



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

Tuesday, August 2, 2011  
CPM 2011-13

**MEMORANDUM FOR: Human Resources Directors**

FROM: Angela Bailey, Associate Director

Subject: Proposed Regulations on Pay in Non-Foreign Areas

I am pleased to announce that the U.S. Office of Personnel Management (OPM) has issued proposed 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 proposed regulations are available at <https://www.federalregister.gov/agencies/personnel-management-office>.

The regulations propose a number of changes including—

- 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.

The comment period is 45 days and comments are due no later than September 15, 2011. Please see the proposed regulations for instructions on how to submit comments. If you need any additional information, please contact Carey Jones by telephone at (202) 606-2858; by fax at (202) 606-0824; or by e-mail at [pay-leave-policy@opm.gov](mailto:pay-leave-policy@opm.gov).