



FAQs

OCOLA decrease effective November 15, 2023

Q1: What is OCOLA?

A1: The Overseas Cost-of-Living Allowance is a non-taxable allowance designed to ensure service members assigned to a permanent duty station outside the contiguous U.S. (OCONUS) (i.e., foreign countries, U.S. territories, Alaska, and Hawaii) maintain an equivalent level of purchasing power as service members stationed CONUS -- not less purchasing power, but not more either.

Q2: What locations in the U.S. European Command will see a decrease in OCOLA effective November 15, 2023?

A2: The decrease will affect 62 of the 261 military community locations across the USEUCOM region in these countries and locations:

Belgium (1 location - Province of Limburg (Kleine Brogel))

Germany (40 locations)

- Augsburg (*Incl Ingolstadt*)
- Babenhausen
- Baumholder (*Incl Boerfink*)
- Bonn (*Incl Koln/Bonn Airport*)
- Borgholzhausen
- Buedingen (*Incl Gelnhausen*)
- Cologne
(*Incl Dellbrueck, Porz-Wahn*)
- Darmstadt
- Dexheim
(*Incl Gonsenheim and Russelsheim*)
- Erding
- Erlensee
- Frankfurt am Main
(*Incl Rhein Main AB*)
- Garmisch
- Geilenkirchen
- Giebelstadt
- Giessen
- Hamburg
- Hanau
- Heidelberg
- Hohenfels
- Kaiserslautern Military Community
(*Incl Bann, Einsiedlerhof, Kaiserslautern, Landstuhl, Miesau, Pirmasens, Ramstein, Ruppertsweiler, Sembach and Zweibruchen*)
- Karlsruhe (*Incl Ettlingen*)
- Kitzingen (*Incl Wuerzburg*)
- Landsberg
- Mannheim (*Incl Sandhofen*)
- Munchengladbach
(*Incl Grefrath, Rheindahlen, and Herongen*)
- Munich
- Nurnberg
- Oberammergau MOD
- Oberammergau non-MOD
- Other areas in Baden-Wuerttemberg, Bavaria, Hesse, Rhineland-Palatinate, and Saarland
- Schweinfurt
- Spangdahlem
- Tuingen
- Ulm (*Incl Neu Ulm*)
- Other unspecified locations

Netherlands (4 locations)

- Delft
- The Hague
- Province of Limburg
- Valkenburg (*Incl Leiden*)

Portugal (1 location - Azores)

United Kingdom (16 locations)

- Aldermaston
- Cambridge
- Harrogate/Menwith Hill
- Helston
- Lakenheath/Mildenhall
- Plymouth
- Portland
- Portsmouth
- RAF Digby
- RAF Waddington
- Rochester
- Scotland
- Wales
- Welford
- Yeovilton
- Other unspecified locations in England

Q3: How many service members will be affected by the decrease?

A3: Approximately 29,000 services members will see a decrease in their OCOLA payments.

Q4: Where do most of the affected service members live?

A4: A majority of the affected service members live in Germany, accounting for about 19,900 of the approximately 29,000 who will see a decrease. The top three German locations with the most affected members are Kaiserslautern (approximately 12,700 members), Spangdahlem (approximately 2,700 members) and Baumholder (approximately 2,200 members). In the U.K., approximately 8,500 service members will see a decrease, with the vast majority of those – approximately 8,300 – living in the Lakenheath/Mildenhall area.

Q5: How much money will service members lose each month?

A5: The decrease varies by individual, based on a number of factors, including rank, location, and number of dependents. Changes in OCOLA rates are measured by index points. Most of the USEUCOM locations affected by the November 15 change decreased by 4 index points. Some locations will see a decrease of 13 index points.

Examples

Example 1:

E-4 with three years of service and two dependents living in the Kaiserslautern military community, where the OCOLA will decrease by 4 index points. The SM's monthly OCOLA will go from approximately \$451.50 per month to \$258 per month, a loss of \$193.50.

Example 2:

E-4 with three years of service and two dependents living in the RAF Digby area in the UK, where the OCOLA will decrease by 13 index points. The SM's monthly OCOLA will go from \$1,096.50 per month to \$677.25 per month.

Q6: How do I compute what my OCOLA payment will be following the November 15 decrease?

A6: The DoD provides an OCOLA calculator that service members may use to compute 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/>. (Please note, the calculator does not provide future results that would include the expected post Nov. 15 decrease)

Q7: When will service members see the decrease in their paychecks?

A7: The OCOLA decrease takes effect on November 15. The lower OCOLA amount should be reflected in the pay service members receive in early December.

Q8: Why is OCOLA decreasing, given the historic levels of inflation worldwide?

A8: 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 purpose of the OCOLA program is to maintain economic parity between service members stationed in CONUS and OCONUS. While service members are facing higher prices in OCONUS, members stationed in CONUS continue to face 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.

Q9: How is OCOLA calculated?

A9: Overseas COLA is calculated by comparing the prices of non-household goods and services overseas with average prices for equivalent goods and services in CONUS. The result of this price comparison is an index that reflects a cost of living. Because OCOLA is computed based on a comparison to CONUS, CONUS inflation has a major impact on OCOLA. If CONUS prices rise at a greater rate than OCONUS prices, OCOLA may decrease. OCOLA may increase if OCONUS prices rise at a greater rate than CONUS prices.

Q10: Why is OCOLA decreasing when my local currency remains stronger than the U.S. dollar?

A10: The strengthening of the U.S. dollar may cause OCOLA decreases for foreign OCONUS locations, as fewer dollars are required to purchase the same level of goods and services.

Q11: My OCOLA rate has already decreased this year. Why is it decreasing again?

A11: On December 8, 2022, the Department implemented a 90-day pause to all OCOLA reductions to provide relief to service members experiencing OCOLA decreases due to high CONUS inflation and a strengthening U.S. Dollar. Service members stationed OCONUS did not

sustain any computed OCOLA decreases during this time; however, OCOLA increases continued to be implemented.

On December 23, 2022, the National Defense Authorization Act for Fiscal Year 2023 enacted restrictions limiting the Department to instituting OCOLA decreases - those based on cost-of-living data and those based on currency fluctuations - to no more than once every six months or in connection with a Service member's permanent change of station.

This year, the Department is implementing OCOLA decreases effective May 15 and Nov. 15. Rate reductions based on the annual cost-of-living assessment (greater than 2 index points) will be implemented in 50% increments while OCOLA decreases based on currency fluctuations will be implemented in full each cycle. OCOLA increases will continue to be implemented when warranted during the year.

Q12: Is DoD considering any other resources to assist service members and families stationed OCONUS?

A12: 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, 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>.

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