### **BAH FAQs**

The Defense Travel Management Office (DTMO) provides central oversight for commercial travel management, travel policy and implementation, travel card program management, customer support and training, functional oversight of the Defense Travel System (DTS), and allowance and entitlement program management.

### 1. Who is eligible for BAH?

A member assigned to permanent duty within the 50 United States, who is not furnished government housing, is eligible for a Basic Allowance for Housing (BAH), based on the member's rank, dependency status, and permanent duty station ZIP Code. A member stationed overseas (except in Hawaii and Alaska), including U.S. territories and possessions, who is not furnished government housing, is eligible for an Overseas Housing Allowance (OHA) based on the member's dependency status. If a member with dependents (except for a member paying child support) is serving an UNACCOMPANIED overseas tour, the member is eligible for BAH at the "with-dependent" rate, based on the dependent's U.S. residence ZIP Code, plus FSH at the OCONUS PDS, if the member is not provided government housing overseas.

### 2. Where can I look up my rates and learn more about Basic Allowance for Housing?

Go to the BAH Calculator page. http://www.defensetravel.dod.mil/site/bahCalc.cfm.

### 3. I looked up the current year BAH amount for my grade and ZIP Code and it's less than I was getting last year. Am I going to lose money?

No. BAH rate protection keeps an individual from having a reduction in BAH as long as the individual maintains "uninterrupted eligibility" [see below] for BAH. This means an individual is authorized the 1 January rate for the individual's grade and location or the housing allowance being paid on 31 December of the previous year, whichever is larger.

#### 4. Can I ever lose rate protection?

Three separate circumstances may lead to a change in your status that "interrupts your eligibility" for the allowance, and then, **only** if the published allowance for your grade and location is less than what you are getting now.

First, and most common, a decrease occurs when you PCS to a location at which the housing cost is less than at your current duty station. At the new duty station you get a lower housing allowance, but you should be no worse off, because the allowance is driven by the housing costs there.

Second, if you are demoted, your housing allowance reverts to the then-current published table of allowances for your lower grade. Promotions do not lower your housing allowance.

Third, if your dependency status changes (from with-dependent to without-dependent, or vice versa), your housing allowance is determined by your new dependency status and the then-current published table of allowances for your grade.

### 5. If, in a given year, I lose rate protection, am I protected from further decreases in the following year(s)?

Yes. An individual is authorized the larger of: (a) the January 1 published BAH for grade and location; or (b) the housing allowance being paid on December 31.

#### 6. Does rate protection keep me from getting rate increases?

No. An individual is authorized the larger of: (a) the January 1 published BAH for grade and location; or (b) the housing allowance being paid on December 31.

### 7. If I get promoted, do I get the "protected" BAH amount for my new pay grade?

No. If you are promoted, your BAH rate is the then-current published BAH for your new (higher) grade, with the following exception. If you get promoted, and are in a location where the current published BAH for your new grade is lower than the BAH amount you were receiving before, you continue to receive the higher BAH amount.

### 8. Will I see big changes in housing allowances on January 1?

Typically changes in housing allowances are modest. Allowances reflect the costs associated with household rental. Generally, rental prices change between 2%-5 percent from year to year, with "hot" markets changing 5%-10%. Housing allowances typically change accordingly.

### 9. I still have some out-of-pocket expenses!

Yes, some members at a location may have out-of-pocket expenses. BAH rates are set at the median for each grade and housing profile. For a given individual, an out-of-pocket expense may be incurred based on the actual housing choice. If a member rents above the median rate for the grade/profile, that member incurs out-of-pocket expenses. For example, if a member lives in a 3-bedroom townhouse with lease and utilities that cost \$1,200, and the median cost for that dwelling in the area is \$1,100 that member has out-of-pocket expenses of \$100. The opposite is true for an individual who chooses to occupy a less expensive residence. Only a member whose housing costs are exactly at or below the median will have no out-of-pocket expenses.

### 10. The BAH for my grade doesn't begin to cover my mortgage payment!

BAH is based on rental data. A homeowner's monthly mortgage payment is not used in the computation because the monthly cash outlay of a homeowner is not a good indicator of the economic costs of home ownership. The variables needed to compute this include such difficult to measure factors as the expected appreciation in the value of the residence, the amount of down payment, the opportunity costs of interest from down payments, settlement costs, and the tax

savings due to the interest and tax payments deduction. Therefore, BAH reflects the current rental market conditions not the historical circumstances surrounding various mortgage loans.

#### 11. What is the source of BAH rental data?

Current data is obtained from multiple sources, employing a "checks and balances" approach to ensure reliability and accuracy of data. Current residential vacancies, identified in local newspapers and real estate rental listings, are an important, but not our only, source of data. Vacancies are selected at random, and subjected to a multi-tiered screening process to ensure accuracy and reliability. Telephone interviews establish the availability and exact location of each residential unit sampled. The sample is designed to obtain a statistical confidence level of 95 percent or higher. Yellow page listings of apartments and real estate management companies are employed to identify units for rental pricing. It is also common to consult real estate professionals in a locality to obtain important confirmation and additional sources of data. When available, fort/post/base housing referral offices are contacted to tap local military expertise and gain insights into the local concerns of uniformed members. Finally, DoD and the Services conduct on-site evaluations at various locations to confirm and ensure reliability and accuracy of the cost data. Future enhancements include examining potential Internet uses as well as housing data available from other government agencies.

