



## COMMANDER, NAVY REGION HAWAII

### 2019 Hawaii Cost of Living Allowance



#### Key Facts:

- Based off of the most recent COLA survey this past year, Oahu-Based Sailors will see a reduction in COLA, effective July 1, 2019. The Military Advisory Panel met on 7 May and approved the following changes to Hawaii's COLA index rates:

ISLAND	2019	2018	CHANGE
Oahu	116*	118**	-2
Hawaii (Big Island)	122*	120**	+2
Kauai	126*	130	-4
Maui	126*	130	-4

\*Local index minus 100 = % higher than CONUS (e.g., Oahu is 16% higher than CONUS in 2019 COLA)

\*\*A change of 2 index point equates to approximately:

\$60 a month for an E-6 with three dependents and 10 years of service

\$80 a month for an O-3 with three dependents and 10 years of service

- COLA is designed to offset the higher prices of non-housing goods and services (120 items) overseas at the businesses identified in the Living Pattern Survey (where our service members shop off base) so that Service members can afford to purchase a similar level of goods and services as if they were stationed in CONUS.
- The Living Pattern Survey (LPS) was updated to reflect shopping pattern changes in February 2019. 45% of Navy Sailors in Hawaii participated in the survey, well above the 38% of all services in Hawaii, but slightly below our 50% goal. In the LPS there was 25% change in the off-base retail stores identified as first and second locations for purchasing goods and services. Some changes in shopping locations were due to store closures (e.g., no sports authority) or mergers (e.g., Oceanic Cable purchased by Spectrum).
- Local prices on Oahu, Hawaii Island, Maui, and Kauai for the 120 items at the businesses identified in the February 2019 COLA Living Pattern Survey were collected in March 2019. DTMO changed some of the 120 items used for comparison in this survey vice prior years to reflect overall changes in purchasing (e.g., tea bags, baby food, peanut butter, allergy medication no longer priced, but 32 and 64 GB Micro SD Cards and front end alignment added).
- DTMO conducted a comparison of Hawaii data to the CONUS average to adjust the COLA index rates in April 2019. The recommended changes were reviewed and approved by the Service compensation representative from each of the Uniformed Services on May 7, 2019.
- Cursory analysis of comparison process suggests:

- The decrease on Oahu, Maui, and Kauai is due relative decreases in groceries, furniture, household goods and food away costs (eating out).
  - The increase on Hawaii is due to relative increase in the cost of transportation.
- The COLA reductions for Oahu, Maui, and Kauai will be seen in the July 1, 2019 LES.
  - The COLA increase for those on Hawaii (Big Island) will be seen in the May 15, 2019 LES
  - **COLA is intended to equalize purchasing power; it is not an incentive pay.**
    - COLA is paid to partially offset high cost of living costs when stationed overseas.
    - It helps maintain purchasing power so service members can purchase about the same goods and services overseas as they could if they were stationed in the United States.
    - It does not reimburse expenses; it is designed to offset higher overseas prices of goods and services.
    - COLA was never intended to compensate for remoteness, hardship, or non-availability of goods and services.
  - Overseas COLA is not a fixed amount and varies for each Service member. COLA is determined by:
    - Location
    - Rank
    - Years of Service
    - Number of Dependents
    - Service member's income (not a spouse's)
  - **Two surveys determine the relative cost of living overseas compared with CONUS:**
    - **Living Pattern Survey (LPS)** - where (what outlets) service members shop and what percentage of goods they purchase locally, at the commissary/Exchange, and from the internet.
      - **The next LPS will be conducted in Hawaii in February 2022**
    - **Retail Price Schedule (RPS or Market Basket Survey)** - annually captures prices approximately 120 goods and services based on outlets identified in the Living Pattern Survey
      - **The next RPS will be conducted in Hawaii in March 2020**
  - **Service members affect COLA.**
    - The data that determines COLA comes from surveys of uniformed members and their families
    - The more households that participate in the surveys, the more accurate COLA will be.

**COLA:** The Overseas Cost of Living Allowance (COLA) is a non-taxable supplemental pay allowance, designed to offset overseas prices of non-housing goods and services. It affects approximately 224,000 Service members at ~475 locations overseas, including Alaska and Hawaii. Approximately \$1.6 billion is paid in Overseas Cost of Living.

**COLA Fact Sheet:** [https://www.defensetravel.dod.mil/Docs/Fact\\_Sheet\\_COLA.pdf](https://www.defensetravel.dod.mil/Docs/Fact_Sheet_COLA.pdf)