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Resource Paper

Financial Distress among Pacific Islanders in Southern California

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Abstract

Pacific Islanders experience enduring and growing poverty in the United States, yet our understanding of their financial distress and needs is limited. Financial institutions, government agencies, and community-based organizations in areas with large Pacific Islander communities need better information with which to develop tailored programs, improve outreach and education, and improve economic security for these and other underserved populations. This paper describes the results from a unique in-language survey that asked detailed questions regarding the financial knowledge, status, and needs of Pacific Islanders, including poverty and wealth questions beyond those in the Census, in Los Angeles, Orange, and San Diego counties of Southern California.

Introduction

Although increasing attention is being paid to enduring financial distress in ethnic/racial populations, Pacific Islanders remain hidden with significant needs. Pacific Islanders in the United States originate from Melanesia, Micronesia, and Polynesia, and over the past ten years represent the racial group with the fastest growth (40 percent) in the continental United States and Hawaii (Empowering Pacific Islander Communities, 2014). While Pacific Islanders contribute greatly to the economic vitality in this country, they face significant economic and educational challenges that make them highly vulnerable to disease and death. Nationally in aggregate, only 18 percent of Pacific Islanders have a bachelor's degree; also, 15 percent have been diagnosed with diabetes and 20 percent with heart disease (ibid.). Native Hawaiians comprise the largest population with only 2 percent who are limited English proficient (LEP), followed by Samoans (12 percent), Chamorros (8 percent), and Tongans

(19 percent). Although at least one previous study found high financial distress among Native Hawaiians (Naya, 2007), reports commonly omit Pacific Islanders from analyses (e.g., Bocian, Li, and Ernst, 2010).

Background

As shown in Table 1, Pacific Islander adults in poverty vary from 68 percent for Fijians to 51 percent for Tongans. Between 2007 and 2011, the number of Pacific Islanders living under the poverty level grew by 60 percent, compared to 37 percent for Asian Americans, 20 percent for African Americans, 26 percent for Native Americans, 42 percent for Hispanics, and 27 percent for the general population (Ishimatsu, 2013). Data indicate that Pacific Islanders in poverty are younger, with higher rates of child (under eighteen) poverty than Asian Americans. About half of the Pacific Islanders in poverty live in the western and mountain states. In 2010, the states with over 1,000 Pacific Islanders and the highest Pacific Islander poverty rates were Arkansas (43.9 percent), Oklahoma (33.8 percent), and Oregon (26.5 percent). Sixty four percent of Pacific Islanders in poverty were concentrated in the Pacific States of the Western Region, with the largest numbers in Hawaii (22,809), California (16,898), and Washington (6,529). Eleven percent of Pacific Islanders in poverty were concentrated in the Mountain States of the Western Region, with the largest numbers in Utah (4,117) and Nevada (2,058).

Table 1: Percent Poverty by Pacific Islander Ethnicity and Age Range, United States

Poverty Population by Ethnicity	% in Poverty 18–64	% in Poverty under 18	% in Poverty 65 and Older
Native Hawaiians and Other Pacific Islanders	54%	43%	3%
Samoan	57%	41%	3%
Tongan	51%	42%	6%
Guamanian/ Chamorro	59%	39%	2%
Fijian	68%	30%	2%

Source: American Community Survey, 2010.

These poverty statistics indicate a high and growing need to address the economic security of Pacific Islander communities. Unfortunately, very little disaggregated information exists regarding the unique financial characteristics, behaviors, and beliefs of Pacific Islanders

that can inform education and intervention efforts. A nonprobability English-language survey of Pacific Islanders in Los Angeles, Oakland, Houston, Chicago, and Jackson Heights by Condon et al. (2015) found that 23 percent turned to family and friends for financial advice, 27.2 percent reported using alternative financial services in the last twelve months, and 62 percent relied on a friend or family member for their source of emergency funds. Other reports focus on Asians only (e.g., Tippett et al., 2014), or aggregate Asians with Pacific Islanders (e.g., National Council of La Raza, 2014).

This paper describes the results from a unique survey of the financial knowledge, status, and needs of Pacific Islanders in Los Angeles, Orange, and San Diego counties of Southern California. The project was funded by a grant from the National Coalition for Asian Pacific American Community Development *AAPI Communities Taking Initiative in Our Neighborhoods (ACTION)* program to the Guam Communications Network (GCN). The community survey assessed the level of financial distress and financial knowledge, with the goal of obtaining baseline information to inform future housing counseling and asset-building programs. Results from the survey (n = 205) indicate important needs regarding low household income, high community-related expenses, and low knowledge about tax-deferred savings accounts or savings accounts with tax benefits. The remainder of this paper describes the survey methods, detailed results, and implications for future research and programs.

