



COVID-19 IN HAWAII FACTS AND INSIGHTS

JULY 2020

The COVID-19 pandemic has brought profound financial and emotional impacts to families and individual residents across Hawaii.

In light of the significant economic hardships experienced by many residents of our state, Bank of Hawaii Foundation commissioned Anthology Research to conduct the most comprehensive study thus far taking a deeper look at the real effects of the pandemic on residents to gain a clear understanding of their feelings, fears and financial hardships related to the virus.



This **COVID-19 in Hawaii – Facts and Insights** report shares key research findings of our study. One of the key takeaways is that Hawaii residents remain very concerned about contracting COVID-19 and cite personal health and the health of members of their households as their top priority. Concerns about out-of-state visitors bringing the virus to Hawaii is also evident among the majority of survey respondents.

The state's top economists agree that a revival of our overall economy will not be possible without Hawaii's No. 1 industry – tourism – being able to welcome back trans-Pacific travelers to the Hawaiian Islands.

With visitor arrivals to the state expected to remain significantly lower than previous years for the foreseeable future, a balanced approach utilizing health facts to temper fears about the virus, combined with a clear and responsible reopening plan for the state, is critical.

We must all do our part to ensure our residents and communities remain safe while we work together to get Hawaii back on track toward prosperity.



RESEARCH METHODOLOGY

A statewide online and telephone survey of full-time Hawaii residents was conducted from May 14 - 22, 2020. A total of 1,096 completed surveys were collected, using a stratified sampling approach by county. The resulting overall margin of error is $\pm 3.02\%$ at the 95% level of confidence.

Hawaii households have taken financial hits and residents are struggling to afford the most basic necessities.

The negative economic impact of COVID-19 on Hawaii's families is undeniable. Hawaii is one of several U.S. states leading the nation in unemployment with roughly 234,398 claims filed¹, signaling a significant portion of the population is out of work. In May, 143,150 residents² statewide were unemployed.

As a result, residents are increasingly relying on public and private support to navigate these difficult times, with weekly food drives and other food distribution efforts becoming even more critical.

Nearly half of Hawaii households reported a drop in income since the start of the pandemic, driven by one or more impacts to employment for those living under their roof. At the same time, nearly two in five have experienced increases in household expenses, putting strain on budgets from both ends of the spectrum.

Long before the COVID-19 pandemic all but shut down much of our state's economy, Hawaii was already ranked as one of the most expensive states to live in the U.S. Rather than turning to government support or financial institutions for help, many residents are tapping into savings, adding to their credit card debt or selling personal items in order to get by.

45%

of residents have seen their household income decline since the start of the COVID-19 pandemic.

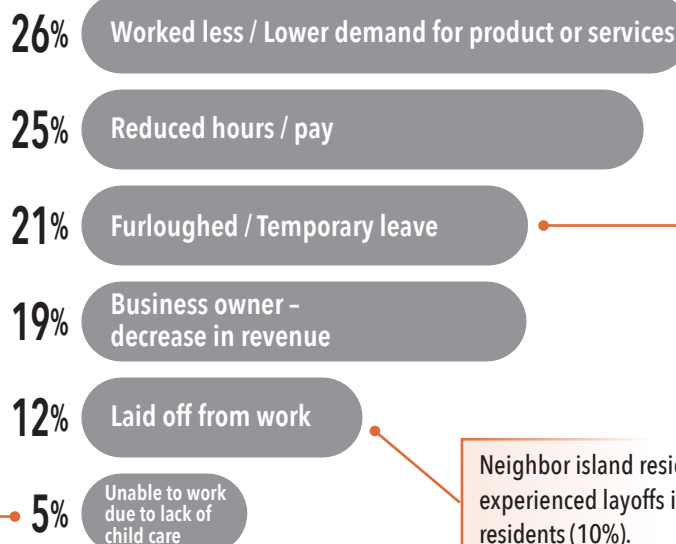
Households with children are more affected.

51%

of residents living with at least one child under age 18 have seen their combined household income decline.

40%

of households have experienced at least one of these tested job impacts since the start of the pandemic:



This number rises to 13% in households with children under age 18.

