HAWAI’I NEEDS TO CHANGE

WE HOPE THIS REPORT HELPS TO DRIVE THAT TRANSFORMATION

BY Steve Petranik

This report is about change — CHANGE in capital letters — because Hawai‘i cannot continue on its current path. We need to change.

We face many significant problems but the biggest may be that half of Hawai‘i’s people are struggling financially today despite a booming tourist economy and full employment. Even with frugal spending, they cannot save money for future financial needs regardless of whether they work two or three jobs. That struggle affects every aspect of their lives and their children’s lives.

Those families are the subject of this report. Who they are, how they barely get by and what we can do to help. There is no silver bullet, but there are key areas where changes can have a major effect.

This is the first of six reports from Hawai‘i Business magazine based on a framework created by the Hawai‘i Community Foundation. “The CHANGE framework acknowledges the interconnected nature of community issues and zeroes in on six essential areas that constitute the overall well-being of those islands and people.” HCF says.

CHANGE stands for:

Community & Economy
Health & Wellness
Natural Environment
Government & Civic Engagement
Education
Arts & Culture

Hawai‘i Business will publish reports for the next six months on each of these topics. As HCF says, “By examining critical community indicators by sector, we can identify gaps where help is specifically needed and opportunities where help will do the most good.”

The six reports will not be comprehensive; that would take an encyclopedia. Instead we will focus on key elements and drive deep into specific subjects, with a focus on good ideas that might drive solutions. This first report focuses on the hundreds of thousands of working families and individuals in Hawai‘i who are living paycheck to paycheck, unable to thrive, barely able to survive financially.

Why is a business magazine doing these reports and why this business magazine?

A business magazine is doing these reports because businesses and business leaders must be part of the solutions. Government and nonprofits have not been able to solve these problems, so businesses must help.

This particular business magazine is stepping up because the owner and CEO of our parent company, aio, is Duane Kurisu. He is a successful businessman, but his roots are humble — he grew up in the plantation village of Hakalau and went to Hilo High School and UH. He knows what it is like to live like the struggling working families in this report.

He is the catalyst behind Kaha‘aiwi Village, the community for homeless families off Nimitz Highway near Ke‘ehi Lagoon Park. Homelessness is one of Hawai‘i’s seemingly impossible problems, but Kaha‘aiwi has made a big difference. Kurisu succeeded by bringing together business and nonprofit leaders, government, labor and many hundreds of individual volunteers.

His next step was to revive the annual Hawai‘i Executive Conference this past October as a way to bring together business leaders, nonprofit executives and senior politicians to focus on the major challenges facing our Islands. In between conferences, six CHANGE committees will focus on finding and implementing solutions to those challenges. This is not a single-year effort but a long-term commitment from many people.

This report and the five that will follow are part of that multifaceted approach. Positive change never happens unless people understand the challenges they face. Our reports intend to provide that intelligence. Full disclosure: We got support and input from Kurisu, the Hawai‘i Community Foundation and many other organizations and individuals, but no one outside the Hawai‘i Business editorial team had any control over the content of these reports.

We’d love to learn on social media about your ideas and questions to help solve some of Hawai‘i’s biggest problems. Please use the tag #ChangeHawaii on Facebook, Twitter, LinkedIn and Instagram. Or tell us about issues we missed that you think are important.

Dr. Steve Petranik
Executive Editor

CHANGE FRAMEWORK

Here is what the Hawai‘i Community Foundation says about the CHANGE framework:

Talking on the most pressing needs of our community relies on deep reserves of knowledge and the ability to bring people and resources together to create high-impact, long-term solutions.

Leaders who step up to initiate change are well-suited to influence others to follow suit. When change advocates across various sectors choose to move forward collectives and communities work in a results-focused, networked, and systems-orient- ed way, measurable progress can occur.

The process begins with a personal commitment and expands to include allies whose missions align, as well as voices that currently go unheard. It is only by constructing effective coalitions between people and communities that we can create lasting change in and for Hawai‘i.

Learn more at HawaiiCommunityFoundation.org/Change.

Lanae Anakalea, her husband and their two young daughters are among those who would never envision living in poverty. Yet so many of us can name friends, colleagues and relatives who, like Anakalea’s family, are just a paycheck or emergency away from losing their homes.

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Every week shuttering their kids back and forth to school, and she brings them to work with her after school.

Despite being frugal, they have nothing left at the end of the month. Anything beyond basic survival expenses means a difficult trade-off. “When my kids want something, I say that means we have to be separated more so I can cover it.”

Anakalea and her family aren’t unique in their community. All of the people around her work multiple jobs and still struggle to get by. “Everyone here is surviving. But we don’t want to just survive, we want to thrive,” she says.