Methods

The financial needs assessment questionnaire was developed using a collaborative process. The resource organization (Takahashi/Asian Pacific AIDS Intervention Team) created a rough draft of the questionnaire based on existing measures and previous survey questionnaires used by the initiator organization (GCN). This draft was then used by GCN to discuss measures and financial issues with community experts and advocates who work with Pacific Islanders in Southern California. Suggestions and revisions by GCN and community advocates were then incorporated into the final English version.

The English version of the financial needs assessment questionnaire was translated into Chamorro, Samoan, and Tongan. The translated and English versions were self-administered to a convenience sample of Pacific Islander adults (eighteen years and older), particularly heads of households, in community settings in Southern California (in-

cluding Los Angeles, Orange, and San Diego counties) from November through December 2010. A total of 205 questionnaires were completed and a copy sent to the resource organization for data entry in Microsoft Excel, with data cleaning and analysis using STATA. Frequency and descriptive analyses were run on the total sample.

Results

Demographic Characteristics

The characteristics of the respondents are shown in Tables 2 and 3. Almost half of the sample was fifty years or older, with about one-quarter between the ages of forty to forty-nine years. A larger proportion of the sample was female than male. More than half of the sample identified their ethnic group as Chamorro or Guamanian, and most of the respondents reported being born on Guam or other Pacific Islands. Almost half of the respondents reported that they were currently married, while one-fifth (19 percent) reported that they had never been married, 13 percent reported that they were widowed and 13 percent reported that they were divorced. On average, about 3.8 persons live with the respondent, and about 78 percent reported that they had children. Respondents who reported having children reported an average of 3.3 children, with an average of 1.8 children living with the respondents. Two-thirds of the respondents reported having no children in college, with one-quarter reporting one child in college, and 10 percent reporting having two or more children in college. A large proportion (63 percent) reported belonging to a religious institution.

Table 2: Demographic Characteristics of Respondents—Means (N = 205)

Variable	Mean (Range)	Median
Number of people living with respondent (n = 199)	3.8 (0–12)	3
Number of children (n = 157)	3.3 (1–8)	3
Number of children living with respondent (n = 150)	1.8 (0–11)	1

Source: Guam Communications Network Survey (authors' calculations)

Financial Status

Information regarding financial status is shown in Table 4. About two-thirds of the respondents reported that they rent their homes, and

Table 3: Demographic Characteristics of Respondents—Frequencies (N = 205)

Variable	Categories	Percent
Age (n = 202)	18-29	14%
	30–39	13%
	40–44	13%
	45–49	11%
	50+	48%
Gender (n = 202)	Female	57%
	Male	43%
Ethnicity (n = 188)	Chamorro or Guamanian	55%
	Tongan	15%
	Samoan	13%
	Pacific Islander	12%
	Other (Fijian, Filipino, Italian, Polynesian, Spanish, white)	5%
Educational attainment (n = 201)	HS diploma or GED	44%
	Bachelor's degree	17%
	Graduate college/university degree (MA, MS, PhD)	11%
	Associate's degree	8%
	Vocational or trade school	8%
	Primary school	7%
	Other (military, certificate)	5%
Non-English language usually spoken at home (n = 138)	Chamorro or Guamanian	49%
	Tongan	23%
	Samoan	20%
	Other (Spanish, Tagalog)	7%
Place of birth (n = 198)	Guam	36%
	California	33%
	Tonga	14%
	American Samoa, 6% other U.S. states	6%
	Western Samoa	3%
	Hawaii	2%
	Other Pacific Islands (CNMI, Fiji)	1%
Marital status (n = 202)	Married	47%
	Never been married/single	19%
	Widowed/divorced	26%
	Living with partner	6%
	Other (separated, engaged to be married)	2%
Have children (n = 203)	Yes	78%
Number of children in college (n = 130)	None	66%
	1	24%
	2+	10%
Belong to a church (n = 200)	Yes	63%

Source: Guam Communications Network Survey (authors' calculations)

Table 4: Financial Status of Respondents (N = 205)

