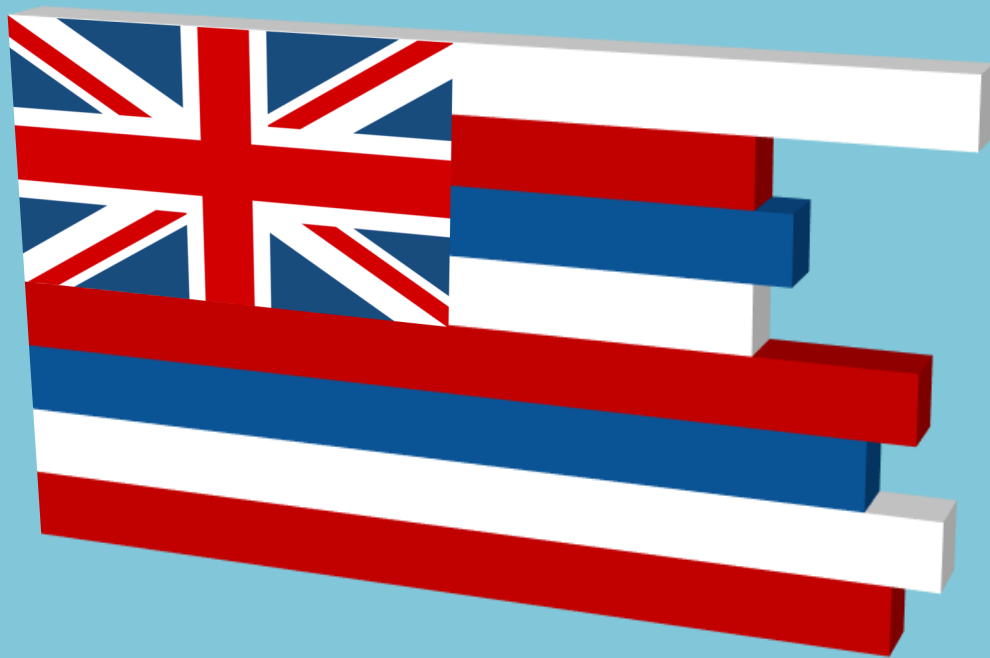


The State of Poverty in Hawai‘i



How Hawai‘i’s low-income
residents are faring post-recovery

April 2016



HAWAII APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE



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EXECUTIVE SUMMARY

Introduction

In 2012, Hawai'i Appleseed published *The State of Poverty in Hawai'i*, which highlighted the harsh economic reality faced by all too many families in our state. Four years later, we are revisiting the many indicators covered in our first report to see how Hawai'i's low-income residents have fared as the economy appears to have stabilized. But who has been left behind by the recovery? What does Hawai'i's low unemployment rate and high median income obscure about the real conditions for Hawai'i's working families? Nationally, public opinion may be split on issues of income and poverty, but a hard look at the facts in this report demonstrates how much our working families are struggling just to get by.¹ Our progressive legacy shows that Hawai'i historically recognized that the well-being of our entire community is tied to that of our most vulnerable, but has this commitment eroded as we have prioritized other areas of economic growth?

This report is intended to remind the public and policymakers that far too many people have been left behind by our economy's rebound. The connection between poverty, opportunity, and outcomes is clear, and the inability of Hawai'i's families to make ends meet impacts every other area of their well-being. This report underscores the seriousness of poverty in our state and the need to make policies which increase opportunity for all. We note that this report does not address many other serious social and economic justice issues facing specific populations, but Appleseed believes financial insecurity and poverty deeply worsen the inequities faced by groups such as Native Hawai'ians, people with disabilities, and elders, among many others. While this report does not delve into these disparities, economic disadvantage is an underlying theme for these groups, and this report intends to demonstrate its wide-ranging effects in our state.

Solutions

We know that it is possible to alleviate the impact of poverty and increase economic mobility. Some of the solutions will require a substantial investment on the part of the state, but they are solutions that we cannot afford to overlook. Our state spends significant sums on health care, human services, and education, yet without addressing the fundamental problem of households' financial insecurity, we will never see a full return on these important investments. The end of this report provides a brief sketch of a policy agenda to create economic opportunity for our entire community, including the following priority recommendations:

Increasing Income

Stop Taxing People in Poverty by Adjusting Hawai'i's Inequitable Tax System

Hawai'i is the second worst state in the nation for taxing people in poverty. Low-income households pay taxes at nearly twice the rate of our highest income earners.

EXECUTIVE SUMMARY

Hawai'i needs to stop taxing people further into poverty by adopting reforms such as creating a state Earned Income Tax Credit, revising the Low Income Household Renters Credit for thirty years of inflation since its last adjustment, and considering adjustments to the standard deduction and income tax schedules.

Continue to Increase the Minimum Wage

Hawai'i's minimum wage does not come close to a living wage—the amount a person needs to afford life's basic necessities. However, the floor on wages set by the minimum wage is important. After eight years with the minimum wage set at \$7.25, Hawai'i increased the minimum wage by 50 cents in 2015, phasing in an increase to \$10.10 by 2018. To avoid another long period of stagnation, Hawai'i should tie the minimum wage to changes in the consumer price index.

Reducing Homelessness and Addressing the Lack of Affordable Housing

Utilize Innovative Housing Models

Reducing housing development costs offers a way to increase the supply of affordable housing. State and county leaders need to adopt regulatory changes and subsidies to support the use of low-cost housing options such as micro-units, ADUs, and adaptive reuse of existing buildings.

Create a Shallow Rental Subsidy Program

For many households struggling with homelessness, the issue is a purely financial one—they have a steady source of income, but it is simply not enough to cover all their expenses given Hawai'i's high cost of living. Hawai'i needs to adopt and experiment with a shallow rent subsidy program that provides small subsidies to families who are just short of the income they need to avoid homelessness, helping many families with a relatively small amount of resources.

Fund Affordable Housing Development

The state should continue to increase funding for the Rental Housing Revolving Fund, one of Hawai'i's primary means of funding affordable housing development.

Expand Housing First

Housing First is an evidence-based approach that centers on providing people experiencing chronic homelessness with housing as quickly as possible to provide a stable environment in which to treat the issues underlying their homelessness. Housing First is relatively new to Hawai'i, and continued support is needed to refine and expand these programs.

Adopt Inclusionary Zoning

Building luxury housing units is usually more profitable than building housing for the typical Hawai'i resident, so developers have little incentive to build affordable units. Inclusionary zoning requires developers to build affordable units along with market

rate housing, and it is critical to ensuring adequate affordable housing for Hawai'i households.

