

**OFFICE OF PERSONNEL
MANAGEMENT**
5 CFR Part 591
RIN 3206-AH07
Cost-of-Living Allowances (Nonforeign Areas)
AGENCY: Office of Personnel Management.

ACTION: Interim rule.

SUMMARY: The Office of Personnel Management (OPM) is publishing interim regulations that will increase 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. These increases result from cost-of-living surveys conducted in Hawaii, Alaska, Puerto Rico, the U.S. Virgin Islands, and Guam and the Commonwealth of the Northern Mariana Islands by Runzheimer International under contract with OPM. The full results of the cost-of-living surveys are contained in the survey report, which appears after this interim rule in today's **Federal Register**. Because it has taken longer than expected to complete these surveys and calculate the living-cost indexes, OPM is issuing this interim rule, which is effective immediately, to implement the COLA rate increases. In the future, as in the past, OPM plans to announce COLA rate adjustments in a proposed rule for public notice and comment.

DATES: *Effective date:* March 25, 1997. *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 March 25, 1997. *Comment date:* Comments must be received on or before June 23, 1997.

ADDRESSES: Send or deliver comments to Donald J. Winstead, Assistant Director for Compensation Policy, Human Resources Systems Service, Office of Personnel Management, Room 6H31, 1900 E Street NW., Washington, DC 20415, or FAX comments to (202) 606-4264, or email comments over the Internet to 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 (COLA's) when local living costs are substantially higher than those in Washington, DC. Nonforeign area COLA's are currently paid in the following locations: Alaska, Hawaii,

Puerto Rico, Guam and the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

OPM contracted with Runzheimer International to conduct living-cost surveys in all of the nonforeign allowance areas. During February 1996, Runzheimer surveyed Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands. Runzheimer 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 1996 Surveys Used to Determine Cost-of-Living Allowances in Nonforeign Areas." This report explains the methodology, procedures, and results of the 1996 living-cost surveys.

The increases in COLA rates are summarized in the following table:

INCREASES IN COLA RATES		
Allowance area/category	Current rate	New rate
County of Kauai, Hawaii		
All employees	20.0	22.5
U.S. Virgin Islands		
All employees	17.5	20.0

OPM is adjusting only those rates that have increased. Rates that would have otherwise decreased 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.

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 deferment of effective date. 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 increases 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 [Insert date of publication in the **Federal Register**.]

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.

James B. King,
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 where a cost-of-living allowance has been approved and shows the allowance rate to be paid to employees along with 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
Rest of the State:	
All Employees	25.0
State of Hawaii	
City and County of Honolulu:	
All Employees	22.5
County of Hawaii:	
All Employees	15.0
County of Kauai:	
All Employees	22.5

Geographic coverage/ allowance category	Au- thor- ized allow- ance rate (per- cent)	Geographic coverage/ allowance category	Au- thor- ized allow- ance rate (per- cent)
County of Maui and County of Kalawao: All Employees	22.5	U.S. Virgin Islands All Employees	20.0
Territory of Guam and Common- wealth of the Northern Mariana Is- lands All Locations: Local Retail	22.5	Definitions of Allowance Categories The following are definitions of the allowance categories used in the tables in this appendix. <i>All Employees:</i> This category covers all Federal employees eligible for an allowance under 5 U.S.C. 5941. <i>Local Retail:</i> This category covers all Federal employees eligible for an allowance	
Commissary/Exchange	20.0		
Commonwealth of Puerto Rico All Employees	10.0		

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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