“We have to leave the housing and food for later times, but I want to buy my kids these toys and not have to stress over that. To thrive is to live and move forward without picking and choosing. "That’s not to say you can’t be frugal and thrive. But for me, thriving is feeling safe and secure and not having to stress about survival.”

Many numbers suggest that most people in Hawai‘i should be thriving. Only 31 percent of the population lives in poverty according to federal standards, one of the lowest rates in the nation. The unemployment rate is a historically low 2 percent, the visitor economy keeps growing and Hawai‘i’s median household income is relatively high compared to the rest of the country.

Yet so many of us can name friends, colleagues and relatives who, like Anakalea’s family, are just a paycheck or emergency away from losing their homes.

The Aloha United Way wanted to better understand the challenges of people who are working hard yet financially vulnerable. So the nonprofit commissioned a report called “ALICE: A study of financial hardship in Hawai‘i.” The acronym describes working individuals and households living on the financial edge.

• IC for Income Constrained: not earning enough money to create a savings cushion to weather those crises.
• E for Employed: working and still not getting ahead even in a strong local economy.

The ALICE report defines a household survival budget specific to Hawai‘i. This includes the bare minimum amount of after-tax income needed to cover the fundamentals of housing, transportation, child care and food. For a single adult under 65, it’s $28,128, and for a family of four, it’s $72,336. These figures are much higher than the federal poverty level, which accounts for some increases in the cost of living over the years, but is based on a formula that has remained largely unchanged since 1965.

In Hawai‘i, 11 percent of the population falls below the federal poverty level. An additional 37 percent don’t make enough to meet the basic survival budget, according to the ALICE report. Combined, 48 percent of the state is financially vulnerable — either in deep
a social standpoint and an economic one.

“That potential outcome should alarm everyone. That situation left unchecked for an extended period of time threatens the economic underpinnings of our fragile economy,” Ho adds.

In this section, we put names, faces and real-life stories on the statistics to understand the personal struggles and aspirations of the people we call ALICE. Who are they and what shaped their choices?

ONE JOB IS NOT ENOUGH

LOURDES MAQUERA’S DAY begins at 5 a.m., when she starts getting her 13-year-old son ready for school. At 6, the single mother of three is on her way from her Waipahu home to Waikīkī for her job as a hotel housekeeper. Just before 2 p.m., she rushes to change into her hotel uniform and get to her second housekeeping job. Her knees are so worn from the work that she can barely get out of her car when she gets home by 11 p.m. But she still has to do her own housework, prepare meals for the next day and check in on her son’s homework.

Her annual take-home pay of about $40,000 is only about half of the household survival budget for a family of four. Despite two jobs, she is barely able to cover everything: rent, utilities, food and car payments, and her two daughters’ college loans. Most months, she has to rely on a credit card.

“When we came to America from the Philippines, we knew it would be difficult. But we thought that the promise of life here is that so long as you work hard, you’ll earn enough and not be drained. But it’s not like that at all,” she says.

To save money, she moved her family of four from a three-bedroom place that cost $1,700 a month to a two-bedroom for $1,375. Even at this lower price, her rent eats up 40 percent of her take-home pay. According to federal guidelines, families that pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording other necessities. Maquera is far from alone: 47 percent of Hawai’i’s residents spend more than a third of their monthly income on housing.

“There is almost nothing she can do to reduce her rent even more. The average rent for a two-bedroom apartment in Hawai’i is $1,562 per month, according to the federal Department of Housing and Urban Development. But on O’ahu the average rent for a two-bedroom in November 2018 was $1,800, according to Rent Jungle, an online search engine that tracks rental housing in cities nationwide. That makes Maquera’s Waipahu place a relative bargain,” Gavin Thornton, co-executive director of the Hawai’i Appleseed Center for Law and Economic Justice.

Workers like Maquera face not only high housing and electricity costs but low wages, relative to cost of living. About 62 percent of the jobs in the state pay less than $20 per hour. Of that portion, two-thirds pay less than $15 per hour. According to the ALICE study, a parent supporting a family of four working 40 hours a week would need to make at least $36 an hour just to reach the threshold of the survival budget, but when I first spoke with Maquera, she was only making $22.24 an hour at her primary job.

The state’s reliance on the residual excise tax for its revenue also makes necessities for ordinary people more expensive. That’s because the tax is applied at each step as prod-

> ALICE: Asset Limited, Income Constrained, Employed. These are households with income above the federal poverty level, but below the basic cost of living in Hawai’i.

> HAWAI’I ALICE REPORT: The Aloha United Way and its partners created the ALICE report in 2018. Visit it at auw.org/alice. Similar reports were written nationwide.