Neighbor island residents (26%) are more likely to have one or more household members furloughed than Oahu residents (19%).

27% of households with a child under age 18 has someone who was furloughed.

Neighbor island residents (18%) are more likely to have experienced layoffs in their household compared to Oahu residents (10%).

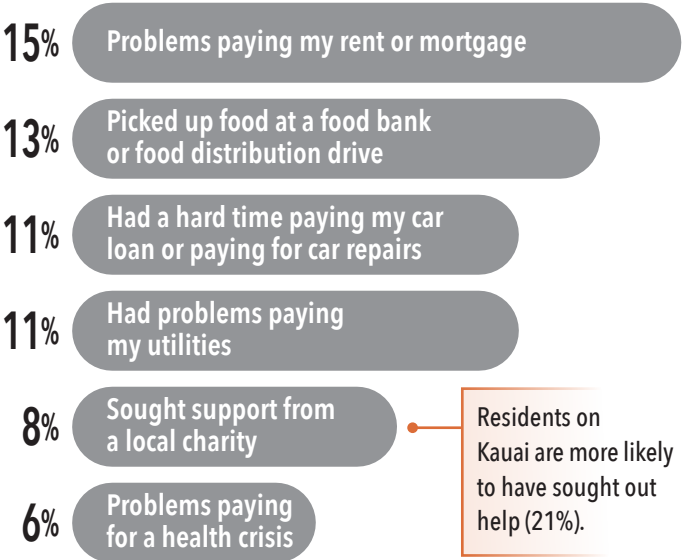
¹ State of Hawaii Department of Labor and Industrial Relations Unemployment Insurance Claims Update; June 18, 2020

² State of Hawaii Department of Labor and Industrial Relations Unemployment Rate Report; June 18, 2020

29% of households have experienced at least one of these tested financial hardships since the start of the pandemic:

Neighbor island residents (18%) are more likely to have received food from a food bank or food drive than Oahu residents (11%).

One in four respondents who live in a household with at least one child under age 18 said they had sought assistance from a food bank or food distribution drive.



Residents on Kauai are more likely to have sought out help (21%).

More Oahu households **(40%)** have seen an increase in their expenses than those on the neighbor islands **(36%)**.

1 in 4

residents are delinquent in paying at least some of their bills.

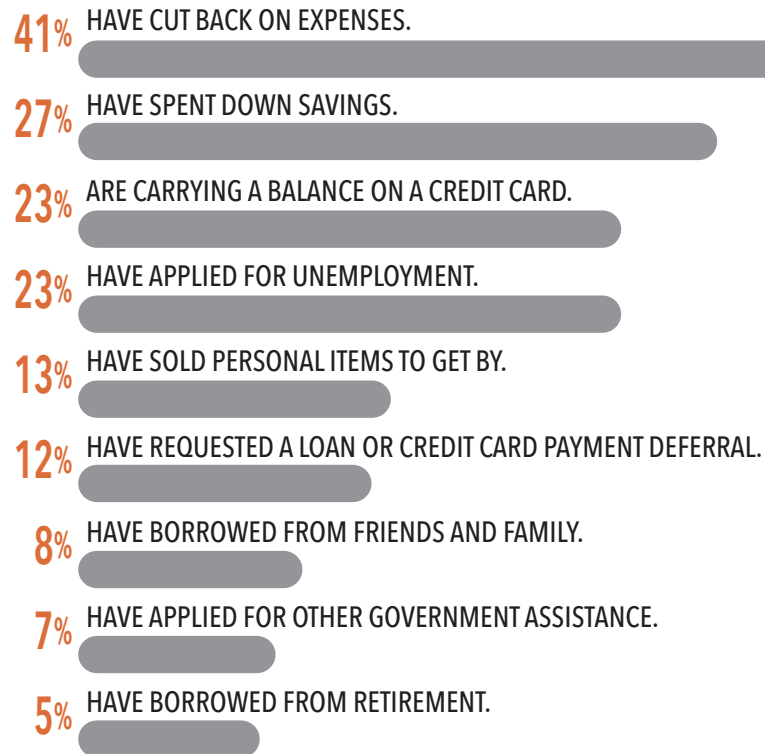


1 in 5

residents has had issues with food security since the start of the pandemic.