Variable	Categories	Percent
Own or rent (n = 197)	Rent	66%
	Own	34%
If renter, owned a home in the past 12 months (n = 116	Yes	16%
Currently employed (n = 203)	Yes	52%
Benefits provided with employmenta (n = 106)	Health insurance	61%
	Sick leave	58%
	Vacation	56%
	Dental coverage	52%
	No benefits	30%
	Child care	8%
	Other (vision, retirement)	12%
Reasons for not being employed[a] (n = 94)	Retired	39%
	Disabled	23%
	Full-time student	9%
Yearly household income (n = 195)	$50,000+	23%
	< $10,000	18%
	$10,000–$19,999	15%
	30,000–$39,999	15%
	$20,000–$29,999	14%
	$40,000–$49,999	14%
Income received not through employmenta (n = 94)	Social Security	29%
	Pension	23%
	Food Stamps	15%
	SSDI	14%
	General Relief	6%
	TANF	5%
	Supplemental Security Income (SSI)	4%
	WIC	2%
	Other (IHSS, Medical, unemployment)	5%
Covered by health insurance (n = 198)	Yes	74%
Caring for elderly/disabled adult or child (n = 198)	Yes	20%
Filed for bankruptcy (n = 201)	Yes	16%
Experienced foreclosure on home loan/mortgage (n = 196)	Yes	11%
Ever talked with a credit counselor (n = 193)	Yes	25%
Variable	Mean (Range)	Median
Number of jobs (n = 104)	1.1 jobs (1–2)	1
Total hours worked per week (n = 103)	36.5 hours (2–80)	40

[a] Total may add up to more than 100 percent because more than one response could be checked.

Source: Guam Communications Network Survey (authors' calculations)

of those who reported that they currently rented, about 16 percent reported that they had owned a home in the previous twelve months. About half of the respondents reported that they are currently employed, with an average of 1.1 jobs and an average of 36.5 hours worked per week. For those who reported receiving benefits with employment (about 70 percent), more than half reported receiving health insurance, sick leave, vacation, and dental coverage. For those who reported not being employed, a sizable proportion reported that they are retired (about 39 percent), while another quarter (23 percent) reported being disabled. About 20 percent of the respondents reported that they were caring for an elderly or disabled adult or child. About three-quarters reported that they are covered by health insurance. In terms of annual household income, about one-quarter of respondents reported $50,000 or more; 18 percent reported household income less than $10,000 per year. About 33 percent reported household income less than $20,000 annually. The measures for financial distress indicate that a small,

Table 5: Estimated Monthly Expenses (N = 205)

Variable	Mean (Range)	Median
Total (n = 182)	$2,695 ($200–$12,855)	$2,250
Housing (n = 188)	$1,072 ($0–$10,800)	$900
Food (n = 188)	$278 ($0–$2,500)	$200
Church, temple, mosque expenses (n = 190)	$189 ($0–$10,000)	$0
Car loan (n = 189)	$143 ($0–$1,180)	$0
Transportation (n = 190)	$135 ($0–$1,000)	$100
Credit card payment (n = 190)	$128 ($0–$2,250)	$45
Clothing (n = 190)	$126 ($0–$2,000)	$100
Telephone/cell phone/Internet (n = 190)	$124 ($0–$3,000)	$90
Utilities (n = 189)	$124 ($0–$600)	$100
Entertainment/bingo/poker (n = 189)	$82 ($0–$5,000)	$0
Health/insurance/medicine (n = 190)	$80 ($0–$1,000)	$0
Funeral/wedding (n = 188)	$68 ($0–$6,000)	$0
Student loan (n = 190)	$56 ($0–$7,800)	$0
Remittances/sending money home (n = 190)	$25 ($0–$500)	$0
Alimony/child support (n = 190)	$22 ($0–$1,500)	$0
Family loan (n = 189)	$21 ($0–$1,067)	$0
Other (n = 190) (including auto insurance)	$20 ($0–$1,350)	$0
School (respondent or family) (n = 190)	$17 ($0–$500)	$0
Legal fees (n = 190)	$1 ($0–$150)	$0

Source: Guam Communications Network Survey (authors' calculations)

but sizable, proportion of respondents reporting that they have ever filed for bankruptcy (16 percent), experienced foreclosure (11 percent), or ever talked with a credit counselor (25 percent).

In terms of monthly expenditures (Table 5), the average total reported was about $2,695 with a wide range ($200–$12,855). The largest average components were housing and food, followed by church/temple/mosque, transportation and car loans, credit card payments, clothing, cell phone, Internet, and utilities.

