



## UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Thursday, November 10, 2011

CPM 2011-19

### MEMORANDUM FOR: Human Resources Directors

FROM: Angela Bailey, Associate Director, Employee Services

Subject: Final Regulations on Pay in Non-Foreign Areas

I am pleased to announce that the U.S. Office of Personnel Management (OPM) has issued final regulations on pay administration rules for employees in “non-foreign areas,” which include Alaska, Hawaii, Guam, Puerto Rico, the Virgin Islands, and certain other areas listed in 5 CFR 591.205. Some of these regulations are necessary to address the effects of implementing the Non-Foreign Area Retirement and Equity Assurance Act of 2009, as contained in subtitle B of title XIX of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84, October 28, 2009). The regulations are available at [opm.gov/cfr/fedregis](http://opm.gov/cfr/fedregis).

The regulations provide for:

- Considering locality pay and non-foreign area cost-of-living allowances (COLAs) when evaluating the need for special rates;
- Computing special rate supplements using an alternate method in non-foreign areas;
- Authorizing OPM to establish separate special rate schedules that temporarily maintain higher special rates for current non-foreign area employees in a covered category;
- Considering locality rates as basic pay for the purpose of computing non-foreign area COLAs and post differentials;
- Allowing a retained rate established based on a special rate payable in a non-foreign area that is in excess of the applicable limitation on special rates on January 1, 2012, to exceed the rate payable for level IV of the Executive Schedule; and
- Allowing temporary and term employees in non-foreign areas to be eligible for a retained rate in certain circumstances.

For further information, employees should contact their agency’s human resources office. If there are further questions or concerns, the appropriate headquarters-level agency human resources office may contact Pay and Leave at OPM at [pay-leave-policy@opm.gov](mailto:pay-leave-policy@opm.gov). Requests from individual employees will be returned or forwarded to the appropriate agency human resources office.