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REPORT BY THE U.S.

# General Accounting Office

## Small Percentage Of Military Families Eligible For Food Stamps

Only a small percentage of military families are eligible for and receiving food stamps. Most families are eligible because part of their pay--Government-furnished housing--is not counted as income.

GAO believes that all components of military pay, including Government-furnished housing, should be counted in determining food stamp eligibility. This could result in substantial savings in the food stamp program and more equitable treatment of all military personnel--those living on base, as well as off base.



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND  
COMPENSATION DIVISION

B-201405

The Honorable John R. Block  
The Secretary of Agriculture

The Honorable Caspar W. Weinberger  
The Secretary of Defense

Adequacy of military pay has been a subject of considerable concern over the past several years, particularly as reports surfaced that at least 100,000, and possibly as many as 275,000, military families were eligible for food stamps. <sup>1/</sup> The implication was that the Government was paying its members poverty wages, which would adversely affect the services' ability to attract and retain personnel.

In December 1980, we reported <sup>2/</sup> that the high estimates were grossly exaggerated, and that at the most, about 19,700 military families were potentially eligible at the beginning of fiscal year 1980. Since that time, military pay has improved substantially--cumulatively, an average increase of 32.8 percent in basic pay and allowances for fiscal years 1981 through 1983--but rumors persisted that large numbers of military families were eligible for and receiving food stamps.

In reexamining this issue, we confirmed that only a small percentage of military families were potentially eligible for food stamps--possibly 23,800 (about 1.3 percent) out of a total enlisted force of 1.8 million in fiscal year 1982. Most families were potentially eligible only because one component of their pay--Government-furnished housing--was not counted as income in determining eligibility. In addition, we found problems with food stamp administrative practices, which affect service members' eligibility.

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<sup>1/</sup>"People, Not Hardware: The Highest Defense Priority," Melvin R. Laird, American Enterprise Institute, Washington D.C., 1980.

<sup>2/</sup>"Military Personnel Eligible for Food Stamps" (FPCD-81-27, Dec. 9, 1980).

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine the validity of statements that large percentages of military families were eligible for and receiving food stamps. These statements had been made in support of extraordinarily large across-the-board pay increases. We also obtained information concerning food stamp administrative practices of the U.S. Department of Agriculture (USDA).

To meet our objective, we estimated the number of service members potentially eligible for food stamps on the basis of October 1981 and October 1982 pay rates, taking into account those members living in Government-furnished housing. The specific assumptions and methodology used to make these estimates are cited in appendix IV.

We also tested the reasonableness of the estimates by determining the actual number of service members receiving food stamps during December 1981 in two Southern California counties (San Diego and San Bernardino). We selected these two counties because (1) they had large populations of military personnel (see app. I) and (2) their food stamp records were automated so that computer matches could be used to identify military participants. We selected the counties rather than the State because in California, counties directly administer the food stamp program. Our test results in these two counties concerning the number of military families receiving food stamps cannot be projected to the entire military service population because of the limited scope.

Using automated records, we matched the names and social security numbers of food stamp recipients in San Diego and San Bernardino Counties with those in the military personnel files at the Defense Manpower Data Center. To confirm that the food stamp recipients were military personnel and to verify their military pay and other factors influencing their eligibility for food stamps, we reviewed food stamp case files and interviewed officials at the county food stamp offices and at several military installations in the counties. We also contacted the California Employment Development Department and various military and civilian personnel offices to determine whether any service members or their dependents earned additional income which was not considered in determining their eligibility for food stamps.

We visited George and Norton Air Force Bases, Camp Pendleton and 29 Palms Marine Corps Bases, and the San Diego Naval Base. At these locations, we interviewed finance officers

and family support officials. We also interviewed military officials at other installations by telephone.

At the time we made our review, to qualify for food stamps, households had to meet the monthly gross income standard set at 130 percent of the nonfarm poverty guidelines. Once the gross income test was met, benefit levels were set on the basis of net income after certain deductions. To be conservative in making our servicewide estimates, we considered only the gross income test and assumed that if the service member met this test the family would be eligible for food stamps. Had we applied the net income test, our estimates may have been reduced somewhat. In addition to meeting the gross and net income tests, households may not have over \$1,500 in other financial resources (cash and other defined assets).

We performed our review from June to August 1981 and from February to November 1982, in accordance with generally accepted Government audit standards.

MOST MILITARY FAMILIES WHO RECEIVE FOOD  
STAMPS ARE ELIGIBLE ONLY BECAUSE PART OF  
THEIR PAY IS NOT COUNTED

We estimate that, of 1.8 million enlisted members, about 23,800 (or 1.3 percent of the total enlisted force) may have been potentially eligible for food stamps in fiscal year 1982. (See app. IV.) Of those families, at least 83 percent (19,900) were potentially eligible only because part of their regular military compensation--Government-furnished housing--was not counted as income in determining eligibility. Our test in the two Southern California counties confirmed that (1) only a small number of military families in the counties were receiving food stamps--168 out of 126,000 enlisted personnel--and (2) many of those receiving food stamps were eligible because their Government-furnished housing was not counted as income--78 of the 168 military families. (See apps. II and III.)

Food stamp legislation (7 U.S.C. 2014(d)) allows "in-kind" benefits, such as providing a commodity in lieu of cash, to be excluded in determining eligibility. Although we did not examine the rationale or appropriateness of this exclusion for civilian food stamp recipients, we believe that excluding Government-furnished housing is inappropriate for military members because of how their compensation is defined.

The law (37 U.S.C. 101(25)) states that regular military compensation consists of (1) basic pay, (2) quarters received

in-kind or a cash allowance in lieu of quarters (including any variable housing allowance or station housing allowance), (3) subsistence received in cash or in-kind, and (4) the Federal income tax advantage resulting from the allowances which are nontaxable. Regular military compensation, consisting of these four components, is often used to compare military salaries with civilian salaries for equivalent levels of work, experience, and responsibility. Because housing, either provided in-kind or as a cash allowance if on-base housing is not available, is an integral part of military pay, we believe it should be treated as such when determining military members' eligibility for food stamps.

The exclusion of Government-furnished housing also creates a considerable inequity between those service members who receive Government-furnished housing as part of their pay and those who receive cash allowances instead of housing which, according to food stamp regulations, must then be counted as income in determining eligibility.

