

**OFFICE OF PERSONNEL
MANAGEMENT**

5 CFR Part 591

RIN 3206-AJ15

Cost-of-Living Allowances (Nonforeign Areas); Guam and the Commonwealth of the Northern Mariana Islands

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 certain Federal employees in Guam and the Commonwealth of the Northern Mariana Islands (CNMI). This regulation increases the local retail COLA rate for the Guam/CNMI allowance area from 22.5 percent to 25 percent. This increase is a result of cost-of-living surveys conducted in October and November 1998 using our current methodology for calculating COLA rates. A settlement agreement that is currently awaiting court approval calls for OPM to use a new methodology in conducting future surveys and in calculating future COLA rates. Therefore, the survey results reflected in this rule are not an indication of what survey results or COLA rates would be under the new methodology.

DATES: *Effective date:* July 17, 2000. *Implementation date:* First day of the first pay period beginning on or after July 17, 2000. *Comment date:* Submit comments on or before October 16, 2000.

ADDRESSES: Send or deliver comments 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: COLA@opm.gov.

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

(202) 606-4264; or email: COLA@opm.gov.

SUPPLEMENTARY INFORMATION: The Federal Government pays cost-of-living allowances (COLAs) to General Schedule, U.S. Postal Service, and certain other Federal employees in Alaska, Hawaii, Guam and the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. The Office of Personnel Management (OPM) conducts cost-of-living surveys in each allowance area to determine whether, and to what degree, local living costs are higher than those in the Washington, DC, area. OPM sets the COLA rate for each area based on the results of these surveys.

In October and November 1998, we conducted cost-of-living surveys in Alaska, Hawaii, Guam, Puerto Rico, the U.S. Virgin Islands, and the Washington, DC, area. We compared the results of the Washington, DC, area survey with the results of the other surveys to derive an index for each of the areas. We provide the details of this process in a separate report in this issue of the **Federal Register**.

The 1998 surveys indicate that the local retail COLA rate for the Guam/CNMI allowance area should be increased to 25 percent, as shown in the following table. Under the Treasury, Postal Service, and General Government Appropriations Act, 1992 (Pub. L. 102-141), as amended, no COLA rates may decrease until after December 31, 2000.

INCREASE IN COLA RATE

Allowance area/category	Current rate	New rate
Guam/CNMI, Local Retail ...	22.5	25

Appendix text changes

We inadvertently omitted the introductory text to appendix A of subpart B in the interim rule published with our 1997 survey report. (See 63 FR 56430, October 21, 1998.) We are reinstating the text with this rule. We have also rewritten a portion of the introductory text and other text in appendix A to improve clarity. These changes are not substantive.

Rulemaking waivers

Under 5 U.S.C. 553 (b)(3)(B) and (d)(3), 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 of unexpected delays in completing these surveys and calculating the living-cost indexes, we believe it is in the public interest to implement the COLA rate increase immediately. In the future, as we have done in the past, we plan to announce COLA rate adjustments in a proposed rule for public notice and comment.

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. 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

This appendix lists the places approved for a cost-of-living allowance and shows the allowance rate and any special eligibility requirements for the allowance payment. The allowance percentage rate shown is paid as a percentage of an employee's rate of basic pay.

Geographic coverage/allowance category	Authorized allowance rate (percent)
State of Alaska	
City of Anchorage and 80-kilometer (50-mile) radius by road: All Employees	25.0
City of Fairbanks and 80-kilometer (50-mile) radius by road: All Employees	25.0
City of Juneau and 80-kilometer (50-mile) radius by road: All Employees	25.0

Geographic coverage/allowance category	Authorized allowance rate (percent)
Rest of the State: All Employees	25.0
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 Commonwealth of the Northern Mariana Islands	
Local Retail	25.0
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: The appropriate military department determines eligibility for access to military commissary and exchange facilities. 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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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: Final rule.

SUMMARY: The Office of Personnel Management is adopting as final an interim increase in the cost-of-living allowance (COLA) rate for Honolulu.

The increase was the result of our 1997 cost-of-living surveys in certain nonforeign areas. We are also making a change in the Miscellaneous Expense category we use in the COLA methodology that will identify education as an expense. This increase is a result of cost-of-living surveys conducted in the summer of 1997 using our current methodology for calculating COLA rates. A settlement agreement that is currently awaiting court approval calls for OPM to use a new methodology in conducting future surveys and in calculating future COLA rates. Therefore, the survey results reflected in this rule are not an indication of what survey results or COLA rates would be under the new methodology.

DATES: *Effective date:* August 16, 2000.

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

SUPPLEMENTARY INFORMATION: The Federal Government pays cost-of-living allowances (COLAs) to General Schedule, U.S. Postal Service, and certain other Federal employees in Alaska, Hawaii, Guam and the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. The Office of Personnel Management (OPM) conducts cost-of-living surveys in each allowance area to determine whether, and to what degree, local living costs are higher than those in Washington, DC. OPM sets the COLA rate for each area based on the results of these surveys.

On October 21, 1998, we published an interim rule for comment in the **Federal Register** (63 FR 56430) that—
—Increased the COLA rate for the Honolulu allowance area from 22.5

percent to 25 percent based on the 1997 survey results, and

—Broadened the composition of the Miscellaneous Expense category used in the COLA methodology.

We received one comment on the interim regulations. The commenter felt that the change in the Miscellaneous Expense category should identify education as an expense. Alternatively, the commenter thought we should emphasize that other expenses are possible or describe the kinds of expenses that may be included in the category. We agree that adding education to the listing would be helpful, and we have changed the wording as suggested.

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 adopting the interim regulations for 5 CFR part 591 published on October 21, 1998, at 63 FR 56430 as final with one change, as set forth below: