

GAO

Report to the Subcommittee on Defense,  
Committee on Appropriations, U.S. Senate

June 1992

# DEFENSE FORCE MANAGEMENT

## Housing Allowances for Military Personnel in North Carolina and Virginia



146905



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**National Security and  
International Affairs Division**

B-247817

June 22, 1992

The Honorable Daniel K. Inouye  
Chairman  
The Honorable Ted Stevens  
Ranking Minority Member  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate

The Senate Committees on Armed Services and on Appropriations directed the Department of Defense (DOD) to assess the current system for establishing housing allowance rates. The Committees were concerned that the housing allowance system might be inadequate and inequitable and that it might not be operating as originally intended. In November 1991, after 3 years of effort, DOD published its Joint Service Housing Allowance Study. One of the study's key recommendations was that fair market rents established by the Department of Housing and Urban Development (HUD) or another appropriate external standard be used as a minimum floor for determining allowances.<sup>1</sup> DOD subsequently decided the recommendation needed further review and directed another study group to consider the use of the fair market rents as a floor as part of its ongoing review of military compensation. That group's final report is expected in mid-1992.

As you requested, we limited our focus to the following information about housing allowances in North Carolina and Virginia for fiscal year 1991:

- the number of military personnel receiving housing allowances,
- the estimated monthly cost of the current housing allowance program, and
- a comparison of military housing allowances with HUD-established fair market rents.

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**Background**

Each service member not residing in government quarters is entitled to a monthly payment for renting or buying private-sector housing. Under the current system, this tax-free allowance has two components: the Basic Allowance for Quarters (BAQ) and the Variable Housing Allowance (VHA). BAQ rates vary by an individual's rank and dependency status. The rates, adjusted annually at the same rate as the military pay raise, do not have a

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<sup>1</sup>The study did not identify any other appropriate external standard as an alternative to the HUD fair market rents.

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consistent relationship with housing cost increases. Because BAQ rates fell far behind housing costs during the rapid inflation of the 1970s, Congress approved the VHA program to provide more assistance for service members.

The methodology for setting VHA rates has resulted in some cases in which junior-ranking personnel receive larger allowances than higher-ranking personnel. Moreover, some service members who live in declining or slower-rising housing markets have experienced allowance declines even though their long-term lease and mortgage obligations have remained the same. Legislation known as the Bateman Amendment prevents a net pay loss and became effective in October 1990; however, it does not protect the service member against significant allowance losses that could negate the entire annual pay raise. Because of such apparent inequities, the Armed Services and Appropriations Committees required DOD to conduct the assessment that resulted in the Joint Service Housing Allowance Study. We provide further information on BAQ and VHA rates, the recommendations of DOD's study, and subsequent DOD study of housing allowances in appendix I.

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## Results in Brief

In 1991, approximately 48,000 military personnel received housing allowances in the 10 military housing areas in North Carolina, and about 80,000 received them in the 11 military housing areas in Virginia.<sup>2</sup> In each of these states approximately 97 percent of the housing allowance recipients were assigned to duty stations in four military housing areas. In North Carolina the four housing areas were the Fort Bragg and Pope Air Force Base complex, Camp Lejeune, Cherry Point Marine Corps Air Station, and Seymour Johnson Air Force Base. In Virginia, the four areas were Norfolk/Portsmouth, Hampton/Newport News, Quantico/Woodbridge, and Petersburg/Fort Lee. Appendix II provides the numbers of military personnel that received allowances in each of the housing areas in the two states.

We estimated that the monthly cost of providing housing allowances to military personnel in North Carolina and Virginia was over \$63 million. Military personnel assigned to duty stations in North Carolina received

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<sup>2</sup>These figures do not include service members assigned to duty stations in Northern Virginia that are part of the Military District of Washington: the Pentagon, Fort Belvoir, and Fort Myer. These duty stations and others in Washington, D.C., and nearby Maryland constitute their own unique military housing area.

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more than \$19 million; those assigned to duty stations in Virginia, approximately \$44 million. Appendix III breaks these totals into the estimated monthly cost for the allowances paid to service members in each housing area in the two states.

Our comparison of the total housing allowance<sup>3</sup> that military personnel at the same grade level received with HUD's fair market rent rates for each of the different housing areas revealed a number of inconsistencies. For example, the total housing allowance for an E-4 with dependents was above the two-bedroom fair market rate in all of the housing areas in North Carolina, including one area—Elizabeth City—where the allowance was above the rate for three-bedroom units. In Virginia, similar personnel received a total housing allowance that exceeded the fair market rent for one-bedroom dwellings in four housing areas; two-bedroom units in five areas; three-bedroom units in one area; and four-bedroom units in one area. Similar differences exist for officers and enlisted personnel at different grade levels. The dollar amounts of total housing allowances for officers and enlisted service members and the fair market rents in the two states' military housing areas are shown in appendix IV.

