD**

77% of households below the ALICE Threshold are still facing one or more of the challenges above, compared to just 58% of those above the ALICE Threshold.

# THE EFFECT OF THE COVID 19 PANDEMIC (Continued)

## Three Top Issues Faced by County Residents



# STRUGGLING TO MAKE ENDS MEET

Overall, nearly half of Hawai'i households say they are "just getting by" (33%) or "finding it difficult to get by" (15%). Fewer than one in five (18%) households are "living comfortably".



**Those with children in their household (55%)** are either just getting by or finding it difficult to get by. Similarly, larger households (those with 3+ people) are struggling more than smaller households (52% vs. 43%).



**Households headed by unmarried couples (63%) and by single females (60%)** were more likely to be struggling than those headed by married couples (39%) and single males (50%).



**63% of Native Hawaiians** report that they are just getting by or finding it difficult to get by, the highest rate amongst the largest racial/ethnic groups.

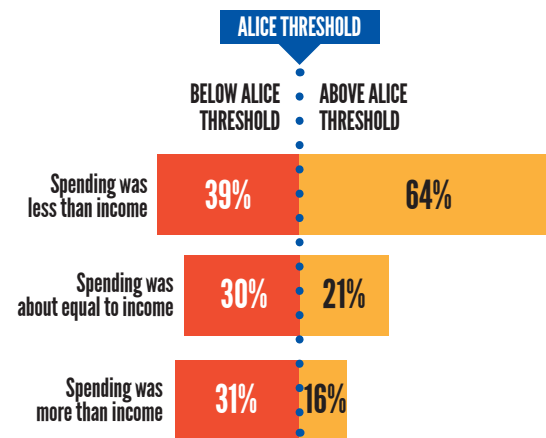


**Renters report greater difficulty getting by, with 67%** just getting by or finding it difficult to get by, compared to 42% of homeowners.

## Balancing Spending with Income

Fewer than 1 in 4 households (22%) spent more than their annual income in the last 12 months. 25% had spending equal to income, meaning they were able to get by.

	Spending was (much or little) less than income	Spending was about equal to income	Spending was (much or little) more than income
STATE OF HAWAI'I	53%	25%	22%
HONOLULU COUNTY	54%	25%	21%
HAWAI'I COUNTY	45%	27%	29%
MAUI COUNTY	55%	24%	21%
KAUA'I COUNTY	55%	23%	22%



