

## Office of Personnel Management

## § 591.210

taken under the Act of Congress, August 18, 1856, are considered as pertaining to the United States; and

(16) Any other islands outside of the contiguous 48 states to which the U.S. Government reserves claim.

### COST-OF-LIVING ALLOWANCES

#### § 591.206 How does OPM establish COLA areas?

(a) OPM designates, within nonforeign areas, areas where agencies pay employees a COLA by virtue of living costs that are substantially higher than those in the Washington, DC, area. In establishing the boundaries of COLA areas, OPM considers—

(1) The existence of a well-defined economic community,

(2) The availability of consumer goods and services,

(3) The concentration of Federal employees covered by this subpart, and

(4) Unique circumstances related to a specific location.

(b) If a department or agency wants OPM to consider establishing or revising the definition of a COLA area, the head of the department or agency or his or her designee must submit a request in writing to OPM.

#### § 591.207 Which areas are COLA areas?

OPM has established the following COLA areas:

(a) City of Anchorage, AK, and 80-kilometer (50-mile) radius by shortest route using paved roads when available, as measured from the Federal courthouse to the official duty station;

(b) City of Fairbanks, AK, and 80-kilometer (50-mile) radius by shortest route using paved roads when available, as measured from the Federal courthouse to the official duty station;

(c) City of Juneau, AK, and 80-kilometer (50-mile) radius by shortest route using paved roads when available, as measured from the Federal courthouse to the official duty station;

(d) Rest of the State of Alaska;

(e) City and County of Honolulu, HI;

(f) County of Hawaii, HI;

(g) County of Kauai, HI;

(h) County of Maui (including Kalawao County), HI;

(i) Commonwealth of Puerto Rico;

(j) Territory of Guam and Commonwealth of the Northern Mariana Islands; and

(k) U.S. Virgin Islands.

[67 FR 22340, May 3, 2002, as amended at 73 FR 65245, Nov. 3, 2008]

#### § 591.208 How does OPM establish COLA rates?

OPM establishes COLA rates based on price differences between the COLA area and the Washington, DC, area, plus an adjustment factor. OPM expresses price differences as indexes.

(a) OPM computes price indexes for various categories of consumer expenditures.

(b) OPM combines the price indexes using Consumer expenditure weights to produce an overall price index for the COLA area.

(c) To combine overall price indexes for COLA areas with multiple survey areas, OPM uses employment weights to combine overall price indexes by survey area for COLA areas. The COLA areas that have multiple survey areas are listed in § 591.215(b).

(d) OPM adds an adjustment factor to the overall price index for the COLA area.

#### § 591.209 What is a price index?

(a) The price index is the COLA area price divided by the DC area price and multiplied by 100.

(b) Example:

COLA Area Average Price for Item A = \$1.233

DC Area Average Price for Item A = \$1.164

Computation:

$\$1.233/\$1.164 = 1.0592783$

$1.0592783 \times 100 = 105.92783$ .

(c) In the case of the final index, OPM rounds the index to two decimal places.

#### § 591.210 What are weights?

(a) A weight is the relative importance or share of a subpart of a group compared with the total for the group. A weight is frequently expressed as a percentage. For example, in a pie chart, each wedge has a percentage that represents its relative importance or the size of the wedge compared with the whole pie.