Alleviating Hunger

Adopt Innovative School Breakfast Models

Hawai'i's children are needlessly going hungry despite the availability of a federally subsidized school breakfast program that offers low-income students free and reduced price meals. Hawai'i ranks 46th in the nation in terms of participation in the breakfast program, with less than 45 percent of students who eat school lunch participating in breakfast. Hawai'i needs to adopt innovative breakfast service models such as Breakfast in the Classroom, which has been proven to increase participation rates. Doing so is associated with a host of benefits including improved attendance, well-being, and academic performance.

Improve Access to the Supplemental Nutritional Assistance Program (SNAP)

SNAP (formerly known as food stamps) is one of the most important programs in the fight against hunger. Yet one in four eligible households in Hawai'i are not participating in the program. Simplifying the application process and increasing outreach will improve access to the program, ensuring that fewer families struggle with hunger, and bringing more dollars into the state to bolster our economy.

While the problem of poverty is daunting, these measures represent relatively simple changes that would have a dramatic impact on households who are struggling to make ends meet in Hawai'i. With enough political will and commitment of resources, our state can take action to alleviate poverty.

Key Indicators of Poverty

Cost of living: Hawai'i has the highest cost of living in the country. Even with the tenth highest median income in the country, Hawai'i has the lowest wages in the country when adjusted for the amount of money it takes for a family to get by.

Poverty: Hawai'i has the sixth highest rate of poverty in the country under the Supplemental Poverty Measure, which, unlike the official poverty measure, takes into account both the cost of living and available government assistance. Using this more accurate measure, Hawai'i actually has a higher rate of poverty than Mississippi.

Inequality: Income inequality is the single biggest factor driving increases in poverty, with a greater influence than commonly cited factors such as education, race, and family structure.²

Asset Insecurity: In the absence of other income, nearly one out of three households does not have enough in liquid assets to survive for three months at the poverty level.

Taxes: Compared to the wealthiest 1 percent, the bottom 20 percent pay almost twice as much of their income toward taxes. Nationally, Hawai'i has not only the second highest overall taxes on low-income households, but also levies the second highest income tax burden on families in poverty.

Housing: Hawai'i faces both the highest cost of housing and the highest rate of homelessness among the states. The state will need an additional 64,000 housing units by 2020 to meet pent-up and future demand.

Hunger: Supplemental Nutrition Assistance Program (food stamps) and school breakfast participation rates are among the lowest in the country. At the same time, one in eight residents faces food insecurity, and families must make difficult tradeoffs to balance their budgets.

Education: More than half of public school students are economically disadvantaged, which diminishes students' educational achievement even when students are provided with high-quality educational services—educational programming cannot overcome the impacts of poverty on students.

INCOME & POVERTY

Cost of Living

A quick visit to the mainland will remind any Hawai'i resident of what they face on a daily basis—the highest cost of living in the country. Comparisons of Hawai'i's elevated cost of living range from 17 percent to even 60 percent higher than the national average.³ On a local level, Honolulu's cost of living exceeds even those of New York and San Francisco.⁴

For a family of two adults and two children renting their home, the supplemental poverty measure poverty threshold is \$34,056 in Honolulu and approximately \$30,000 on the neighbor islands—well above official poverty measure of \$24,008.⁵

The Economic Policy Institute's Family Budget calculator indicates that in 2015, a family of four in Honolulu would have needed to earn 3.75 times the federal poverty threshold to achieve a standard of living that is modest, yet economically secure.⁹

	Honolulu	Rural
Housing	\$1,820	\$1,175
Food	\$937	\$937
Childcare	\$1,511	\$1,261
Transportation	\$620	\$723
Health Care	\$623	\$590
Other necessities	\$1,332	\$1,020
Taxes	\$999	\$671
Monthly Total	\$7,841	\$6,377
Annual Total	\$94,092	\$76,529

Poverty

Based on the U.S. Census Bureau's official poverty measure, Hawai'i appears to have escaped widespread poverty, with 11.4 percent (169,000 residents) living below the official poverty threshold—below the national average of 15.5 percent, and the seventh lowest rate in the country.⁶

Yet a more comprehensive analysis results in a dramatic increase in the number of people struggling in poverty conditions.⁷ Under the Census Bureau's Supplemental Poverty Measure (SPM), which considers both the cost of living and available government assistance, an additional 80,000 people are considered to be living in poverty. 18.4 percent of our residents live below the SPM, the sixth highest rate in the country. This figure also shows how dramatically the official measure understates the prevalence of poverty—Hawai'i sees the second biggest increase in the country when comparing rates of poverty under the official measure and the SPM.⁸

2016 Poverty Guidelines¹⁰

Household Size	Annual Income
1	\$13,670
2	\$18,430
3	\$23,190
4	\$27,950
5	\$32,710
6	\$37,470

Seniors and Poverty

Nearly one in five seniors lives below the Supplemental Poverty Measure threshold, the second highest rate among the states.¹¹

Many more are struggling: over half (55 percent) live under less than twice the SPM threshold—also the second highest among the states. (Only 30 percent of seniors live under 200 percent of the official poverty threshold).¹² Seven percent of seniors were food insecure in 2011, below the national average but still too high for our state's older residents.¹³

Self-sufficiency

Economic self-sufficiency is defined as the amount of money that a household requires to meet its basic needs without public assistance. Statewide, the percentage of families below the self-sufficiency standard is:

45.3% of single-adult families with no children

18.5% of two-adult families with no children

45.5% of two-adult families with two children¹⁴

These various metrics all lead to the same conclusion: far too many working families cannot afford to get by in Hawai'i.

