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Adjustment and Elimination of General Targeted Local Market Supplements in Non-foreign Areas Outside the Contiguous United States

The general non-foreign area targeted local market supplements (TLMS) refers to the TLMS that was previously linked to the Baltimore/Washington area local market supplement (LMS)rate, and has increased the last two years to coincide with the decrease in non-foreign area cost of living allowances (COLA).

Background

- In November 2010, the Defense Intelligence Enterprise decided to phase-out the general non-foreign area TLMS rates over a 3 year period, beginning in January 2013. The rates will no longer be used after January 2015.
- Since January 2011, Defense Intelligence civilian employees who are newly assigned to non-foreign areas outside the contiguous United States (OCONUS) have been paid according to the LMS and COLA applicable to their worksite.
- Employees who were already assigned to work locations in non-foreign areas as of January 2, 2011 continue to receive the general TLMS rates.

Adjustment of Non-foreign Area TLMS Rates in 2012

- The Non-foreign Area Retirement Equity Assurance Act of 2009 (NAREAA) mandates the gradual elimination of COLA.
- On January 01, 2012, the general non-foreign area TLMS rates will be increased, so that when the reduced COLA is factored in, employee total gross pay remains consistent with 2011 levels. Total gross pay includes base pay plus TLMS and COLA.
- The 2012 general non-foreign area TLMS rates, and the 2012 COLA rates, as determined by the Office of Personnel Management, are as follows:

Work Location	2012 General TLMS	2012 COLA
Alaska	44.12%	5.57%
Guam	35.80%	13.84%
Hawaii	37.72%	12.25%
Puerto Rico	35.47%	4.12%

- The TLMS for Defense Intelligence civilian polygraphers will be unchanged until further notice. Pay schedules for the polygrapher TLMS will be published separately.

Phasing-out General Non-foreign Area TLMS Rates in 2013, 2014 and 2015

- After 2012, the general non-foreign area TLMS will be phased-out in three stages.
  1) In January 2013, the non-foreign area TLMS rates will be reduced by one-third of the difference between the 2012 TLMS rate and the projected 2015 LMS rates.
  2) In January 2014, the non-foreign area TLMS rates will be reduced by one-half of the difference between the 2013 TLMS rate and the projected 2015 LMS rate.
  3) In January 2015, the non-foreign area TLMS rates will be eliminated and replaced with the 2015 LMS rate.

Examples of the TLMS Phase-out Plan

- The 2015 LMS rates are unknown at this time. Therefore, the numbers shown below are projections based on a hypothetical LMS increase of 0.5% in 2013, 2014 and 2015.
- Here is an example of how the 2013 LMS rate for Hawaii will be determined.

  Hawaii 2012 TLMS rate = 37.72%
  The projected 2015 LMS = 18.01% (hypothetical).
  37.72% - 18.01% = 19.71%. One-third (.3333) of this percentage = 6.57%
  The 2013 TLMS rate equals 37.72% - 6.57% = 31.15%

- The 2014 rates would be determined in a similar manner, but using one-half of the difference between the 2013 TLMS and the projected 2015 LMS.

  Hawaii 2013 TLMS rate = 31.15%
  The projected 2015 LMS = 18.01% (hypothetical)
  31.15% - 18.01% = 13.14%. One-half (.50) of this percentage = 6.57%
  The 2013 TLMS rate equals 31.15% - 6.57% = 24.58%

- In 2015, the TLMS would be replaced with the projected LMS rate of 18.01%; a reduction of 6.57%.

Within-grade Increases, Awards, and Performance-based Salary Increases

- The elimination of TLMS in non-foreign areas does not affect employee eligibility for within-grade increases (WGIs), awards resulting in base pay increases, or for performance-based salary increases in organizations operating under pay bands.