To deal with decreases in income, Hawaii households are having to take action to get by:



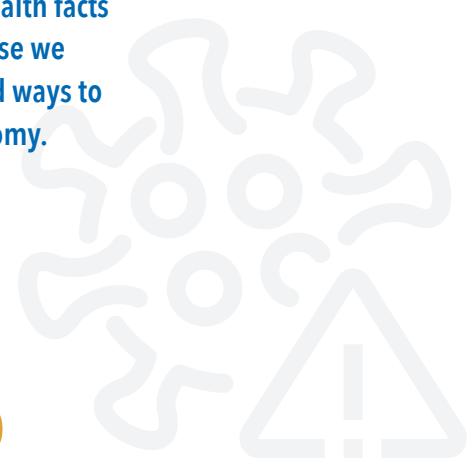
Many residents across all four counties who have filed for unemployment benefits have not yet received payments.

	HAVE APPLIED FOR UNEMPLOYMENT BENEFITS	HAVE NOT YET RECEIVED BENEFIT PAYMENTS
OAHU	21%	41%
ISLAND OF HAWAII	27%	36%
MAUI COUNTY	26%	54%
KAUAI	33%	67%

Fear of the virus is substantial despite its slow spread in Hawaii.

Fear of COVID-19 in the local community is significant though fewer than one in five residents surveyed knew someone – in Hawaii or elsewhere – who tested positive for the virus.

It is important that we, as a community, continue to educate ourselves on all health facts related to the virus and do our part to ensure we are keeping ourselves and those we live and interact with safe. It will be vital for government and businesses to find ways to instill resident confidence in all of their actions as we begin to restart our economy.



81%

worry about contracting COVID-19.

18%

overall know someone (including themselves) who has tested positive.

71%

consider COVID-19 a threat to themselves or others living in their household.

57%

worry about passing the virus on to others.

83%

who know at least one person with COVID-19 considers the virus a threat to their household.

7%

of respondents have been tested for COVID-19.

12%

of households statewide have been tested for COVID-19.

21%

of respondents worry about experiencing a potential job loss as a result of testing positive for COVID-19.

29%

do not consider
COVID-19 a threat to
themselves or others
living in their
household.



Residents who do not consider COVID-19
a threat, cite as their reasons:

They are following
all government
guidelines.

72%

Members of their
household are all
healthy.

38%

Household members
seldom leave
the home.

32%

They do not believe
COVID-19 is as
dangerous as reported.

17%

A majority of Hawaii residents are following
guidelines to prevent the spread of COVID-19.

Adults under age
35 are the least
likely (52%) to be
following all
suggested guidelines
related to COVID-19
prevention.

68% believe they are following all suggested guidelines.

28% believe they are following most of the suggested guidelines.

3% are picking and choosing the guidelines they follow.

1% are not paying attention to or following suggested guidelines.

Perceived compliance
is highest on Kauai,
where 82% of
respondents said
they were following
all suggested
guidelines.



Hawaii faces strong headwinds in achieving recovery.

The lifting of the state government's interisland travel quarantine on June 16 has enabled the kamaaina economy to open up modestly. However, until tourism resumes, economists have said that many hotels, activity companies, retailers and other businesses that depend on out-of-state visitors will have a difficult time reopening as costs prove to be prohibitive with only local consumers as the main source of revenue.

The anticipation for many Hawaii residents and businesses already struggling is that their financial situations will likely not improve as federal aid dries up in the months ahead. The University of Hawaii Economic Research Organization (UHERO) forecasts that Hawaii could lose more than 30,000 residents over the next two years as our state's COVID-19 recovery trails the trajectory of the overall U.S. economy.¹



The state's largest export, tourism, is effectively shut down until at least July 31, 2020.

11% of survey respondents reported working directly in the visitor industry.



Total travel spending by domestic and international travelers is expected to drop 45% by the end of 2020 and not return to pre-COVID tallies until possibly 2024.²



UHERO has said that because there are spillover effects from the tourism sector to the non-tourism sector, a delay in reopening tourism will present a drag on other parts of the local economy.³



Financial support from the federal government is slated to end in the weeks ahead.

