

these factors to the DC area average price, the cost of equivalent coverage was estimated for these particular allowance areas. The factors and their derivation are shown in Appendix 16.

5.2.10 Overall Annual Costs

As described above, JFA measured the annual costs for fuel, maintenance and oil, tires, licensing, taxes, depreciation, finance, and insurance for three types of automobiles in each allowance area and in the Washington, DC, area. These costs were then summed to determine the overall annual costs by area for owning and operating each type of automobile. Appendix 15 shows these costs for each area by type of vehicle.

5.3 Other Transportation Costs—Air Fares

Air fares are the only item priced for the Other Transportation Costs Category. For this item, JFA priced the lowest available round-trip air fare from each allowance area and the Washington, DC, area to Los Angeles, California. Los Angeles was selected because it is a common point approximately equidistant from most of the allowance areas and the Washington, DC, area. The cost of the trip from each allowance area to Los Angeles was compared with the cost of

the trip from the DC area to Los Angeles to compute the category indexes. These fares are shown in Appendix 17.

5.4 Transportation Component Analyses

JFA compared the total cost of private auto transportation for each vehicle in each allowance area with the total cost for the same vehicle in the DC area. These comparisons are expressed as indexes and are shown in Appendix 18. The indexes were then averaged to produce a single Automobile Expense Category index for each allowance area.

Likewise, JFA compared the cost of air fares for each area with those for the DC area and computed a cost index. These indexes are also shown in Appendix 18. That appendix also shows how the auto and air transportation indexes are combined using expenditure weights derived from the CES data to produce final transportation indexes.

JFA used national average expenditure data to derive weights that reflected how much consumers typically spend to own and operate an automobile versus other transportation expenses. These weights were used to combine the Automobile Expense Category index with the Other Transportation Cost index by area to derive the overall Transportation

Component index for the area. The weights, computations, and final indexes are also shown in Appendix 18. The Transportation Component indexes are used in Appendix 20 to derive the total overall index.

6. Miscellaneous Expenses

6.1 Component Overview

The Miscellaneous Expense component consists of three categories of expenses:

- Medical care,
- Contributions (including gifts to non-family members),
- Personal insurance and retirement contributions/ investments.

JFA used an approach similar to that used for the Goods and Services Component to derive the indexes for each of these categories and the Miscellaneous Component overall.

6.2 Component Weights

JFA used CES data to determine the appropriate weights for each of the items and categories in the Miscellaneous Component. The following table shows the category weights. Item weights are shown in Appendix 19.

TABLE 6-1.—MISCELLANEOUS EXPENSE CATEGORIES AND WEIGHTS

Categories	Income level		
	Lower (percent)	Middle (percent)	Upper (percent)
Medical Care	41.50	31.33	23.51
Contributions	15.80	16.85	17.65
Personal Insurance and Retirement Contributions	42.70	51.82	58.83
Totals	100.00	100.00	100.00

(Note: Values may not total because of rounding.)

6.3 Component Categories

6.3.1 Medical Expense Category

JFA surveyed the price of medical care items using essentially the same approach it used for the Goods and Services Component items. The following medical-care items were priced in each allowance area and in the Washington, DC, area. (See Appendix 5 for item descriptions).

- Nonprescription pain reliever
- Prescription drugs
- Vision check
- Dental service
- Doctor visit
- Hospital room
- Health insurance

JFA surveyed the cost of these items in both the allowance areas and in the

Washington, DC, area and compared the prices to produce an index for each item in each area. JFA combined these indexes using CES weights to produce a single Medical Care Category index for each area.

It should be noted that for the model, it is assumed that the cost of health insurance is constant among areas because the choice of Federal health coverage is to a large extent a matter of personal preference. Therefore, the index for this item is 100.00.

6.3.2 Contributions Category

The index for the Contributions Category is the Goods and Services Component index for the area. The Goods and Services index is used based on the assumption that the relative level

of contributions is roughly equivalent to that reflected by the Goods and Services index.

6.3.3 Personal Insurance and Retirement Category

The index for personal insurance and retirement contributions and investments is assumed to be constant among areas. The cost of Federal Employees Group Life Insurance is a matter of personal preference and is constant in all areas for the same age, salary, and benefit option combinations. Likewise, retirement contributions are a matter of personal preference and the minimum contribution requirements are constant among areas for equivalent salary levels.