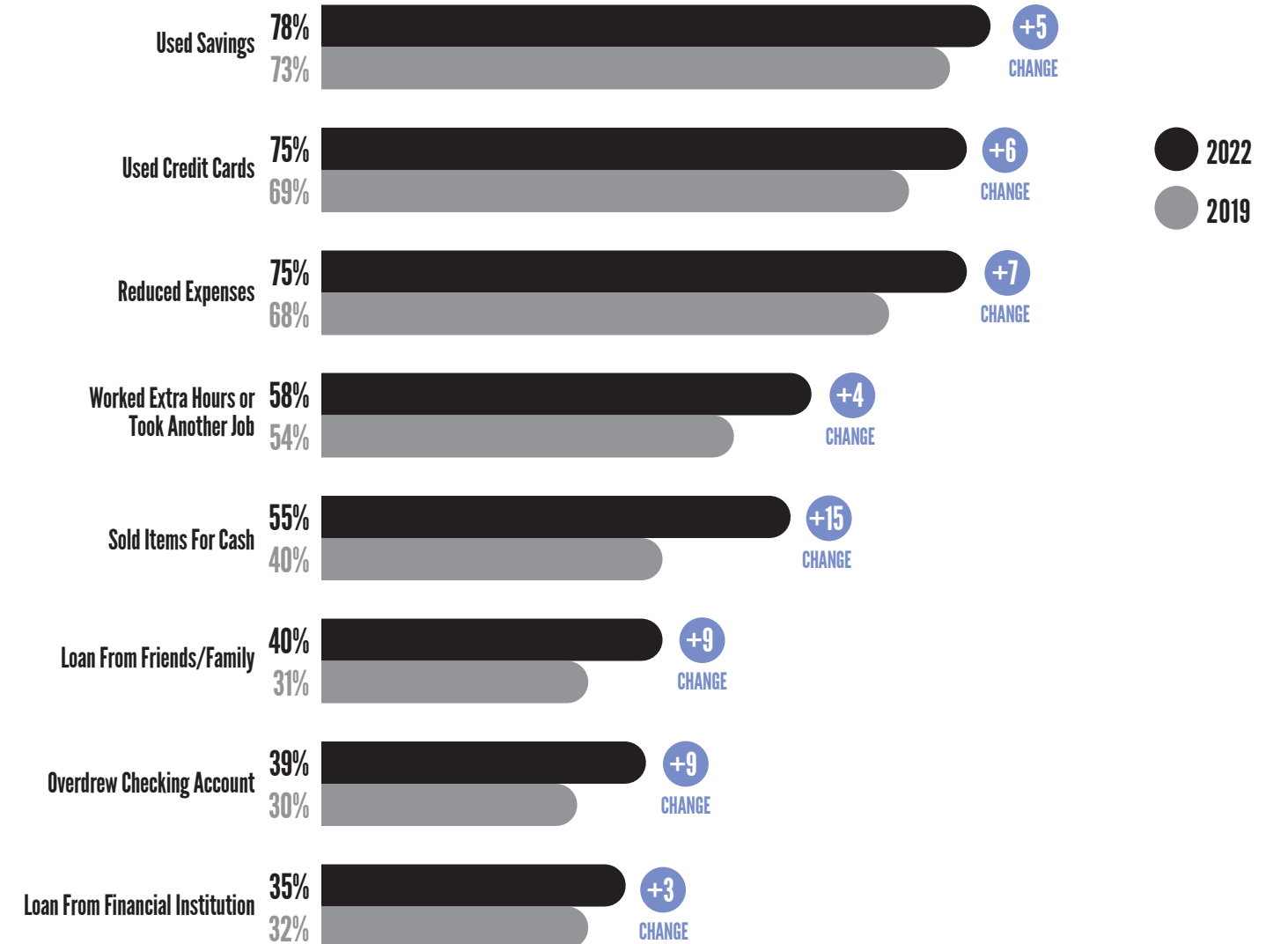
**BELOW ALICE THRESHOLD**

Those below the ALICE threshold were significantly more likely to borrow money from friends/family or overdraw their checking account (44% vs. 33% among Above ALICE).

# STRUGGLING TO MAKE ENDS MEET (Continued)

## Making Up for the Shortfall

When spending outpaces income, we see Hawai'i residents are more likely than they were in 2019 to utilize each of the resources available to them to fill the gap.



# FINANCIAL SURVIVAL

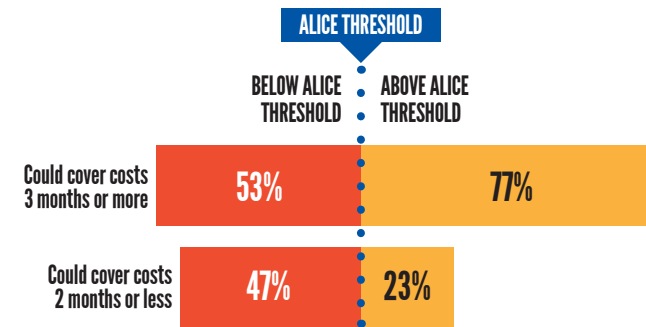
Dealing with a crisis or even an unexpected expense can have a significant impact on any household, but those below the ALICE Threshold tend to have less money available to cover such costs.

## Covering Expenses in Time of Crisis

Nearly half (47%) of households below the ALICE Threshold would only be able to cover household expenses for two months or less based on the money they have available.

BELOW ALICE THRESHOLD

**23%** Nearly one in four would not have enough money to cover expenses for 4 weeks.

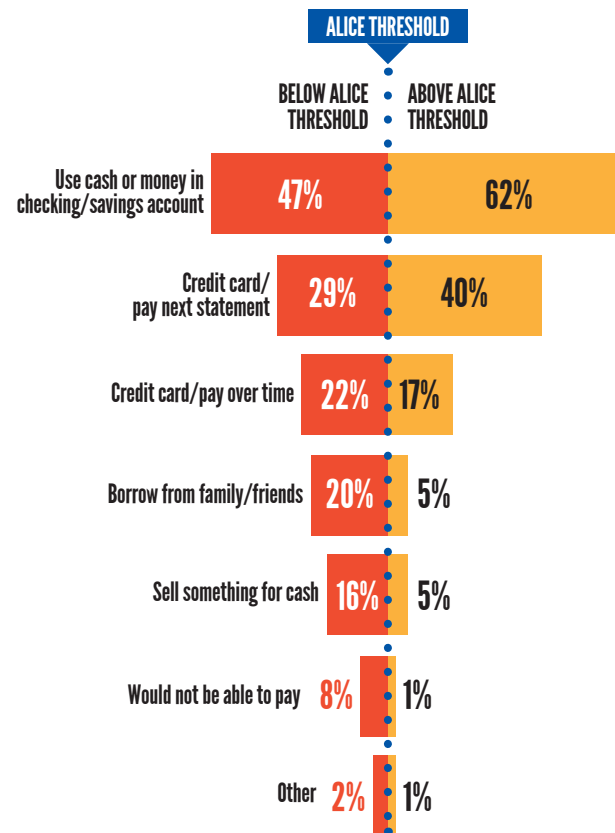


## Paying an Unexpected \$400 Expense

Those with the means to do so would withdraw cash from an existing deposit account or temporarily put the expense on a credit card that is paid off the following month. However, households below the ALICE Threshold are significantly more likely to have to pay for the expense over time, either by paying down the credit card slowly, borrowing from friends/family, or selling something for cash.