### 12. What steps do you take to ensure reliability and accuracy of the data?

In selecting specific units to measure, a multi-tiered screening process is employed to ensure that the units and neighborhoods selected are appropriate. Every property to be used is verified by telephone to ensure the correct rent and address are captured. The property address is mapped to ensure it falls within the boundaries of the housing area being sampled. In order to avoid sampling high-crime or other undesirable neighborhoods, Military Housing Offices (MHO) have the ability to exclude certain areas from data collection. In areas where the MHO has not identified exclusions, an income screening process, to identify appropriate neighborhoods, is used. For example, 3- and 4-bedroom single-family units are priced to set the rates for senior enlisted/officers, so 3- and 4-bedroom single family units are selected in neighborhoods where the typical civilian income is in the same range as senior enlisted/officers. When 1-bedroom apartments (junior single enlisted) neighborhoods are priced, focus is on where the typical civilian income is consistent with the income level that is typical for these grades. For comparison purposes, civilian salary equals the sum of military basic pay, average BAH, BAS, plus the tax advantage of the untaxed allowances.

#### 13. What is included in median housing costs?

Current market rent, average utilities and renters insurance.

#### 14. How often do you collect housing data?

The data is collected annually, in the spring and summer when housing markets are most active.

### 15. What types of residences do you include in your data collection?

The data include apartments, town homes/duplexes, as well as single-family rental units of various bedroom sizes.

### 16. Does family size make a difference?

No. Although BAH distinguishes between with-dependent and without-dependent, the with-dependent compensation is based on comparable civilians using average family size.

### 17. In determining the income of comparable civilians do you consider military family income which includes the income of the working spouse (if any)?

No. A military member should not be put into a situation in which a spouse is required to work, so in considering the military, the Regular Military Compensation (RMC) is used. RMC equals the sum of military basic pay, BAH, BAS, and the tax advantage of the untaxed allowances.

### 18. Does BAH guarantee that my residence matches what I could get if I lived in government quarters?

No. BAH is based on civilian standards, considering the housing choices made by civilians of comparable income. Government quarters are assigned based on grade and family size.

### 19. What are the civilian housing standards you use?

These are income-based, minimum housing standards used to establish the link between housing cost and pay grade. Of course, members are not limited to the standard, and are free to choose where and how they will live. Actual member choices, however, do not influence the rate calculation.

### 20. Why do you base BAH on my duty location? Why not use my residence location?

The policy decision to use duty location as a basis for BAH is based on the desire to compensate members for the typical housing cost near the member's duty location. Once the duty station is known, the BAH compensation is fixed, regardless of where the member lives. Were the member's residence location to be used as a basis for the allowance, there is the concern that this would cause a member to choose the residence location based on BAH. In some cases, this may lead to a member choosing to live further from the duty station, simply to receive higher BAH. In other cases, when a member commutes from/to a lower cost area, the members would find the BAH to be lower, even though the commuting expenses are higher. The Services decided to base the allowance on the duty location with the full knowledge that members would still be free to live where they choose, but that this decision would not affect the BAH amount.

Geographically separated families (geographic bachelors) are normally eligible for BAH based on the member's duty station. Each Service budgets for support of a certain number of members and families at each location. If a growing number of people decide to leave their families in Washington, or Tampa while the member PCSs to Mt Home or Ft. Hood that could skew the budget and service support planning for these locations. Also, a fundamental philosophy of military service is that members, with their families, create a better work environment and esprit de corps when they can be active participants in the local base and community. In certain circumstances, with specific approval of the Secretary of the Service concerned, a member may be granted an exception to receive BAH based on the dependent's location. For example if a member has a sick child that requires medical attention only available in a certain location (say Walter Reed Army Medical Center in Washington, DC), and the member receives a PCS order,

the member might leave the family in Washington and request BAH eligibility for that location. Such exceptions do not ordinarily apply to spousal employment or other personal choices.

## 21. If people choose to live further away to reduce their housing expense, does that lower BAH for everyone else?

No. A member's expenses are not used to calculate BAH.

### 22. Why does someone living in another city get more BAH than I do, when it seems to me that housing is more expensive here?

Accurately determining if one location has more expensive rental markets than another is a scientific and statistical exercise. Sometimes, individuals rely on limited personal experience or newspaper and magazine articles to make that judgment.

### 23. The cost of living here is high; I have no commissary, exchange, or hospital--I need more BAH!

BAH is designed to address the cost of housing in each area. The CONUS COLA program addresses non-housing costs of living. The fundamental goal of CONUS COLA is to compensate for high cost of living and is payable to uniformed service members based on duty stations in the Continental U.S (i.e., the 48 contiguous states and DC). CONUS COLA is based on grade and dependency status (with or without), and specifically considers the availability of commissary, exchange, and hospital facilities, because a member without this infrastructure tends to have a higher cost of living. It should be noted, however, that lack of such infrastructure does not, by itself, qualify an area for CONUS COLA.