> HOUSEHOLD SURVIVAL BUDGET: This is what the ALICE report says is the minimum take-

> ALICE THRESHOLD: The average income needed to afford the basics defined by the household survival budget.

> FEDERAL POVERTY LEVEL: An indicator that the U.S. government uses to determine who is eligible for federal subsidies and aid. Local agencies say the level does not properly account for the higher cost of living in Hawai’i compared with the Mainland U.S.
The recently divorced 39-year-old divorced teacher, who has both an MBA and a master’s degree in teaching, is paying as much as she can toward her student loan. The Kalihi public school teacher, who makes $38,000 a year and pays $380 a month toward her student loan, said Wednesday that she’s “in the same boat.”

“My total payments since 2013 have been $10,800,” she said. “I just don’t understand that. I’m like, ‘Mom, you don’t get it. This is in full circle in that... you can’t hear the teacher anything. ‘It becomes part of your life. Your free time is working. At the end of the day, you’re exhausted.’ Schubert adds.”

ALICE households typically don’t own anything at the end of the month, so they cannot build savings to cushion against uncertain future or protect themselves from emergencies such as a car repair or medical costs. “They put it on credit cards and it becomes a vicious cycle. The interest continues to grow and it comes back around full circle in that they can’t start saving or putting money away for a rainy day,” says Lee-Ibara of JLI Consulting.

In “The High Cost of Being Poor,” an essay funded by the Annie E. Casey Foundation, the authors describe how the poor end up paying far too much for basic necessities. For example, owning a car is critical for lower-wage workers who work odd hours or live far from public transportation. But if the person has poor credit or no credit history, that can mean incurring excessive fees and interest rates. According to the ALICE report, people with only fair credit may spend six times more to finance a vehicle than those with excellent credit.

“Akau, the Hawaii Island teacher, and her husband, Charles, have discovered the joy they expected in having a child. But they also have discovered new financial obligations they can barely cover with their combined take home pay of $4,000 a month.”

“ar that feels more like a hotel than a home. “I can’t even come out in my pajamas downstairs because I’ve got customers there.” She is paying $680 a month for a 4-year-old. Even if they could afford the care, the literal cost of child care doesn’t accommodate the working hours of most ALICE parents. “Only about 2 percent of our child care seats in the state offer any evening or weekend hours. Those most likely to have those kind of jobs tend to be your low-income workers who are doing fast-food, restaurant and janitorial work,” says Barbara DeBaryshe, interim director at the UH Center on the Family.

Even though Akau loves teaching in her classroom, she also has other concerns, supplementing her teacher’s salary with side gigs, including managing an Airbnb, remodeling and painting homes, and selling things on eBay. Among the teachers she knows, she is not unique.

“Everyone I work with does something on the side because everyone here is so vastly underpaid and still has to pay $2,200 for a two-bedroom,” Akau said. “I know teachers who are part-time financial planners, Uber drivers and bartenders. The only people I know who don’t have second and third jobs are teachers who have a spouse who makes a lot of money,” she says.

“My friends and I talk about our hustle all the time. It’s just part of our livelihood. I don’t even think about how much I’m doing. I’m just doing it every day. It becomes part of your life. Your free time is working. At the end of the day, you’re exhausted,” Schubert adds.

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Jamie Borromeo Akau, a Hawaii Island schoolteacher who also has nothing left at the end of the month, saw her car payments go up due to some late payments. “I just trusted that my husband was sending in the check or paying it automatically. When we went to rent a car in a new for one, they told us that our credit score was lower because of this late payment,” Akau said. In the end, she only paid 2 percent interest. Now it’s just over 7 percent.

Low-income workers who work odd hours and have less access to mainstream banks, and end up turning to subprime or predatory outlets such as cash-cash lenders.

“Lots of families we serve fall into getting scammed,” said Samanatha Church, executive director at Family Promise Hawaii, a nonprofit that helps homeless families transition into permanent housing. “They go to payday advance one place, think they get a car with an insanely high rate. It’s their first time learning about credit and interest rates and basic financial literacy. We have families who don’t know what a credit score is. They don’t realize what affects it and impacts it. It’s a life skill that so few people know.”

Among her schoolteacher friends, Schubert says, she’s not the only one mired in debt. “My son is growing up and wants a car, and with his lower-wage worker who work odd hours. Those most likely to have those kind of jobs tend to be your low-income workers who are doing fast-food, restaurant and janitorial work,” says Barbara DeBaryshe, interim director at the UH Center on the Family.