DOD housing compensation officials advised us that if the study's recommendation for using fair market rents as an allowance floor was approved, they would use the HUD fair market rents to calculate housing allowances for each military housing area. However, they told us that there were some housing areas that would be subject to more than one set of the HUD rates. For those areas, DOD officials would develop a single set of population-weighted rates on the basis of where service members actually resided. For the military housing areas in North Carolina and Virginia, we compared HUD's fair market rents with DOD's and found the rates generally similar: almost 91 percent were either the same or differed by no more than 5 percent. The DOD weighted rate for one housing area exceeded the HUD rate by 34 percent. DOD officials explained that service members assigned to that housing area were subject to two sets of fair market rents, with one being considerably higher than the other.

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<sup>3</sup>For this report, the term "total housing allowance" includes the monthly BAQ and VHA actually paid to service members plus the 15-percent congressionally intended absorption factor for housing costs. (See app. IV for details.)

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## Scope and Methodology

We conducted interviews with officials and collected data from the Office of the Secretary of Defense and interviewed service personnel in Washington, D.C., and military bases in North Carolina and Virginia. To estimate the costs of the housing allowances, we obtained the rates paid to individual service members and multiplied the rates by the number of individuals entitled to receive that specific rate. Of particular interest was data on the amount of the housing allowances currently paid to military personnel by grade and housing area. We adjusted these figures to reflect the legislatively intended absorption factor and compared the total with an externally developed housing standard.

We used HUD's fair market rents to calculate the costs of modest housing because DOD recommended the adoption of this standard as a minimum floor in its November 1991 Joint Service Housing Allowance Study. For a given housing area, HUD sets the fair market rents at the 45th percentile of the rents for qualified dwellings in that particular area. This means that for a given geographic area 45 percent of the rental housing costs less than the fair market rent and the remaining 55 percent costs more. In this report, we used the fair market rent for each area of North Carolina and Virginia in which the military base was located.

We did not obtain DOD comments on this report. However, we discussed the information in the report with DOD's housing compensation officials and have incorporated their comments where appropriate. We performed our work from May 1991 to April 1992 in accordance with generally accepted government auditing standards.

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We are sending copies of this report to the Chairmen of the Senate and House Committees on Armed Services and on Appropriations, Senate Committee on Governmental Affairs, and House Committee on Government Operations; the Director of the Office of Management and Budget; and the Secretaries of Defense, the Army, the Air Force, and the Navy. We will also make copies available to others upon request.

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If you or your staff have any questions concerning this report, please call me on (202) 275-3990. Major contributors to this report were George E. Breen, Jr., Assistant Director, and William J. Rigazio, Senior Evaluator.



Paul L. Jones  
Director, Defense Force Management Issues

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Abbreviations

|      |   |
|------|---|
| BAQ  | Basic Allowance for Quarters                |
| COLA | cost-of-living allowance                    |
| DOD  | Department of Defense                       |
| HUD  | Department of Housing and Urban Development |
| VHA  | Variable Housing Allowance                  |

# Current and Proposed Systems for Computing Military Allowances

In this appendix, we discuss the current system for determining housing allowances and explain the Department of Defense's (DOD) proposed modification to this system. We also provide information on developments that have taken place since DOD's Joint Service Housing Allowance Study.

## Housing Allowance Program Used by DOD

Each service member not residing in government quarters is entitled to receive a monthly payment to rent or buy private-sector housing. This payment is a tax-free supplement to basic pay and has two components: the Basic Allowance for Quarters (BAQ) and the Variable Housing Allowance (VHA).

## Basic Allowance for Quarters

BAQ rates are set annually and vary with an individual's rank, dependency status, and type of living quarters. The rates generally increase with rank and seniority; however, senior enlisted personnel receive higher allowances than junior officers. Under the 1991 pay scale the rates range from \$289.80 monthly for an E-1 with dependents to \$813.90 for a general or admiral with dependents.

There are three rate categories for each rank: the first applies to personnel with dependents, the second to those without dependents, and the third to those who are either single or unaccompanied and live in bachelor quarters, barracks, or dormitories. Military personnel with at least one family member that qualifies as a dependent and lives with them usually fit in the first category. The number of dependents that are in a service member's family does not affect this rate.