If Government-furnished housing were counted, savings in food stamp program costs could be substantial. For example, if the estimated 19,900 military families who may have been eligible in fiscal year 1982 because they lived in Government-furnished housing applied for and received food stamps, the cost would have been about \$24.5 million.

Members who would be eligible  
after Government-furnished housing is counted

Although most of the military families potentially eligible are in this category only because their Government-furnished housing is not counted as income, there remains a small number that may be eligible even if Government-furnished housing were counted--possibly as many as 3,900 in fiscal year 1982. Personnel data obtained from the Department of Defense (DOD) shows that most of these remaining military members potentially eligible for food stamps (1) were at low grade levels, (2) had less-than-average time in service for their grade level, and (3) had larger-than-average family sizes.

Our test in the two Southern California counties also showed that members who would have been eligible had Government-furnished housing been counted were generally at the lower grade levels--E-2s through E-5s--with larger-than-average family sizes, in some cases eight and nine family members.

Although only a small percentage of members may be eligible for food stamps, at the military installations visited, we noted that local base officials have taken steps to inform members of their potential eligibility for food stamps. For example, at Norton Air Force Base, California, officials used the base newsletter to periodically inform members of their potential eligibility. At the naval installations, officials informed members through several channels, such as orientation sessions and the Navy's family service centers. These efforts are helpful, but members must take the initiative to determine their families' eligibility. Although there may be others in need of and entitled to food stamp assistance who have not taken advantage of this program, DOD believes that a more active role by the services in identifying potentially eligible members would be an unwarranted intrusion into the private affairs of military personnel.

MILITARY FAMILIES MAY APPLY FOR FOOD STAMPS  
WHILE MEMBER IS ON AN EXTENDED TOUR OF DUTY

USDA, which is responsible for the food stamp program, has issued guidelines stating that when a service member is assigned off base <sup>3/</sup> or on board a ship for an extended tour of duty, the off-base location or ship should be considered the member's residence, and the member should not be counted as part of the household for food stamp purposes. The guidelines also state that only that part of the member's pay specifically identified as being available to the family remaining at home (through an allotment, for example) should be counted as income.

We believe these guidelines fail to consider the members' parental or spousal responsibilities and have resulted in service members' families receiving food stamps solely because the member was assigned to duty away from home. For example, in San Diego County, 10 Navy families receiving food stamps while the members were assigned on board a ship home-ported in San Diego would not have been eligible had the members been counted as part of the household and their military income included in gross household income for determining food stamp eligibility.

Recently, legislation for another public assistance program--Aid to Families with Dependent Children (AFDC)--was

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<sup>3/</sup>The guidelines infer that this relates to members on temporary duty or travel to a location from their normal residence.

amended (Public Law 97-248, Sept. 3, 1982) to insure that families no longer would be eligible for AFDC solely because of a service member's absence. The Senate report (S. Rpt. 97-494) accompanying that legislation stated that the absence of a parent solely because of active uniformed duty should not be a basis for AFDC eligibility, and that the parent in the service should retain the responsibility for supporting any children. In our opinion, the same rationale should apply in determining food stamp eligibility.

ELIGIBILITY OF MILITARY PERSONNEL SHOULD BE REASSESSED PROMPTLY AFTER ANNUAL PAY RAISES

In December 1981, 44 of the 168 military households receiving food stamps in San Diego and San Bernardino Counties actually had income or resources in excess of the amounts allowed but were still receiving program benefits because they had not reported their increased income or resources to the county. For example, 27 of the 44 households had income in excess of the standard because the October 1, 1981, military pay raises had not yet been taken into account. Food stamp eligibility had been established on the basis of October 1, 1980, military pay rates and eligibility had not been recertified using the new pay rates. These military households may have been technically eligible during December 1981 because of the procedural timelag in removing individuals from the food stamp rolls. However, we found no system at either the local or national levels to reassess the food stamp eligibility of military personnel when raises become effective annually on October 1. Of the remaining 17 households where eligibility was questionable, we noted instances where (1) military promotions and outside income were not reported, (2) caseworkers applied the wrong criteria in determining eligibility, and (3) caseworkers did not know that applicants were in the military.

CONCLUSIONS

We found no evidence that a large percentage of military families are eligible for and receiving food stamps. Furthermore, many families who did receive food stamps were eligible only because Government-furnished housing was not counted as income. Because the law clearly states that Government-furnished housing is part of a member's regular military compensation, we believe that the food stamp legislation should recognize this and be amended to require that Government-furnished housing be counted as income when determining food



stamp eligibility. We believe that such an amendment would result in more equitable treatment of all military personnel, both those living in Government-furnished housing and those receiving cash allowances instead of housing.

Although the numbers are small, there remains a group of military families who, because of their larger-than-average family sizes, would be eligible to receive food stamps even if Government-furnished housing were counted. The services have recognized their responsibility to inform members of their potential eligibility for food stamps and have provided information through several communication channels.

USDA guidelines that allow a military family to become eligible for food stamps because the member is on duty away from home and not providing adequate support opens the door for potential abuse. We believe that the absence of parents or spouses solely because they are assigned to duty away from home should not be a reason for members' families to become eligible for food stamps.

A variety of circumstances resulted in 44 military households in the two Southern California counties receiving food stamps and having income in December 1981 above the eligibility standard; however, the most common reason was that increased earnings resulting from the military pay raise received the previous October were not reported promptly. We believe that a reasonable remedy to this situation would be to require military food stamp recipients to have their food stamp eligibility recalculated immediately after the annual pay raise, ordinarily scheduled for October 1 of each year.

RECOMMENDATIONS TO THE SECRETARY  
OF AGRICULTURE

We recommend that the Secretary of Agriculture, in consultation with the Secretary of Defense, propose legislation to amend 7 U.S.C. 2014(d) to require that Government-furnished housing be included in the gross income computation for determining food stamp eligibility. We also recommend that the Secretary of Agriculture:

- Issue new guidelines that would insure households would not become eligible for food stamps solely because of an active duty-related absence.
- Instruct the food stamp caseworkers that, in addition to any other recertifications, they should recalculate food stamp eligibility for all military food stamp recipients

at the same time the amount of the annually scheduled military pay raise becomes known.

