



# INCOME AND POVERTY AMONG NATIVE HAWAIIANS

Summary of *Ka Huaka'i* Findings

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P A S E R E P O R T

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## Purpose of Our Study

This brief gives a broad overview of income and poverty as key measures of the material and economic well-being of Native Hawaiian families. The contents are primarily from *Ka Huaka'i: 2005 Native Hawaiian Educational Assessment*.

## What We Learned

- Native Hawaiian families in Hawai'i have the lowest mean family income of all major ethnic groups in the state.
- Native Hawaiian families tend to be larger than average, meaning that their comparatively low income must support a higher number of individuals.
- Per capita income calculations confirm that Native Hawaiians are socioeconomically disadvantaged.
- The cost of living in the state of Hawai'i is among the highest in the United States.
- When we adjust for differences in the cost of living, the median and per capita income of the national Native Hawaiian population is substantially lower than comparable national figures.
- Poverty rates consistently show the high socioeconomic need among Native Hawaiians in the state of Hawai'i.

## Key Implications

- Promote postsecondary education.
- Expand employment options for Native Hawaiians.
- Develop the socioeconomic capacity of Native Hawaiians.
- Build on community strengths.



# **Income and Poverty among Native Hawaiians:**

## **Summary of *Ka Huaka'i* Findings**

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### **INTRODUCTION**

Economic factors and financial capabilities have a significant effect on the educational outcomes of children (Chevalier and Lanot 2002; Duncan et al. 1998; Yeung, Linver, and Brooks-Gunn 2002). Limited family income may hinder children's access to critical learning resources (e.g., books and computers) and stimulating materials and activities (e.g., visits to museums, bookstores, or cultural events). Financial hardships may also have an indirect impact on children because of the strained parental interactions that often accompany economic distress and the decrease in quality family time necessitated by many low-income parents' long work hours (Conger et al. 1992; Conger, Rueter, and Conger 2000; Jackson et al. 2000; Yeung, Linver, and Brooks-Gunn 2002).

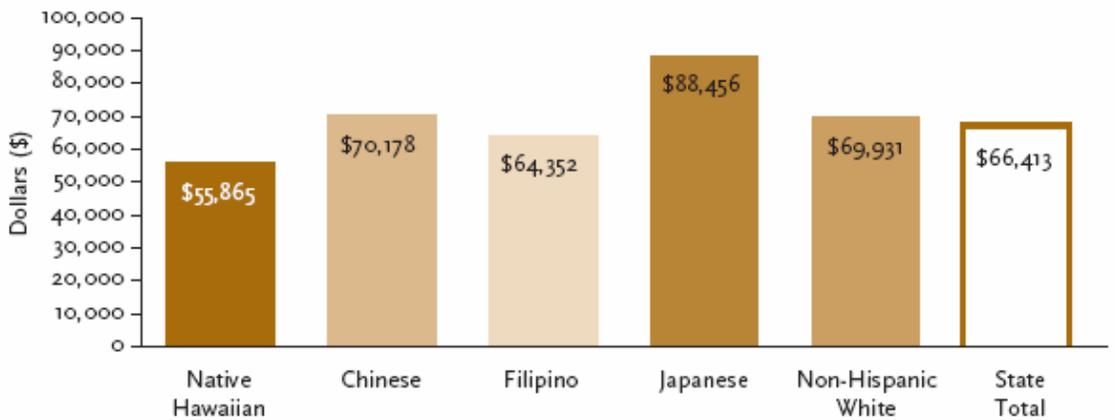
Income is a common—but sometimes misleading—measure of material well-being. An understanding of family income must take into account the broader context of household circumstances and economic conditions. The purpose of this report is to compare the income levels of different populations and to explain other factors that may affect the relative value of a given income. Using Census 2000 data, our findings suggest that Native Hawaiians are among the most socioeconomically disadvantaged ethnic groups, both within the state of Hawai'i and at the national level, particularly when we account for other relevant population differences such as household size and cost of living.

## MEAN FAMILY INCOME

Native Hawaiian families in Hawai'i have the lowest mean family income of all major ethnic groups in the state (Figure 1).