The second category is primarily for single or unaccompanied service members without family members living with them and for married personnel that do not fit into the first category. When a husband and wife are both in the military and have children, generally the higher-ranking service member receives the allowance for personnel with dependents; the lower-ranking member receives the BAQ at the rate for personnel without dependents. Both members of dual-service couples without children receive the rate for personnel without dependents.

In the third category, a partial allowance is paid to single or unaccompanied service members that live in government housing: bachelor, officer, or enlisted quarters; dormitories; or barracks. Married personnel living in government family quarters that are officially designated as substandard also receive a partial allowance. The decision

not to accept available government quarters is an option for all officers and enlisted personnel in grades E-7 and above. However, personnel assigned to key positions may be required to reside in government quarters.

The BAQ has been criticized for not keeping up with increases in the cost of housing. However, the Congress did not intend for this allowance to cover all off-post housing costs. Beginning in fiscal year 1985, the Congress changed the formula for setting BAQ rates with the intent that BAQ cover 65 percent of the national median housing cost reported by military personnel.

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### **Variable Housing Allowance**

To narrow the gap between actual housing costs and the BAQ, Congress approved the VHA program in 1980 and amended it in 1984. The intention was that the VHA program would cover 20 percent of the national median housing costs of military personnel. VHA combined with BAQ was intended to cover 85 percent of the national median housing cost; service members were expected to absorb the rest, about 15 percent of the national median. According to DOD officials, the rate of absorption in recent years has been closer to 20 percent of the national median housing cost because the BAQ increases have been linked to increases in Basic Pay and have not been sufficient to cover 65 percent of this cost index. VHA payments are made to service members living in private-sector housing in most of the communities in the United States. Different rates are calculated for about 350 communities.

Like BAQ, VHA has different rates for each rank, with separate categories for personnel with and without dependents. VHA rates are based on the actual housing costs reported by service members during the annual housing surveys. The methodology for setting VHA rates has produced some cases in which junior-ranking personnel receive larger VHA payments than higher-ranking personnel residing in the same area. DOD officials advised us that although there might be some VHA inversions, when BAQ was also considered there were few. When such inversions do occur, they are caused by wide variations in the actual housing costs reported.

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## Housing Allowance System Proposed in the Joint Service Housing Allowance Study

The Senate Armed Services and Appropriations Committees were not convinced that the existing housing allowance program provided service members access to adequate housing on an equitable basis. Thus, the Committees directed DOD to assess the program. DOD was charged with developing an integrated housing allowance system that would determine adequate allowances in an equitable manner for all service members.

In November 1991, after 3 years of effort, DOD issued the Joint Service Housing Allowance Study, which proposed a major change to the military housing allowance program. The study recommended using an external housing cost index—specifically, the Department of Housing and Urban Development's (HUD) fair market rents—as a minimum floor for determining housing allowance rates. The group further recommended that the existing system remain in effect for those instances in which it produced a higher allowance rate than that established using HUD's fair market rents.

HUD determines fair market rents so that it can compute appropriate subsidies for low-income families acquiring housing. The agency sets these prices at the 45th percentile of the rental rates in the local housing market. In other words, 45 percent of the rental rates are below the fair market rent, while the remaining 55 percent of the rentals are above that price. HUD classifies the dwelling units by the number of bedrooms and establishes the rates annually on the basis of private-market rent levels for units that meet physical adequacy standards.<sup>1</sup> Although HUD includes rental units from all price ranges for this computation, it does not include newly constructed units, luxury units, subsidized or public housing, and substandard housing.

The agency calculates the fair market rents using data from the American Housing Survey<sup>2</sup> for recent movers, the decennial Census, and the Bureau of Labor Statistics' Consumer Price Index. To ensure as much accuracy as possible, HUD uses the most current data available at the time the rents are estimated and solicits public comments before the rates are finalized. Fair market rents are published annually for 339 standard metropolitan statistical areas and 2,416 nonmetropolitan counties in the United States.

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<sup>1</sup>Such rental units must have adequate plumbing, heating, electrical, and kitchen facilities.

<sup>2</sup>The Bureau of the Census performs the American Housing Survey for HUD and provides information on the structural characteristics of housing and gross rents.

Officials who conducted the Joint Service Housing Allowance Study told us they concluded that the American Housing Survey produced the best external source of rental costs. They used the American Housing Survey data base to compare military and civilian housing expenditures and found that there were no statistically significant differences for persons of the same age, education, and income level. However, the study group did find that there was an insufficient number of renters at the higher-income levels of \$50,000 and above to support the use of the American Housing Survey for determining housing allowance rates for high-ranking military personnel. Nevertheless, these officials told us they believed that the fair market rents program with its inherent adequacy standards could be used to establish an adequacy floor to ensure that all service members receiving housing allowances in lieu of government quarters would receive reimbursement for at least minimally adequate housing in any area of the United States to which they were assigned.