BUDGETARY IMPACT OF  
OUR RECOMMENDATIONS

We believe that implementation of our recommendations could result in substantial savings. Food stamp costs applicable to military families cannot be precisely identified. However, our review indicates that the number of military families potentially eligible for food stamps would decrease significantly if Government-furnished housing were counted as income.

Budgetary savings resulting from implementation of our recommendations would accrue to the Department of Agriculture, Food and Nutrition Service Food Stamp Program appropriation (05-84) 12-3505 in the Food and Nutrition Assistance budget subfunction (605). The Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture have legislative and oversight jurisdiction over the food stamp program.

AGENCY COMMENTS AND OUR EVALUATION

Both USDA and DOD agreed (see apps. V and VI) that only a small percentage of military families were potentially eligible for food stamp assistance and that most families were eligible because part of their pay was not counted. USDA observed that our servicewide estimates of potentially eligible members are probably overstated because we did not adjust the estimates to account for members stationed overseas--who are normally not eligible for food stamps--or for members with working spouses. USDA pointed out that, according to DOD, about 25 percent of military personnel are stationed overseas, and Bureau of Labor Statistics data shows that 40 percent of spouses in the United States work full-time and another 20 percent work part-time.

We agree that our estimates would have been lower had it been possible to accurately adjust for these and other factors, such as money received for variable housing allowances, (which over 90 percent of those living off base receive) and special and incentive pays (which many members receive in addition to their regular military compensation). (See app. IV.) However, to be conservative, we did not adjust our estimates to account for members stationed overseas because (1) the percentages vary by pay grade, (2) military members stationed in some locations considered by DOD as overseas--such as Guam and Puerto Rico--are eligible for food stamps, and (3) many members, particularly

those at lower grade levels, are not accompanied by their families when transferred overseas; thus, family members may remain eligible. Also, we did not adjust our estimates to take into account working spouses because, although a large percentage of military spouses work, the percentage varies by grade level and is not necessarily the same as the general population reflected by Bureau of Labor Statistics data.

DOD agreed with our recommendation that Government-furnished housing should be counted as income and that the food stamp legislation (7 U.S.C. 2014 (d)) should be amended to include in-kind income in the gross earnings computation for determining food stamp eligibility. DOD caveated its agreement, however, stating that service members should be treated no differently from the civilian population regarding food stamp eligibility.

USDA agreed in principle with our recommendation that in-kind income be counted in determining eligibility. However, USDA stated that a major reason for not counting in-kind income was the difficulty of establishing a cash value for it this type of income.

We agree with DOD that service members should not be treated differently than the civilian population regarding food stamp eligibility. However, we also believe that members should not be treated differently from one another regarding food stamp eligibility simply on the basis of whether they live on or off base. It is again important to note that by law (37 U.S.C. 101(25)), Government-furnished housing (or a cash allowance if housing is not available) is a specified component of regular military compensation, which is generally defined as payment for services rendered. Because Government-furnished housing provided in-kind is an element of military pay, we believe it should be treated as such.

USDA raised a question about how to fairly and properly establish a cash value to be applied to Government housing furnished to military members. Several methods are available, including establishing a cash value based on

--the fair market rental value for each Government-housing unit,

--the cost to the Government to build and maintain the housing unit, or

--the amount of housing allowances service members give up by living in Government housing.

USDA and DOD should make the final decision on a method as they work together to develop proposed legislation to amend 7 U.S.C. 2014(d).

DOD and USDA agreed with the intent our recommendation that USDA issue guidelines to insure that military households would not become eligible for food stamps solely because of the member's active duty-related absence from home. Again, however, DOD agreed with the recommendation only if the treatment of service members is consistent with that of the civilian population. We agree that military families should not be singled out for special treatment. If similar situations occur among the civilian population where families are eligible for food stamps solely because of a job-related absence of a spouse, it would seem reasonable that the same rules and logic should apply.

DOD agreed that our recommendation concerning the recalculation of food stamp eligibility for all military recipients at the same time the amount of the annually scheduled pay raise becomes known would be a reasonable procedure, but it said that military families should not be singled out. USDA said that the thrust of our recommendation--timely consideration of changes in household circumstances--has concerned the agency for some time. According to USDA, households are now required to report income changes within 10 days, and this procedure is being tightened by a monthly reporting system that will be in place by October 1983. Under this new system, military households, among others, will be required to report monthly on household circumstances relevant to proper certification and benefit amounts. USDA's actions in implementing this new monthly reporting system may resolve the problem intended to be corrected by our proposed recommendation, but the procedure has yet to be put into place and its potential effectiveness is unknown.

Our draft report contained a proposed recommendation that the services take a more active role in identifying and assisting those military families who are still eligible for food stamps after Government-furnished housing has been counted. DOD disagreed with the recommendation and said that the food stamp program is well advertised at military bases and that each service has programs to assist military personnel seeking help in obtaining food stamps. DOD's position is that to specifically identify military families potentially eligible for food stamp assistance would be an unwarranted intrusion into service members' personal lives. We agree with DOD that the food stamp program is well advertised and that the service member household has the primary responsibility for applying for food stamp assistance. We are therefore deleting our proposed recommendation from our final report.

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As you know, 31 U.S.C. 720 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations. This written statement must be submitted to the House Committee on Government Operations and the Senate Committee on Governmental Affairs no later than 60 days after the date of the report. A written statement must also be submitted to the House and Senate Committees on Appropriations with an agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretaries of the Army, Navy, and Air Force; the chairmen of cognizant congressional committees; and other interested parties.



Clifford I. Gould  
Director



Military Population of and Number of Military Families Receiving Food Stamps in San Diego and San Bernardino Counties (Dec. 1981)

	<u>San Diego County</u>				<u>San Bernardino County</u>				
	<u>County total</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>County total</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Total</u>
<b>Military population:</b>									
Officers	10,121	7,956	2,143	8	2,486	60	414	1,884	128
Enlisted	109,611	78,597	30,869	19	16,312	213	7,191	8,668	240
<b>Number receiving food stamps:</b>									
Officers	0	0	0	0	0	0	0	0	0
Enlisted	144	108	36	(a)	24	1	10	13	(c)
<b>Percent receiving food stamps:</b>									
Enlisted	0.13	0.14	0.12	-	0.15	0.47	0.14	0.15	-
									0.13

a/Three Air Force families were receiving food stamps but not included because military members' regular duty stations were outside the county.

b/Three Army families were receiving food stamps but not included because military members' regular duty stations were outside the county.

c/Two Army families were receiving food stamps but not included for reasons noted in footnote b/.

