

Overseas Cost-of-Living Allowance (OCOLA)

FREQUENTLY ASKED QUESTIONS

1. WHY IS THE DEPARTMENT CHANGING HOW OCOLA IS ADJUSTED?

On December 23, 2022, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2023 enacted restrictions limiting the Department's implementation of OCOLA decreases — those based on cost-of-living data and currency fluctuations — to no more than once every six months or in connection with a Service member's permanent change of station. The Department will continue to implement OCOLA increases when warranted throughout the year.

Based on the new legislation, the Department will implement OCOLA decreases greater than two index points (based on data), in 50% increments this year, effective May 15 and November 15. OCOLA decreases on hold since December 8, 2022 will now be effective May 15, 2023, and Service members in affected locations outside the contiguous U.S. (OCONUS) will see the decreases in their June 1, 2023 paychecks. Whenever possible, advance notification of at least 30 days prior to implementation will be provided to Combatant Commanders (CCMDs) and overseas points of contact (POCs) to ensure Service members have time to prepare for the pending changes. The Department will continue to inform CCMDs/POCs of the potential effects of currency fluctuations on OCOLA rates throughout the year as the scheduled implementation dates approach to prepare Service members for these changes.

2. HOW WILL I KNOW IF MY INSTALLATION HAS A PENDING OCOLA DECREASE?

The Department previously notified the geographic Combatant Command (CCMD) and overseas points of contact (POCs) for all OCONUS locations scheduled for pending OCOLA decreases effective May 15, 2023. Your geographic CCMD/overseas POC will provide additional information and guidance on how OCOLA decreases may affect you and how to manage an OCOLA decrease if you are in an affected OCONUS location.

3. HOW DO I COMPUTE HOW AN OCOLA DECREASE WILL IMPACT MY OCOLA PAYMENT?

The Department provides an OCOLA calculator Service members may use to compute current or future OCOLA payments based on changes in a Service member's OCOLA rate, permanent duty station, pay grade, years of service, or number of dependents. The OCOLA calculator is located at: <https://www.travel.dod.mil/Allowances/Overseas-Cost-of-Living-Allowance/Overseas-COLA-Rate-Lookup/>.

4. WHY IS OCOLA DECREASING GIVEN THE HISTORIC LEVELS OF INFLATION WORLDWIDE?

While it may seem counterintuitive that OCOLA would decrease during a time when costs are noticeably higher for day-to-day items such as groceries, gas, and clothing, the foundation of the OCOLA program is to maintain economic parity between Service members stationed in CONUS and OCONUS. While Service members are facing higher prices OCONUS, members stationed in CONUS continue to face higher inflation as well. Data indicating that CONUS inflation increased at a greater rate than an OCONUS location would warrant a decrease in the OCOLA rate. The strengthening of the U.S. Dollar may also cause OCOLA decreases for foreign OCONUS locations as fewer dollars are required to purchase the same level of goods and services.

The Department implemented a 90-day pause in OCOLA decreases in December 2022, and because of this pause, the decision to implement OCOLA decreases in several OCONUS locations has been put on hold while increases continued to be implemented. While OCOLA rates may decrease, Service members in most OCONUS locations will still receive an OCOLA payment, indicating non-housing costs (e.g., groceries and clothing) in their location remain higher than in CONUS. Note: Utilities or housing costs are accounted for separately through housing allowances.

5. IS THE DEPARTMENT CONSIDERING ANY OTHER RESOURCES TO ASSIST SERVICE MEMBERS/FAMILIES STATIONED OCONUS?

In January 2023, Service members received a 4.6 percent increase in basic pay and an 11.2 percent increase in basic allowance for subsistence. In addition, in September 2022, Secretary Austin signed a memo titled, *Taking Care of Our Service Members and Families*, directing additional actions to help service members and their families with the unique challenges of military life. The memo can be found here: <https://media.defense.gov/2022/Sep/22/2003083398/-1/-1/0/TAKING-CARE-OF-OUR-SERVICE-MEMBERS-AND-FAMILIES.PDF>.