The study group believed that using fair market rents as a housing allowance floor would have several advantages. First, the rates are a widely accepted external data source and, therefore, can provide a more efficient system. Second, the rates are adjusted annually and published for every county and metropolitan area. Third, the rates bear a reasonable relationship to actual housing costs, have an implicit physical housing quality standard, and reflect housing costs for income levels appropriate for military members.

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### Developments Since the Joint Service Housing Allowance Study

The Assistant Secretary of Defense for Force Management and Personnel did not approve the study's recommendations that were submitted in late 1990. Instead, in early 1991, the Assistant Secretary directed the 7th Quadrennial Review of Military Compensation to consider the study recommendations as part of its ongoing review of military compensation. The cost-of-living allowance (COLA) concept of military compensation is a key element of this group's current review. Because review of this matter was still in progress, the Assistant Secretary deferred any decision on recommendations dealing with housing allowances until the 7th Quadrennial Review group has issued its report.

Subsequently, this group drafted a preliminary recommendation proposing the use of a COLA-based compensation system that would include the cost of non-housing expenses on an area-by-area basis. The group proposed using private contractors to perform "market basket surveys," which would identify these costs in each area. Officials in the group advised us

that the military COLA under consideration excluded housing costs because the VHA system already identified area-specific housing costs. They cautioned that this was their preliminary position and it could change by the time they issued their final report.

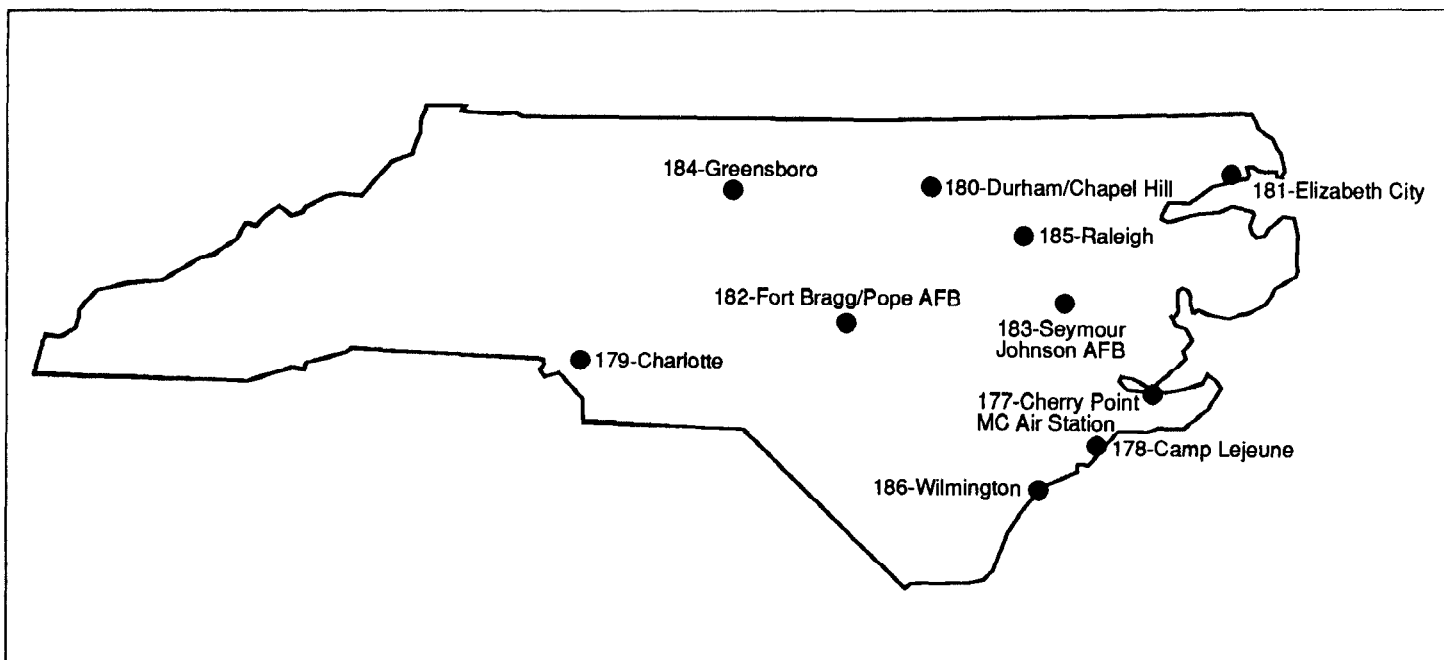
In December 1991, the Deputy Secretary of Defense rejected the efforts to include either the Joint Services Housing Allowance Study's fair market rent concept or the 7th Quadrennial Review group's COLA method in the fiscal year 1993 budget submission. The Deputy Secretary said that the recommendations were costly and premature. He also stated that the fiscal year 1993 budget had already been decided upon before the study group made its recommendations and that the 7th Quadrennial Review's final report was not due until mid-1992.

