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**Subcommittee on Oversight of General Government, the Federal Workforce,
and the District of Columbia**
Chairman Daniel K. Akaka
May 29, 2008 Field Hearing
"The Non-Foreign Area Retirement Act of 2008"
Testimony of Terry Kaolulo
Hawaii State Association of Letter Carriers

Good afternoon Chairman Akaka and thank you for the opportunity to appear before your Committee today. My name is Terry Kaolulo and I have been a full time letter carrier in Kailua for 23 years. In addition, I also serve at the President of the Hawaii State Association of Letter Carriers. On behalf of letter carriers in the non-foreign areas I would like to thank you for introducing S.3013, "The Non-Foreign Area Retirement Act of 2008". It is also my understanding that the postal employees represented by other postal unions share our general support of the legislation.

Affiliated with the AFL-CIO &
Union Network International

Traditionally, postal employees have received a Territorial COLA or T-COLA in the non-foreign areas. This T-COLA is a percentage amount added to our base pay that is derived from a cost of living survey conducted by the Office of Personnel Management. It is a tax-free payment made to employees. However, these employees cannot factor these payments into their base pay and therefore they do not count towards retirement. Postal employees living in the non-foreign areas are generally supportive of the approach that your legislation takes to address this issue, though our national organizations do not support area COLA's or locality pay in general. So while we can support your bill's enhancement of a long established pay differential for workers employed in non-foreign areas, we would propose an amendment to the bill defining this change as Territorial Postal Pay as it pertains to postal employees.

Bargaining unit employees of the Postal Service living in these non-foreign areas support the integration of T-COLAs into taxable base pay, as S. 3013 provides. We would also like the Territorial Postal Pay to be phased in and paid in the same manner as you propose for the other federal workers under the General Services schedule - - over a period of 3 years.

Territorial Postal Pay would be set at the same level as the locality pay established for federal employees in the non-foreign areas. A possible alternative to this pay methodology could be for postal employees to have their T-COLA completely phased into Territorial Postal Pay over the same 3 year period with 1/3 of T-COLA phased into Territorial Postal Pay each year. The phase in would include the same 65% formula used for GS employees to compensate for lost take home pay due to additional taxes.

Postal employees in the non-foreign areas realize that the price of goods has skyrocketed throughout the entire country and families

everywhere are feeling the pain. However, postal employees here still pay a huge premium for both domestic and imported goods and services compared to our co-workers on the mainland. We therefore, believe that continuation of a T-COLA or Territorial Postal Pay is not only essential to our members but also entirely justified.

We look forward to working with you to ensure that this legislative proposal is effective and a bill that postal employees in the non-foreign areas can ultimately support. Thank you for the opportunity to testify here today and I would be happy to answer any questions that you may have.