Lowest Wages in the Country

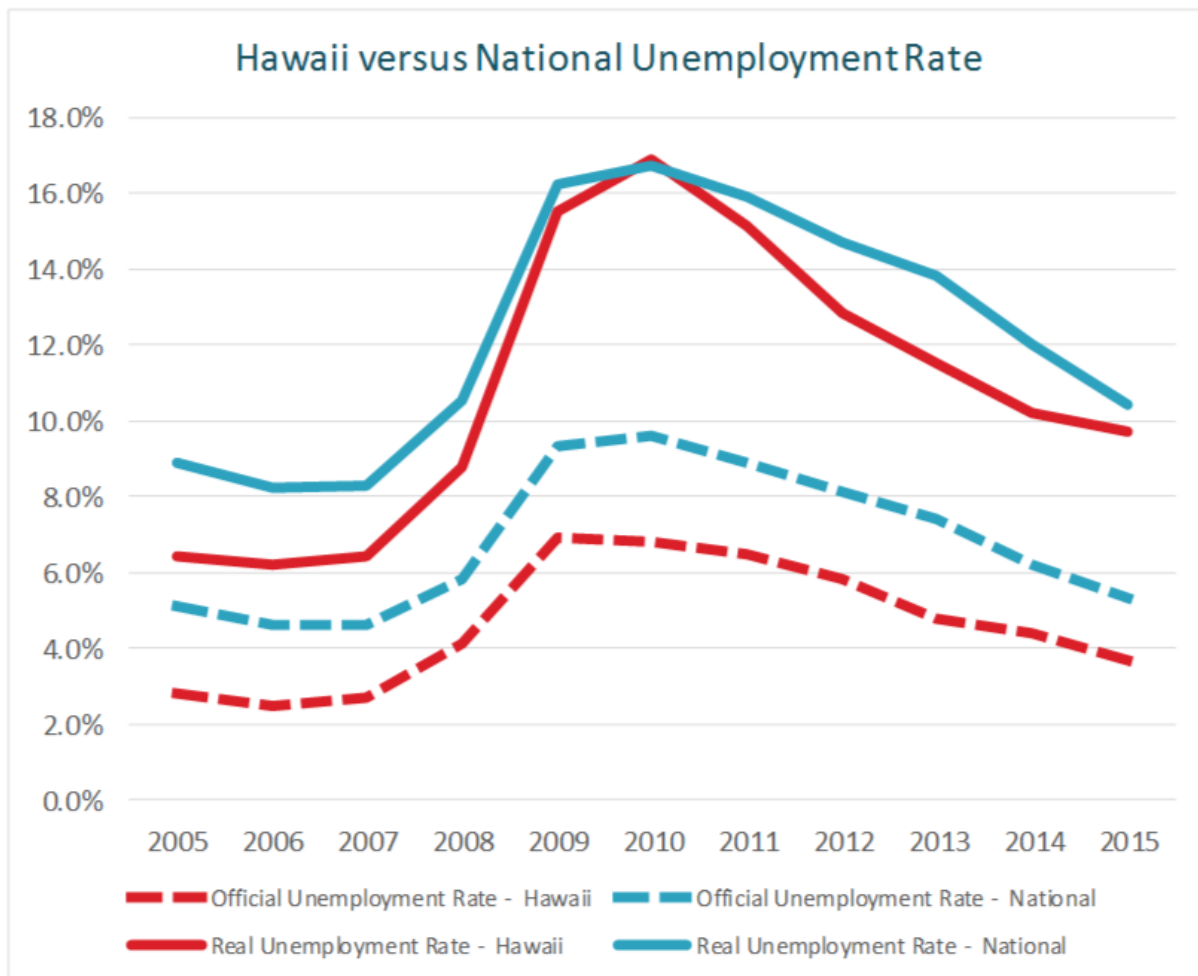
Despite having the third highest median income in the country,¹⁵ Hawai'i's residents earn the lowest wages when adjusted for the cost of living. Honolulu's average private sector wages may appear relatively high at \$25.10 per hour, but when adjusted for the cost of living, they are the second lowest in the country at just \$14.66, compared to the national average of \$22.39 per hour.¹⁶ While other cities such as New York and San Francisco also face sky-high prices, their wages are also significantly greater.

In Hawai'i, 16.3 percent of jobs are considered low-wage, meaning they pay less than 100 percent of the poverty threshold for a family of four.¹⁷ Meanwhile, the minimum wage is just \$8.50, meaning that a minimum wage worker with one child would live below the poverty level even while working 40 hours per week, 52 weeks per year without a single day off.

INCOME & POVERTY

Unemployment

Reduced unemployment seems to be one area where Hawai'i has bounced back from the depths of the recession and is doing better than many other regions, with the official unemployment rate hovering around 3.1 percent.¹⁸ However, the low official unemployment rate obscures the reality for many of Hawai'i's families: those who want a full-time job but can only find part-time work. Using the fuller metric of "real" unemployment, close to one out of ten people (9.7 percent) who would like to work full-time in Hawai'i are either unemployed, underemployed, or have not looked for a job during the past month.¹⁹ The economic damage of unemployment and underemployment was more severe during the Great Recession, when the real unemployment rate spiked to 16.9 percent in 2010. Hawai'i's employment rates fluctuate less than they do in other states, but the high cost of living here means that economic security is far out of reach even for many full-time workers.²⁰



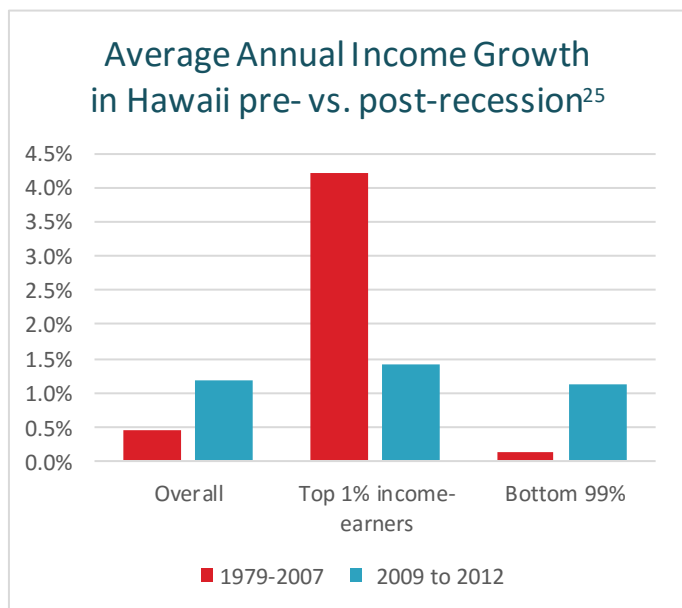
INCOME & POVERTY

Inequality in the U.S. and Hawai'i

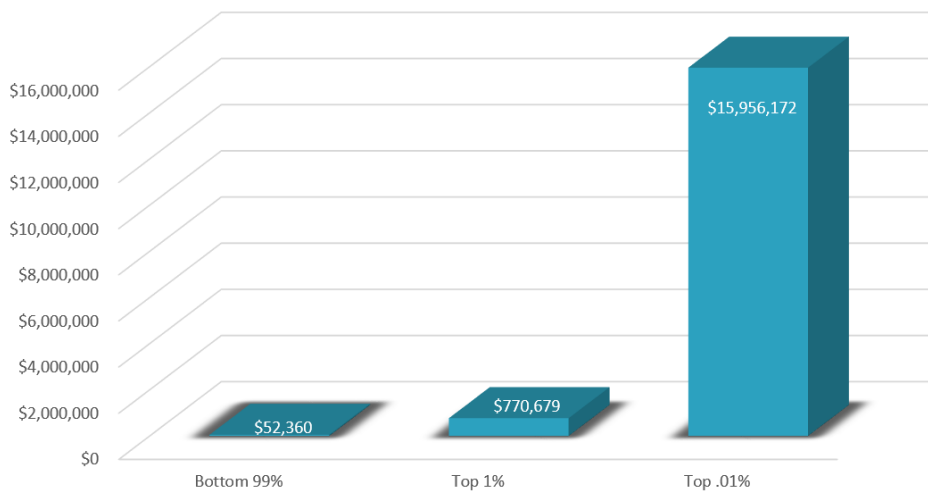
The growing income inequality between the top and bottom has been increasingly recognized as a social and economic challenge to growth and opportunity.²¹ Hawai'i is certainly not immune from uneven income distribution, and inequality continues to worsen here along with the rest of the country. However, Hawai'i's gap is less dramatic than the country's as a whole.