DOD forwarded the Joint Service Housing Allowance Study to the Office of Management and Budget for further consideration. As of May 1992, the study had not yet been forwarded to the Congress.

# Military Personnel Assigned to Duty Stations in North Carolina and Virginia During 1991

This appendix contains maps that show the locations and DOD's numerical designations of the military housing areas in North Carolina and Virginia. Tables following these maps identify the numbers of military personnel assigned to the different duty stations in these states during 1991. The tables break these numbers down by grade and housing area.

Figure II.1: Locations of Military Housing Areas In North Carolina



**Appendix II  
Military Personnel Assigned to Duty Stations  
in North Carolina and Virginia During 1991**

**Table II.1: Numbers of Military Personnel That Are Stationed in North Carolina and Eligible to Receive Housing Allowances**

| Grade                       | Military housing area |               |            |            |           |               |              |            |            |            | Total         |
|-----------------------------|-----------------------|---------------|------------|------------|-----------|---------------|--------------|------------|------------|------------|---------------|
|                             | 177                   | 178           | 179        | 180        | 181       | 182           | 183          | 184        | 185        | 186        |               |
| <b>Enlisted personnel</b>   |                       |               |            |            |           |               |              |            |            |            |               |
| E-1                         | 18                    | 133           | 12         | 2          | 1         | 87            | 12           | 9          | 2          | 2          | <b>278</b>    |
| E-2                         | 89                    | 552           | 2          | 1          | 1         | 458           | 44           | 4          | 1          | 1          | <b>1,153</b>  |
| E-3                         | 689                   | 3,350         | 6          | 2          | 2         | 1,686         | 135          | 11         | 19         | 6          | <b>5,906</b>  |
| E-4                         | 723                   | 4,064         | 27         | 9          | 1         | 3,647         | 419          | 31         | 35         | 10         | <b>8,966</b>  |
| E-5                         | 706                   | 2,919         | 104        | 21         | 6         | 4,861         | 481          | 59         | 80         | 26         | <b>9,263</b>  |
| E-6                         | 492                   | 1,849         | 119        | 24         | 8         | 3,836         | 336          | 86         | 101        | 28         | <b>6,879</b>  |
| E-7                         | 390                   | 1,249         | 98         | 28         | 2         | 2,810         | 302          | 63         | 89         | 15         | <b>5,046</b>  |
| E-8                         | 136                   | 549           | 24         | 5          | 2         | 873           | 51           | 15         | 32         | 4          | <b>1,691</b>  |
| E-9                         | 75                    | 224           | 3          | 2          | 0         | 265           | 23           | 2          | 8          | 1          | <b>603</b>    |
| <b>Subtotal</b>             | <b>3,318</b>          | <b>14,889</b> | <b>395</b> | <b>94</b>  | <b>23</b> | <b>18,523</b> | <b>1,803</b> | <b>280</b> | <b>367</b> | <b>93</b>  | <b>39,785</b> |
| <b>Officers<sup>a</sup></b> |                       |               |            |            |           |               |              |            |            |            |               |
| W-1                         | 16                    | 65            | 2          | 1          | 0         | 155           | 0            | 1          | 1          | 0          | <b>241</b>    |
| W-2                         | 46                    | 163           | 1          | 0          | 0         | 284           | 1            | 2          | 1          | 3          | <b>501</b>    |
| W-3                         | 27                    | 24            | 1          | 0          | 0         | 161           | 0            | 0          | 5          | 2          | <b>220</b>    |
| W-4                         | 12                    | 34            | 0          | 0          | 0         | 79            | 1            | 1          | 5          | 0          | <b>132</b>    |
| O-1E                        | 8                     | 33            | 0          | 0          | 0         | 124           | 3            | 4          | 4          | 0          | <b>176</b>    |
| O-2E                        | 21                    | 87            | 1          | 0          | 0         | 24            | 3            | 0          | 1          | 0          | <b>137</b>    |
| O-3E                        | 3                     | 26            | 5          | 3          | 1         | 116           | 28           | 2          | 10         | 2          | <b>196</b>    |
| O-1                         | 35                    | 187           | 1          | 1          | 0         | 210           | 22           | 0          | 3          | 0          | <b>459</b>    |
| O-2                         | 166                   | 446           | 4          | 1          | 0         | 558           | 55           | 1          | 4          | 0          | <b>1,235</b>  |
| O-3                         | 273                   | 830           | 25         | 56         | 2         | 1,423         | 222          | 28         | 49         | 8          | <b>2,916</b>  |
| O-4                         | 153                   | 326           | 11         | 33         | 0         | 716           | 73           | 7          | 33         | 4          | <b>1,356</b>  |
| O-5                         | 60                    | 150           | 7          | 13         | 0         | 314           | 50           | 6          | 7          | 3          | <b>610</b>    |
| O-6                         | 16                    | 19            | 2          | 5          | 0         | 52            | 2            | 1          | 5          | 0          | <b>102</b>    |
| O-7 to O-10                 | 0                     | 0             | 0          | 0          | 0         | 1             | 0            | 0          | 0          | 0          | <b>1</b>      |
| <b>Subtotal</b>             | <b>836</b>            | <b>2,390</b>  | <b>60</b>  | <b>113</b> | <b>3</b>  | <b>4,217</b>  | <b>460</b>   | <b>53</b>  | <b>128</b> | <b>22</b>  | <b>8,282</b>  |
| <b>Total</b>                | <b>4,154</b>          | <b>17,279</b> | <b>455</b> | <b>207</b> | <b>26</b> | <b>22,740</b> | <b>2,263</b> | <b>333</b> | <b>495</b> | <b>115</b> | <b>48,067</b> |