Military Households Receiving Food Stamps  
By Pay Grade and Household Size  
(Dec. 1981)

Distribution of food stamp recipients by pay grades:	San Diego County						San Bernardino County						Total			
	County total		Navy		Marine Corps		County total		Navy		Marine Corps				Air Force	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
E-1	8	5.6	5	4.6	3	8.3	1	4.2	0	0.0	0	0.0	1	7.7	9	5.4
E-2	11	7.6	9	8.3	2	5.6	0	0.0	0	0.0	0	0.0	0	0.0	11	6.5
E-3	25	17.4	9	8.3	16	44.5	4	16.6	0	0.0	2	20.0	2	15.4	29	17.3
E-4	38	26.4	31	28.8	7	19.4	9	37.5	0	0.0	3	30.0	6	46.1	47	28.0
E-5	45	31.2	42	38.9	3	8.3	9	37.5	1	100.0	4	40.0	4	30.8	54	32.1
E-6	16	11.1	11	10.2	5	13.9	1	4.2	0	0.0	1	10.0	0	0.0	17	10.1
E-7	1	0.7	1	0.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.6
E-8/E-9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total	144	100.0	108	100.0	36	100.0	24	100.0	1	100.0	10	100.0	13	100.0	168	100.0
Household size:	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	7	4.9	4	3.7	3	8.3	0	0.0	0	0.0	0	0.0	0	0.0	7	4.2
2	5	3.5	3	2.8	2	5.6	0	0.0	0	0.0	0	0.0	0	0.0	5	3.0
3	17	11.8	13	12.1	4	11.1	2	8.3	0	0.0	1	10.0	1	7.7	19	11.3
4	30	20.8	23	21.3	7	19.5	4	16.7	0	0.0	0	0.0	4	30.7	34	20.2
5	48	33.3	36	33.3	12	33.3	9	37.5	1	100.0	5	50.0	3	23.1	57	33.9
6	28	19.4	24	22.2	4	11.1	7	29.2	0	0.0	4	40.0	3	23.1	35	20.8
7 or more	9	6.3	5	4.6	4	11.1	2	8.3	0	0.0	0	0.0	2	15.4	11	6.6
Total	144	100.0	108	100.0	36	100.0	24	100.0	1	100.0	10	100.0	13	100.0	168	100.0
Housing:																
Government- furnished	105	72.9	79	73.1	26	72.2	24	100.0	1	100.0	10	100.0	13	100.0	129	76.8
Private	39	27.1	29	26.9	10	27.8	0	0.0	0	0.0	0	0.0	0	0.0	39	23.2
Total	144	100.0	108	100.0	36	100.0	24	100.0	1	100.0	10	100.0	13	100.0	168	100.0



**Military Households Receiving Food Stamps Compared**  
**to the Military Population in San Diego and San Bernardino Counties**

**Dec. 1981**

<u>Military grade</u>	<u>Total grade population</u>	<u>Number receiving food stamps</u>	<u>Percent receiving food stamps</u>	<u>Number in Government-furnished housing a/</u>	<u>Percent in Government-furnished housing</u>
E-1	17,549	9	0.05	1 (0)	11.1
E-2	16,877	11	0.07	1 (0)	9.1
E-3	28,538	29	0.10	18 (6)	62.1
E-4	22,252	47	0.21	41 (25)	87.2
E-5	18,011	54	0.30	51 (34)	94.4
E-6	13,438	17	0.13	16 (12)	94.1
E-7	6,596	1	0.02	1 (1)	100.0
E-8/9	<u>2,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>125,923</u>	<u>168</u>	<u>0.13</u>	<u>129 (78)</u>	<u>76.8</u>

a/Shown in parentheses are the numbers of households that would not have been eligible for food stamps if the value of Government-furnished housing were counted as income.

ASSUMPTIONS AND METHODOLOGYUSED TO ESTIMATE NUMBER OFMILITARY FOOD STAMP RECIPIENTS

To determine how many military personnel were potentially eligible for food stamps, we applied (1) USDA's gross income eligibility standards, which are based on the nonfarm income poverty guidelines issued by the Department of Health and Human Resources and (2) DOD's "Selected Military Compensation Tables." Our October 1981 estimates were based on the gross income eligibility standard--set at 130 percent of the nonfarm poverty guidelines--established under the Omnibus Budget Reconciliation Act of 1981, (Public Law 97-35) August 13, 1981. Our October 1982 estimates were based on the gross monthly income eligibility standards which became effective July 1, 1982, (Fed. Reg. Vol. 47, No.81, Apr. 27, 1982). To make our analysis, we assumed the following:

- Basic military compensation (basic pay, basic allowances/or subsistence and quarters) was the only income received by the family. In making our estimates, we did not attempt to determine the amount of spouses' income, income from second jobs, the amount of variable housing allowance received or amounts of special and incentive pays, although all cash income is to be counted in determining food stamp eligibility.
- This would tend to make our estimates higher than the number actually eligible.
- The value of Government-furnished housing was equivalent to basic allowance for quarters for a service member's grade and family size.

Using these assumptions, we determined the gross military personnel income (for each grade and longevity step and family size) and estimated the number of military personnel potentially eligible for food stamps for each grade level. Our estimates are probably overstated because we could not determine (1) household income from other sources, (2) total military compensation received in cash, and (3) households' net income. Also, we did not reduce our estimates to account for service member families stationed overseas who are not eligible for food stamps. However, DOD's "Selected Military Compensation Tables," only estimates service populations up to, and including, a family size of six. Consequently, if military households have more than six members, our estimate could be understated. For

example, our estimates show no E-7s as being potentially eligible for food stamps, yet in our test, we found one E-7 who was eligible for and receiving food stamps because of his large family size and because he was receiving uncounted Government-furnished housing. The estimates are shown in the following table.