Average Income in Hawai'i, 2012²⁴
\$770,679 - Top 1% of income earners
\$52,360 - Bottom 99%

The reasons income inequality is less severe in Hawai'i are not entirely clear, but the Economic Research Organization at the University of Hawai'i hypothesizes that wages have been boosted on the lower end by unionization, and the small portion of manufacturing jobs here, which were most impacted by wage reductions. Meanwhile, Hawai'i's lack of highly specialized and lucrative industries such as finance and technology mean less income concentrated at the top end.²² But while extremely high incomes may be less prevalent in Hawai'i, we continue to have one of the highest rates of millionaires per capita and have been consistently ranked in the top five since 2010.²³



Average Income in Hawaii (2012)²⁶



INCOME & POVERTY

Financial Security²⁷

Employment and wages don't tell the whole story. The income-based definition of poverty does not take into account whether a family has savings that can help it weather a financial emergency or a sudden job loss.

- 16.5%** **Hawai'i's asset poverty rate:** the percentage of households that do not have enough in liquid assets (like cash savings) or durable assets (such as a home), to live for three months at the poverty level
- 29%** **Hawai'i's liquid asset poverty rate:** the percentage of households that do not have enough in easily liquidated assets such as savings or retirement accounts to survive for three months at the poverty level
- 13.7%** **Hawai'i's extreme asset poverty rate:** the percentage of households with zero or negative net worth

Nearly one out of four households either has no bank account at all or is considered "underbanked," meaning that despite having a mainstream account, these households are financially vulnerable, have trouble building credit, and frequently rely on costly financial services such as non-bank money orders or check cashing services.

The many expenses facing Hawai'i's residents has pushed them toward the third highest average credit card debt in the country, at \$12,673.

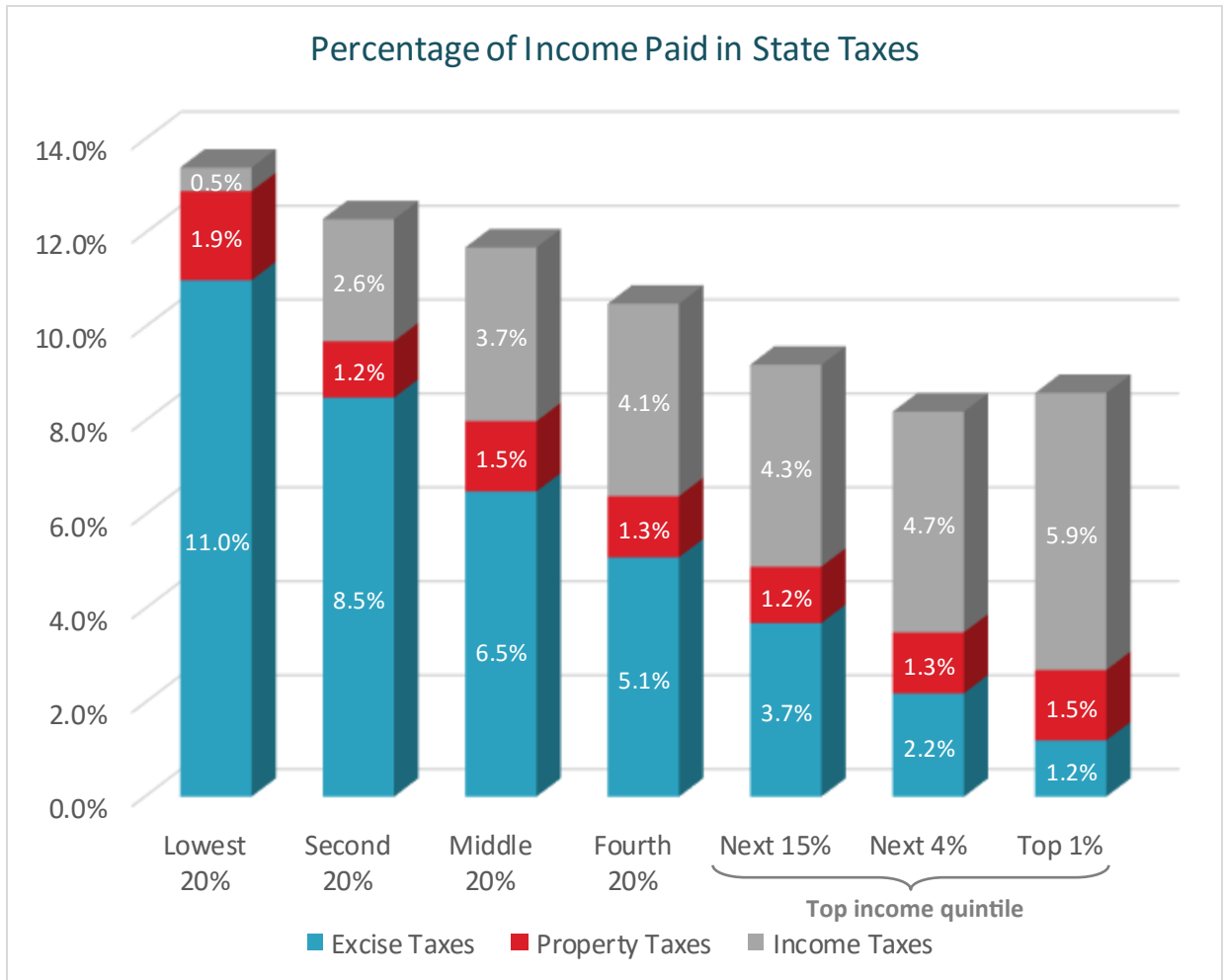
Tax (Un)fairness

On top of the high cost of living and relatively low wages, low-income workers in Hawai'i face a startlingly large tax burden under a regressive state tax structure that actually contributes to poverty and inequality.