BELOW ALICE THRESHOLD

**8%** Nearly one in ten would not be able to pay at all for such an expense.



However, in some cases, the non-use of credit by households below the ALICE Threshold may also signal a stronger support system of family and friends willing to help, which can be less expensive and more flexible than using formal credit.

# FINANCIAL SURVIVAL (Continued)

## Importance of Credit Score



As a household struggles to make ends meet, one of the first negative impacts can be to a billpayer's credit score. Low credit scores directly limit access to loans and credit cards, and may mean households use other means to cover the essentials.

BELOW ALICE THRESHOLD

One in three of those below the ALICE Threshold don't know their credit score.

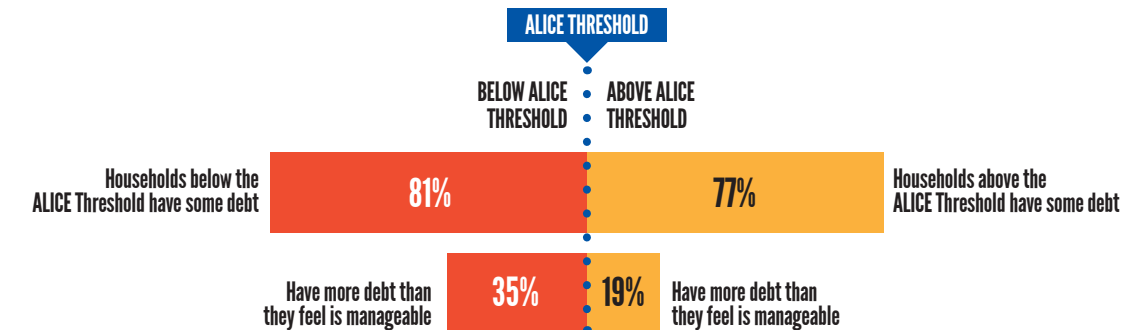


Statewide, the percentage of residents who rate their own credit score as "poor" has nearly doubled, from 5% in 2019 to 9% in 2022.



Those below the ALICE Threshold have much lower confidence in their credit score, with 36% rating it "fair" or "poor."

## Unmanageable Debt Load



BELOW ALICE THRESHOLD

More than 1 in 3 households below the ALICE Threshold report they have more debt than is manageable.

# FINANCIAL PLANNING

Households below the ALICE Threshold do not earn enough to consistently cover rising expenses and are in a precarious financial position. Support is needed to continue to increase wages and access to better career opportunities, and to make banking, credit, and insurance services available for more of Hawai'i's households. The data indicate some households may also benefit from and have interest in additional financial planning and education.

## Planning Ahead Financially

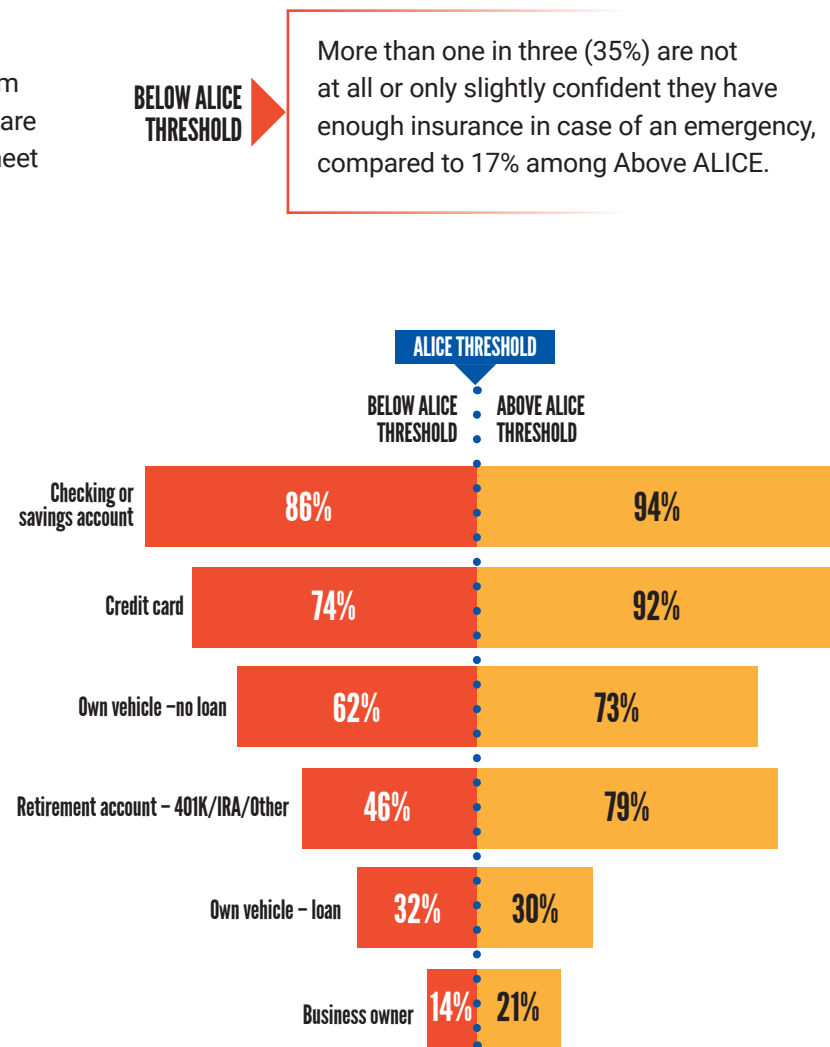
There is an opportunity to better support households below the ALICE Threshold with individualized financial planning, as only 57% feel their household plans ahead financially.