83% of households statewide received or expect to receive an Economic Impact Payment.

81% found the federal stimulus payment to be valuable.

49% found the federal stimulus payment to be **very** valuable.



Paycheck Protection Program funds likely dried up at the end of June for most of the 23,786 Hawaii businesses that had been approved for the program as of June 16.⁴

¹ Carl Bonham, UHERO Executive Director and Professor of Economics, speaking at House Select Committee on COVID-19 Economic and Financial Preparedness Informational Briefing; June 1, 2020

² U.S. Travel Association study; June 17, 2020

³ From "COVID-19: Developing Economic Recovery Scenarios for Hawaii" blog post; Byron Gangnes, Carl Bonham, Peter Fuleky; May 4, 2020; UHERO

⁴ From "Over 23,000 Hawaii Small Businesses Tap \$3 Billion in Federal Aid"; Andrew Gomes; June 16, 2020; *Honolulu Star-Advertiser*

Though residents are fearful of out-of-state arrivals, depending on kamaaina alone to restart the economy won't be enough.

Two-thirds of survey respondents prefer a slow and cautious approach to allowing visitors back into Hawaii without the 14-day trans-Pacific travel quarantine and isolation requirement. This despite the fact that the majority of our state's COVID-19 cases at the start of the pandemic resulted from residents returning home after traveling domestically or internationally.

More recently, spikes in COVID-19 cases in hotspots across the country – coupled with ongoing preventative messaging since the start of the pandemic intended to keep the community safe – have likely fostered belief among Hawaii residents that reopening the state to tourism is dangerous.

Opening up the kamaaina economy is a positive first step on the road to Hawaii's economic recovery, but this alone will not be enough for many businesses to survive and get Hawaii residents back to work again.



67%

prefer reopening to visitors slowly over the remainder of the year.

5%

believe we should allow visitors to come back immediately.



20%

want all businesses to reopen to local residents now.

45%

prefer phasing in businesses over the next month or two.

33%

prefer a cautious reopening over the rest of the year.