Financial Knowledge

Financial knowledge results are shown in Table 6. Respondents were most informed about the importance of purchasing insurance to protect savings, that IRAs could be used for retirement savings, and the complexity of purchasing a home. Respondents were less informed about Coverdell Education Savings Accounts and about health savings accounts.

Table 6: Financial Knowledge (N = 205)

Variable	Percent Correct
Important to protect savings by purchasing insurance (n = 180)	74%
Traditional Individual Retirement Accounts (IRAs) and Roth IRAs both provide ways to save money for retirement, but have different tax benefits (n = 170)	67%
Purchasing a home is a very complicated process, and can take a long time (n = 174)	59%
Only parents can contribute (up to $2,000 per year) to Coverdell Education Savings Accountsa (n = 172)	25%
Health savings account does NOT allow tax-free payments for current health expensesa (n = 170)	18%

[a]Correct answer is "false."

Source: Guam Communications Network Survey (authors' calculations)

Conclusions

This paper summarizes the results from the first-ever assessment of financial status and distress among Pacific Islander adults in Southern California. Several study findings suggest significant ongoing financial challenges for Pacific Islanders. About one-third of the respondents reported that their household earned less than $20,000 annually. On average, respondents reported that their total average monthly expenditures were about $2,695, of which about 10 percent were associated with religious institutions, remittances, and funerals/

weddings. This reported monthly average expenditure level would require $32,340 after tax income, however, about half of the respondents reported an annual household income of less than $30,000. Furthermore, about 16 percent reported that they had owned a home in the previous twelve months, and now were renting their homes. About 16 percent reported that they had ever filed for bankruptcy, 11 percent reported that they had ever experienced foreclosure, and 25 percent reported that they had ever talked with a credit counselor. Together, these findings indicate that a sizable proportion of Pacific Islanders experiences significant financial distress.

Relatively higher proportions of respondents were knowledgeable about the importance of insurance to protect savings, that IRAs could be used for retirement savings, and that purchasing a home can be a long and complex process. Fewer respondents were informed about tax-deferred savings accounts or savings accounts with tax benefits (e.g., health savings accounts, Coverdell Education Savings Accounts). Given the reported financial distress indicators, however, it may be problematic to assume that Pacific Islanders are able to take advantage of products and programs to create financial security over time. Given the connections between knowledge, income, savings, investment, and protection (Corporation for Enterprise Development, 2015), our findings support the recommendation that targeted interventions to address areas such as expenses and savings should focus on socially and community-oriented approaches (Condon et al., 2015).

The survey was unique in its targeting of Pacific Islanders, availability in three languages to encourage LEP adult participation, and inclusion of poverty and wealth questions beyond those in the Census. While this project is the first to report on financial distress indicators for Pacific Islanders, limitations should be considered when generalizing to the larger Pacific Islander population. The results presented here do not represent a random sample of Pacific Islanders in Southern California, but are drawn from a convenience sample accessed by GCN. Therefore, though the survey data provide important information about the financial status and needs of Pacific Islanders, they should not be seen as representative of the general Pacific Islander population in Southern California, California, the United States, or the Pacific Islands. Further, the survey was meant to target heads of household, but many of the respondents did not appear to be heads of their household (i.e., married females, older individuals, retired or disabled), and consequently, the results of the survey must be interpreted within this context.

Indeed, compared with Native Hawaiian and Other Pacific Islanders (alone or in combination with one or more other races) in Los Angeles, Orange, and San Diego counties, our sample had higher proportions of adults who were women, older, married, and with high school educational attainment and beyond (U.S. Census Bureau, 2013). Hence, it is important to keep in mind that our study may be underestimating the magnitude of financial distress and need of Pacific Islanders in Southern California. We hope that future community assessments build upon these findings to assess and address the unique financial needs of these and other Pacific Islander subgroups in the United States.

In conclusion, financial institutions, government agencies, and community-based organizations in areas with large Pacific Islander communities should build upon our results to develop additional research and evaluation studies to ensure that programs and services meet the growing needs of Pacific Islanders and other diversity populations. Additionally, national organizations and federal agencies designing financial security initiatives should engage Pacific Islander communities and include subgroup specific data in their analyses. Community-based organizations that specifically serve Pacific Islanders on health, education, arts, and/or culture have unique opportunities to address housing and other areas of financial distress and planning, and collaborations with national/federal agencies are key to any economic security program.

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