- The mean income of \$55,865 for Native Hawaiian families with minor children was 15.9 percent lower than the statewide average of \$66,413.
- The mean income among Japanese families with children (\$88,456) exceeded the Native Hawaiian mean income by 58.3 percent.

**Figure 1.** Mean family income of families with children [families with children under 18, by race/ethnicity, state of Hawai'i, 1999]



Data source: U.S. Census 2000, PUMS.

Note: Except for non-Hispanic Whites, we use Census 2000 multirace/multiethnic reporting conventions, in which some individuals (including Native Hawaiians) may be counted in more than one ethnic group.

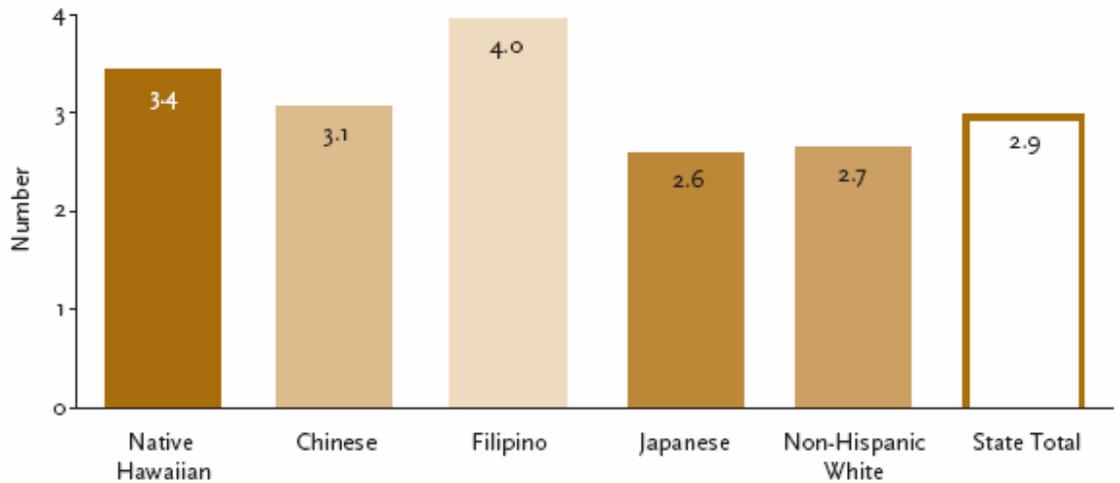
- Even without adjusting for Hawai'i's higher cost of living, Native Hawaiian families reported a median family income of \$49,214 in 1999, still less than the national average of \$50,046 (not shown).
- Among single-mother families with children younger than eighteen years old, the median family income among Native Hawaiians (\$19,530) was \$700 lower than the national average of \$20,284 (not shown).

## HOUSEHOLD SIZE

Native Hawaiian families tend to be larger than average, meaning that their comparatively low income must support a greater number of individuals.

- The availability of resources in a household is directly related to the number of people in the household. Native Hawaiian households tend to be slightly larger than most households in the state (Figure 2).
- In 2000, the average number of individuals in households headed by Native Hawaiians was 3.4, compared with a statewide average of 2.9.
- Filipinos were the only other major ethnic group with a larger average household size (4.0 persons) than that of Native Hawaiians. The high averages for both of these populations reflect the prevalence of family households with children.

**Figure 2.** Average number of residents within households [by race/ethnicity, state of Hawai'i, 2000]



*Data source:* U.S. Census 2000, Summary File 2.

*Note:* Except for non-Hispanic Whites, we use Census 2000 multirace/multiethnic reporting conventions, in which some individuals (including Native Hawaiians) may be counted in more than one ethnic group.

