

**OFFICE OF PERSONNEL  
MANAGEMENT**

**5 CFR Part 591**

RIN 3206—AH07

**Cost-of-Living Allowances (Nonforeign Areas); Kauai, HI; U.S. Virgin Islands**

**AGENCY:** Office of Personnel Management.

**ACTION:** Final rule.

**SUMMARY:** The Office of Personnel Management (OPM) published an interim regulation for comment on March 25, 1997, (62 FR 14188) to increase the 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. The effect of this interim regulation was to raise the COLA rate for Kauai County from 20 percent to 22.5 percent, and to raise the COLA rate for the U.S. Virgin Islands from 17.5 percent to 20 percent. These increases were the result of cost-of-living surveys conducted in Hawaii, Alaska, Guam, Puerto Rico, and the U.S. Virgin Islands in February, 1996. OPM received no comments on the interim regulation. Therefore, we are adopting the rates as final without change.

**DATES:** *Effective date:* November 20, 1998. *Implementation date:* The rate increases authorized by these regulations are applicable as of the first day of the first pay period beginning on or after March 25, 1998.

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

**SUPPLEMENTARY INFORMATION:**

**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.*

**PART 591—ALLOWANCES AND DIFFERENTIALS**

Accordingly, under the authority of 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), OPM is adopting the interim regulations for 5

CFR part 591 published on March 25, 1997, at 62 FR 14188 as final without change.

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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:** 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 General Schedule, U.S. Postal Service, and certain other Federal employees in the City and County of Honolulu, Hawaii. This increase is a result of cost-of-living surveys conducted by OPM in Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands. This regulation increases the Honolulu COLA rate from 22.5 percent to 25 percent. Additionally, OPM is broadening the composition of the Miscellaneous Expense Category used in the COLA methodology. This change allows the addition of other types of expenses to that category, including the use of private education (K-12) data collected in the 1997 surveys. This amendment will permit OPM additional flexibility in organizing survey data under the COLA model.

**DATES:** *Effective date:* October 21, 1998. *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 October 21, 1998. *Comment date:* Comments must be received on or before January 19, 1999.

**ADDRESSES:** Comments may be sent or delivered 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 at 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 (COLAs) when local living costs are substantially higher than those in Washington, DC. Nonforeign area COLAs are currently paid in the following locations: Alaska, Hawaii, Guam and the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

During the summer of 1997, OPM surveyed Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands. Data were collected by OPM in conjunction with COLA Partnership Committees and Subcommittees established under the COLA Partnership Pilot Project. This is a 2-year pilot project established to test and evaluate a new approach in the administration of the COLA program, including the conduct of living-cost surveys. At approximately the same time data were collected in the allowance areas, OPM 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 1997 Surveys Used to Determine Cost-of-Living Allowances in Nonforeign Areas." This report explains the methodology, procedures, and results of the 1997 living-cost surveys.

The COLA rate increase is summarized in the following table:

INCREASE IN COLA RATE

Allowance area/category	Current rate	New rate
City and County of Honolulu, Hawaii All employees .....	22.5	25.0

OPM is adjusting the only rate for which the 1997 surveys indicate an increase is warranted. Rates that would otherwise be reduced 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.

OPM is also broadening the composition of the Miscellaneous Expense Category, as described in section 591.205 (b)(4) of title 5, Code of Federal Regulations. (The Miscellaneous Expense Category is one of the four major expense categories used in the COLA methodology. Currently, the composition of the Miscellaneous Expense Category is defined to cover six types of expenses: health care, gifts, contributions, savings and investments, retirement, and life insurance.) This change allows the addition of other types of expenses to the miscellaneous