<sup>a</sup>There are three groupings for officers: warrant officers—W-1 through W-4; officers with prior service as enlisted personnel—O-1E through O-3E; and all other officers—O-1 through O-10.

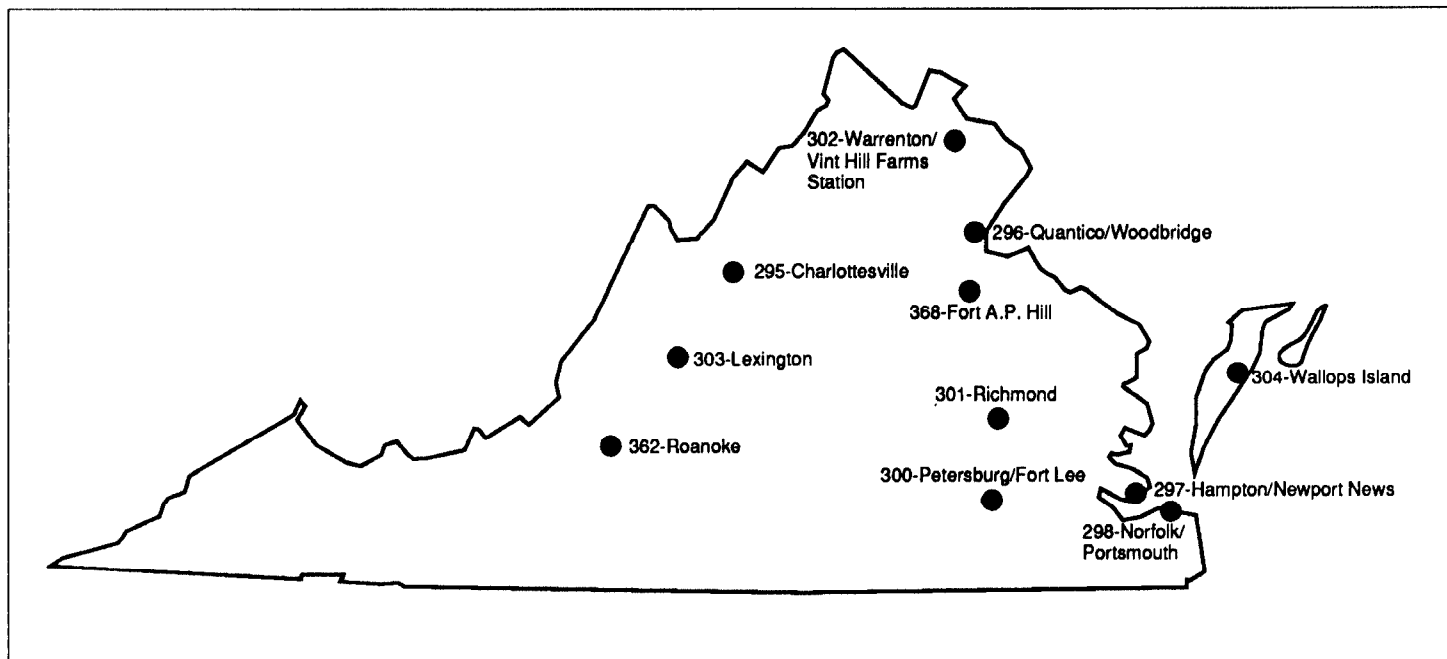
Legend

- 177 = Cherry Point Marine Corps Air Station
- 178 = Camp Lejeune
- 179 = Charlotte
- 180 = Durham/Chapel Hill
- 181 = Elizabeth City
- 182 = Fort Bragg/Pope Air Force Base
- 183 = Seymour Johnson Air Force Base
- 184 = Greensboro
- 185 = Raleigh
- 186 = Wilmington



**Appendix II  
Military Personnel Assigned to Duty Stations  
in North Carolina and Virginia During 1991**

**Figure II.2: Locations of Military Housing Areas in Virginia**



**Appendix II  
Military Personnel Assigned to Duty Stations  
in North Carolina and Virginia During 1991**

**Table II.2: Numbers of Military Personnel That Are Stationed in Virginia and Eligible to Receive Housing Allowances**

| Grade                     | Military housing area |              |               |               |              |            |            |            |            |            |            | Total         |
|---------------------------|-----------------------|--------------|---------------|---------------|--------------|------------|------------|------------|------------|------------|------------|---------------|
|                           | 295                   | 296          | 297           | 298           | 300          | 301        | 302        | 303        | 304        | 362        | 368        |               |
| <b>Enlisted personnel</b> |                       |              |               |               |              |            |            |            |            |            |            |               |
| E-1                       | 0                     | 17           | 60            | 519           | 21           | 6          | 5          | 2          | 0          | 4          | 2          | <b>636</b>    |
| E-2                       | 0                     | 35           | 214           | 1,495         | 19           | 4          | 5          | 1          | 1          | 4          | 4          | <b>1,782</b>  |
| E-3                       | 1                     | 291          | 421           | 3,870         | 29           | 10         | 12         | 2          | 2          | 2          | 10         | <b>4,650</b>  |
| E-4                       | 10                    | 540          | 2,326         | 9,333         | 191          | 28         | 46         | 6          | 5          | 13         | 56         | <b>12,554</b> |
| E-5                       | 24                    | 529          | 2,625         | 12,625        | 229          | 106        | 93         | 20         | 313        | 30         | 60         | <b>16,654</b> |
| E-6                       | 23                    | 360          | 1,990         | 11,802        | 322          | 118        | 62         | 19         | 124        | 47         | 76         | <b>14,943</b> |
| E-7                       | 27                    | 296          | 1,405         | 5,787         | 379          | 144        | 77         | 22         | 8          | 35         | 52         | <b>8,232</b>  |
| E-8                       | 4                     | 372          | 387           | 1,919         | 125          | 31         | 18         | 7          | 3          | 10         | 11         | <b>2,887</b>  |
| E-9                       | 2                     | 230          | 247           | 921           | 38           | 13         | 4          | 2          | 1          | 1          | 5          | <b>1,464</b>  |
