

FEBRUARY 2020

# Cost of Living Initiative

## Helping ALICE® Thrive

### Asset Limited Income Constrained Employed

ALICE® individuals and families live in all of our communities. They are family members, neighbors, & co-workers.



**1 OF EVERY 2**

households in Hawai'i are struggling to pay for basic needs like housing, transportation and food.

**This is more than just a piece of legislation. This is a movement to focus on our high cost of living and create a Hawai'i where every person has the opportunity to thrive.**

## THE FACTS

### Our families are struggling financially

Hawai'i is increasingly becoming a contrast of the haves and have nots. We have some of the wealthiest communities and residents in the country while also being home to some of the poorest who struggle every day to make ends meet.



**47%**

**of households struggle to afford basic household necessities<sup>2</sup> across Hawai'i**

**These households are forced to make difficult choices**, having to prioritize essential needs like food and housing above other basic needs such things as healthcare, education, and childcare. These are decisions no family should have to make, and the adverse impacts on their health, safety, and education impact us all as a community.

<sup>1</sup> U.S. Census, 2000; Noss, 2014; American Community Survey, 2000 and 2015.

<sup>2</sup> ALICE: A Study of Financial Hardship in Hawaii, Aloha United Way, 2018



**TOP  
20%**

earns nearly half of all income earned in the State



**BOTTOM  
20%**

earns only 3% of all income earned in the State<sup>1</sup>

# THE PATH FORWARD AND IMPACT FOR HAWAI'I'S WORKING FAMILIES

In an unprecedented show of unity, Governor David Ige and State Senate and House leaders, and dozens of community and business organizations have joined together in support of House Bill 2541 that would provide up to \$70 million in much-needed tax relief for Hawai'i's workers and their families. The Bill focuses on three areas:

House Bill 2541 will make the State Earned Income Tax Credit (EITC) refundable and permanent, which means:

- ➔ Approximately \$41 million in tax relief for working class residents
- ➔ The inequity for Hawai'i's lowest-income working families will begin to be addressed
- ➔ Eligible workers will decrease their taxes and will receive a refund if their tax debt is less than the tax credit earned

House Bill 2541 will increase the food/excise tax credit to \$150 and amend it basing the amount of credit on a taxpayer's Hawai'i earned income rather than federal adjusted gross income, which will result in an estimated \$66 million in claims and help to feed our families. The increase will also:

- ➔ Increase tax credits for lower income families while helping to offset the GET burden
- ➔ Eliminate the current sliding scale calculation and provide a straight \$150 refundable credit putting more money in the pockets of working individuals and families
- ➔ Change the basis of tax calculation from federal "Adjusted Gross Income" to "Hawai'i Earned Income" ensuring that the earned income tax credit and food/excise tax credits are going to those in most need

House Bill 2541 will increase the hourly minimum wage to \$11 in 2021, \$12 in 2022, \$12.50 in 2023, and \$13 in 2024, providing:

- ➔ A gradual increase that allows employers to adjust and prepare
- ➔ Wage increases that are sensitive to preserving important existing worker benefits and protections paid for by employers, such as health insurance and temporary disability insurance

## MEANINGFUL CHANGES TO HELP OUR WORKING FAMILIES

While short-term strategies can make conditions less severe, we need structural economic changes that will enable hardworking households to support themselves.

This measure reduces tax burdens and raises the minimum wage to provide financial relief to workers and families, making life in Hawai'i more affordable.

**FOR MORE  
INFORMATION**

**Visit [ChangeForHawaii.org](https://ChangeForHawaii.org)**