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ANDRE HOLCOM REGrets not having enough time for everything that’s important to him. He and his wife work two jobs each to support their three children. On weekends, he works the lū’au at another hotel. His wife works as a waitress and then takes the graveyard shift at the supermarket. On weekdays, he works at seven days a week at two different hotels, including toiletries, diapers, schooler; ** Miscellaneous

Maquera, the housekeeper who works seven days a week at two different hotels, struggles with pain in her knees and back. Even though she has insurance, she hasn’t seen a doctor because that would mean taking time off work. She fears that any missed work to go. If one of us couldn’t work, we wouldn’t be able to pay our bills. We would probably have enough for one month. But that’s pushing it,” he says.

“My dad and kids aren’t the only ones he’s not seeing enough of. He’s also not visiting a doctor regularly to manage his diabetes, even though he has health care coverage. “I just don’t have time for the doctor. You have to take time off work to go. I’d only go if I were so sick I couldn’t go to work. And any- way, they’re just going to tell me to take medicine and eat this or not eat that,” he says.

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Retired Navy veteran Carl Stok, 70, says food stamps have made the difference between making ends meet and going homeless. The bulk of his $4,100 Social Security check goes toward his two-room-foot studio, which is a bargain at $735. But outstanding medical bills for a bad shoulder leave him broke every month, while his credit card bills remain unpaid.

Food stamps (now officially known as SNAP) cover a few trips to Costco every month, says Faye Cholymay, a mother of three who works in catering for a major airline and earns $1,400 a month. “That’s not surprising. Hawai‘i has the nation’s costliest housing,” she notes. “There are enough affordable housing, and Hawai‘i Business has reported repeatedly on the many reasons why. The cost of land and construction is usually high compared to most of the rest of the country; the permitting process can be arduous; building affordable housing often requires fine land and other sales sites to pay for. According to a report put out by the Department of Business, Economic Development and Tourism, an additional 64,720 to 66,000 housing units will be needed by 2025 in Hawai‘i to meet demand. Between 2008 to 2015, available housing in Hawai‘i was, regardless of price level, increased by only 17,443 units, according to the federal Census Bureau statistics. “There’s a disconnect,” she says. “I signed a housing measure in June, injecting more than $200 million into state funds aimed at increasing the production of affordable rental units across Hawai‘i,” she says. The Honolulu City Council passed a bill requiring building permits for one- and two-family homes to be issued within 60 days after applications were submitted. Honolulu Mayor Kirk Caldwell allowed the bill to become law without his signature.

We are the manifestations of that type of stress in terms of physical and mental health. But I think more deeply than that, it has an impact on the kind of time_horizon people are able to make decisions on. If you are constantly in a situation where you’re always wondering are I going to have to put out or fending off emergencies, then your thinking and decision_making tends to be very present focused. That present bias means personal health may get pushed to the wayside.

What jobs pay per hour in Hawai‘i?

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“For people who need timely access to critical benefits, interacting with the government can become as time-consuming as a part-time job” write Jess Kahn and Mollie Ruskin in an article for the U.S. Digital Service, a federal agency set up to “deliver better government services to the American people through technology and design.”

There is also a matter of trust, Kakesako says: “Applications ask for lots of sensitive information such as Social Security numbers, which certificates of income also ask a lot of questions, sometimes very personal ones. It creates a hesitancy engage and a defensive. It’s not clearly communicated why an institution needs to know all of this, and unclear what is it is federally required, what is state, and what is obsolete.

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**Changes in Food Costs**

In most cases, the biggest barrier for Alice families is housing.

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**Struggling Households**

![Map showing percentage of households in poverty in Hawai‘i](image)

- Percentage of Hawai‘i households that are either in poverty or at 200% of poverty

- Hard-hit towns in Hawai‘i

- Race and ethnicity

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**Housing Costs**

- The National Low-Income Housing Coalition reports that Hawai‘i is among the most expensive states for housing in the U.S.

- Least expensive county: Hawai‘i County, $11.13 per hour average per month for a two-bedroom apartment

- Most expensive: Honolulu County, $1,864 per month for an average of $740 per studio apartment (also called an efficiency apartment).

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**Child Care Costs**

- Licensed and accredited child care centers, which are required by the state Department of Human Services for social services to the American people through technology and design.

- Most expensive: Honolulu County, $1,810 per average per month for child care

- Most expensive: Hawai‘i County, $2,400 per month for an average of $1,207 per month for an average of $80 per child

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**Food Costs**

- Cost of food increased in Hawai‘i by 23 percent from 2007 to 2017, more than double the national rate of inflation.

- Average cost of food in Hawai‘i is $592 per month for a family of four adults and two young children.

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**Transportation Costs**

- Average cost for public transportation is $94 per month.

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**Conclusion**

The ALICE report also states that many homeless families choose not to apply for help because of all of the costs incurred in the application process. It involves time off work, child care, transportation and potentially lost wages.