## Meeting Longer Term Goals

Households below the ALICE Threshold also have greater concern about their ability to meet longer-term financial goals: 22% are not at all confident and 17% are slightly confident they are doing what is needed to meet longer term goals such as buying a home, saving for education, preparing for retirement, and more.

## Assets to Support Financial Health

Those below the ALICE Threshold are significantly less likely to use basic financial services such as checking or savings accounts, credit cards, and retirement accounts.



# Huliau: At this turning point, we reflect and come together in new ways.

Since the first Hawai'i ALICE Report in 2018, which launched the ALICE Initiative, a key theme has been that ALICE households are one crisis or financial setback from falling into poverty.

The COVID-19 pandemic was that crisis, and *this report reflects the significant increase in local households who slipped from ALICE into poverty*, who has been most impacted, and helps to identify what challenges we must collectively address to increase financial stability for Hawai'i's residents.

The report shows a growing divide in Hawai'i between those living comfortably and those trying to survive financially, especially affecting Hawaiian and Pacific Islander households, female-led households, and households with children. This trend of more residents falling below the ALICE Threshold predates the pandemic and will only grow if we continue with the status quo.

## Coming together for the Hawai'i we want to see.

We are at a turning point in the future of Hawai'i. We have an opportunity to learn from the pandemic's unequal impacts and our response, and build new ways to plan and act together across sectors and interests. With non-profit, business, and government sectors convening inclusive conversations and partnerships, we can change how we define a healthy economy, address racial and gender inequities and build broad support for programs and policies that better share resources, provide greater financial stability, equitable economic mobility, and resilience and connection in our community.

The financial challenges 44% of Hawai'i's households are facing are not an individual problem. Hawai'i systemic problem of wealth inequity and unequal distribution of resources has left nearly half the State struggling to meet their basic needs. ALICE is our teachers, restaurant workers, coaches, medical assistants, drivers, volunteers, childcare professionals, and families; all vital for our community's functioning and wellbeing. *This data comes from and shows the economic reality of households across Hawai'i and calls us to work together so all who call Hawai'i home can live, work, and thrive here.*

## Programs and Policies changes that can help ALICE thrive.

While this report is not intended to make specific policy recommendations, we believe the *findings demonstrate a clear need for action in the following key areas:*

- New safety net supports for ALICE households impacted by short-term setbacks.
- Bridge programs that transition households through potential benefit cliffs and support economic mobility
- Policies to increase homeownership and stable housing, and prioritize local residents.
- More widespread, equitable access to financial services and credit, action to discourage predatory lenders, and programs to address unmanageable levels of debt.
- Support for asset-building, savings, financial planning, and education programs.
- Investments to address the growing mental health crisis, so that any resident who requests services can quickly receive them.
- Robust education-to-workforce pipeline to prepare residents for higher wage jobs here in Hawai'i.



# The ALICE Initiative

There is exciting work underway to build a swell of support to invest in programs and advocacy for ALICE. Aloha United Way and the Hawai'i Community Foundation, along with businesses and individuals are investing in the ALICE Initiative.

The ALICE Initiative supports collaboration and work across sectors and networks, funds promising programs to increase financial stability and access to housing, and urges government officials to act to support the ALICE households who each month see their basic costs of living outpace their income.

We invite you to learn more about this work at [www.auw.org/alice-initiative](http://www.auw.org/alice-initiative).



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