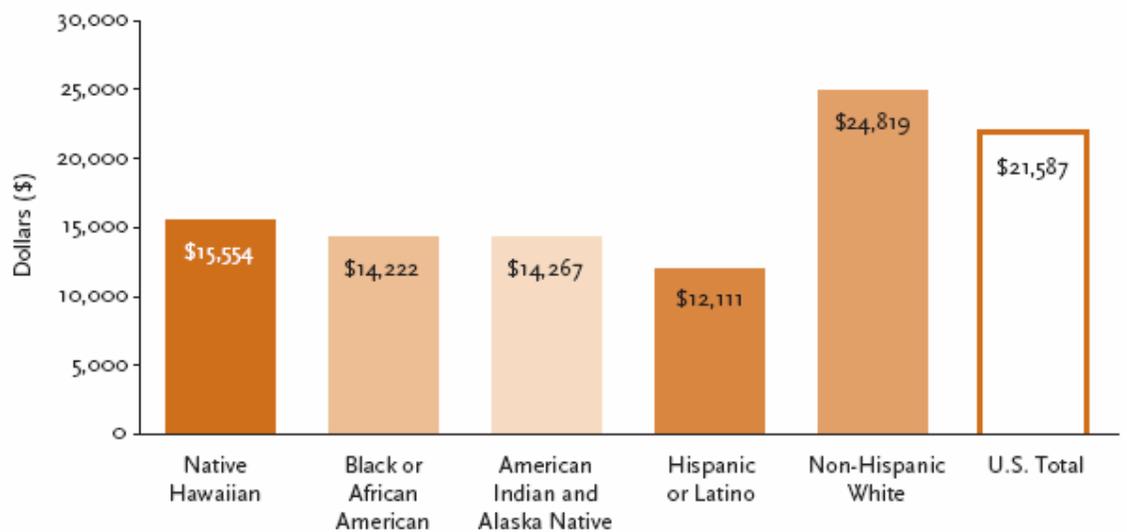
- At the national level, households headed by a Native Hawaiian had 3.19 persons, fully 0.60 persons more than the national average (2.59 persons) and higher than that of most other ethnic groups.

## PER CAPITA INCOME

Per capita income, which accounts for differences in household size, measures how much income is available for each individual in a household. An analysis of per capita income confirms that Native Hawaiians are socioeconomically disadvantaged.

- Owing to the slightly larger average family size among Native Hawaiians, differences in per capita income were more salient than family income statistics. The per capita income for Native Hawaiians (\$14,199) was the lowest among the state's major ethnic groups—less than half that of non-Hispanic Whites (\$30,1999) and almost 35 percent lower than the statewide figure of \$21,525 (not shown).<sup>1</sup>
- At the national level, the unadjusted per capita income of the Native Hawaiian population was \$15,554, about \$6,000 less than the national per capita income (\$21,587). Native Hawaiian unadjusted per capita income was roughly \$1,000 greater than that of Black or African American and American Indian and Alaska Native individuals, but more than \$9,000 below the non-Hispanic White unadjusted per capita income (Figure 3).

**Figure 3.** Unadjusted per capita income [by race/ethnicity, United States, 2000]



Data source: U.S. Census 2000, Summary File 4.

Notes: Incomes are not adjusted for cost-of-living differences between the state of Hawai'i (in which roughly 60 percent of the Native Hawaiian population resides) and the continental United States. Except for non-Hispanic Whites, we use Census 2000 multirace/multiethnic reporting conventions, in which some individuals (including Native Hawaiians) may be counted in more than one ethnic group.

<sup>1</sup> Per capita income statistics for the other major ethnic groups in the state are as follows: \$18,534 among Chinese; \$14,313 among Filipinos; and \$24,123 among Japanese.

## **COST OF LIVING**

The cost of living in the state of Hawai'i is among the highest in the United States, meaning that a dollar in Hawai'i has less buying power than a dollar in other parts of the country.

The high cost of living in the state of Hawai'i undermines the buying power of each dollar so that a given income allows one to purchase fewer goods and services in Hawai'i than in most other states. (See the Hawai'i Department of Business, Economic Development, and Tourism's *State of Hawai'i Data Book* for information on the relative pricing of goods and services.)