| <b>Subtotal</b>           | <b>91</b>             | <b>2,670</b> | <b>9,675</b>  | <b>48,271</b> | <b>1,353</b> | <b>460</b> | <b>322</b> | <b>81</b>  | <b>457</b> | <b>146</b> | <b>276</b> | <b>63,802</b> |
| <b>Officers</b>           |                       |              |               |               |              |            |            |            |            |            |            |               |
| W-1                       | 0                     | 23           | 10            | 7             | 2            | 2          | 6          | 0          | 0          | 0          | 1          | <b>51</b>     |
| W-2                       | 0                     | 55           | 21            | 399           | 20           | 5          | 7          | 0          | 3          | 2          | 0          | <b>512</b>    |
| W-3                       | 1                     | 59           | 9             | 150           | 23           | 6          | 2          | 0          | 1          | 0          | 2          | <b>253</b>    |
| W-4                       | 1                     | 68           | 15            | 123           | 12           | 3          | 1          | 0          | 0          | 0          | 0          | <b>223</b>    |
| O-1E                      | 4                     | 49           | 37            | 181           | 8            | 0          | 0          | 0          | 0          | 0          | 0          | <b>279</b>    |
| O-2E                      | 2                     | 31           | 21            | 229           | 8            | 2          | 1          | 0          | 0          | 0          | 3          | <b>297</b>    |
| O-3E                      | 6                     | 227          | 34            | 734           | 28           | 5          | 7          | 0          | 1          | 3          | 11         | <b>1,056</b>  |
| O-1                       | 2                     | 73           | 216           | 612           | 21           | 6          | 2          | 1          | 0          | 4          | 2          | <b>939</b>    |
| O-2                       | 8                     | 107          | 188           | 1,557         | 58           | 5          | 5          | 0          | 0          | 2          | 3          | <b>1,933</b>  |
| O-3                       | 86                    | 646          | 629           | 2,773         | 234          | 69         | 21         | 23         | 2          | 17         | 36         | <b>4,536</b>  |
| O-4                       | 67                    | 801          | 482           | 2,242         | 125          | 52         | 20         | 5          | 1          | 8          | 25         | <b>3,828</b>  |
| O-5                       | 19                    | 583          | 174           | 1,236         | 83           | 35         | 17         | 4          | 1          | 5          | 12         | <b>2,169</b>  |
| O-6                       | 9                     | 177          | 41            | 487           | 21           | 5          | 6          | 2          | 1          | 3          | 1          | <b>753</b>    |
| O-7 to O-10               | 0                     | 0            | 0             | 2             | 0            | 0          | 1          | 0          | 0          | 0          | 0          | <b>3</b>      |
| <b>Subtotal</b>           | <b>205</b>            | <b>2,899</b> | <b>1,877</b>  | <b>10,732</b> | <b>623</b>   | <b>189</b> | <b>87</b>  | <b>34</b>  | <b>10</b>  | <b>41</b>  | <b>93</b>  | <b>16,790</b> |
| <b>Total</b>              | <b>296</b>            | <b>5,569</b> | <b>11,552</b> | <b>59,003</b> | <b>1,976</b> | <b>649</b> | <b>409</b> | <b>115</b> | <b>467</b> | <b>187</b> | <b>369</b> | <b>80,592</b> |