For people who need timely access to critical benefits, interacting with the government can become as time-consuming as a part-time job. It’s not clearly communicated why an institution needs to know all of this, and unclear what is it is federally required, what is state, and what is obsolete.
ALICE UNITED WAY COORDINATED THE CREATION OF THE HAWAII ALICE REPORT WITH SUPPORT FROM THE BANK OF HAWAII FOUNDATION, THE HAWAII COMMUNITY FOUNDATION AND KAMEHAMEHA SCHOOLS. HAWAII BUSINESS EDITOR STEVE PETERNAK INTERVIEWED THREE OF AUW’S LEADERS: PRESIDENT AND CEO CINDY ADAMS, COO NORM BAKER AND VP FOR COMMUNITY IMPACT ELIZABETH McFARLANE. HERE ARE CONDENSED HIGHLIGHTS OF THAT CONVERSATION.

PETRANIK: The Hawai’i ALICE Report is part of a national effort.

ADAMS: Eighteen states have published ALICE reports that cover more than 60 percent of the nation’s population. The data starts in 2007 and works forward to track how well households have recovered from the Great Recession.

The systems map (detail is shown on the previous page) helps to explain Hawai‘i’s ALICE households’ challenges. The map is informed by community input from a broad cross-section of stakeholders, including ALICE individuals and families. It is a living document that will evolve as we learn from collaborating with nonprofits and work with ALICE households. Some loops have already been revised to reflect learning that has taken place.

Aloha United Way has committed funding for three years toward an ALICE grant whose goal is to support financial stability and upward mobility of ALICE households. During the grant period, we will learn more about where the map’s assumptions were correct or maybe underserved. We will make adjustments to the map and, more importantly, improve upon the work we are funding in the community.

McFARLANE: The map shows key areas where change can be leveraged. If we can support the financial well-being of a household, we know that the ripple effects going forward are substantial: for health, for education, for long-term employment outcomes. There are benefits across the life-course for individuals, and the potential to influence the inter-generational impacts of disadvantage which is a benefit to all of us in Hawai‘i.

A significant underlying factor is the growing cost of living in Hawai‘i and the squeeze that it puts on all citizens, but particularly for ALICE families.

NEEDED: A COMPREHENSIVE SOLUTION

PETERNAK: Can you give an example of something you reconsidered?

ADAMS: One assumption was, given the opportunity, that adults in ALICE households would want to go back to school, finish a degree or learn new skills to increase their household income. In fact, we found that the majority were not interested in going back to college or allocating extra time to skill development because it was more important to spend time with their own families, which was very, very limited.

BAKER: The ALICE families understood that a large part of their children’s quality of life and their own quality of life was the time together. And they wanted more of that, the reward of being together. This meant a lot to them.

ADAMS: Parents work long hours and odd hours, often on weekends. There is some sense of guilt when you don’t have time to be with your children. This is universal, but this was a very basic loss for their parents, like one more thing they couldn’t give their children.

BAKER: Another interesting thing came up in interviews with ALICE families. They didn’t say they were happy with where they were at. What they said was, “I’m accepting of where I am at, but I want something better for my kids.” That was almost universal. They had a real, real heavy focus on their children.

Another thing that our mapping of the ALICE families’ ‘system’ clearly identified for us was places where the system was frozen, where there is very, very little that can be done to it. From our perspective, those were areas where we wouldn’t want to invest dollars because obviously you’re not going to get as much impact.

PETRANIK: Take-home pay is a Scarce Treasure.

ADAMS: One of those frozen areas is the whole issue of government support and government benefits. It’s very difficult that for people to navigate these systems. Government support and assistance is more abundant for poverty-level households than the ALICE population, but even the ALICE population can benefit from many of those government support programs. Once again, it’s a time issue. The time it takes to work their way through that system is overwhelming.

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TAKE-HOME PAY

ADAMS: There’s a sensitivity among businesses about raising wages and compensation. This is understandable. The solution to ALICE is not just about compensation. It includes addressing the high cost of living in Hawai‘i. We cannot pay people enough to get ourselves out of the high cost of living cycle. We must address housing affordability. Housing is the single largest household expense. The second is the cost of child care and pre-school. If we can address child care, parents will have more flexibility for upward financial mobility and this will help break multi-generation cycles of poverty. The same is the case with pre-school.

The big challenge is coming together as a community to look at all these issues within the context of a dynamic system instead of as independent problems. We have to figure this out.

