

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 591

RIN 3206—AH07

Cost-of-Living Allowances (Nonforeign Areas); Kauai, HI; U.S. Virgin Islands

AGENCY: Office of Personnel Management.

ACTION: Final rule.

SUMMARY: The Office of Personnel Management (OPM) published an interim regulation for comment on March 25, 1997, (62 FR 14188) to increase the cost-of-living allowance (COLA) rates paid to General Schedule, U.S. Postal Service, and certain other Federal employees in Kauai County, Hawaii, and the U.S. Virgin Islands. The effect of this interim regulation was to raise the COLA rate for Kauai County from 20 percent to 22.5 percent, and to raise the COLA rate for the U.S. Virgin Islands from 17.5 percent to 20 percent. These increases were the result of cost-of-living surveys conducted in Hawaii, Alaska, Guam, Puerto Rico, and the U.S. Virgin Islands in February, 1996. OPM received no comments on the interim regulation. Therefore, we are adopting the rates as final without change.

DATES: *Effective date:* November 20, 1998. *Implementation date:* The rate increases authorized by these regulations are applicable as of the first day of the first pay period beginning on or after March 25, 1998.

FOR FURTHER INFORMATION CONTACT: Donald L. Paquin, (202) 606-2838, FAX: (202) 606-4264, or email at COLA@opm.gov.

SUPPLEMENTARY INFORMATION:

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the regulation will affect only Federal agencies and employees.

List of Subjects in 5 CFR Part 591

Government employees, Travel and transportation expenses, Wages, Office of Personnel Management.

Janice R. Lachance,
Director.

PART 591—ALLOWANCES AND DIFFERENTIALS

Accordingly, under the authority of 5 U.S.C. 5941, E.O. 10000 (3 CFR, 1943-1948 Comp., p. 792), and E.O. 12510 (3 CFR, 1985 Comp., p. 338), OPM is adopting the interim regulations for 5

CFR part 591 published on March 25, 1997, at 62 FR 14188 as final without change.
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OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 591

RIN 3206—AI38

Cost-of-Living Allowances (Nonforeign Areas); Honolulu, HI

AGENCY: Office of Personnel Management.

ACTION: Interim rule with request for comments.

SUMMARY: The Office of Personnel Management (OPM) is publishing an interim regulation to increase the cost-of-living allowance (COLA) rate paid to General Schedule, U.S. Postal Service, and certain other Federal employees in the City and County of Honolulu, Hawaii. This increase is a result of cost-of-living surveys conducted by OPM in Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands. This regulation increases the Honolulu COLA rate from 22.5 percent to 25 percent. Additionally, OPM is broadening the composition of the Miscellaneous Expense Category used in the COLA methodology. This change allows the addition of other types of expenses to that category, including the use of private education (K-12) data collected in the 1997 surveys. This amendment will permit OPM additional flexibility in organizing survey data under the COLA model.

DATES: *Effective date:* October 21, 1998. *Implementation date:* The rate increases authorized by these regulations are to be applied as of the first day of the first pay period beginning on or after October 21, 1998. *Comment date:* Comments must be received on or before January 19, 1999.

ADDRESSES: Comments may be sent or delivered to Donald J. Winstead, Assistant Director for Compensation Administration, Workforce Compensation and Performance Service, Office of Personnel Management, Room 7H31, 1900 E Street NW., Washington, DC 20415-8200, FAX: (202) 606-4264, or email at cola@opm.gov.

FOR FURTHER INFORMATION CONTACT: Donald L. Paquin, (202) 606-2838.

SUPPLEMENTARY INFORMATION: Under section 5941 of title 5, United States Code, certain Federal employees in nonforeign areas outside the 48 contiguous States are eligible for cost-of-

living allowances (COLAs) when local living costs are substantially higher than those in Washington, DC. Nonforeign area COLAs are currently paid in the following locations: Alaska, Hawaii, Guam and the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

During the summer of 1997, OPM surveyed Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands. Data were collected by OPM in conjunction with COLA Partnership Committees and Subcommittees established under the COLA Partnership Pilot Project. This is a 2-year pilot project established to test and evaluate a new approach in the administration of the COLA program, including the conduct of living-cost surveys. At approximately the same time data were collected in the allowance areas, OPM also surveyed the Washington, DC, area, which is the base or reference area for living-cost comparisons. OPM is publishing a separate **Federal Register** notice immediately following this rulemaking that provides the complete "Report On 1997 Surveys Used to Determine Cost-of-Living Allowances in Nonforeign Areas." This report explains the methodology, procedures, and results of the 1997 living-cost surveys.

