

HJR

46

TO: REPRESENTATIVE RANDY PHILLIPS  
FROM: JANET J.  
DATE: MAY 15, 1981  
RE: COLA

I spoke with David Garman, an aide in Senator Murkowski's office in DC (202-224-6665), regarding your question on COLA.

David advises that there are four different categories of COLA as follows:

1. Local retail and private housing
  - ANCHORAGE 17.5%
  - FAIRBANKS 25.0%
  - JUNEAU 25.0%
  - REST OF STATE 25.0%
2. Local retail/federal housing
  - ANCHORAGE n/a
  - FAIRBANKS 25.0%
  - JUNEAU 17.5%
  - REST OF STATE 25.0%
3. Commissary & PX access and private housing
  - ANCHORAGE 10.0%
  - FAIRBANKS 15.0%
  - JUNEAU 25.0%
  - REST OF STATE 25.0%
4. Commissary and PX access and federal housing
  - ANCHORAGE n/a
  - FAIRBANKS 15.0%
  - JUNEAU 17.5%
  - REST OF STATE 25.0%

Category #1 is the one that was lowered recently (over the past two years this category has been lowered 7.5% from 25.0% to present 17.5%). Other categories either stayed the same or were raised, according to Garman.

Senators Stevens and Murkowski have been working on this matter. There was a hearing yesterday about this conducted by Stevens' subcommittee on Governmental Affairs, Postal Service and Civil Service (or whatever the correct title is).

Murkowski had asked the GAO to do a study on the methodology of deciding the percentage and the reduction. Apparently the methods used was okay but the whole COLA adjustment system, which is a hangover from the Truman administration, is perhaps faulty. Murkowski has requested the Office of Personnel Management to investigate alternatives to the COLA system (i.e., comparable pay basis, where the pay of a federal employee would be rated to a state or private

employee with the same duties. This would mean that the COLA would be lost but that the pay scale for Alaskan employees would be raised to compare with others in same jobs. As near as I understand it, this would be a doing away with the COLA nationwide and adopting a comparable pay basis nationwide).

Bureau of Labor Statistics show that Anchorage is a rather expensive place to live as compared with other intermediate cities of its size. Anchorage is some 48% above DC living, for example. Even with this type of statistics, the COLA in Anchorage has been lowered over the last two years.

Senator Murkowski also feels that the Office of Personnel Management has statutory authority at present to do away with COLA and adopt some other pay scale.

David does not know of any bills regarding COLA that Murkowski is for/against, just knows that he is investigating the whole system.

David is telecopying some information to the Senator's Juneau office for your use. The pages will pick it up.\* We did it this way because the DC LIO office was closed by the time we finished our discussion (2:05 PDT).

*\* David advises no one in Juneau office until Monday - He will send them.*

New Rates

The results of the 1980 review of the cost of living allowance rates paid to Federal white-collar and Postal Service employees residing in the State of Alaska were announced today, by the Office of Personnel Management in Washington, D.C.

The new allowance rates, which become effective on the first pay period beginning on or after February , 1981 are shown in the table below.

EMPLOYEE CATEGORIES

AUTHORIZED ALLOWANCE RATES

|                               | <u>Anchorage*</u> | <u>Fairbanks*</u> | <u>Juneau*</u> | <u>Rest of State</u> |
|-------------------------------|-------------------|-------------------|----------------|----------------------|
| Local Retail/Private Housing  | 17.5%             | 25.0%             | 25.0%          | 25.0%                |
| Local Retail/Federal Housing  | N/A               | 25.0%             | 17.5%          | 25.0%                |
| Commissary/PX/Private Housing | 10.0%             | 15.0%             | 25.0%          | 25.0%                |
| Commissary/PX/Federal Housing | N/A               | 15.0%             | 17.5%          | 25.0%                |

\*Only employees with duty stations within 50 road miles of the major city receive the Anchorage, Fairbanks or Juneau allowance rates.

The Anchorage Local Retail/Private Housing allowance rate is reduced from 20.0 percent to 17.5 percent. The Commissary/PX/Private Housing rate is increased from 7.5 percent to 10.0 percent. No Federal housing rates have been computed since the agencies reported no housing units in Anchorage.

The Fairbanks Local Retail/Private Housing rate remains at 25.0 percent. The Local Retail/Federal Housing rate is increased from 20.0 to 25.0 percent. The Commissary/PX/Private Housing rate remains at 15.0 percent and the Commissary/PX/Federal Housing rate is increased from 7.5 to 15.0 percent.

The Juneau Local Retail/Private Housing and Commissary/PX/Private Housing rates are increased from 22.5 percent to 25.0 percent. The Local Retail/Federal Housing rate remains at 17.5 percent and the Commissary/PX/Federal Housing rate is increased from 15.0 percent to 17.5 percent.

Allowance rates remain at the 25 percent maximum for all other areas in Alaska.

It is important to bear in mind that cost-of-living allowances for nonforeign areas are based by law on the difference in the living costs between the nonforeign areas and Washington, D.C., and that the Office of Personnel Management is required to review the rates annually and make appropriate changes in the allowance rates as needed. If living costs increase more rapidly in the Washington area than in a nonforeign area the difference between the two

-2-

decreases and the allowance rate may go down. The reduction in the allowance rate for Anchorage for 1980 stems from the fact that survey data show living costs in Washington, D.C., increased at a faster rate than those in Anchorage between 1979 and 1980.

**Inquiries:** Allowances and Special Rates Division  
Room 3353  
1900 E Street, N.W.  
Washington, D. C. 20415

202-632-8742



SENATE STATE AFFAIRS COMMITTEE -- HEARING SIGN-IN SHEET

DATE:

LOCATION:

AGENDA:

| NAME                | AFFILIATION/POSITION | ADDRESS/PHONE                                 | TESTIFYING ON:                     |
|---------------------|----------------------|---|------------------------------------|
| ✓ Bob Jones         | U.S. Forest Service  | P.O. Box 1678<br>Juneau, AK 99802<br>586-7510 | HB 348 & HB 18                     |
| ✓ Dave TonKovich    | Budget & Mgmt        | 465-4242                                      | HB 508                             |
| ✓ Geo. W. Rogers    |                      | 1790 EVERETT, JUNEAU                          | HB 508, 509                        |
| ✓ Terry Gardner     | Legislature          | FU ISIS                                       | Tree Point, Alaska<br>00001        |
| Gloria Houston Way  | EMS/DHSS             | Pouch H-06C<br>465-3027                       | HB 348<br>avalanche Warning System |
| Rep. Randy Phillips |                      |   | HJR 46                             |
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