SERVICEWIDE ESTIMATES OF MILITARY  
PERSONNEL POTENTIALLY ELIGIBLE FOR FOOD STAMPS

October 1981 estimates

<u>Military grade</u>	<u>Total grade population</u>	<u>Estimate potentially eligible</u>	<u>Percent potentially eligible</u>	<u>Number eligible due to Government-furnished housing</u>	<u>Percent eligible due to Government-furnished housing</u>
E-1	175,800	1,346	0.77	404	30.0
E-2	170,647	1,450	0.85	1,243	85.7
E-3	314,943	1,905	0.60	789	41.1
E-4	417,281	6,663	1.60	5,335	80.1
E-5	334,855	10,606	3.17	10,261	96.7
E-6	209,746	1,843	0.88	1,843	100.0
E-7	120,455	-	-	-	-
E-8/9	48,477	-	-	-	-
<b>Total</b>	<b>1,792,204</b>	<b>23,813</b>	<b>1.33</b>	<b>a/19,875</b>	<b>83.5</b>

October 1982 estimates

E-1	161,629	1,578	0.98	605	38.3
E-2	170,919	2,598	1.52	953	36.7
E-3	326,406	3,811	1.17	2,536	66.5
E-4	418,825	11,125	2.66	7,758	69.7
E-5	348,461	16,162	4.64	10,493	64.9
E-6	215,736	3,470	1.61	3,465	99.9
E-7	121,984	-	-	-	-
E-8/9	50,898	-	-	-	-
<b>Total</b>	<b>1,814,858</b>	<b>38,744</b>	<b>2.13</b>	<b>25,810</b>	<b>66.6</b>

a/If all these families applied for and received food stamps, the additional cost to the Government could be \$24.5 million in fiscal year 1982. This estimate is based on USDA's average annual food stamp cost per family.

APPENDIX V



MANPOWER  
RESERVE AFFAIRS  
AND LOGISTICS

APPENDIX V

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

14 MAR 1983

Mr. Clifford I. Gould  
Director, Federal Personnel  
and Compensation Division  
United States General  
Accounting Office  
Washington, D.C. 20548

Dear Mr. Gould:


We have reviewed the draft report by the Comptroller General dated January 14, 1983, "Study to Determine the Number of, and Reasons for, Military Personnel Using Food Stamps," (GAO/FPCD-83-25; OSD Case 6170).

The Department of Defense agrees with the recommendations to require that Government-furnished housing be included in the gross income computation for determining food stamp eligibility, to issue new guidelines which would ensure that households would not become eligible for food stamps solely because of an active-duty-related absence, and to establish procedures for recertifying eligibility of military personnel for food stamps after the annual military pay raise. It is the position of the Department of Defense, however, that the implementation of these recommendations be effected such that the treatment of military personnel is consistent with the rules, regulations, and policies pertaining to the civilian population.

The Department of Defense does not agree with the recommendation that the Services take a more active role in identifying those military families eligible for food stamp assistance. Each of the Services has programs which provide information, counseling and assistance to military personnel regarding the food stamp program. It is the position of the Department of Defense that any effort to seek out potential military food stamp recipients would be an unwarranted intrusion into the private affairs of military personnel.

Enclosed is a detailed review and Department of Defense comments on each of the findings, conclusions, and recommendations contained in the report. We appreciate the opportunity to provide these comments.

Sincerely,

  
James N. Julian  
Principal Deputy Assistant  
Secretary of Defense  
(Manpower, Reserve Affairs, and Logistics)

Enclosure

DETAILED DOD COMMENTS ON FINDINGS,  
CONCLUSIONS, AND RECOMMENDATIONS

Findings

Finding A: Few Military Families Receive Food Stamps. Contrary to reports which had surfaced in recent years that at least 100,000 and possibly as many as 275,000 military families were eligible for food stamps (which carried the implication that the Government was paying its members poverty wages), GAO found that of the 1.8 million enlisted members, about 23,800 (or 1 percent of the total enlisted force) were potentially eligible for food stamps in fiscal year 1982. [pp. 1 and 3.]

DoD Position: DoD concurs. However, the finding should be restated that "a small percentage of military families receive food stamps" instead of "few" since 23,800 potential recipients constitute more than a few. It is the position of DoD that 23,800 is still a significant number of potential military food stamp recipients. Further, it should be noted that DoD has consistently estimated a much smaller number than the 100,000 to 275,000 cited. In 1976, the Third Quadrennial Review of Military Compensation estimated that between 11,000 and 38,000 military families were potentially eligible, and in 1980 the office of the Assistant Secretary of Defense (MRA&L) estimated that 24,000 were potentially eligible. Both of these estimates were made prior to GAO's initial report in December 1980 which estimated 19,700 potential eligibles.

Finding B: Most Military Families Who Receive Food Stamps Are Eligible Only Because Government-Furnished Housing Not Counted as Income. GAO found that of those families potentially eligible for food stamps at least 83 percent (or 19,900 of the 23,800) were eligible only because part of their regular military compensation--Government-furnished housing--was not counted as income in determining eligibility. [pp. 3 and 4.]

DoD Position: DoD concurs.

Finding C: Counting Government-Furnished Housing as Income Could Provide Substantial Savings for Food Stamp Program. GAO found if Government-furnished housing were counted as income, savings in food stamp program costs could be substantial--for example, if the estimated 19,900 military families who may have been eligible in fiscal year 1982 because they lived in Government-furnished housing applied for and received food stamps, the cost to the Government would have been about \$24.5 million. [p. 4.]

DoD Position: DoD concurs that savings would occur in the food stamp program, but did not verify the \$24.5 million figure.

GAO note: Page references have been changed to correspond with those in the report.

Finding D: Members Would Still be Eligible for Food Stamps Even if Government Housing Were Counted as Income. GAO found that if Government-furnished housing were counted as income, there would remain a small number of military families who may be eligible for food stamps--possibly as many as 3,900 in fiscal year 1982. GAO also found that personnel data obtained from the Department of Defense showed that most of these remaining military members potentially eligible for food stamps (1) were at low grade levels, (2) had less than average time-in-service for their grade level, and (3) had larger than average family sizes. /p. 4.7

DoD Position: DoD concurs.

