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2ND DISTRICT, HAWAII

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August 25, 2015

Mr. Harvey Johnson  
Director  
Defense Travel Management Office  
4800 Mark Center Drive  
Suite 04J25-01  
Alexandria, VA 22350-9000

Dear Director Johnson,

I am writing to express the concerns I received from over 140 residents of the State of Hawaii who have been impacted by the Department of Defense (DOD)'s recent Cost of Living Allowance (COLA) decrease for the islands of Oahu, Maui, and Kauai. These islands experienced an 8-point decrease in COLA as a result of the 2015 COLA review. This reduction means a cut in COLA per pay period of anywhere between \$66-199 for enlisted servicemembers living off-base – and for officers, \$80-214.

Beginning July 1st, servicemembers and their families across these three islands saw the first cut to the allowance in their paychecks, with full implementation of the decrease on August 1st. For all servicemembers and their families on Oahu, Maui, and Kauai, the monthly impact is anywhere between \$132-428. The residents that have written to me raised significant concerns that the magnitude of this cut will impact their quality of life, particularly the food and groceries they purchase.

The Defense Travel Management Office (DTMO) uses a rigorous metrics system to analyze and compare the cost of living data between CONUS and OCONUS locations in order to determine changes in the Overseas COLA index for each location. I understand that for OCONUS data, overseas price collectors complete a retail price schedule that identifies the prices of commonly procured goods weighted for the relative importance and use of each spending category - Alcohol and Tobacco, Clothing, Domestic, Food Away, Food Consumed at Home, Household Furnishings, Medical, Miscellaneous, Personal Care, Recreation, Telephone, and Transportation. This data, and the living pattern survey completed by servicemembers and their families, are compared to CONUS shopping patterns and weights to determine the Overseas COLA index.

The weights DTMO uses to determine the relative importance and use of each spending category for military families are based on the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES). However, BLS last published localized CES data for the Honolulu metro area in the 2004-2005 period. After 2005, BLS reduced the number of metro areas for which it

published this data. Today, data about the percentage share of expenditures is grouped by broad region encompassing several states, which is the most localized data available.

Because of the lack of current local data to weight the importance of each spending category for military families in Hawaii, I am concerned that the weight assigned to the groceries and food-related categories may not accurately reflect the share of food purchases that military families in Hawaii make relative to their total purchases each month. Of note, all three islands experienced common decreases in medical, transportation and food away costs. However, all three islands experienced increases in groceries, and either an increase or no change in the fruits and vegetables category.

Moreover, according to the Consumer Price Index released by BLS on August 19th, food prices in Honolulu have risen 4.4 percent over the last year – with prices for food away from home increasing 5.7 percent and prices for food at home increasing 2.6 percent. In addition, the index for all market basket items for Honolulu, less food and energy, increased nearly 1 percent over the last six months, and 2.3 percent over the last year. Therefore, I respectfully request that DTMO reassess the recent COLA evaluation for the islands of Oahu, Kauai, and Maui, with consideration of these price indicators and attention to the lack of localized data on spending category weights.

I understand that COLA is not intended as a replacement for lifestyle changes, a loss of spousal income, or hardship. I also understand that DTMO deliberately informs impacted individuals 45 days in advance so that they can prepare for the change in compensation. However, the higher cost of living in the State of Hawaii relative to the average CONUS base or standard city has not decreased, and the support given to our military families in Hawaii the form of COLA should reflect that.

Thank you for your attention to this important issue. I appreciate the work you do on behalf of servicemembers worldwide, and look forward to any additional clarity you can provide on this matter.

Sincerely,



Tulsi Gabbard  
Member of Congress