

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 591

RIN 3206-AK67

Cost-of-Living Allowances (Nonforeign Areas); COLA Rate Changes

AGENCY: Office of Personnel Management.

ACTION: Proposed rule.

SUMMARY: The Office of Personnel Management (OPM) is publishing a proposed regulation to change the cost-of-living allowance (COLA) rates received by certain white-collar Federal and U.S. Postal Service employees in Alaska, Hawaii, Guam and the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. The changes are the result of living-cost surveys conducted by OPM in 2002, 2003, and 2004.

DATES: We must receive comments on or before October 3, 2005.

ADDRESSES: Send or deliver written comments to Donald J. Winstead, Deputy Associate Director for Pay and Performance Policy, Strategic Human Resources Policy Division, Office of Personnel Management, Room 7H31, 1900 E Street, NW., Washington, DC 20415-8200; fax: (202) 606-4264; or e-mail: *COLA@opm.gov*.

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

(202) 606-4264; or e-mail: *COLA@opm.gov*.

SUPPLEMENTARY INFORMATION: Section 5941 of title 5, United States Code, authorizes Federal agencies to pay cost-of-living allowances (COLAs) to white-collar Federal and U.S. Postal Service employees stationed in Alaska, Hawaii, Guam and the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. Executive Order 10000, as amended, delegates to the Office of Personnel Management (OPM) the authority to administer nonforeign area COLAs and prescribes certain operational features of the program. OPM conducts living-cost surveys in each allowance area and in the Washington, DC, area to determine whether, and to what degree, COLA area living costs are higher than those in the DC area. OPM sets the COLA rate for each area based on the results of these surveys.

In 2002, 2003, and 2004, OPM conducted living-cost surveys in the various COLA areas. In 2002, OPM surveyed Puerto Rico, the U.S. Virgin Islands, and the Washington, DC, area. OPM published the results of these Caribbean surveys in the **Federal Register** on February 9, 2004, at 69 FR 6020. In 2003, OPM surveyed Anchorage, Fairbanks, and Juneau, Alaska, and the Washington, DC, area. OPM published the results of these

surveys on March 12, 2004, at 69 FR 12002. In 2004, OPM conducted living-cost surveys in Honolulu County, Kailua Kona, Hilo, Kauai County, Maui County, Guam, and the Washington, DC, area. OPM is publishing the results of these Pacific surveys in a notice that accompanies this proposed rule. OPM also is publishing the results of new shelter (rent) price analyses for the 2002 Caribbean surveys and the 2003 Alaska surveys in a notice that accompanies this proposed rule.

Proposed COLA Rate Changes

As described in these reports, OPM compared the results of each of the COLA area surveys with the results of the DC area survey to derive a living-cost index for each of the COLA areas. The results of the living-cost surveys indicate that OPM should increase COLA rates in the U.S. Virgin Islands; Hawaii County, HI; Kauai County, HI; and Maui County, HI. The results also indicate that OPM should not change the COLA rate for the rest of the State of Alaska; Honolulu County, HI; and Guam and the Northern Mariana Islands, but should reduce COLA rates in Puerto Rico and in Anchorage, Fairbanks, and Juneau, Alaska. Under section 591.228(c) of title 5, Code of Federal Regulations, COLA rate reductions are limited to no more than 1 percentage point per year.

PROPOSED COLA RATES

Allowance area/category	Current rate (percent)	New rate (percent)
Puerto Rico	11.5	10.5
U.S. Virgin Islands	22.5	23.0
Anchorage, Alaska	25.0	24.0
Fairbanks, Alaska	25.0	24.0
Juneau, Alaska	25.0	24.0
Rest of the State of Alaska	25.0	25.0
Honolulu County, Hawaii	25.0	25.0
Hawaii County, Hawaii	16.5	19.0
Kauai County, Hawaii	23.25	25.0
Maui County, Hawaii	23.75	25.0
Guam and the Northern Mariana Islands	25.0	25.0

Executive Order 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 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.

Linda M. Springer,

Director.

Accordingly, OPM proposes to amend subpart B of 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 5 CFR part 591 continues to read as follows:

Authority: 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.

2. Revise appendix A of subpart B to read as follows:

**Appendix A to Subpart B of Part 591—
Places and Rates at Which Allowances
Are Paid**

This appendix lists the places approved for a cost-of-living allowance and shows the

authorized allowance rate for each area. The allowance percentage rate shown is paid as a percentage of an employee's rate of basic pay. The rates are subject to change based on the results of future surveys.

Geographic coverage	Allowance rate (percent)
State of Alaska:	
City of Anchorage and 80-kilometer (50-mile) radius by road	24.0
City of Fairbanks and 80-kilometer (50-mile) radius by road	24.0
City of Juneau and 80-kilometer (50-mile) radius by road	24.0
Rest of the State	25.0
State of Hawaii:	
City and County of Honolulu	25.0
Hawaii County, Hawaii	19.0
County of Kauai	25.0
County of Maui and County of Kalawao	25.0
Territory of Guam and Commonwealth of the Northern Mariana Islands	25.0
Commonwealth of Puerto Rico	10.5
U.S. Virgin Islands	23.0

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