Finding E: Services' Obligation to Find and Assist Members Eligible for Food Stamps. Although only a few members may be eligible for food stamps, GAO found that a question remains as to the Services' obligation to find and assist such members. GAO further found that while local base officials have taken steps to inform members, and these efforts are helpful, generally members must take the initiative to determine whether their families are eligible for food stamps. /pp. 4 and 5.7

DoD Position: DoD nonconcur. Through a variety of means, such as Family Support Centers, counseling sessions, coordination and liaison with social service organizations in the civilian community, and distribution of information at the unit level, each of the Services currently has in place programs to inform and assist military personnel as to food stamp eligibility. The Services will continue to make every effort in the future to keep military personnel apprised of their potential eligibility for this program. However, DoD does not concur that the Services should seek out military personnel for participation in the food stamp program. The Services stand ready to assist the member in every way possible, but it is the position of DoD that application for food stamps is a personal matter between the member and the administrators of the food stamp program.

Finding F: Military Families May Apply for Food Stamps While Member is on an Extended Tour of Duty. GAO found that the Department of Agriculture, which is responsible for the food stamp program, has issued guidelines which provide that when a servicemember is assigned off-base (inferred to mean members on temporary duty or travel to a location from their normal residence) or onboard a ship for an extended tour of duty, the off-base location or ship should be considered as the member's residence, and the member should not be counted as part of the household for food stamp purposes. GAO further found the Department of Agriculture guidelines provide that only that part of the member's pay specifically identified as being available to the family remaining at home (through allotment, for example) should be counted as income. (In connection with this Finding, GAO reported that recently legislation for another public assistance program--Aid to Families with Dependent Children (AFDC)--

was amended to ensure that families would no longer be eligible for AFDC solely because of a servicemember's absence (Public Law 97-248, September 3, 1982). GAO further noted this was based on the position that the absence of a parent solely because of active uniformed duty should not be a basis for AFDC eligibility, and that the parent in the Service should retain the responsibility for supporting any children. [pp. 5 and 6.]

DoD Position: DoD concurs.

Finding G: Eligibility of Military Personnel Is Not Reassessed Promptly after Annual Pay Raise. GAO found that in December 1981, 44 of the 168 military households receiving food stamps in San Diego and San Bernardino counties had incomes or resources in excess of amounts allowed, and that the households would not have been eligible had the military members promptly reported their increased income or resources to the county. Noting that although these military households may have been technically eligible during December 1981 because of the procedural timelag in removing individuals from the food stamp rolls, GAO reported it found no system at either the local or national level to reassess food stamp eligibility of military personnel when raises become effective annually on October 1. (GAO noted 27 of the 44 households identified as being over the amount allowed had incomes in excess of the standard because the October 1, 1981, military pay raise had not been taken into account; and of the remaining 17, instances were noted where (1) military promotions and outside income were not reported, (2) caseworkers applied the wrong criteria in determining eligibility, and (3) caseworkers did not know that applicants were in the military.) [p. 6.]

DoD Position: DoD concurs.

#### CONCLUSIONS

Conclusion 1: GAO concluded there was no evidence (for fiscal year 1982, the period covered by the study) that large numbers of military families are eligible for and receiving food stamps. [pp. 6 and 7.]

DoD Position: DoD partially concurs. DoD would concur with the conclusion that a small percentage of military families are eligible for and receiving food stamps. However, DoD does not concur that 23,800 in FY 82 is a small number of military personnel to be potentially eligible. This magnitude of potential food stamp usage by military personnel represents a manpower management and morale problem. This is particularly relevant in view of the fact that GAO estimates that the number of potential eligibles has grown to 38,800 in FY 83, and with the proposed deletion of a military pay raise in October 1983, this number could escalate rapidly.



Conclusion 2: GAO concluded that most of the military families potentially eligible for, as well as a high percentage of those actually receiving, food stamps in San Diego and San Bernardino counties were eligible only because Government-furnished housing was not counted as income in determining eligibility. [pp. 6 and 7.]

DoD Position: DoD concurs.

Conclusion 3: GAO concluded that the food stamp legislation (7 U.S.C. 2014(d)) that allows "in-kind" benefits (such as providing a commodity in lieu of cash) to be included in determining food stamp eligibility is inappropriate as it relates to Government-furnished housing for military members because of how their compensation is defined. [pp. 6 and 7.]

DoD Position: DoD concurs. DoD believes that Government-furnished housing for military members should be counted as income, but only if this change is made in the context of an overall review of Department of Agriculture policy relating to "in-kind" income which would ensure that the treatment of military personnel is consistent with that of the civilian population.

Conclusion 4: GAO concluded that because housing (either provided in-kind or the cash allowance if on-base housing is not available) is an integral part of military pay, it should be treated as such when determining military members' food stamp eligibility. [pp. 6 and 7.]

DoD Position: DoD concurs if the treatment of military personnel is consistent with that of the civilian population.

Conclusion 5: GAO concluded that because the law clearly states that Government-furnished housing is part of a member's compensation, the food stamp legislation should recognize this and be amended to require that Government-furnished housing be counted as income when determining food stamp eligibility. [pp. 6 and 7.]

DoD Position: DoD concurs if the treatment of military personnel is consistent with that of the civilian population.

Conclusion 6: GAO concluded the small number of families eligible for food stamps should not be cited as justification for across-the-board pay raises.

DoD Position: DoD concurs that the small number of families eligible for food stamps should not be cited as justification for across-the-board pay raises. The conclusion infers, however, that the Department of Defense cited military food stamp usage as justification for the large military pay increases in FY 81 and FY 82. On the contrary, the 11.7 percent military pay raise in FY 81 and the

average 14.3 percent increase in FY 82 were made because military pay had fallen significantly behind private sector pay leading to severe recruiting and retention problems. DoD did not use food stamp usage by military personnel as a justification for these increases. As a matter of fact, the military pay raise in FY 82 was targeted to grades E-5 and above where there is no, or little, food stamp usage.