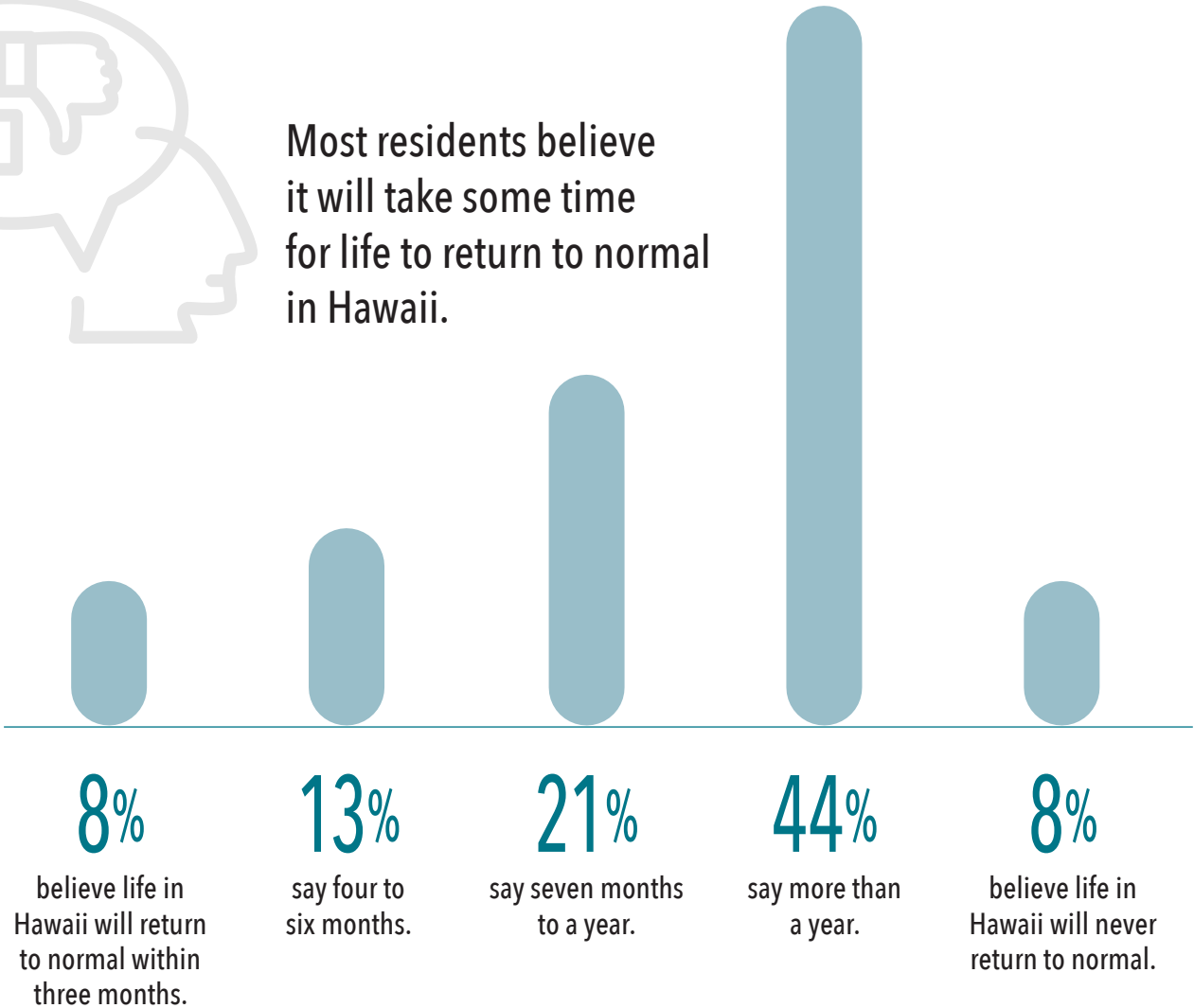


UHERO has stated that a delay of significant tourism reopening will present tremendous challenges for the industry and, absent significant additional federal support, will likely lead to bankruptcies and additional loss of jobs.¹

¹ From "COVID-19: Developing Economic Recovery Scenarios for Hawaii" blog post; Byron Gangnes, Carl Bonham, Peter Fuleky; May 4, 2020; UHERO



Most residents believe it will take some time for life to return to normal in Hawaii.



Residents who have suffered financially due to the COVID-19 pandemic tend to be more bullish on recovery time for Hawaii’s economy than those who have not yet been affected financially.



Resident COVID-19 fears will impact Hawaii businesses even after restrictions are eased.

If Hawaii's economy remains dependent on kamaaina consumers alone, many local businesses could face bankruptcy and closure in the coming months. Residents whose jobs are impacted by this occurring may need to find other means of income and, in some cases, new fields of work.

The COVID-19 pandemic will have an impact on the future behavioral patterns of residents.

47%

of residents will dine-in at restaurants less.



28%

will order pick-up/takeout from restaurants more.

44%

of residents will go to movies or shows less.



28%

will stream entertainment more.

33%

of residents will shop in-store at retail establishments less.



27%

will purchase online and have items delivered to their homes more.

Residents are responding to the COVID-19 pandemic on the home front by doing more of the following activities:

63%

ARE COOKING AT HOME MORE.

55%

ARE USING TECHNOLOGY TO STAY IN TOUCH WITH FAMILY AND FRIENDS MORE.

43%

ARE EXERCISING AT HOME MORE.

37%

ARE WALKING MORE.

22%

ARE PARTICIPATING IN ONLINE GAMING MORE.

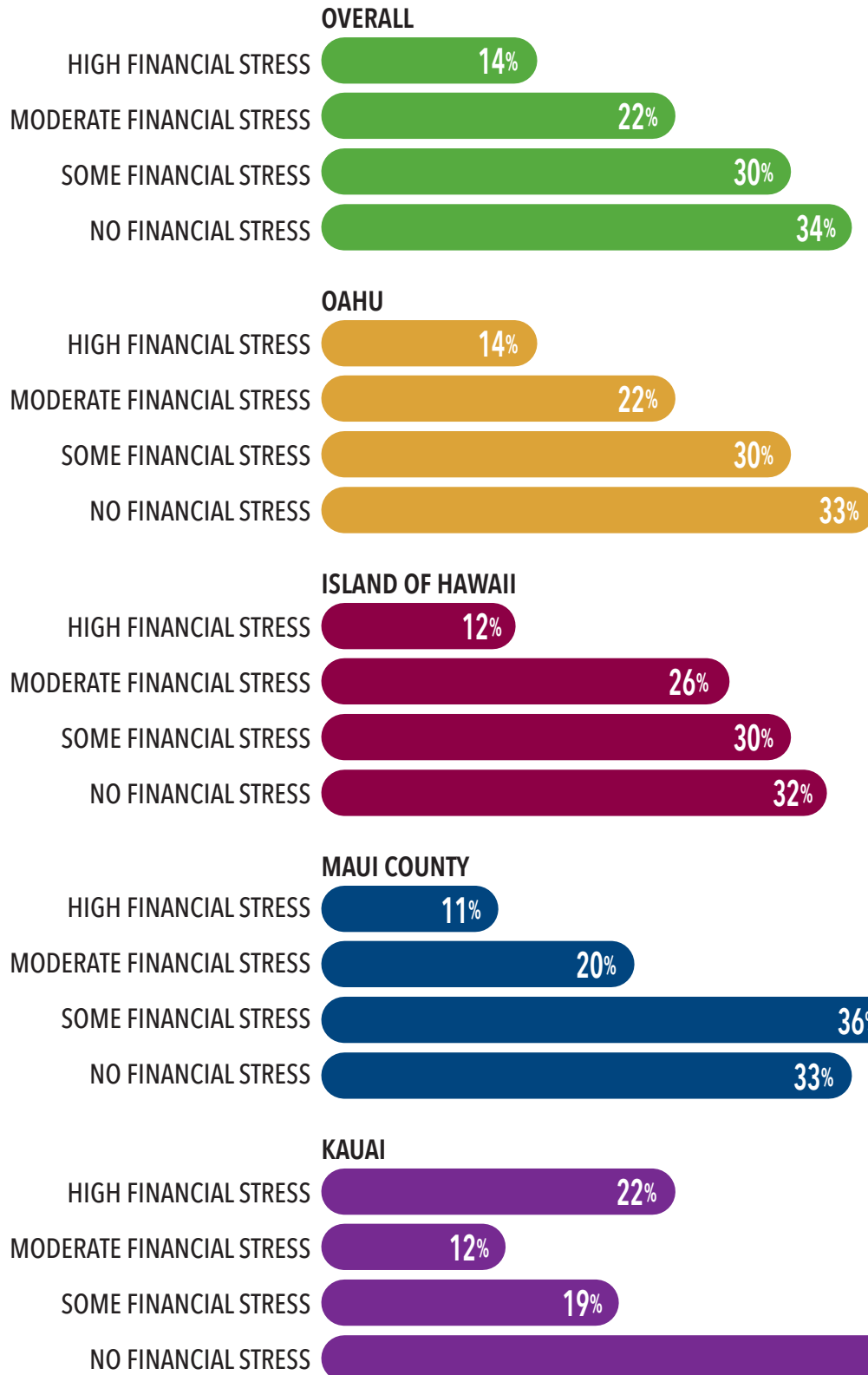
20%

ARE JOINING ONLINE GROUPS TO STAY CONNECTED MORE.



