

## § 591.205

## 5 CFR Ch. I (1-1-01 Edition)

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

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the time the rate is published in the FEDERAL REGISTER for comment.

[59 FR 43705, Aug. 25, 1994, as amended at 60 FR 46750, Sept. 8, 1995; 63 FR 56431, Oct. 21, 1998; 65 FR 44102, July 17, 2000]

**§ 591.206 Establishment of allowance rates.**

(a) OPM uses the comparative cost indexes for each allowance area to determine the allowance rates for that area. The range of values within which the index value falls determines the appropriate allowance rate, expressed as a percentage of the rate of basic pay for that category of eligible employee.

(b) The following table shows the comparative index range and corresponding allowance rate to be established for an allowance category under § 591.207 of this part:

COMPARATIVE INDEX AND ALLOWANCE RATE TABLE

Index range	Allowance rate (percent)
Less than 105.0 .....	0
105.0 to 106.2 .....	5
106.3 to 108.7 .....	7.5
108.8 to 111.2 .....	10
111.3 to 113.7 .....	12.5
113.8 to 116.2 .....	15
116.3 to 118.7 .....	17.5
118.8 to 121.2 .....	20
121.3 to 123.7 .....	22.5
123.8 and over .....	25

(c) Allowance area survey summaries, category indexes, and allowance rates are published as notices in the FEDERAL REGISTER.

**§ 591.207 Allowance categories, eligibility, and adjustments.**

(a) Section 205(b) of Executive Order 10,000, as amended, requires adjustments to allowance payments where warranted because of Federal quarters or special purchasing privileges. These adjustments occur only when the quarters or purchasing privileges are made available as a result of Federal civilian employment and result in substantially lower costs when compared to local area costs.

(1) *Special purchasing privileges.* Adjustments for access to commissaries and exchanges are incorporated into the comparative index calculations and the resulting allowance rates.

(2) *Federal quarters.* If the rent charged an employee by an agency for quarters is less than the net reasonable value rent, after appropriate adjustments, established as prescribed by the Office of Management and Budget, the difference between the rent charged and the reasonable value rent will be deducted from the allowance paid by the employing agency up to, but not exceeding, the amount of the allowance.

(b) The allowance categories that are established in each area are—

(1) “Local Retail,” which applies to those Federal employees who purchase goods and services from private retail establishments.

(2) “Commissary/Exchange,” which applies to those Federal employees who shop at private retail establishments, but who, as a result of their Federal civilian employment, also have unlimited access to commissary and exchange facilities. This category is established only in those allowance areas that have these facilities.

(c) Eligibility for access to commissary and exchange facilities is determined by the appropriate military department. Agencies shall obtain the information needed from employees to determine the applicable allowance category.

**§ 591.208 Post differential.**

(a) The post differential is based on:

- (1) Extraordinarily difficult living conditions;
- (2) Excessive physical hardship; or
- (3) Notably unhealthful conditions.

(b) The places at which differentials are paid are—

- (1) 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);
- (2) Guam;
- (3) The Commonwealth of the Northern Mariana Islands;
- (4) Johnston Island and Sand Island; and
- (5) Midway Islands and Wake Island.