### 24. How do you geographically define a locality?

For the purpose of defining the term, "locality," used as the basis for calculating local housing costs, the uniformed services have concurred in aggregating individual ZIP Codes into groups called Military Housing Areas (MHAs). An MHA includes rental markets surrounding a duty station or a metropolitan area. The principal goal of defining an MHA around a duty station is that members ought to receive a BAH sufficient to permit the typical member to live a reasonable distance from his or her duty station. Of course, each member is free to choose a neighborhood that suits the individual's needs, e.g., amenities, schools, and public transportation. Operationally, an MHA is defined as a collection of ZIP Codes, and its boundaries generally follow county lines. There are about 350 geographic MHAs in the United States, named for the installation or the nearest city (e.g., Fort Hood, Wright-Patterson AFB, Washington, DC, and Denver).

### 25. Who actually collects your data for you?

Robert D. Niehaus, Inc. (RDN) is employed to collect the nation-wide housing cost data that are used to compute BAH. Established in 1983, RDN is a professional economic and public policy consulting firm located in Santa Barbara, California. The firm specializes in applied analysis of military housing, water resources, environmental resources, industry economics, and community socioeconomic issues. RDN possesses many years of experience with DoD military housing projects and housing market research.

Please note: RDN does not determine BAH policy. All inquiries should be directed, via your chain of command, to the Compensation Director of your Service.

### 26. What method do you use to calculate BAH in places without directly-collected cost data?

BAH is defined for every location in the United States, even though some locations may have no military population. This is because BAH rates must be available should a member ever establish eligibility in that location. It is not cost effective to collect rental data for all such locations. To handle this situation, these areas are combined with other areas of similar cost for which RDN cost data is available. Pooling the data in this manner gives us sufficient data necessary to attain statistically reliable housing costs and BAH rates. Comparable housing costs are determined using Fair Market Rents (FMRs) published annually for all counties by the Department of Housing and Urban Development. After grouping or pooling the data, the result is a set of counties with comparable housing costs and BAH rates called a County Cost Group (CCG). There are 39 separate CCGs, each with similar housing cost. Each group includes a statistically sufficient quantity of cost data to calculate average housing costs by size and type of dwelling for that group of counties. Although roughly half the U.S. counties (about 1,500) are in County Cost Groups, these counties contain less than two percent of the uniformed services' population eligible to receive BAH.

## 27. My spouse and I are both Service members and we have two children. Why is it that only one of us can collect full rate BAH and the other single BAH? Why couldn't we each claim one child and collect full with-dependent BAH?

The rules governing allocation of dependents for BAH are specified in the JFTR, Chapter 10. The rules reflect the law and the policy of the Services.

#### 28. What is BAH-Diff?

BAH-DIFF is the housing allowance amount for a member who is assigned to single-type quarters and who is authorized a BAH solely by reason of the member's payment of child support. A member is not authorized BAH-DIFF if the monthly rate of that child support is less than the BAH-DIFF amount. The BAH-DIFF amounts, originally calculated in 1997, are updated annually based on changes in the Basic Pay tables. For more information contact your servicing finance office or consult JFTR, par. U10008.

#### 29. I am divorced with children, what is my BAH allowance?

It depends on whether or not you have legal and physical custody of your children, pay child support, and/or live in single-type government quarters. If you have legal and physical custody of your children, then you are authorized BAH at the with-dependent rate if not assigned adequate family-type government quarters. If your former spouse has custody and you are paying adequate child support (at least in an amount of your BAH-DIFF rate) you are authorized BAH at the with-dependent rate if not in government quarters or BAH-DIFF if assigned single-type government quarters.

# 30. I am a Service member who is divorced from another Service member and shares legal custody of the child/children with the former spouse. May both members receive BAH with dependents?

No, both members may not receive a housing allowance based on the same dependent. When the former spouses share legal and physical custody of the child, each parent is authorized BAH at the with-dependent rate during the period the child is actually in the parent's physical custody. Both parents may not receive a housing allowance for the child during the same period. The rules governing member to member BAH are are found in the JFTR, Chapter 10 - Part C.

# 31. May I receive BAH if I am a Service member divorced from another Service member and do not have legal or physical custody of the child/children, but I am required to pay the former spouse child support?

No, A member is not authorized BAH or OHA solely on the basis of the member's child support payment when the child/children is/are in another active duty member's custody (including a former spouse), who is assigned to government owned/leased family-type quarters (does not include privatized quarters) or is in receipt of a with-dependent housing allowance on behalf of the child/children. For more information, see JFTR, pars. U10120, U10122, U10124, U10126 and U10206.

Please visit the DTMO website, http://www.defensetravel.dod.mil/index.cfm, for more information on travel, rates and allowances.