- The higher cost of living in Hawai'i means that more income is tied up in daily expenses. For example, the median gross rent paid by Native Hawaiian households was \$702 per month, \$100 greater than the national median (\$602 per month). The Native Hawaiian median rent was more than \$150 higher than that of Black or African-American households (\$544 per month) and American Indian and Alaska Native households (\$548 per month), and nearly \$90 greater than the \$613 per month paid by non-Hispanic White households (not shown).
- The cost-of-living issue is particularly problematic when we look at national income figures because, compared with other ethnic groups, Native Hawaiian families are more likely to live in the state of Hawai'i and are therefore more likely to be subject to Hawai'i's high cost of living. Fully 59.7 percent of the national population of Native Hawaiians reside in Hawai'i (not shown). By contrast, the state of Hawai'i accounts for 0.4 percent of the total U.S. population and 0.1 percent of the national population of non-Hispanic Whites.

When we adjust for differences in the cost of living, the median and per capita income of the national Native Hawaiian population is substantially lower than comparable national figures.

- At the national level, Native Hawaiian families reported an unadjusted median family income of \$49,214 in 1999, slightly less than the national average of \$50,046. Among single-mother families with children younger than eighteen years old, the median family income among Native Hawaiians was \$19,530, slightly lower than the national average of \$20,284 (not shown). To account for a cost-of-living differential of 27 percent (Hawai'i Department of Business, Economic

Development, and Tourism 2000), we adjusted the average income for the 60 percent of Native Hawaiian families who reside in Hawai'i. The resulting estimated median family income was \$42,353 for all Native Hawaiian families and \$16,807 for single-mother Native Hawaiian families with children, substantially lower than national median family incomes (not shown).

- The unadjusted per capita income of the national Native Hawaiian population was \$15,554, about \$6,000 less than the national per capita income (\$21,587). Native Hawaiian unadjusted per capita income was roughly \$1,000 greater than that of Black or African American and American Indian and Alaska Native individuals, but more than \$9,000 below the non-Hispanic White unadjusted per capita income. Based on a cost-of-living differential of 27 percent (Hawai'i Department of Business, Economic Development, and Tourism 2000), we adjusted the average income for the 60 percent of Native Hawaiian families who reside in Hawai'i. The resulting estimated per capita income for Native Hawaiians was \$13,386, substantially lower than the national per capita income and that of most other ethnic groups (not shown).

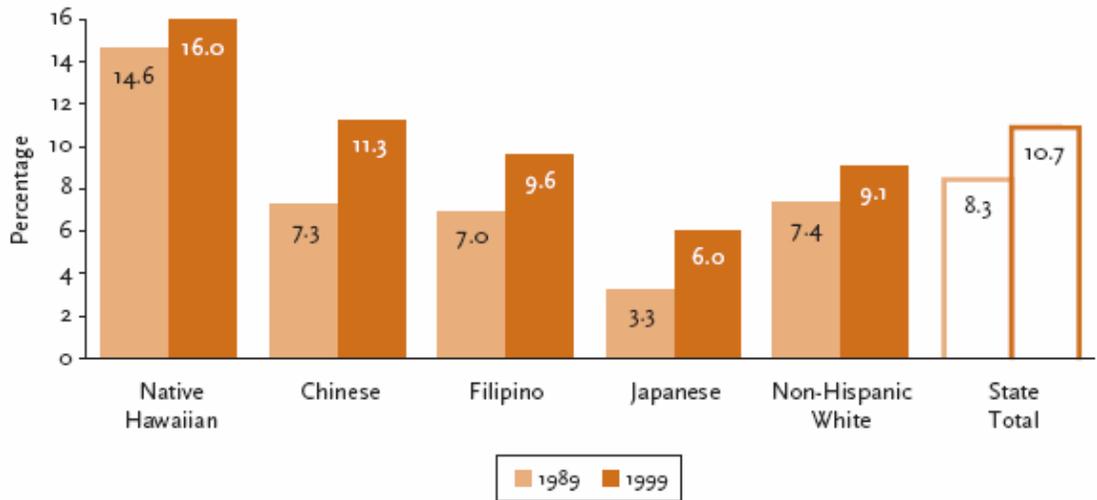
## **POVERTY RATES**

Poverty rates, or the percentage of individuals and families who fall below poverty guidelines or thresholds, are a useful way to assess the distribution of income, while also taking into account the number of individuals in a household. Because larger households require higher levels of income to support their additional members, the threshold below which one is considered "living in poverty" varies by household size. Poverty rates consistently show high socioeconomic need among Native Hawaiians in the state of Hawai'i.