Hawai'i's Regressive Tax Structure

Hawai'i's income tax structure is progressive, as wealthier people pay a higher rate. However, the General Excise Tax, which is levied on basically all goods and services, creates a regressive tax system, meaning that low-income families pay a far higher share of their income toward all state and local taxes than those at the top. The bottom percent pays almost twice the effective tax rate as the wealthiest 1 percent, which is the second heaviest tax burden in the nation for those in poverty.²⁸

INCOME & POVERTY



Taxing Families Deeper into Poverty

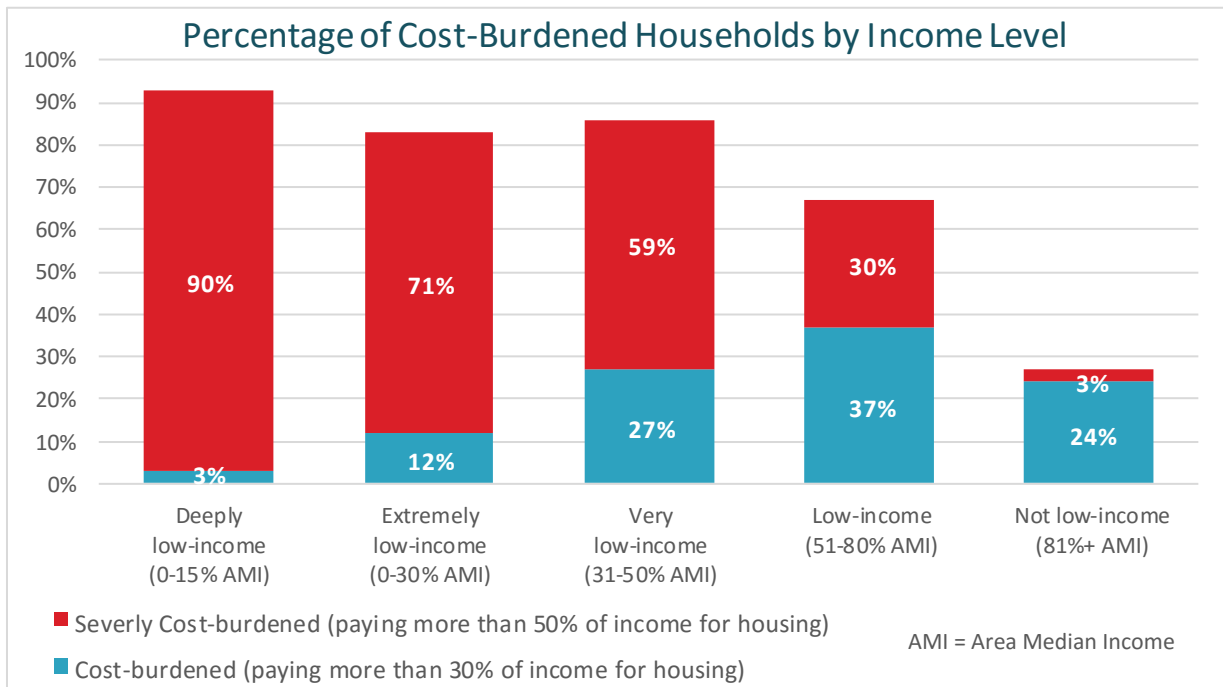
Hawai'i is the second worst state in the country for taxing families in poverty.²⁹ Even after applying the refundable tax credits targeted at low-income households, a family of four living at the poverty guidelines owes \$464 in income tax, on top of the GET—which, on average, would amount to \$2,371 per year for a family at this income level.

HOUSING & HOMELESSNESS

Housing

Housing is the largest item in a typical family’s budget, but families in Hawai’i face some of the heaviest housing cost burdens in the nation. When the rent is too high, families must make difficult tradeoffs between staying securely housed and purchasing other essentials such as food and healthcare.

Housing is considered affordable when a household spends no more than 30 percent of their income on shelter. Families with expenses exceeding this amount are considered cost-burdened, while those spending more than 50 percent are severely cost-burdened.³⁰



Families who face the biggest cost burdens have few options. The lower a family’s income, the greater the shortage of affordable and available units.³¹



HOUSING & HOMELESSNESS

Despite the acute need for affordable housing, the shortfall only continues to grow, with a total of 64,000 housing units needed by 2020 to meet pent-up and future projected demand. Of these units, 23 percent need to be rentals for households earning less than 80 percent of the area median income.³²

The increasing scarcity of affordable housing means this number will likely continue to rise, especially with a growing population. Meanwhile, almost no market units are being produced that are affordable to low-income households.

Housing by the Numbers

43% Percentage of households that are renters³³

18% Percentage of renters that are extremely low-income (e.g., a two-person household in Honolulu earning less than \$23,000 a year)³⁴

\$31.61 The hourly wage needed to afford a two bedroom market rental at fair market rent³⁵

\$14.49 The average hourly wage for a renter³⁶

43% Percentage of children living in housing cost-burdened families in 2013, a 24% increase since 2005³⁷

22,005 Shortfall of units that are both affordable and available for extremely low-income renters³⁸

