

found in all areas.<sup>2</sup> The selection of comparable outlets was particularly important because comparing the prices of items purchased at dissimilar outlets would be inappropriate (e.g., comparing the price of a box of cereal at a supermarket with one sold at a convenience store).

Although major supermarkets, department stores, and discount stores represented a sizable portion of the survey, JFA also selected outlets to represent the diversity of consumer shopping. For example, JFA could have used department stores for pricing all clothing items surveyed. This would not, however, have reflected the range of consumer choices. Therefore, JFA also priced some clothing items in men's and women's clothing stores, other clothing items in department stores, others in shoe stores, and still others in discount stores. For each item, the same type of outlet (e.g., clothing store, discount store, department store) was selected in each area whenever possible.

#### 2.4.2.3 Catalog Pricing

A limited amount of catalog pricing was included in the survey to reflect this common purchasing option. Eight item prices were surveyed by catalog. OPM selected these items based on comments it received from Federal employees. Catalog pricing also allowed the comparison of comparable items that would have been difficult to price otherwise. Of course, all catalog prices included any charges for shipping and handling and all applicable taxes.

### 2.5 Step 4: Surveying Prices

As noted earlier, JFA obtained approximately 12,000 prices on more than 200 items from 3,000 outlets. In each survey area, JFA attempted to get at least three price quotes for each item, with certain exceptions. For example, essentially all of the available home sales and rental data meeting the specifications were obtained. For other items, such as utilities and real estate tax rates, only one quote was obtained in each area because these items have uniform rates within an area. Because the Washington, D.C., area has six survey communities, JFA attempted to get at least 18 price quotes for most items in this area.

<sup>2</sup> In the Washington, DC, area, JFA surveyed groceries at two kinds of supermarkets (i.e., full-service supermarkets and "warehouse-type" supermarkets) because both types of grocery stores are common in this area. JFA did not survey "warehouse-type" grocery stores in any other area because they are relatively uncommon and not frequented by most Federal employees.

To accomplish this, JFA used various information-gathering approaches. These are described below.

#### 2.5.1 In-House Research Staff

JFA's research personnel, and those of Runzheimer, its subcontractor, played a major role in all data-collection activities. These professionals:

- Contacted manufacturers, trade associations, governmental agencies, and retail establishments to ensure that suitable items were selected and priced at common types of outlets;
- Contacted real estate professionals in each survey area to obtain general information as well as specific rental rates and home market values;
- Conducted pricing surveys onsite and by telephone;
- Served as a liaison for field researchers who collected price information onsite;
- Performed hundreds of quality control checks, often verifying survey data through telephone calls and comparing current data-gathering results with those from earlier surveys; and
- Analyzed and computed the item, category, component, and total comparative cost indexes.

#### 2.5.2 Field Researchers—"Research Associates"

Most of the price data were collected onsite by Research Associates (RA's). The RA's were independent contractors, hired by JFA to visit retail outlets in each area and collect prices. All of these RA's were residents of the area. To avoid any real or perceived conflicts of interest, JFA refrained from hiring research associates who were either employees of the Federal government or who had immediate family who were employees of the Federal government.

#### 2.5.3 Data Collection Materials

The living-cost surveys conform with the provisions of the Paperwork Reduction Act and are approved by the Office of Management and Budget (OMB). The OMB-approved survey collection materials are found in Appendix 7. All JFA-developed worksheets or other survey materials conformed with those approved by OMB.

#### 2.5.4 Inclusion of Sales and Excise Taxes

For all items subject to sales and/or excise tax, the appropriate amount of tax was added prior to analysis. JFA gathered applicable information on taxes by contacting appropriate sources of information in the allowance areas and the Washington, DC, area. JFA also

used appropriate tax publications, such as the State of Maryland's *Sales and Use Tax Laws and Regulations* and the "General Excise Tax Law" (Chapter 237) of the *Hawaii Tax Reports*.

#### 2.5.5 JFA's Onsite Visits

Full-time JFA research professionals traveled to each allowance area to supervise data collection activities and perform various quality control checks as necessary. These visits all occurred during the pricing period so that these professionals could answer any of the RA's data collection questions or provide additional training and instruction if necessary.

The researchers visited living communities within the allowance areas to look at housing and to talk with local real estate professionals. They also visited numerous retail outlets to verify that comparable items were being priced at comparable outlets. In addition, they obtained general information about the local economy.

#### 2.5.6 Special Considerations in Selected Areas

##### 2.5.6.1 Pricing Surveys in Hawaii County, Puerto Rico, and the Virgin Islands

Three allowance areas have multiple survey areas: Hawaii County, Hawaii; Puerto Rico; and the U.S. Virgin Islands. In Hawaii County, surveys were conducted in Hilo and in the Kailua Kona area. In Puerto Rico, surveys were conducted in San Juan and in Mayaguez; and in the Virgin Islands, surveys were conducted on St. Croix and St. Thomas.

The survey data for each of these separate survey areas had to be combined to represent the allowance area overall. To do this, OPM provided JFA with weights based on the distribution of General Schedule employees in these areas. These weights are shown in Appendix 2 and are computed using three years of data and the moving-average approach described earlier.

##### 2.5.6.2 Surveying the Washington, DC, Area

As noted earlier, JFA attempted to get more price quotes in the DC area than in the allowance areas because of the size and diversity of the Washington metropolitan area. For the purposes of the COLA surveys, the DC area was divided into six survey areas: two in the District of Columbia, two in Maryland, and two in Virginia. The specific areas surveyed were within a normal shopping radius of the housing communities identified in Appendix 9. Survey data from each of the six DC