

## Office of Personnel Management

## § 591.205

(3) *Commonwealth of Puerto Rico*. The entire Commonwealth.

(4) The U.S. Virgin Islands.

(5) Territory of Guam and Commonwealth of the Northern Mariana Islands.

(c) The head of a department or agency will submit requests in writing to OPM for the establishment or revision of allowance areas.

[55 FR 1373, Jan. 16, 1990, as amended at 57 FR 58124, Dec. 9, 1992; 58 FR 32278, June 9, 1993; 59 FR 53725, Oct. 26, 1994]

### § 591.205 Comparative cost index.

(a) OPM calculates allowance rates for each area by comparing costs of four categories of expenses in the area to those in the Washington, DC, area. The four categories of expenses are:

- (1) Consumption goods and services.
- (2) Transportation.
- (3) Housing.
- (4) Miscellaneous expenses.

(b) Costs are determined for several income levels and home occupancy types (renter or owner), and averaged.

(1) The cost of consumption goods and services (excluding transportation and housing) will be estimated from appropriate consumer expenditure data at several income levels for a standard family size. The cost of goods and services in the Washington, DC area will be adjusted by a price index reflecting the estimated price difference between the allowance area and the Washington, DC area.

(i) *Goods and services surveyed*. The types and amounts of consumption goods and services to be surveyed at each income level will be derived from appropriate consumer expenditure surveys. Whenever possible, exact brands and models are priced in each location. Price data are obtained from appropriate retail outlets in each area. Individual items are grouped into categories according to common functions or uses.

(ii) The item and category weights are derived from consumer expenditure surveys. The category weights vary by income.

(2) Transportation costs for each income level and area are estimated using data collected by or for OPM on automobile operating expenses and

other factors affecting transportation costs.

(3) Housing costs for renters and owners are estimated based on similar housing units. Standard shelter specifications (e.g., type, size, age) are selected for each income level. Appropriate living communities to survey based on the income level and housing type specified are selected for each survey location. Housing data on units within the selected communities meeting the specifications are then collected for newly purchased and previously purchased units. Mortgage interest rate and payment data are collected from lending institutions in the area, utility companies and other sources provide information about utility rates, and local governments provide information on real estate tax rates. These data are then combined to estimate dollar expenditures within each survey area for the specified shelter in the selected community.

(4) *Miscellaneous expenses*. Miscellaneous expenses, including expenses for health care, gifts, contributions, savings and investments, retirement, life insurance, and education, are estimated from consumer expenditure surveys and other data appropriate for Federal employees for each income level.

(c) The dollar amounts estimated for consumption, transportation, housing, and miscellaneous expenses are combined to produce a total dollar amount for renters and a total dollar amount for home owners at each income level. The dollar amounts for renters are combined with the dollar amounts for home owners for each income level by using weights, derived from appropriate consumer expenditure or census data, representing the proportion of renters and owners at each income level. The dollar amounts for each income level are weighted into one average amount to reflect the GS grade distribution for the allowance area. The average allowance area dollar amount is divided by the average Washington, DC, area dollar amount to generate a comparative cost index. The allowance rate for the area is based upon the index.

(d) OPM will describe in detail the calculation of each allowance rate at

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the time the rate is published in the FEDERAL REGISTER for comment.

[59 FR 43705, Aug. 25, 1994, as amended at 60 FR 46750, Sept. 8, 1995; 63 FR 56431, Oct. 21, 1998; 65 FR 44102, July 17, 2000; 66 FR 56752, Nov. 9, 2001]

**§ 591.206 Establishment of allowance rates.**

(a) OPM uses the comparative cost indexes for each allowance area to determine the allowance rates for that area. The range of values within which the index value falls determines the appropriate allowance rate, expressed as a percentage of the rate of basic pay for that category of eligible employee.

(b) The following table shows the comparative index range and corresponding allowance rate to be established for an allowance category under § 591.207 of this part:

COMPARATIVE INDEX AND ALLOWANCE RATE TABLE

Index range	Allowance rate (percent)
Less than 105.0 .....	0
105.0 to 106.2 .....	5
106.3 to 108.7 .....	7.5
108.8 to 111.2 .....	10
111.3 to 113.7 .....	12.5
113.8 to 116.2 .....	15
116.3 to 118.7 .....	17.5
118.8 to 121.2 .....	20
121.3 to 123.7 .....	22.5
123.8 and over .....	25

(c) Allowance area survey summaries, category indexes, and allowance rates are published as notices in the FEDERAL REGISTER.

**§ 591.207 [Reserved]**

**§ 591.208 Post differential.**

(a) The post differential is based on:

- (1) Extraordinarily difficult living conditions;
- (2) Excessive physical hardship; or
- (3) Notably unhealthful conditions.

(b) The places at which differentials are paid are—

- (1) American Samoa (including the island of Tutuila, the Manua Islands, and all other islands of the Samoa group east of longitude 171 degrees west of Greenwich, together with Swains Island);
- (2) Guam;

(3) The Commonwealth of the Northern Mariana Islands;

(4) Johnston Island and Sand Island; and

(5) Midway Islands and Wake Island.

(c) New or revised post differential rates are published as notices in the FEDERAL REGISTER.

[55 FR 1373, Jan. 16, 1990, as amended at 59 FR 53725, Oct. 26, 1994]

**§ 591.209 Eligibility for a differential.**

A department or agency will determine employee eligibility to receive a differential as follows:

(a) To be eligible to receive a differential:

(1) The employee must be a citizen or national of the United States;

(2) The employee's residence in the area where the differential applies must be attributable to employment by the United States; and

(3) Any prior residence in the area must be because of employment by the United States or by U.S. firms, interests, or organizations.

(b) Subject to paragraph (a) of this section, the classes of persons eligible to receive differentials include, but are not limited to—

(1) Those recruited or transferred from outside the area where the differential applies.

(2) Those employed in the area where the differential applies but who—

(i) Were originally recruited from outside the area and have been in substantially continuous employment by other Federal agencies, contractors of Federal agencies, or international organizations in which the U.S. Government participates, and whose conditions of employment provide for their return transportation to places outside the differential area concerned; or

(ii) Were at the time of employment temporarily present in the differential area concerned for travel or formal study and maintained residence outside the area during that period.

(3) Those who are not normally residents of the area where the differential applies and who are discharged from the military service of the United States in the area to accept employment there with an agency of the Federal Government.