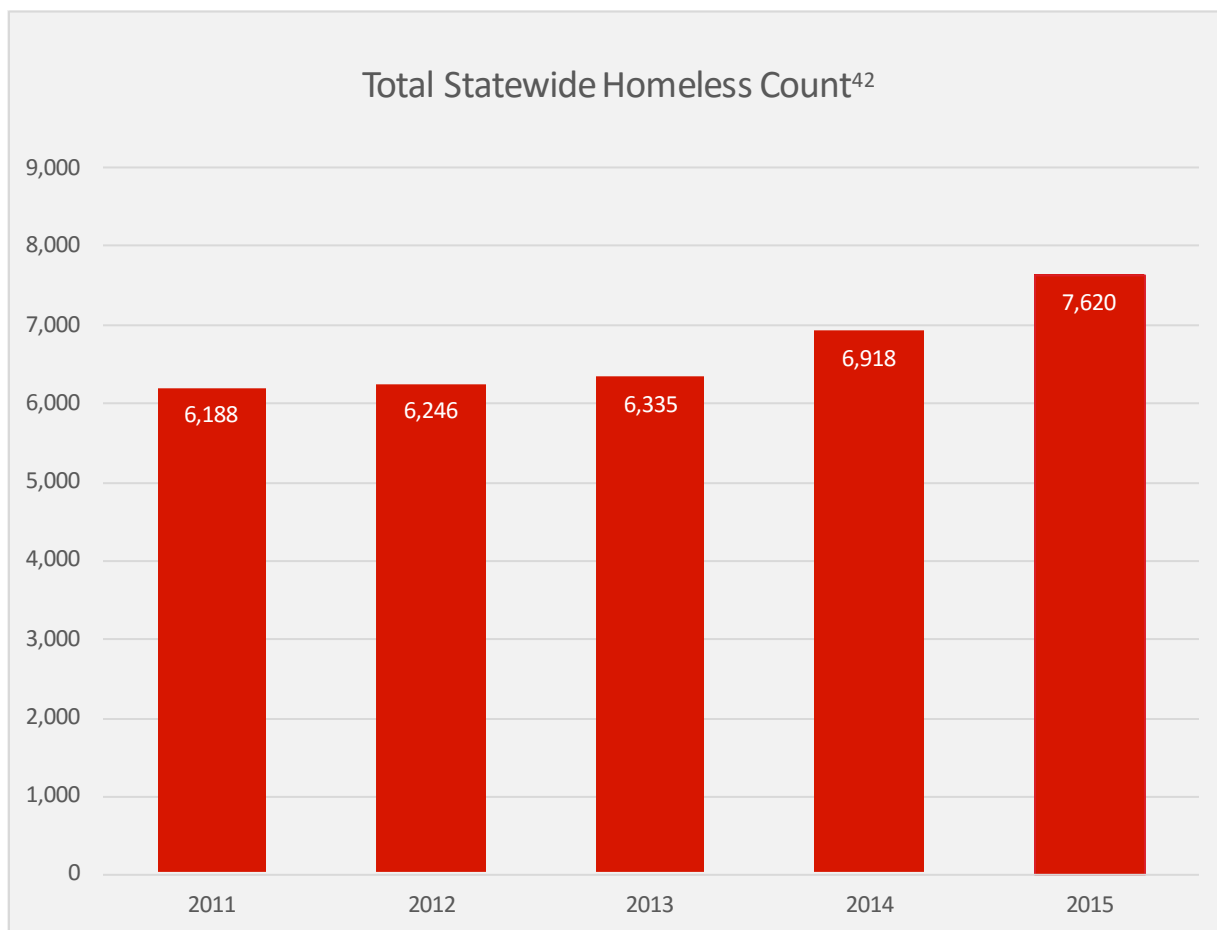
Why Housing Costs Matter

While a lack of affordable housing is often discussed as a problem in and of itself, the strain of housing cost burdens manifests itself clearly in health and educational outcomes. When families cannot keep up with housing costs, children face serious hardship. Doubling up and overcrowding means they cannot focus on schoolwork, and frequent moves disrupt their education, with homelessness having a particularly dramatic impact.³⁹ Spending too much on housing often means cutting back on nutritious food and health care, and the stress associated with substandard or unaffordable housing has a negative impact on health and childhood development.⁴⁰

HOUSING & HOMELESSNESS

Homelessness

For the past three years, Hawai'i has had the highest rate of homelessness among the states, exceeded only by the District of Columbia. While the vast majority of states saw a decrease in overall homelessness between 2013 and 2014, Hawai'i had an increase of 9.2 percent, and overall homelessness continues to rise. Additionally, Hawai'i experienced an almost 20 percent rise in the number of *unsheltered* persons between 2013 and 2014, while 40 states reported a drop in this indicator.⁴¹



Source: State of Hawai'i Homeless Point-in-Time Count

While homelessness is a complex phenomenon, the fundamental solution is housing. Almost one out of three individuals experiencing homelessness who has been assessed is in need of permanent supportive housing. However, the biggest problem for the remainder is simply a lack of housing they can afford, with 43 percent of people experiencing homelessness in need of housing assistance—not intensive services.⁴³

HUNGER

Hunger

Hunger in Hawai'i is less visible than the affordable housing crisis, but food insecurity affects one out of eight residents in Hawai'i.⁴⁴ Food insecurity is associated with myriad health risks, including both malnutrition and obesity.⁴⁵

Difficult tradeoffs

Coping with food insecurity often requires making tradeoffs between groceries and other necessities. Thousands of Hawai'i's food bank clients must weigh their need for adequate food against paying other bills to avoid eviction, stay employed, keep the electricity on, and receive medical treatment.⁴⁶

Food insecurity affects **1 out of 8** Hawai'i residents

Utilities

62% of food bank clients have chosen to miss paying a utility bill rather than go hungry; 33% make this choice every month

Medicine & Health Care

62% have foregone paying for medicines or other health care; 28% make this choice every month

Housing

48% have foregone paying their rent or mortgage; 28% make this choice every month

Low participation in nutrition programs

Despite the need for food assistance, Hawai'i has some of the lowest participation rates in two federal anti-hunger programs, the Supplemental Nutrition Assistance Program (SNAP) and School Breakfast Program. SNAP, formerly known as the food stamp program, is the largest anti-hunger safety net program in the country. In fiscal year 2014, it helped almost 14 percent of Hawai'i residents put food on the table.⁴⁷ Overall SNAP enrollment has increased in Hawai'i, yet many in need are failing to take advantage of this critical form of assistance: one out of four SNAP-eligible residents is not receiving the benefits, and among the working poor population, only 65 percent were signed up for SNAP in 2013, the most recent year for which data is available.⁴⁸

Child hunger can be alleviated by child nutrition programs, including school lunches, breakfast, afterschool meals, and summer meals. Yet only 43.3 percent of low-income students eating free or reduced-price school lunches are also eating school breakfast—ranking Hawai'i at 46th in the nation.⁴⁹ Additional children have lost access to school meals as many charter schools have had to end their participation in the federal school meals programs.