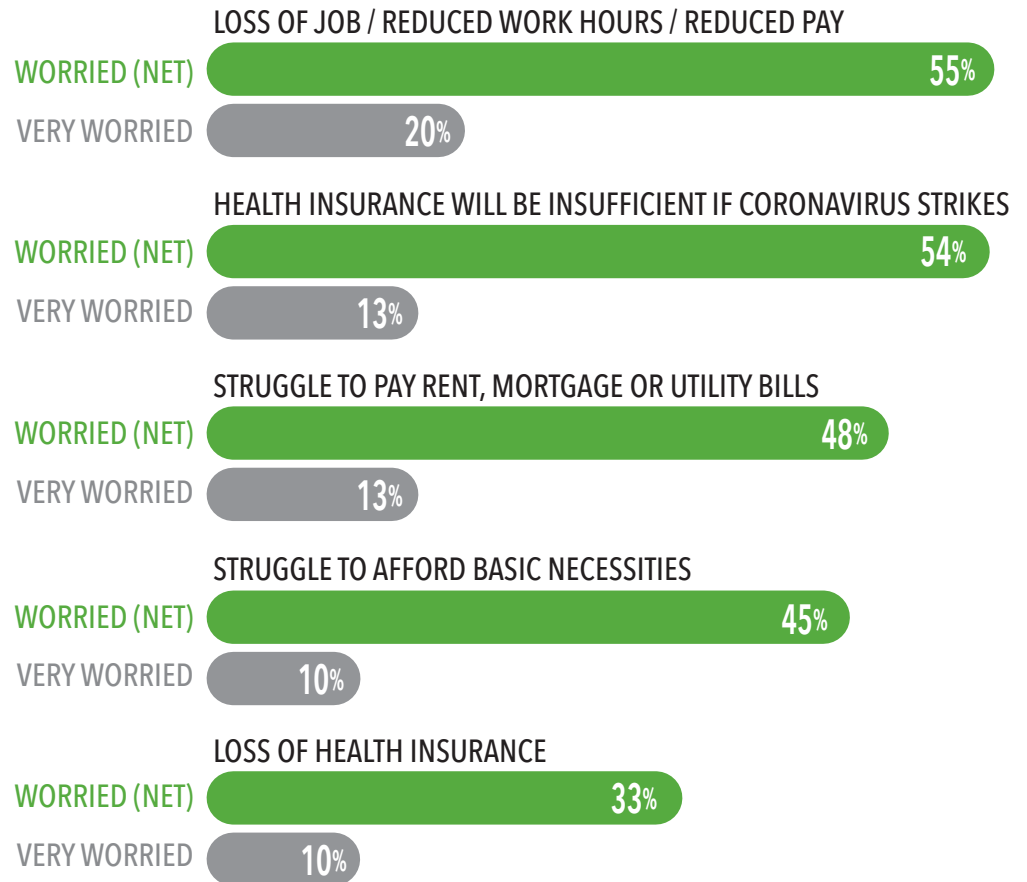
COVID-19 is Feeding Anxiety and Stress.

The pandemic is impacting the emotional well-being of residents across the state. Economic uncertainty created by the virus has resulted in high levels of anxiety and stress even among those who have not (yet) lost their source of income.



Q: How much financial stress, if any, has the coronavirus outbreak caused you over the past three months?

Residents are worried about future impacts of COVID-19:



Worried (Net) = Very worried + Somewhat worried + A little worried

43%

of residents feel lonely.

42%

of residents are pessimistic about the future.

34%

of residents feel overwhelmed.



Neighbor island residents seem to be in a better state of mind than their Oahu counterparts.



Kauai residents, in particular, are in a very good place as far as happiness, optimism and confidence.



An Island-by-Island View of COVID-19's Effects.

Neighbor island residents as a whole are less concerned than their Oahu counterparts about the threat of contracting COVID-19 or passing it on to others. They are also less concerned about the virus's impact on travel restrictions or their ability to visit family. Additionally, neighbor island residents show higher levels of satisfaction with the State and their respective local county governments' response to the pandemic.

	Oahu	Island of Hawaii	Maui County	Kauai
Residents who believe they are following all government guidelines for COVID-19 prevention all of the time.	67%	65%	71%	82%
Residents who feel that STATE government has responded appropriately to COVID-19.	38%	48%	53%	54%
Residents who feel that their respective COUNTY governments have responded appropriately to COVID-19.	46%	45%	59%	81%

At the same time, Kauai, Maui County and island of Hawaii residents are suffering financially more than Oahu residents. Neighbor island residents are more likely to be working in the visitor, retail and restaurant/food service industries, which have been especially hard hit by the pandemic. Maui County residents are the most likely of all four counties to report a decline in household income and concern about whether they will be able to afford basic necessities.

