



Lt. Gen. Brian T. Kelly
USAF (Ret)
President and CEO



Pay Full Housing Costs for Servicemembers

MOAA seeks to restore the Basic Allowance for Housing (BAH) to 100%.

BACKGROUND

The availability of affordable rental housing is a national problem — one made worse for servicemembers thanks to frequent moves and the unique needs of their profession. Servicemembers don't choose where they are stationed, and they are always on call. The challenges mount further for families, with spouses of those in uniform more likely to be unemployed or underemployed.

WHAT THIS MEANS FOR ALL SERVICEMEMBERS AND THEIR FAMILIES

Many enlisted servicemembers, stationed all across the country, are facing financial strain, and housing costs play a big role in their economic struggles. The wide majority of them do not receive a housing allowance in line with federal government standards for "affordable housing," defined by the Census Bureau and the Department of Housing and Urban Development as "housing on which the occupant is paying no more than 30% of gross income for housing costs, including utilities."

See the chart "Can They 'Afford' to Serve?" on the reverse side of this page.

As the chart makes clear, the average enlisted servicemember with dependents will not receive a BAH meeting affordable housing

standards until the grade of E-7. Higher ranks are less impacted by this model, but they have specific situations that are not favorable relative to BAH and housing costs.

REAL-WORLD EXAMPLE

A married E-5 with four years of service will receive 46% of their compensation through their BAH and the Basic Allowance for Subsistence, which is designed to cover food costs. BAH is currently intended to cover 95% of the rental and utilities for a two-bedroom townhouse where they are stationed.

Using government estimates for total monthly expenses, an E-5 (in a military housing area representing the national average) is **\$433 short** on what they need to make ends meet each month.

See the chart "Real-World Example" on the reverse.

Financial readiness in the ranks directly supports our national security. When an emergency arises, servicemembers are left with difficult choices about how to fit unexpected costs into their already tight budgets. They might be forced to tap into savings or resort to using credit cards.

How can we address this shortfall? According to DoD data, the average E-5 will pay \$111 per month out of pocket toward housing costs to cover the 5% of the bill not footed by the Pentagon. This E-5 would still face a budget gap, but restoring BAH

to cover 100% of housing costs will make a major difference for our example and for our servicemembers.

Servicemembers and families living on base have their BAH cover 100% of the rent and utility costs. However, on-base housing is limited, and roughly two-thirds of the force lives off-installation.

HOW DID WE GET HERE?

Over the past decade, a greater financial burden has shifted to servicemembers and their families.

- Servicemembers' pay increases from 2014-16 did not match inflation, leading to a 2.6% pay raise decrement.
- In 2015, DoD started reducing BAH to 95% of housing costs, at a 1% reduction each year until 2019.
- In 2018, the Blended Retirement System essentially required new servicemembers (those not eligible for the legacy retirement plan) to contribute 5% of their paychecks to the Thrift Savings Plan to maximize matching contributions from DoD.

It's time to reverse these trends and support our servicemembers to ensure the future of the all-volunteer force. Congress signaled its interest in fixing this problem in the FY 2023 National Defense Authorization Act by authorizing funds to reduce the BAH absorption rate by 2%. Now, we need you to finish the job and pass the BAH Restoration Act. 

Congress, we need your help

Our nation expects 100% from servicemembers. Ensure they get 100% of their housing allowance by supporting BAH restoration.

