

Overseas Cost of Living Allowance



Installation Personnel Administration Center

MCAS Iwakuni, Japan



Determining COLA: Calculations



COLA calculations are affected by two different types of changes:

- Data that measures the cost difference between overseas prices and average CONUS prices.
 - Living Pattern Survey (LPS)
 - Retail Price Schedule (RPS) data
 - Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES)
 - CONUS Market Basket Updates
- Currency fluctuations
 - Overseas COLA will fluctuate based on the current exchange rate and can go up or down from pay period to pay period.



The Living Pattern Survey



- Service members at overseas locations participate in a Living Pattern Survey (LPS), typically every 3 years, to report shopping patterns.
- Survey identifies shopping patterns at the overseas location. Members report percentage of purchases made at:
 - Local Market Outlets (Off-base shopping in Local currency)
 - Military or Embassy Commissary or Exchange (US \$)
 - Mail Order, Internet, Export Companies
 - Supplies Brought to Post (Purchased in U.S. for overseas use)
 - Other



The Retail Price Schedule



- Once a year, POCs complete a Retail Price Schedule (RPS) to collect local prices for a market basket of 120 goods and services representing twelve categories purchased at:
 - Local market outlets (off-base)
 - U.S. Government facilities (military or embassy commissaries and military exchanges (on-base)
- Reporting locations are required to submit an annual RPS, but may report more frequently if unusual changes occur, such as extreme inflation and/or price fluctuations, etc.



Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES)



 The BLS and CES carefully details how military families allocate their spendable income across all COLA types of goods and services.

• Defense Travel Management Office's Allowances Branch updates weights annually in conjunction with BLS updates.



CONUS Market Basket Updates



- Compares prices of goods and services overseas with prices in CONUS for equivalent goods and services:
 - Food Consumed at Home
 - Clothing
 - Tobacco, Alcohol
 - Medical
 - Household Furnishings
 - Transportation

- Food Away
- Personal Care
- Miscellaneous
- Household Services
- Recreation
- Telephone



CONUS Market Basket Updates



- Total amount of COLA a Service member receives is also adjusted for the current exchange rate on the day in which it is paid.
- DTMO's Allowances Branch monitors exchange rates using a tracking model and algorithm.
- Tracking model recommends currency adjustments that result in an increase, decrease or no change to the COLA index.
- COLA adjustments for currency are automatic, no MAP approval is required.
- Exchange rates are reviewed every two weeks and can be adjusted semimonthly, if necessary. Adjustments are made exactly the same way whether the dollar is increasing or decreasing in value.
- The exchange rate and COLA index are adjusted immediately, effective with the next available pay period.



Common Overseas COLA Misperceptions



- Price growth in CONUS has no effect on COLA
- Should be higher in locations without commissaries & exchanges
- Decreases a lot faster when the dollar is strong and increases at a slower pace when the dollar is weak
- Should compensate for lifestyle changes and loss of spousal income
- Intended to compensate for remoteness, hardship, or non-availability of goods and services
- Often thought of as "quality of life" allowance



Overseas COLA Calculator and Additional Information



 Service members can find more detailed information and calculate their COLA rate at:

www.defensetravel.dod.mil