The COLA rate increase is summarized in the following table:

INCREASE IN COLA RATE

Allowance area/category	Current rate	New rate
City and County of Honolulu, Hawaii All employees	22.5	25.0

OPM is adjusting the only rate for which the 1997 surveys indicate an increase is warranted. Rates that would otherwise be reduced will remain unchanged, as required by a provision in the Treasury, Postal Service, and General Government Appropriations Act, 1992 (Pub. L. 102-141), as amended.

OPM is also broadening the composition of the Miscellaneous Expense Category, as described in section 591.205 (b)(4) of title 5, Code of Federal Regulations. (The Miscellaneous Expense Category is one of the four major expense categories used in the COLA methodology. Currently, the composition of the Miscellaneous Expense Category is defined to cover six types of expenses: health care, gifts, contributions, savings and investments, retirement, and life insurance.) This change allows the addition of other types of expenses to the miscellaneous

category, including the use of private education (K-12) data collected in the 1997 survey. These data could have been used under the Consumption Goods and Services Category, and mathematically, the result would have been the same. However, in terms of how data are organized and analyzed within the COLA model, OPM believes it is more appropriate to include the private education data within the Miscellaneous Expense Component.

Application of 5 U.S.C. 553

Pursuant to paragraphs (b)(3)(B) and (d)(3) of § 553 of title 5 of the United States Code, OPM finds that good cause exists to waive the publication of proposed rulemaking and the 30-day delay in the effective date of this regulation. Because it has taken longer than expected to complete these surveys and calculate the living-cost indexes, OPM believes it is in the public interest to implement the COLA rate increase immediately. In the future, as in the past, OPM plans to announce COLA rate adjustments in a proposed rule for notice and comment.

Implementation of Rate Changes

For administrative purposes, the rate increases authorized by these regulations will be applied as of the first day of the first pay period beginning on or after October 21, 1998.

E.O. 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with E.O. 12866.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the regulation will affect only Federal agencies and employees.

List of Subjects in 5 CFR Part 591

Government employees, Travel and transportation expenses, Wages.

Office of Personnel Management.

Janice R. Lachance,
Director.

Accordingly, OPM is amending 5 CFR part 591 as follows:

PART 591—ALLOWANCES AND DIFFERENTIALS

Subpart B—Cost-of-Living Allowance and Post Differential—Nonforeign Areas

1. The authority citation for subpart B of part 591 continues to read as follows:

Authority: 5 U.S.C. 5941; E.O. 10000, 3 CFR, 1943-1948 Comp., p. 792; E.O. 12510, 3 CFR, 1985 Comp., p. 338.

2. In § 591.205, paragraph (b)(4) is revised to read as follows:

§ 591.205 Comparative cost index.

* * * * *

(b) * * *

(4) *Miscellaneous expenses.* Miscellaneous expenses, including expenses for health care, gifts, contributions, savings and investments, retirement, and life insurance, are estimated from consumer expenditure surveys and other data appropriate for Federal employees for each income level.

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3. Appendix A of subpart B is revised to read as follows:

Appendix A of Subpart B—Places and Rates at Which Allowances Shall be Paid

Geographic coverage/ allowance category	Au- thor- ized allow- ance rate (per- cent)
State of Alaska	
City of Anchorage and 80-kilo- meter (50-mile) radius by road:	
All Employees	25.0
City of Fairbanks and 80-kilo- meter (50-mile) radius by road:	
All Employees	25.0
City of Juneau and 80-kilometer (50-mile) radius by road:	
All Employees	25.0
Rest of the State:	
All Employees	25.0

Geographic coverage/ allowance category	Au- thor- ized allow- ance rate (per- cent)
State of Hawaii	
City and County of Honolulu:	
All Employees	25.0
County of Hawaii:	
All Employees	15.0
County of Kauai:	
All Employees	22.5
County of Maui and County of Kalawao:	
All Employees	22.5
Territory of Guam and Common- wealth of the Northern Mariana Is- lands	
All Locations:	
Local Retail	22.5
Commissary/Exchange	20.0
Commonwealth of Puerto Rico	
All Employees	10.0
U.S. Virgin Islands	
All Employees	20.0

Definitions of Allowance Categories

The following are definitions of the allowance categories used in the tables in this appendix.

All Employees: This category covers all Federal employees eligible for an allowance under 5 U.S.C. 5941.

Local Retail: This category covers all Federal employees eligible for an allowance who do not have unlimited access to commissary and exchange facilities by virtue of their Federal civilian employment.

Commissary/Exchange: This category covers all Federal employees eligible for an allowance who have unlimited access to commissary and exchange facilities by virtue of their Federal civilian employment.

Note: Eligibility for access to military commissary and exchange facilities is determined by the appropriate military department. If an employee is furnished with these privileges for reasons associated with his or her Federal civilian employment, he or she will receive an identification card that authorizes access to such facilities. Possession of such an identification card is sufficient evidence that the employee uses the facilities.

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