OTHER SOLUTIONS

ADAMS: One thing businesses can do is something we challenged ourselves with at Aloha United Way. What could we do in the way of a benefits package to help address some of our employees’ ‘sandbox’ needs? We made paid time off flexible, meaning not just for when the employee gets sick, but allows the employer to take time off if the child is sick, or if they are a primary caregiver for some other body else in their family. Another example is enhancing flexible work hours so employees could coordinate that work schedule with lower or no-cost child care.

Ahol United Way waylway say no single fix will solve the problems of Hawai‘i’s ALICE families. What’s needed instead is a multifaceted approach.

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PART 2:
POSSIBLE SOLUTIONS

FOUR STRATEGIES THAT CAN HELP ALICE FAMILIES

THERE ARE MANY E

OPTS TO SUPPORT ALICE FAMILIES, BUT PEOPLE DISAGREE ON SOME OF THE PROPOSED SOLUTIONS.

For example, some people argue that short-term rentals for tourists are a problem, taking homes out of circulation and raising rental prices for locals. Others say Airbnb rentals provide critical extra income for working families.

Some argue that raising taxes on investment properties owned by residents of other states and countries to pay for housing and education. Others believe the money would just be passed down to tenants and local consumers.

Cindy Adams, president and CEO of AUW, emphasizes there is simply no silver bullet: “Helping ALICE and our community and helping our families is a multifaceted issue. It’s compensation. It’s affordable housing. It’s affordable child care. It’s free preschool. It’s better benefits from our employers. It’s all of those things. But, what is important to understand is that we can’t fix ALICE on just the back of one piece of that puzzle.”

Gavin Thornton, co-executive director of the Hawai‘i Apprenticeship Center for Labor and Economic Justice, suggests that instead of focusing on what’s right in front of us, we step back to identify the more fundamental issues. He uses a analogy to illustrate: “You’re standing on a river bank and someone comes down the river and they are drowning. You jump in and save them. Later on, you see someone else going down. You jump in again. And it keeps going on like on, you see someone else going down. You jump in again. And it keeps going on like on.”

“The amount of giving that came from people, both in monetary terms, but more importantly from their hearts and from the energy that was given to the project, exceeded all of our expectations. I think what we saw was that people want to help. They just need a way to help,” says Kurisu.

Inspired by memories of the plantation culture he grew up in, Kurisu envisioned an environment where people could live in dignity and in community. To that end, the village includes a day care, preschool, laundery, grocery store and community garden for people to learn how to grow food.

Many hope Kaua‘ui Village is a model that others can follow. “When people say we can’t build affordable housing in Hawai‘i, that’s baloney. We can,” says Marc Alexander, executive director of the city and county of Honolulu’s Office of Housing. “Not only that, he (Kurisu) did it. It’s our proof of concept. When people say public-private partnerships can’t work, that’s also baloney. There is the example.”

1. Be willing to disrupt old processes

LAST CHRISTMAS, Faamamamika Vaesau and his wife were living in a homeless shelter with their three children. Their two jobs were just not enough to cover rent and groceries. This Christmas, things are different. They live in a two-bedroom place with rent he can afford, neighbors who help him watch his kids, and a new job that pays him $5 more an hour than his previous one. He’s even able to save a little at the end of the month.

“We couldn’t celebrate Christmas for so long because all the money went toward the bills. This was the first year my kids got to have a tree and presents. To see them so excited, I felt so happy. And, to be honest, I felt so happy I started to cry,” says Vaesau.

What turned things around for him was the chance to live at Kaua‘ui Village, which provides permanent affordable housing to working families who were once homeless.

The story of Kaua‘ui Village is, in many ways, the story of how different groups disrupted the typical inertia for the sake of doing something extraordinary together. It starts with catalyst Duane Kurisu, who was deeply moved by the plight of homeless people in Hawai‘i and wanted to help develop more affordable housing. (Disclosure: Kurisu is the owner of Hawai‘i Business.)

Instead of slogging through the usual bureaucratic process, Kurisu took advantage of an emergency proclamation allowing government agencies to be fast-tracked through the bureaucratic process. In essence, as he describes it, government provided free land, got approvals completed quickly and provided infrastructure. The private side took on the financial risk and brought agility and creativity to the project.

“I cannot overemphasize the importance of a public-private partnership,” says Kurisu. “Government cannot do this alone and the private industry cannot do it alone. It has to be done together and it needs to start from a standpoint of trust.”

Others volunteered their time, donated resources and provided expertise. Even outsiders were persuaded to provide support. For example, Japanese manufacturer KioMatco donated modular homes and Tesla provided the batteries that allowed the development to function off the grid.

“Six months after moving in, Maquera no longer needs to worry about transportation. She can use her remaining money or time getting to and from work. Rue is the administrator of Honolulu community building and transit-oriented development.