- Poverty guidelines are issued by the federal government to help determine eligibility for low-income assistance programs. The guidelines make adjustments for the higher cost of living in certain states (namely, Hawai'i and Alaska, for which separate poverty guidelines are issued). However, Census 2000 data, which are the source of the following poverty statistics, did not use the Hawai'i-adjusted poverty guidelines and are, therefore, inappropriate for national poverty comparisons.
- Based on the conservative Census 2000 definition, Native Hawaiians in Hawai'i had the highest percentage of individuals living below the poverty threshold,

compared with other major ethnic groups in Hawai'i (Figure 4). As of 1999, more than one of every six Native Hawaiians (16.0 percent) had incomes below the poverty line, compared with 10.7 percent of the total state population.

**Figure 4.** Trends for individuals living in poverty as a percentage of all individuals [by race/ethnicity, state of Hawai'i, 1989 and 1999]

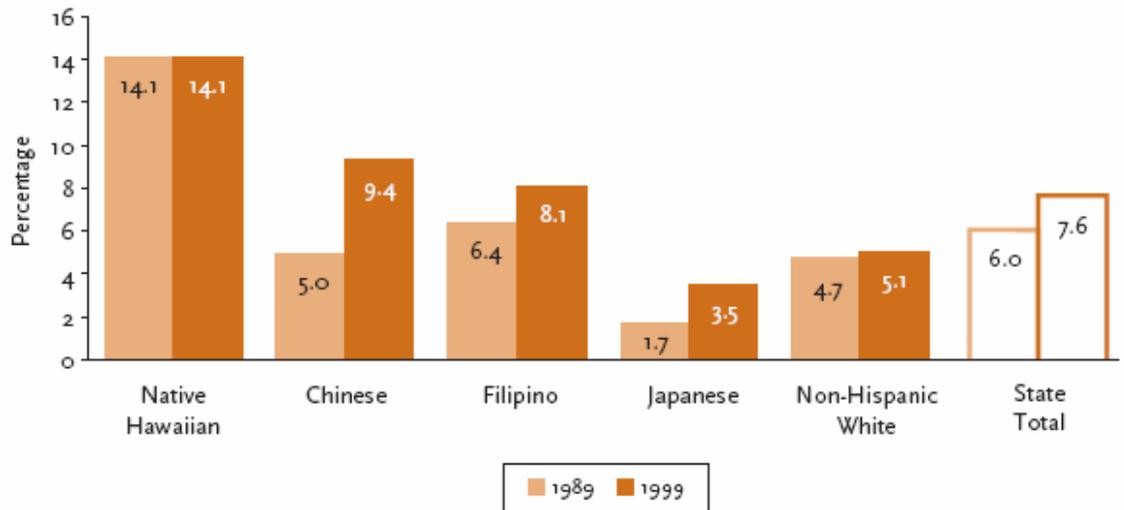


Data sources: 1990 Census of Population; U.S. Census 2000, Summary File 4.

Note: Except for non-Hispanic Whites, we use Census 2000 multirace/multiethnic reporting conventions, in which some individuals (including Native Hawaiians) may be counted in more than one ethnic group.

- Trend data on family poverty rates follow similar patterns. In both 1989 and 1999, Native Hawaiians in Hawai'i had the highest family poverty rates among the state's major ethnic groups (Figure 5).
- In 1999, roughly one in seven Native Hawaiian families in Hawai'i (14.1 percent) lived in poverty.
- The family poverty rate among Native Hawaiians was more than double the statewide rate in 1989 and more than 85 percent higher than the statewide rate in 1999.

**Figure 5.** Trends for families living in poverty as a percentage of all families [by race/ethnicity, state of Hawai'i, 1989 and 1999]



*Data sources:* 1990 Census of Population; U.S. Census 2000, Summary File 4.

