

Office of Personnel Management

§ 591.204

§ 591.202 Areas covered.

The following areas are nonforeign areas:

(a) Alaska (including all the Aleutian islands east of longitude 167 degrees east of Greenwich).

(b) American Samoa (including the island of Tutuila, the Manua Islands, and all other islands of the Samoa group east of longitude 171 degrees west of Greenwich, together with Swains Island).

(c) Canton and Enderbury Islands.

(d) Commonwealth of Puerto Rico.

(e) Virgin Islands of the United States.

(f) Guam.

(g) Commonwealth of the Northern Mariana Islands.

(h) Hawaii (including Ocean or Kure Island).

(i) Howland, Baker, and Jarvis Islands.

(j) Johnston Island and Sand Island.

(k) Kingman Reef.

(l) Midway Islands.

(m) Navassaa Island.

(n) Palmyra Atoll.

(o) Wake Island.

(p) Any small guano islands, rocks, or keys that, in pursuance of action taken under the Act of Congress, August 18, 1856, are considered as appertaining to the United States.

(q) Any other islands to which the U.S. Government reserves claim, such as Christmas Island.

§ 591.203 Employees covered.

(a) This subpart applies to civilian employees whose rates of basic pay are fixed by statute and who are employed by an agency. The following pay plans are covered by this subpart:

(1) General Schedule.

(2) Veterans Health Services and Research Administration (Department of Veterans Affairs).

(3) Foreign Service (including the Senior Foreign Service).

(4) Postal Service (where applicable under provisions of 39 U.S.C.).

(5) Administrative law judges paid under 5 U.S.C. 5372.

(6) Senior Executive Service (including the Federal Bureau of Investigation—Drug Enforcement Administration Senior Executive Service).

(7) Senior-level and scientific and professional positions paid under 5 U.S.C. 5376.

(b) This subpart may be applied, at the sole discretion of the employing agency, to civilian employees in other positions authorized by specific law applicable to such positions, consistent with the intent of 5 U.S.C. 5941.

[55 FR 1373, Jan. 16, 1990, as amended at 56 FR 6209, Feb. 14, 1991; 56 FR 18663, Apr. 23, 1991; 57 FR 10126, Mar. 24, 1992; 58 FR 65537, Dec. 15, 1993; 61 FR 59177, Nov. 21, 1996; 62 FR 63631, Dec. 2, 1997]

§ 591.204 Establishment of allowance areas.

(a) The Office of Personnel Management (OPM) designates within nonforeign areas allowance areas where employees are eligible to receive a cost-of-living allowance by virtue of living costs that are substantially higher than those in the Washington, DC, area. In establishing the limits of allowance areas, OPM considers:

(1) The existence of a well defined economic community;

(2) The availability of consumer goods and services;

(3) The concentration of Federal employees covered by this subpart; and

(4) Unique circumstances related to a specific location.

(b) The following allowance areas have been established where an allowance is authorized to be paid:

(1) *State of Hawaii*. (i) City and County of Honolulu.

(ii) County of Kauai.

(iii) County of Maui (including Kalawao County).

(iv) County of Hawaii.

(2) *State of Alaska*. (i) City of Anchorage and 80-kilometer (50-mile) radius by road.

(ii) City of Fairbanks and 80-kilometer (50-mile) radius by road.

(iii) City of Juneau and 80-kilometer (50-mile) radius by road.

(3) *Commonwealth of Puerto Rico*. The entire Commonwealth.

(4) The U.S. Virgin Islands.

(5) Territory of Guam and Commonwealth of the Northern Mariana Islands.

(c) The head of a department or agency will submit requests in writing to

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OPM for the establishment or revision of allowance areas.

[55 FR 1373, Jan. 16, 1990, as amended at 57 FR 58124, Dec. 9, 1992; 58 FR 32278, June 9, 1993; 59 FR 53725, Oct. 26, 1994]

§ 591.205 Comparative cost index.

(a) OPM calculates allowance rates for each area by comparing costs of four categories of expenses in the area to those in the Washington, DC area. Two allowance rates are calculated for each area; Local Retail and Commissary/Exchange (see § 591.207 of this part). The four categories of expenses are:

- (1) Consumption goods and services.
- (2) Transportation.
- (3) Housing.
- (4) Miscellaneous expenses.

(b) Costs are determined for several income levels and home occupancy types (renter or owner), and averaged.

(1) The cost of consumption goods and services (excluding transportation and housing) will be estimated from appropriate consumer expenditure data at several income levels for a standard family size. The cost of goods and services in the Washington, DC area will be adjusted by a price index reflecting the estimated price difference between the allowance area and the Washington, DC area.

(i) Goods and services surveyed. The types and amounts of consumption goods and services to be surveyed at each income level will be derived from appropriate consumer expenditure surveys. Whenever possible, exact brands and models are priced in each location. Price data are obtained from appropriate retail outlets in each area. Price data from military facilities are provided by the Department of Defense where needed. Individual items are grouped into categories according to common functions or uses.

(ii) The item and category weights are derived from consumer expenditure surveys. The category weights vary by income.

(2) Transportation costs for each income level and area are estimated using data collected by or for OPM on automobile operating expenses and other factors affecting transportation costs.

(3) Housing costs for renters and owners are estimated based on similar housing units. Standard shelter specifications (e.g., type, size, age) are selected for each income level. Appropriate living communities to survey based on the income level and housing type specified are selected for each survey location. Housing data on units within the selected communities meeting the specifications are then collected for newly purchased and previously purchased units. Mortgage interest rate and payment data are collected from lending institutions in the area, utility companies and other sources provide information about utility rates, and local governments provide information on real estate tax rates. These data are then combined to estimate dollar expenditures within each survey area for the specified shelter in the selected community.

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

(c) The dollar amounts estimated for consumption, transportation, housing, and miscellaneous expenses are combined to produce a total dollar amount for renters and a total dollar amount for home owners at each income level. The dollar amounts for renters are combined with the dollar amounts for home owners for each income level by using weights, derived from appropriate consumer expenditure or census data, representing the proportion of renters and owners at each income level. The dollar amounts for each income level are weighted into one average amount to reflect the GS grade distribution for the allowance area. The average allowance area dollar amount is divided by the average Washington, DC, area dollar amount to generate a comparative cost index. The allowance rate for the area is based upon the index.

(d) OPM will describe in detail the calculation of each allowance rate at