(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.

(b) OPM uses two kinds of weights: Consumer expenditure weights and employment weights.

(1) *Consumer expenditure weights.* The consumer expenditure weight for a category of expenditures (e.g., Food) is the relative importance or share (often expressed as a percentage) of that category in terms of total consumer expenditures. OPM derives consumer expenditure weights from the tabulated results of the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES).

(2) *Employment weights.* The employment weight is the relative employment population of the survey area compared with the employment population of the COLA area as a whole. OPM uses the number of General Schedule employees in the survey area to compute employment weights. OPM uses these employment weights as described in § 591.216(b).

§ 591.211 What are the categories of consumer expenditures?

OPM uses three different types of categories: Major expenditure groups, primary expenditure groups, and detailed expenditure categories.

(a) *Major expenditure groups.* OPM groups expenditures into nine major expenditure groups (MEGs). These categories are food, shelter and utilities, clothing, transportation, household furnishings and supplies, medical, education and communication, recreation, and miscellaneous.

(b) *Primary expenditure groups.* OPM subdivides each MEG into primary expenditure groups (PEGs). There are approximately 40 PEGs.