

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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