	Oahu	Island of Hawaii	Maui County	Kauai
Households that have experienced a decline in income since the start of the COVID-19 pandemic.	45%	43%	48%	47%
Households worried about being able to afford basic necessities.	43%	45%	51%	49%
Residents who have experienced difficulty paying rent or mortgages in the past three months.	15%	13%	18%	24%

Neighbor island residents are also more likely to have someone in their household who has been laid off or furloughed. Residents of the island of Hawaii in particular have the highest rate of someone in their household being laid off. In addition, neighbor island residents are more likely to have received food from a food bank or food drive.

	Oahu	Island of Hawaii	Maui County	Kauai
Households with at least one member laid off from work.	10%	20%	15%	18%

A segment of Kauai residents have experienced some of the most negative impacts of the COVID-19 pandemic and are the most likely of all four counties to report experiencing a high level of financial stress. They are also the most likely residents of all four counties to be living paycheck-to-paycheck, to have applied for unemployment, and to have sought out assistance from a food bank or charity.

	Oahu	Island of Hawaii	Maui County	Kauai
Households that have experienced high financial stress due to the COVID-19 pandemic.	14%	12%	11%	22%
Residents who have picked up food from a local food bank or food distribution drive in the past three months.	11%	16%	17%	23%
Residents who have sought support from a local charity in the past three months.	6%	9%	8%	21%
Residents who consider themselves living paycheck-to-paycheck.	37%	40%	36%	41%

The effects of COVID-19 have been most pronounced among the most vulnerable in our communities.

Our research on the health and economic impacts of COVID-19 reveals that not everyone is being impacted the same way and to the same extent by the pandemic. Statewide, many of our most economically vulnerable residents have borne the brunt of the pandemic's financial impacts.

Women, more than men, are more likely to have difficulties paying their rent or mortgage, more likely to be concerned about food security, and less likely to be able to live off their existing savings for longer than six months. The net reality of all of this is increased financial stress and increasing challenges for residents in paying their bills.

Of households with a combined income of \$50,000 or less:



18%

have someone who has been laid off during the pandemic.

24%

have at least one member who has been furloughed from their job.

Of households with at least one child under age 18:



51%

say their combined household income has declined since the start of the pandemic.

25%

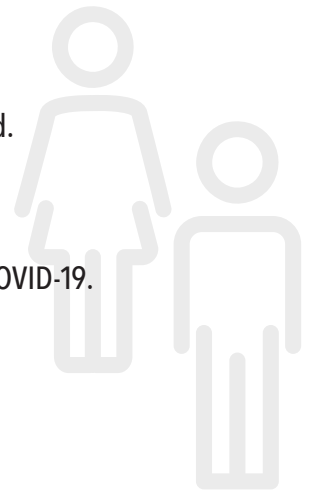
have gone to a local food drive or received help from a food bank.

13%

have sought assistance from a local charity.

Female respondents are more likely than males to face challenges related to the COVID-19 pandemic. They are:

- More likely to be living in a household where their total income has declined.
- More likely to live with someone who was furloughed or has had their hours or pay reduced.
- More likely to have been forced to take action to survive financially during COVID-19.
- More likely to have difficulties paying their rent or mortgage.
- More likely to be concerned about food security and seek assistance from a food bank or food distribution drive.



Female respondents – as well as respondents from both genders who live with at least one child in their home – display greater concerns about the possibility of losing their health care coverage.

Among ethnic groups, Native Hawaiian and Filipino residents are facing the most pressure related to the COVID-19 pandemic. They are:

- More likely to experience a decline in household income.
- More likely to have someone in their household who was laid off, furloughed or had their pay or work hours reduced.
- More likely to experience high financial stress.
- More likely to be delinquent paying some of their bills.
- More likely to be experiencing difficulties paying their rent or mortgage.
- More likely to face food insecurity.
- More likely to have sought assistance from a local charity.
- More likely to know someone hospitalized for COVID-19.



Bank of Hawaii Foundation partnered with Anthology Research,
a Hawaii-based market research firm, to conduct this study.

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