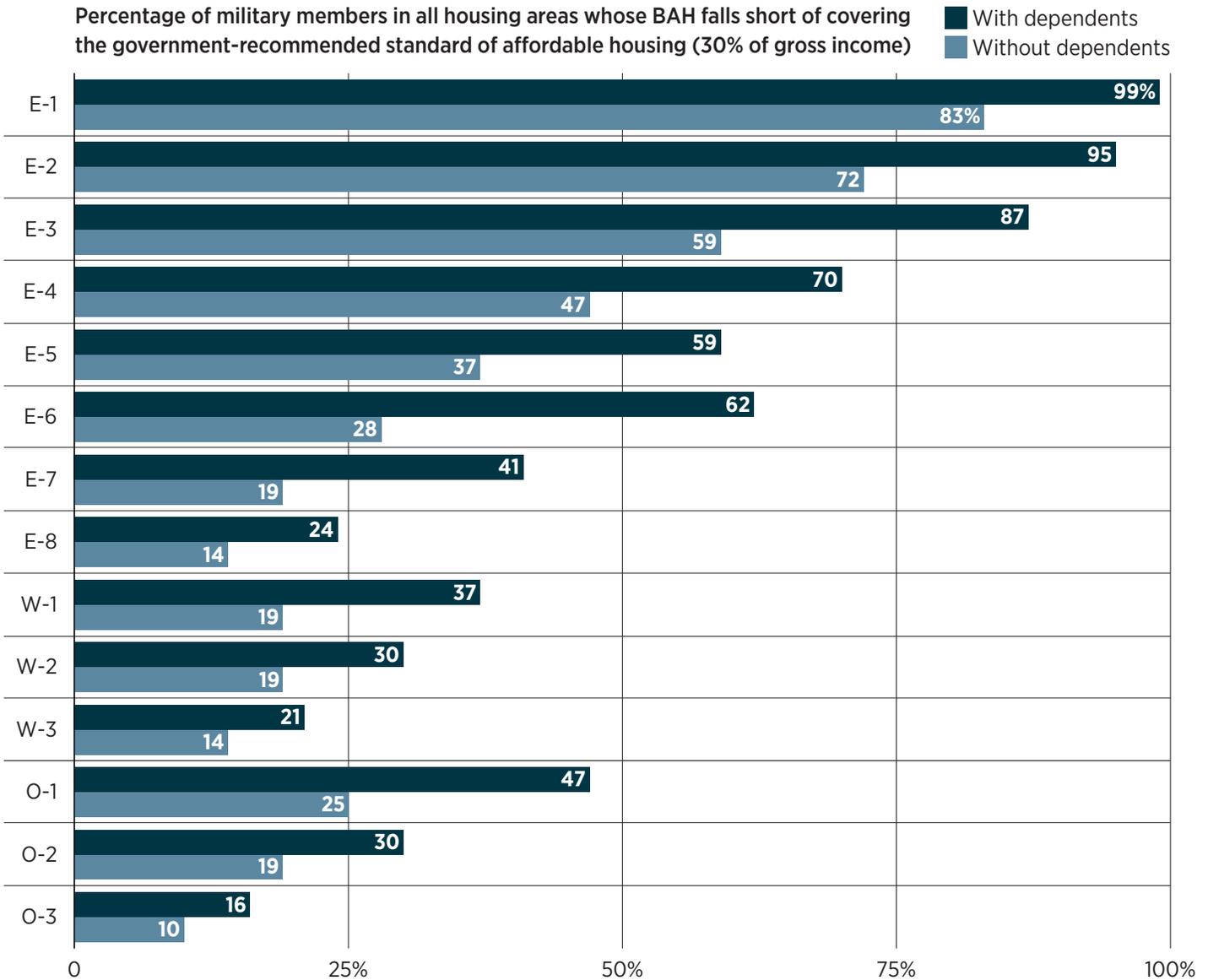
Cosponsor and pass the BAH Restoration Act (H.R. 2537).

MOAA Contact

Government Relations
Legis@moaa.org
(800) 234-6622

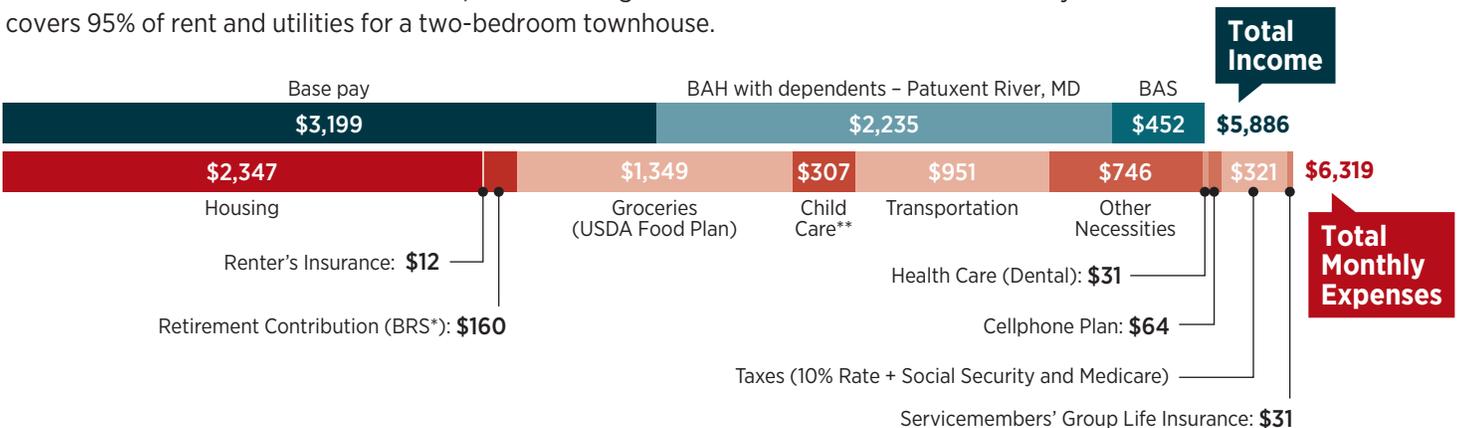
CAN THEY 'AFFORD' TO SERVE?

The housing allowance provided to a majority of servicemembers, including many within the junior enlisted levels, does not cover the federal definition of "affordable housing," leading to significant out-of-pocket costs and other family financial stressors.



REAL-WORLD EXAMPLE

A married E-5 with four years of service will receive 46% of their compensation through their BAH and the Basic Allowance for Subsistence, which is designed to cover food costs. BAH currently covers 95% of rent and utilities for a two-bedroom townhouse.



*Blended Retirement System **CDC rate for one child attending part-time in high-cost area

SOURCES AND METHODOLOGY: DOD PAY TABLES; ALL INFORMATION BEHIND 'REAL-WORLD EXAMPLE' FIGURES IS AVAILABLE AT MOAA.ORG/BAHBUDGET

GRAPHIC BY JOHN HARMAN/MOAA