CHILDREN & EDUCATION

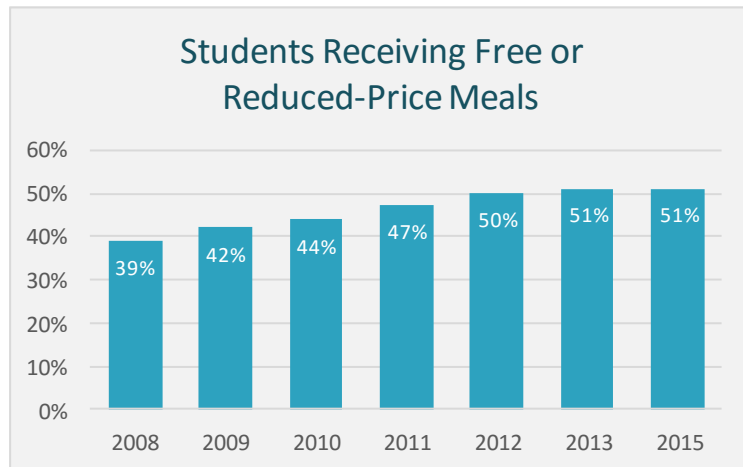
Children

Poverty

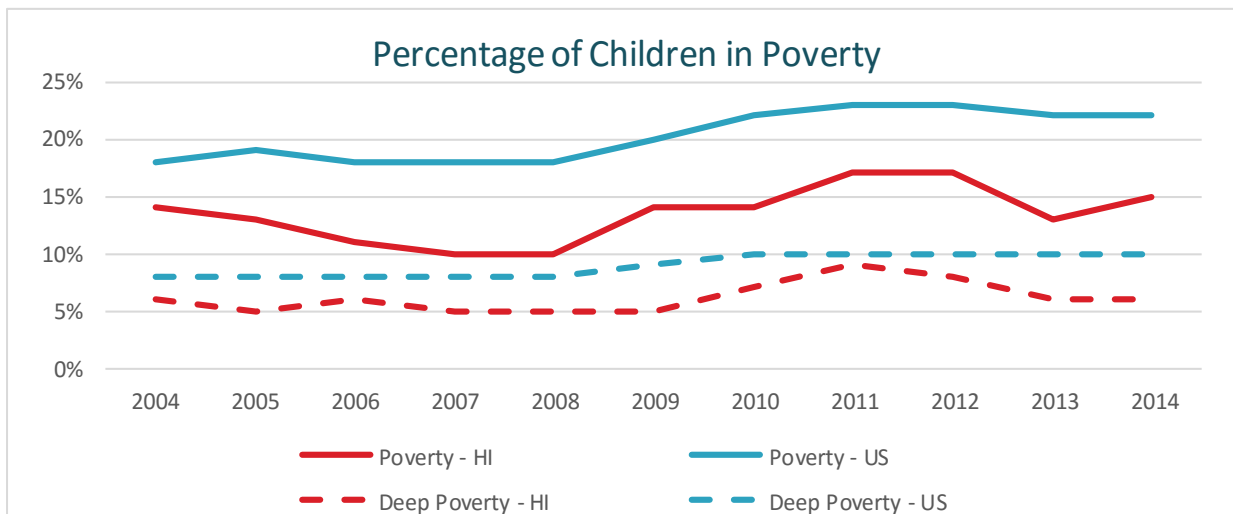
According to the Annie E. Casey Foundation's KIDS COUNT Data Book, Hawai'i ranks in the middle of the states for child wellbeing. While economic hardship challenges wide swaths of our community, childhood poverty is particularly devastating. The number of students qualifying for free or reduced-price school meals has also grown steadily.⁵⁰

1 out of 7 children live below the official poverty threshold.⁵¹

27% of children have parents who lack secure employment.⁵²



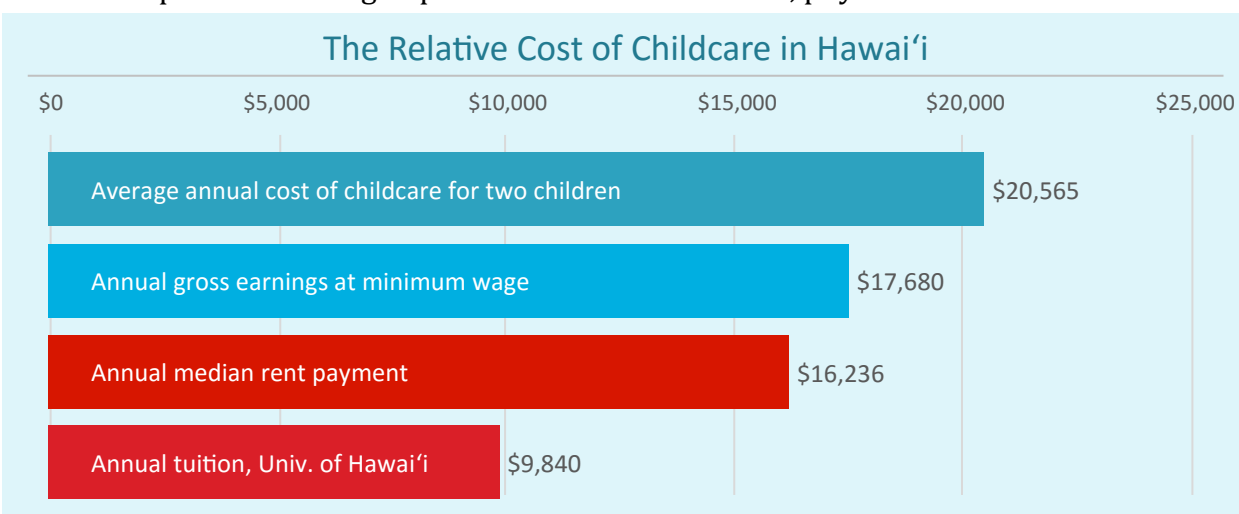
Fifteen percent of children in Hawai'i were living in poverty in 2014, up from 2013 and well above the 10 percent pre-recession level. Six percent of children are living in deep poverty, meaning that their families' incomes are half of the poverty level. Children living in concentrated poverty (living in areas with poverty rates above 30 percent) are at even greater risk. 18,000 children live in areas of concentrated poverty—triple the number of children who were living in such communities in 2000.⁵³ As poverty rates in a neighborhood increase above 20 percent, children's opportunities for success are diminished.



CHILDREN & EDUCATION

Childcare expenses

The cost of raising a child in Honolulu is estimated to be the second highest in the country, at \$429,635.⁵⁴ Quality, affordable childcare is critical to help families work. However, childcare in Hawai'i often eats up a huge part of a family's budget. Hawai'i is the twelfth most expensive state for infant care. Inability to afford childcare limits parents' employment and educational opportunities. For some families, the cost of childcare can even exceed their earnings. Unsurprisingly, half of all children in Hawai'i do not attend preschool.⁵⁵ High quality early learning programs help level the educational playing field for poor children by preparing children for kindergarten. Kindergarten readiness has been linked to every educational benchmark as the child ages. In addition, high quality preschool has positive lifelong impacts on a child's economic, physical and mental health.



Source: *Parents and the High Cost of Care*, Child Care Aware⁵⁶

Education

Despite improvements in educational performance indicators over the last ten years, our state continues to struggle and is ranked 31st in education indicators.⁵⁷ While the state's economy has improved dramatically since the recession, Hawai'i's per student spending, when adjusted for inflation, actually dropped 8.3 percent between 2008 and 2013.⁵⁸

52% of students in public schools are economically disadvantaged⁵⁹

18% of high schoolers do not graduate on time⁶⁰

71% of fourth graders have not achieved proficiency in reading

70% of eighth graders have not achieved proficiency in math

10% of 16-19 year olds are neither in school or working⁶¹

The role of poverty in student achievement is key to these outcomes. Decades of research have shown that economically disadvantaged students perform less well in school, regardless of the quality of their education.⁶² More than 40 percent of the variation in average reading scores and nearly half in math scores is correlated with variations in child poverty rates. This achievement gap continues to widen as income inequality increases.⁶³

CONCLUSION

A Thriving Hawai'i for All

Many critical anti-poverty policies operate at the federal level, but the state of Hawai'i must take a more proactive role in addressing inadequate income, particularly during this time of political gridlock. We have seen some progress in recent years to address poverty. In 2013, Hawai'i became the seventh state to eliminate the asset test for Temporary Assistance to Needy Families, helping families receive critical income support without depleting their assets.⁶⁴ In 2014, the minimum wage was increased for the first time in eight years. In 2015, the Legislature modestly increased the food/excise tax credit for the first time since its creation in 2007.⁶⁵ Yet there is far more to be done to bolster families' income, and a continued need for adequate funding in areas such as health and education.

Boosting Income & Employment

Creating higher paying jobs and making the minimum wage closer to a living wage are foundational to addressing income inequality. Helping families attain and maintain employment calls for policies that help workers care for their families. Increasing opportunities for childcare subsidies, early childhood education, and before and after-school programs help families balance these needs. There are many other tools we can use to help increase financial self-sufficiency and security, including paid family and medical leave, long-term care, and programs to encourage asset-building.