At the heart of his vision is rail. As Rue explains, we shouldn’t see rail as an end in itself but as a catalyst. It will spur development in housing, and at least a portion of it will be dedicating affordable options. It will drive investments in sidewalks, parks and sewer lines. It will bring more bike sharing and ride-hailing services. It will reduce the number of parking garages needed, potentially opening up their use for more housing. It will make apartment buildings more affordable because they will no longer need as much parking.

In this future, Maquera could save as much as $10,000 a year – the average cost Hawai‘i residents pay for car payments,
EVERY DAY, Kalihi public school teacher Nicole Schubert sees how financial distress impacts her students’ ability to envision their futures. “We’re pushing college as a postcard from the type of world and type of communities that we want to live in. We shouldn’t let our youth think about living in a world where they get to go to work and back home. So that cycle by offering 15-25-year-olds from low-income families the opportunity to complete their GEDs while simultaneously gaining job training by constructing 400-square-foot residential units. What makes this program even more relevant when it comes to solving the ALICE challenge is that the homes these youths build will be reserved for low-income renters. “The goal is that when the students are done with our eight-month program, they will have a high school diploma, forkliff and other certifications under their belt, so they can get jobs in the construction field. But at the same time, while working with these at-risk youth, we’re also addressing the affordable housing issue,” says interim project manager Miranda MacFarlane.

Terrence George, president and CEO of the Harold K. L. Castle Foundation, says one thing to reduce the number of ALICE families is to show students the connection between education and higher salaries. “There’s national data that shows that if you get a B A, your lifetime earnings are $1 million more than if you just had a high school degree, he says. His foundation supports partnerships between educators and high growth industries, early college work in high school, project-based cultures in schools, field trips to jobs sites and student apprenticeships.

George’s goal is to empower students with all of the tools and exposure they need to make the best decisions for themselves. “For example, there is plenty of demand for certified nurses in our state. But on those salaried, you may stay ALICE forever. However, if you train to be a nurse for an anesthesiologist, while there may not be as many jobs in the state, you will be able to make a lot more.” He adds, “If you ensure there’s strong educational opportunities for all, that are reasonably affordable, and lead persons to those life skills they need to lead, we will chase away at the forces that continue to divide us and make the middle class wither away.”

4. **Strengthen workers’ voices and civic engagement**

WHEN I FIRST SPOKE WITH Rob Valera, the maintenance engineer was 26 days into what would eventually become a 51-day strike at the Sheraton Waikiki. He was also just one payment away from being delinquent on his mortgage. “It’s really scary to know you could receive a letter saying you’re one step closer to foreclosure. I get chicken skin every time I see the mail.” Despite that fear, he believed it was important to keep up the strike. “I’ve put nearly 20 years of my life into this company. It’s my second home. I spend three hours in traffic every day to get to work and back home. So I’ve got to take care of it, got to take care of the others I work with. And in return, I feel like our employers should take care of us.”

The fundamental problem, Valera and other strikers explained, is that the biggest companies in Hawai‘i are increasingly being run by stakeholders who aren’t from Hawai‘i, who may have never lived in the state and thus have little connection to their employees.

For Valera and the others, organizing as a group with one another was the best way to be heard. “The benefits and wages we get from employers were never given to us. They were fought for by generations before me. We’re not going to be the generation that gives that,” he says.

After the longest worker strike in Hawai‘i since 1970, the union negotiated a total increase of $6 across wages and benefits over the next four years. This is important for the union members were the wins on job security. If the employer wants to introduce new technology that potentially replaces employees, they must notify work- er committees, which then have a chance to negotiate retraining for other departments or fair severance packages.

“The word solidarity can seem abstract, but the unity and action we witnessed never before,” says Paola Rodelas, Unite Here Local 5 communications and community organizer. “We had very few workers actually cross the picket line. It was less than 1 percent of the 2,700 workers. That, to me, was really inspiring.”

Rodelas describes the model of collective action as one everyone should practice, whether it’s just you approaching her in tears because her low income senior housing rent was about to double. “We need folks like Rodelas could help organize the other residents to come up with a plan of action. Rodelas agreed but didn’t expect that the biggest participa- tion. She was shocked to find 60 senior citi- zens residents gathered and waiting for her. “They did all of themselves,” she says. “They organized. They picketed in front of the building to draw attention to the issue. All I did was get the media there. And in a matter of weeks, they got the governor to step in and say, your rent is not going to double.”

“For me, that’s a testament to how at the core, we need to get organized. Beyond just wages and benefits, what would our community look like if, say, we as renters organized? The lesson that we can derive is the power of what happens when working people come together and demand things not just for themselves, but for everyone.”
Part 3:

What can we do?

