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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

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LILA HARPER HELMS, MAJORITY STAFF DIRECTOR
BRAD GRANTZ, REPUBLICAN STAFF DIRECTOR

November 27, 2023

The Honorable Lloyd J. Austin III
Secretary of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Dear Mr. Secretary:

In our capacity as ranking member and committee member of the Senate Committee on Commerce, Science, and Transportation, which has jurisdiction over the U.S. Coast Guard, we write to express our concern regarding the Department of Defense's (DOD) determination of basic allowance for housing (BAH) in certain areas of Texas and Georgia. These BAH rates, which are used by the Coast Guard, continue to fall well short of prevailing housing costs for Coast Guard families.

Federal law requires DOD to "determine the costs of adequate housing in a military housing area [MHA] in the United States for all members of the uniformed services," based upon "the costs of adequate housing for civilians with comparable income levels in the same area."¹ We are concerned that the DOD Military Compensation Policy directorate ("directorate") has set BAH rates in Texas and Georgia at levels that fail to meet this requirement due in part to poor data collection.

In 2021, the Government Accountability Office (GAO) found that:

DOD has not consistently collected the data on available rental units for certain locations and housing types needed to meet its sample size targets and has not always relied on current-year rental housing data. Moreover, DOD has not fully documented this process in guidance for stakeholders.²

GAO also noted that DOD has not fully determined ways to increase the number of rental housing data samples used to determine total housing cost.³ BAH is the second-largest

¹ 37 U.S.C. § 403(b)(2).

² U.S. GOV'T ACCOUNTABILITY OFF., GAO-21-137, MILITARY HOUSING: ACTIONS NEEDED TO IMPROVE THE PROCESS FOR SETTING ALLOWANCES FOR SERVICEMEMBERS AND CALCULATING PAYMENTS FOR PRIVATIZED HOUSING PROJECTS, at 12 (Jan. 25, 2021), <https://www.gao.gov/products/gao-21-137>.

³ *Id.* at 23.

component of service members' cash compensation, and, for rates to accurately reflect the true cost of housing, DOD must collect timely, robust rental housing data.

Past DOD policy requests have eroded BAH's purchasing power. For example, in 2014 DOD asked Congress to require service members to pay a portion of their housing costs "out-of-pocket" and remove renter's insurance costs from BAH.⁴ The ensuing decisions led to the current situation in which BAH covers only 95 percent of estimated housing costs and excludes renter's insurance costs.⁵ With housing costs at record highs for many Americans,⁶ inadequate BAH levels are causing severe financial strains for military families. Last year, BAH concerns ranked as a top five military life issue for the first time in the 12th annual Military Family Lifestyle Survey.⁷ As housing costs continue to rise, reducing the purchasing power of BAH is taking a toll on America's all-volunteer force.

Current BAH rates in Texas and Georgia do not adequately address the challenges faced by Coast Guard service members, who are often assigned to duty stations in expensive coastal real estate markets.⁸ Coast Guard service members in niche real estate markets like South Padre Island, Texas, and Tybee Island, Georgia, should not be punished by MHA boundaries and BAH calculations that do not accurately reflect their housing costs.⁹

We request that the directorate conduct a thorough re-evaluation of the existing MHA boundaries and Coast Guard service member residency patterns in Texas and Georgia, pursuant to 37 U.S.C. § 403 and DOD Financial Management Regulation, Volume 7A.¹⁰ Specifically, we request that the directorate conduct site visits to the MHAs associated with the following U.S. Coast Guard installations:

1. Station South Padre Island, Texas
2. Station Freeport, Texas
3. Aids to Navigation Team Port O'Connor, Texas
4. Marine Safety Detachment Victoria, Texas

⁴ *Id.* at 2.

⁵ See 37 U.S.C. § 403(b)(3)(B).

⁶ See generally Lida R. Weinstock, Introduction to U.S. Economy: Inflation, CONG. RSCH. SERV., IF10477, at 1 (Jan. 5, 2023) (7.8% inflation rate October 2021–October 2022), <https://www.crs.gov/Reports/IF10477>.

⁷ *Military Family Lifestyle Survey: 2022 Comprehensive Report*, BLUE STAR FAMILIES, at 16, https://bluestarfam.org/wp-content/uploads/2023/03/BSF_MFLS_Spring23_Full_Report_Digital.pdf. Your September 2022 memorandum, *Taking Care of Our Service Members and Families*, called affordable housing a "matter of bedrock financial security and a critical individual readiness issue."

⁸ See ANDREW TILGHMAN, CONG. RSCH. SERV., R47728, MILITARY HOUSING, at 19 (Sept. 29, 2023), <https://crsreports.congress.gov/product/pdf/R/R47728>.

⁹ Letter from Sen. Ted Cruz & Sen. John Cornyn to Hon. Mark T. Esper, Sec'y of Defense (Dec. 18, 2019) ("The readiness of our service members stems directly from the ability to support their family members."), <https://www.cruz.senate.gov/imo/media/doc/Letters/12.18.19%20-%20Cornyn%20Cruz%20Letter%20-%20Mil%20Housing.pdf>.

¹⁰ U.S. DEP'T OF DEF., *Basic Allowance for Housing: BAH Data Collection and Ratesetting Process Overview*, at 14 (June 2023), <https://media.defense.gov/2022/Jun/23/2003023204/-1/-1/0/BAH-PRIMER.PDF>.

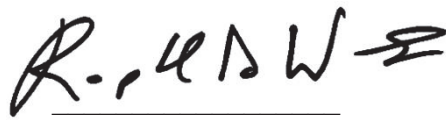
5. Station Tybee Island, Georgia
6. Air Station Savannah, Georgia
7. Station Brunswick, Georgia
8. Recruiting Office Atlanta, Georgia

Please provide to our committee the anticipated dates of the requested DOD site visits to Texas and Georgia no later than December 31, 2023. Thank you for your prompt attention to this matter.

Sincerely,



Ted Cruz
Ranking Member



Raphael Warnock
United States Senator