Additional tax fairness measures are needed so that families are not taxed deeper into poverty. The low-income household renters credit, which helps alleviate the regressive impact of the GET on renter households, has not been increased in 35 years, despite huge spikes in rent. Eliminating income taxes on people in poverty all will help increase financial stability for workers. Creating a state earned income tax credit (EITC) to supplement the federal EITC, a refundable federal tax credit targeted at working families, would be one of the most effective means to address poverty in our state. The EITC encourages work by letting families keep more of what they earn and pay off bills, make needed purchases, and build assets. At the same

Priority Measures to Increase Income

Tie Minimum Wage Increases to the Consumer Price Index

After eight years with the minimum wage set at \$7.25, Hawai'i increased the minimum wage by 50 cents in 2015, phasing in an increase to \$10.10 by 2018. To avoid another long period of stagnation, Hawai'i should tie the minimum wage to changes in the consumer price index.

Adopt a State Earned Income Tax Credit and Make Other Adjustments to Hawai'i's Inequitable Tax System.

To balance Hawai'i's inequitable tax system and encourage work, Hawai'i needs to adopt a state Earned Income Tax Credit (EITC) based on the federal EITC, which is widely considered one of the most effective anti-poverty programs in existence. Hawai'i should also increase the low-income household renters credit to account for 35 years of inflation since the last increase.

CONCLUSION

time, our state must consider how we tax those at the top of the income range so that our taxpayers contribute based on what they can actually afford.

Increasing access to credit and banking will help reduce the use of lending practices that keep consumers trapped in a cycle of debt, particularly payday loans. The current annual percentage rate permitted for payday loans is a staggering 459 percent, which burdens borrowers with fees that far exceed their ability to pay. Protection from abusive debt-collection practices is another component to helping families weather financial crises.

Housing & Homelessness

Addressing affordable housing and homelessness represents one of the biggest challenges facing our state. Our state and counties need to adequately fund affordable housing development to increase options available to middle and low-income people. Additionally, housing developers should be required to do their part to meet the needs of Hawai'i's residents instead of catering to mainland investors—our state and counties should adopt inclusionary zoning requirements that obligate development of affordable units along with market rate housing.

There are ways to decrease development costs and increase density, and we need to encourage the use of innovative housing models targeted to those ends, for example, micro-units and accessory dwelling units.

We also must make permanent housing for people experiencing chronic homelessness a top priority. The most effective way to end homelessness is through the use of Housing First, which places people experiencing homelessness immediately into permanent housing. Housing First has been touted as ending chronic homelessness while also saving public funds by reducing costs associated with homelessness such as

Priority Housing Measures

Utilize Innovative Housing Models

State and county leaders need to adopt regulatory changes and subsidies to support the use of low-cost housing options such as micro-units, ADUs, and adaptive reuse of existing building.

Create a Shallow Rental Subsidy Program

Hawai'i needs to adopt and experiment with a shallow rent subsidy program that provides small subsidies to families who are just short of the income they need to avoid homelessness, helping many families with a relatively small amount of resources.

Fund Affordable Housing Development

The state should continue to increase funding for the Rental Housing Revolving Fund, one of Hawai'i's primary means of funding affordable housing development.

Expand Housing First

Housing First is an evidence-based approach that centers on providing people experiencing chronic homelessness with housing as quickly as possible to provide a stable environment in which to treat the issues underlying their homelessness.

Adopt Inclusionary Zoning

Inclusionary zoning requires developers to build affordable units along with market rate housing, and it is critical to ensuring adequate affordable housing for Hawai'i residents.

CONCLUSION

emergency medical services or incarceration. This approach is cost-effective even in other expensive jurisdictions with tight housing markets such as Silicon Valley.⁶⁶

Around half of the families experiencing homelessness in Hawai'i have a steady income, but not enough to pay Hawai'i's high rents. A program that provides small subsidies (perhaps under \$500 per month) can help a large number of families out of homelessness using a relatively small amount of resources. Hawai'i needs to adopt and experiment with a shallow rent subsidy program to figure out what works best.

Hunger

Not every solution requires direct state expenditures—federal safety net programs such as SNAP and the school breakfast program are currently underutilized, meaning the state is leaving millions of dollars on the table. Increasing participation in these programs not only helps eliminate hunger, but it also brings more dollars into the state that would be spent at local businesses, having a multiplier effect throughout the economy.

Increasing access to SNAP by making the application process more user-friendly and increasing outreach efforts to maximize participation are ways to help ensure every household in need is receiving this critical nutritional support. Increasing participation in school meals programs for low-income students is another powerful tool to fight hunger. Breakfast after the bell programs are the most effective way to increase the number of low-income students eating school breakfast.

Education

High quality early childhood education and increased financial support for schools not only helps to educate children, but helps meet the emotional and social needs of children and youth. Schools are a critical source of support for struggling students and their families. Yet educational programs cannot be considered in isolation: poverty's fundamental role in the growing achievement gap must be tackled at a systemic level.

Priority Anti-Hunger Measures

Adopt Innovative School Breakfast Models

Breakfast in the Classroom represents the gold standard for ensuring that all students have an opportunity to eat at the start of the school day, which is associated with a host of benefits including improved attendance, well-being, and academic performance. These programs typically result in participation rates of over 75 percent, compared to Hawai'i's current participation rate of less than 45 percent. Currently only one school in Hawai'i serves Breakfast in the Classroom.

Improve Access to SNAP

In 2012, Hawai'i was 49th worst in the nation for participation in the Supplemental Nutrition Assistance Program, with one in three eligible households not participating. Participation increased significantly in 2013 (the most recent year for which data is available), with just one in four eligible households not participating, but that still leaves Hawai'i ranked 46th with considerable room for improvement, which can be accomplished with a simplified application process and increased outreach.



Moving Forward

Nonprofit advocates cannot create social change on their own. Hawai'i must consider how the state of our low-income families and workers affects our entire community. Elected officials, the business community, policymakers, and the broader community must come together and recognize that many of the most pressing problems in our community—homelessness, lack of educational achievement, obesity and chronic illnesses—are closely linked with a lack of income that leaves struggling families unable to meet their basic needs, pushing them over the edge.

Ending poverty is not only a moral imperative, but also critical to our entire state's well-being. Our economy is undermined by the consequences of poverty: businesses cannot succeed if workers lack the skills and education needed to perform their jobs, or the ability to maintain consistent employment due to inadequate housing, transportation, health care, or nutrition. Financial security for all is the only way to create a thriving, healthy Hawai'i with a decent quality of life for our families and most of all, our children. We rise and fall together, and too many of us are slipping—but we can also find a way to move forward together.

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