With so many needy families, businesspeople can feel overwhelmed by the issues that defy easy solutions. But the leaders we interviewed stress that even though the challenges are complex, our individual responses don’t have to be. Here are three principles to follow if you want to help.

1. Do what you do best

Businesspeople may hesitate to weigh in on poverty and social justice issues, believing these are the exclusive domains of nonprofit and community experts. To the contrary, Hawai‘i’s leaders urge businesspeople to get involved and bring their entrepreneurial instincts into play. “I see students like that as future CEOs,” Colbert Matsumoto, executive chairman of the board at Island Insurance Co. supports entrepreneurship in one way that businesspeople can help youth from ALICE households potentially break the cycle of poverty. Donavan Kealohola was born and raised in Hawai‘i. He worked for many years in a Silicon Valley venture capital firm and wondered why there weren’t more people of talent, an exodus of skills. We do a good job of keeping our workers, says Paul Ynimane, chairman and CEO of Central Pacific Financial Corp. He suggests designing more high-end experiences in wellness, culture, sports and cuisine to attract VIPs. “We do a better job than any other place in the world making people happy. But there’s still lots of work we can do to enhance the quality and value of what we provide in order to generate more money for local workers,” Ynimane says.

Business leaders can also volunteer their expertise. Mona Bernardo, interim project manager at YouthBuild, is looking for architects to help her students build structures that will be rented out to low-income residents. That will save them the $70,000 it takes to hire someone to help them place the structure on-site, connect to utilities and meet permit requirements. “Businesses should not feel hesitant to be stepping into this space,” says Joyce Lee-Ibarra, president and CEO of JLI Consulting. “They should be asking themselves, how can we be creative in thinking about not just financial costs, but other areas of need for ALICE households? How can we bring in our most experimental, innovative know-how?”

2. Support your own ALICE employees

Give them a raise if you can. But Cindy Adams, president and CEO of Aloha United Way, says businesses shouldn’t think there is nothing they can do for their ALICE employees just because they can’t afford to raise their wages. Instead, she encourages businesses of all sizes to look for creative ways to turn employees into help employees become more resilient.

For example, reimbursement for educational enrichment, such as online courses, can help employees gain skills to advance their careers and earn more money. Plus, the company could benefit from those advanced skills.

“Take an interest in helping people gain skills in financial management. Provide counselors who can help them understand how to save and how to contribute to a 401(k) – the kind of stuff where they can learn how to put away their money,” suggests Connie Mitchell, executive director of the Institute for Human Services. After all, more financially secure employees can focus less on mere survival and more on their jobs.

Lee-Ibarra suggests simply asking employees what they need. “There are circumstances where people come up with solutions about a group that they’re not necessarily a part of. But really, the best way to find out is ask the people who are impacted what they need. Ask employees to come to the table for these conversations. They may not be able to generate immediate solutions, but they can speak to the lived experience of the problem that needs to be addressed.”

3. Remember, we’re all connected

One of the most important things for businesses to do, says Peter Ho, is to realize that the well-being of ALICE community members is, in fact, our own well-being.

“We have advantages other places don’t have,” says Gavin Thornton, co-executive director of the Hawai‘i Appleseed Center for Law and Economic Justice. “We’re a relatively small population and we have the potential to address some of these complex problems just because of that. In a way it’s a disadvantage because we have to be stepping into this space,” says Ho, chairman, president and CEO of Bank of Hawai‘i.

“If you think of your own long-term viability as a business, you begin to understand that we have a vested interest in being part of the solution. We can’t just stay observers,” he adds.

He’s comment was echoed many times by other leaders. Colbert Matsumoto, executive chairman of the board of Island Insurance Co., warns that if the situation doesn’t improve, the employees and customers of local businesses will leave the state for better pay and lower costs of living. “I see that as a drain of talent, an exodus of skills. We do a good job of raising our young people. But if ultimate- ly they become one of our exports, we’re not going to be able to get them back.”

Paula Rodelas, communications and community organizer of the union, Unite Here Local 5, says that understanding such interconnectedness makes workers’ struggles and successes ultimately everybody’s. “Hotel companies are billion-dollar industries that are almost nonexistent in Hawai‘i anymore. It’s not the Hilton family that owns it anymore, it’s private equity. The only reason a hotel is here is because somebody from them is through our workers. When they are paid well, that’s money they’re spending into the local economy and eating at local restaurants. Their tax money pays into our schools and services our state needs. That’s one reason why the business community should care.”

While Hawai‘i’s leaders want everyone to see and mark the gravity of the ALICE report’s findings and their impact on all of us, there is also a great deal of hope. That hope is largely based on the fact that so many local leaders understand our interconnectedness.

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