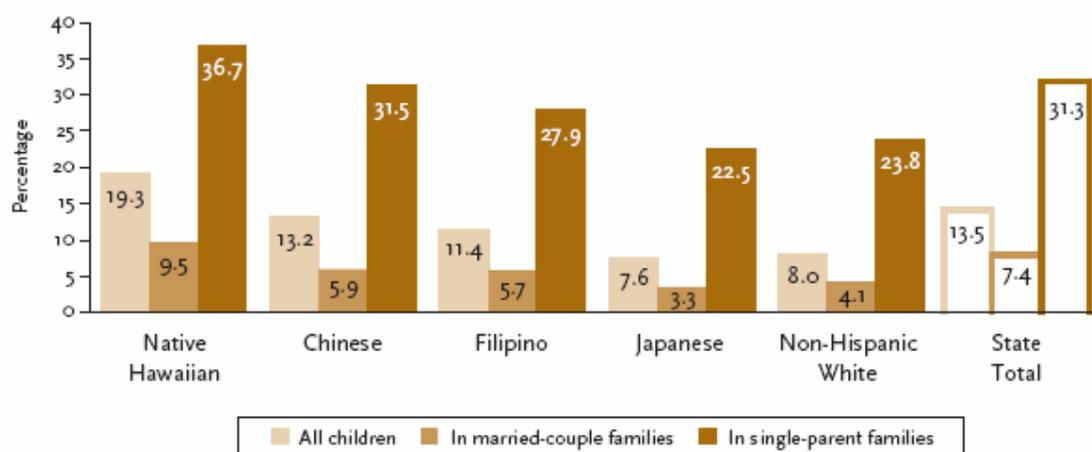
*Note:* Except for non-Hispanic Whites, we use Census 2000 multirace/multiethnic reporting conventions, in which some individuals (including Native Hawaiians) may be counted in more than one ethnic group.

## POVERTY AND HOUSEHOLD STRUCTURE

Figure 6 highlights the effect of household structure on the financial resources available to children, showing that children in single-parent homes bear a disproportionately high burden.

- In Hawai'i, about one of every three Native Hawaiian children in single-parent families (36.7 percent) fell below the poverty threshold. This stands in sharp contrast to children in single-parent Japanese and non-Hispanic White households, where fewer than one of every four children lived in a family whose income was below the poverty threshold.
- Compared with children in married-couple families, Native Hawaiian children in single-parent families were almost four times more likely to fall below the poverty line.

**Figure 6.** Children living in poverty as a percentage of all children in selected family types [children younger than 18, by family type, by race/ethnicity, state of Hawai'i, 1999]



Data source: U.S. Census 2000, Summary File 4.

Note: Except for non-Hispanic Whites, we use Census 2000 multirace/multiethnic reporting conventions, in which some individuals (including Native Hawaiians) may be counted in more than one ethnic group.

## CONCLUSION

Data in this brief suggest that Native Hawaiians face significant socioeconomic hurdles, lagging well behind state and national averages on income and poverty. These statistics indicate an ongoing need for initiatives that improve the material and economic prospects of Native Hawaiians and other disadvantaged minorities by investing in human capital and expanding economic opportunities. Promising efforts include the promotion of postsecondary education through financial aid and scholarship programs, as well as programs that support Native Hawaiians in career fields in which the population is typically underrepresented, such as science and medicine.

It is important to note, however, that income and poverty are measures that reflect what is often considered a Western perspective on quality of life. The Native Hawaiian population has remained strong and resilient despite widespread socioeconomic disadvantage, and much of this resilience may lie in the cultural and social strengths that form the foundation of Native Hawaiian families and communities. For more on these and other Native Hawaiian strengths, see *Ka Huaka'i: 2005 Native Hawaiian Educational Assessment* by Kana'iaupuni, Malone, and Ishibashi (2005), from which this report was derived. Developing the socioeconomic capacity of Native Hawaiians and building on the community's strengths will be key in enabling Native Hawaiian families to provide for their children culturally, spiritually, socially and economically.

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