Conclusion 7: GAO concluded that because the Services have generally taken a passive role in identifying potentially eligible members, there may be others in need of and entitled to food stamps who are not being reached, and a more active role by the Services is needed. /pp. 5, 7, and 10./

DoD Position: DoD nonconcur. The DoD position on this conclusion is the same as on Finding E and Recommendation 4, that is: Through a variety of means, such as Family Support Centers, counseling sessions, coordination and liaison with social service organizations in the civilian community, and distribution of information at the unit level, each of the Services currently has in place programs to inform and assist military personnel as to food stamp eligibility. The Services will continue to make every effort in the future to keep military personnel apprised of their potential eligibility for this program. However, DoD does not concur that the Services should seek out military personnel for participation in the food stamp program. The Services stand ready to assist the member in every way possible, but it is the position of DoD that application for food stamps is a personal matter between the member and the administrators of the food stamp program.

Conclusion 8: GAO concluded that Department of Agriculture guidelines which allow a military family to become eligible for food stamps simply because the member is on duty away from home and not providing adequate support, opens the door for potential abuse. /p. 7./

DoD Position: DoD concurs. However, as with the counting of Government-furnished housing as income, it is DoD's position that the Department of Agriculture guidelines in this area should be thoroughly reviewed such that the policy with respect to military personnel is consistent with that for the civilian population where the wage earner is temporarily separated from the household.

Conclusion 9: GAO concluded that the absence of a parent solely because of active uniformed duty should not be a basis for eligibility for food stamps, and that the parent in the Service should retain the responsibility for supporting any children. /pp. 5, 6, and 7./

DoD Position: DoD concurs if the treatment of military personnel is consistent with that of the civilian population.

Conclusion 10: GAO concluded that a reasonable remedy for military families receiving food stamps and being over the eligibility standard would be to require military food stamp recipients to have their food stamp eligibility recalculated immediately after the annual October 1 pay raise. /p. 7./

DoD Position: This is a recommendation rather than a conclusion. See the DoD position on Recommendation 3 below.

### RECOMMENDATIONS

Recommendation 1: GAO recommended that the Secretary of Agriculture, in consultation with the Secretary of Defense, propose legislation to amend 7 U.S.C. 2014(d) to require that Government-furnished housing be included in the gross income computation for determining food stamp eligibility. /p. 7./

DoD Position: DoD concurs, if under the proposed legislation, the treatment of military personnel is consistent with that of the civilian population.

Recommendation 2: GAO recommended that the Secretary of Agriculture issue new guidelines which would ensure that households would not become eligible for food stamps solely because of an active-duty-related absence. /p. 7./

DoD Position: DoD concurs if the treatment of military personnel is consistent with that of the civilian population.

Recommendation 3: GAO recommended the Secretary of Agriculture instruct the food stamp caseworkers that, in addition to any other recertifications, they should calculate food stamp eligibility for all military food stamp recipients at the same time as the amount of the annually scheduled military pay raise becomes known. /pp. 7 and 8./

DoD Position: DoD concurs. However, it is DoD's position that military families should not be singled out. The Department of Agriculture should establish procedures whereby all food stamp recipients--military, government civilians, and to the extent possible, private sector workers--would be recertified after a known pay raise.

Recommendation 4: GAO recommended that the Services take a more active role in identifying those military families eligible for food stamp assistance, after considering the value of Government-furnished housing. /p. 10./

DoD Position: DoD nonconcur. The DoD position on this recommendation is the same as on Finding E and Conclusion 7, that is: Through a variety of means, such as Family Support Centers, counseling

sessions, coordination and liaison with social service organizations in the civilian community, and distribution of information at the unit level, each of the Services currently has in place programs to inform and assist military personnel as to food stamp eligibility. The Services will continue to make every effort in the future to keep military personnel apprised of their potential eligibility for this program. However, DoD does not concur that the Services should seek out military personnel for participation in the food stamp program. The Services stand ready to assist the member in every way possible, but it is the position of DoD that application for food stamps is a personal matter between the member and the administrators of the food stamp program.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

MAR 18 1963

Mr. J. Dexter Peach  
Director  
Resources, Community and Economic  
Development Division  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Peach:

This responds to the draft General Accounting Office (GAO) report, entitled, "Study to Determine the Number of, and Reasons for, Military Personnel Using Food Stamps." We appreciate this opportunity to comment.

The Department of Agriculture (USDA) has also been concerned about reports which show a large number of military personnel receive food stamps. We also have developed estimates using the Department of Defense publication, "Selected Military Compensation Tables," and we concur with the basic GAO estimating procedure. However, adjustments should be made in the numbers for military personnel located overseas and the income of working spouses. (We have discussed our suggestions for expanding GAO's methodology in the attachment.)

Among its recommendations, GAO has suggested that USDA propose legislation to count the value of in-kind military housing payments as income to the household. The reason for this is that housing quarters, either in cash or in-kind, are part of basic military compensation. The total value of the military compensation package is intended to be the same, based upon rank; but the method of payment varies. Under current law, the Food Stamp Program makes a distinction among military households based upon how they are paid. Cash housing allowances are treated as income in calculating food stamp eligibility and benefit levels; but in-kind housing quarters are not counted at all. Thus, military households of the same rank, other income, and family size may be treated differently; and their total package of compensation plus food stamp benefits -- all paid for by the Federal Government -- may be different.

GAO has estimated that thousands of households were eligible for the Food Stamp Program solely because of their receipt of in-kind military housing. We agree that this different treatment of military households does appear to create an inequity with respect to the treatment of military compensation. At the same time, the Food Stamp Program's treatment of in-kind payments is consistent with the treatment of all other in-kind benefits, such as public housing. On the other hand, the broader issue of the treatment of all kinds of noncash income has been of much

Mr. J. Dexter Peach

concern within the past few years, and there have been efforts to fairly evaluate these so that larger equity purposes may be served. Our immediate and particular concern with respect to the Food Stamp Program is not only that any method of establishing cash equivalents of in-kind benefits be fair to the recipient but that it be easy to establish and administer. Therefore, we believe that this issue must be looked at carefully and considered in the larger context of our aim to simplify the Program. Our detailed response to the GAO report is discussed in the attachment.

Sincerely,



MARY C. JARRATE  
Assistant Secretary for  
Food and Consumer Services

Attachment

U.S. DEPARTMENT OF AGRICULTURE RESPONSE TO GAO RECOMMENDATIONS IN DRAFT REPORT, "STUDY TO DETERMINE THE NUMBER OF, AND REASONS FOR, MILITARY PERSONNEL USING FOOD STAMPS"

GAO ESTIMATES: GAO used Department of Defense (DOD) counts of the number of military personnel — 1.79 million in FY 1981 and 1.81 million in FY 1982. They calculated the number eligible for food stamps using Department of Defense military compensation tables and appropriate food stamp gross income poverty guidelines. Acknowledged shortcomings of the GAO estimate were the amount of spouses' income, income from second jobs, the amount of variable housing allowance received or amounts of special pay and bonuses. No account was made of the number of military stationed overseas, and household sizes greater than six could not be taken into consideration.

USDA RESPONSE: GAO's initial assumptions are sound. Salient points with respect to further adjustments are:

- 25 percent of military are stationed overseas, according to DOD.
- 40 percent of spouses in the US work full-time and another 20 percent work part-time, according to the Bureau of Labor Statistics.
- Only about 3 percent of food stamp households contain more than six persons; and there appears to be a similar distribution of larger households among lower-ranked enlisted military personnel.

The potential overstatement of the GAO estimates far outweighs any potential understatement, and the magnitude of potential error is great enough that other assumptions must be taken into account. We recommend that GAO change its estimates at least enough to eliminate any military overseas and to eliminate households with a full-time working spouse. The results could be increased by 3 percent to take into consideration larger household sizes. The revised estimates would be:

	FY 1981	FY 1982
Eligible Present Law	11,000	18,000
Eligible if Housing Counted as Income	1,800	6,000
Ineligible if Housing Counted as Income	9,200	12,000

GAO RECOMMENDATION: GAO recommended that Government-furnished housing be included in the gross income computation for determining food stamp eligibility.

**USDA RESPONSE:** One of the major reasons that the Food Stamp Program makes a distinction between income paid in cash and income paid in-kind relates not only to the nonavailability of such income to the household for other purposes but to the difficulty in fairly and properly evaluating the cash value of in-kind benefits. For example, the case of military housing, the cash equivalent value of the housing quarters would vary on a case-by-case basis, and any attempt to establish cash values would be extremely inexact.

Nevertheless, military housing could, in some ways, be considered different from other types of in-kind payments because (1) it is part of the total military compensation package intended by the Federal Government to be equal to a certain amount and (2) there is available a reasonable (though imprecise) equivalent to the value of military housing — the cash allowances paid to military personnel of the same rank and marital status. Therefore, we plan to consider and look into this possibility, within the context of the broader equity issue.

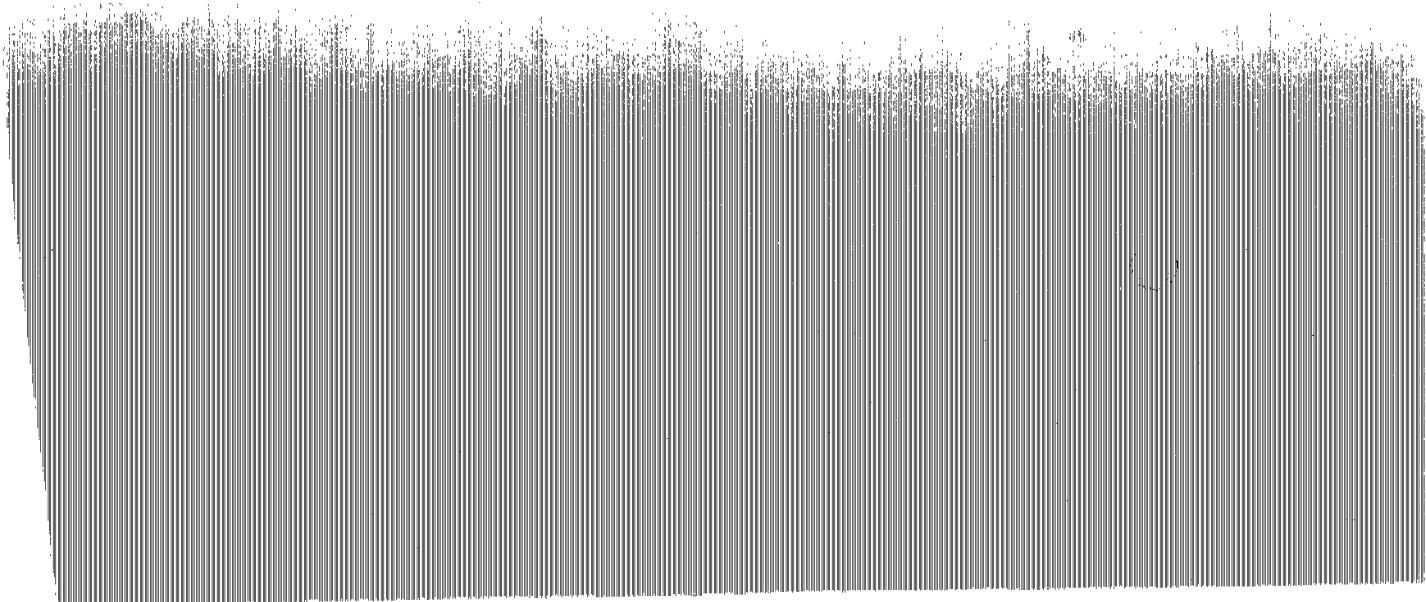
**GAO RECOMMENDATION:** GAO recommends that USDA issue new guidelines which would ensure that households would not become eligible for food stamps solely because of an active-duty related absence.

**USDA RESPONSE:** We concur with the intent of this proposal and we will take it into consideration. We are examining similar AFDC provisions and the impact that this proposal might have upon household eligibility. Under some circumstances, it might increase the household's countable income beyond that which is actually available to them.

**GAO RECOMMENDATION:** GAO recommends that food stamp caseworkers recalculate food stamp eligibility for all military food stamp recipients at the same time as the amount of the annually scheduled pay raise becomes known.

**USDA RESPONSE:** GAO's recommendation is directed toward timely consideration of changes in household circumstances. This issue has been of concern to us for some time. Households are already required to report changes in income within ten days, but this procedure has been tightened by a monthly reporting system which will be in place by October of this year. Under this new system, military households, among others, will be required to report monthly on household circumstances relevant to proper certification and benefit amounts. Monthly reporting will ensure that not only military pay raises but other changes in household income will be taken into account in a timely and orderly manner following receipt.





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