Legend

- 295 = Charlottesville
- 296 = Quantico/Woodbridge
- 297 = Hampton/Newport News
- 298 = Norfolk/Portsmouth
- 300 = Petersburg/Fort Lee
- 301 = Richmond
- 302 = Warrenton/Vint Hill Farms Station
- 303 = Lexington
- 304 = Wallops Island
- 362 = Roanoke
- 368 = Fort A.P. Hill

# Estimated Monthly Costs of Providing Housing Allowances to Military Personnel in North Carolina and Virginia

**Table III.1: Estimated Monthly Housing Costs for Military Personnel Assigned to Duty Stations in North Carolina During 1991**

In thousands of dollars

| Group                    | Military housing area |              |            |            |           |              |            |            |            |           | Total <sup>a</sup> |
|--------------------------|-----------------------|--------------|------------|------------|-----------|--------------|------------|------------|------------|-----------|--------------------|
|                          | 177                   | 178          | 179        | 180        | 181       | 182          | 183        | 184        | 185        | 186       |                    |
| Enlisted                 | 1,295                 | 5,655        | 189        | 45         | 10        | 7,511        | 671        | 126        | 200        | 41        | 15,743             |
| Officer                  | 460                   | 490          | 40         | 80         | 2         | 2,202        | 259        | 33         | 90         | 14        | 3,672              |
| <b>Total<sup>a</sup></b> | <b>1,755</b>          | <b>6,145</b> | <b>229</b> | <b>125</b> | <b>12</b> | <b>9,713</b> | <b>930</b> | <b>159</b> | <b>290</b> | <b>55</b> | <b>19,415</b>      |

<sup>a</sup>Rows may not add due to rounding.

Legend

177 = Cherry Point Marine Corps Air Station  
 178 = Camp Lejeune  
 179 = Charlotte  
 180 = Durham/Chapel Hill  
 181 = Elizabeth City  
 182 = Fort Bragg/Pope Air Force Base  
 183 = Seymour Johnson Air Force Base  
 184 = Greensboro  
 185 = Raleigh  
 186 = Wilmington

Source: GAO's analysis of DOD data.

**Table III.2: Estimated Monthly Housing Costs for Military Personnel Assigned to Duty Stations in Virginia During 1991**

In thousands of dollars

| Group                    | Military housing area |              |              |               |              |            |            |           |           |           |            | Total <sup>a</sup> |
|--------------------------|-----------------------|--------------|--------------|---------------|--------------|------------|------------|-----------|-----------|-----------|------------|--------------------|
|                          | 295                   | 296          | 297          | 298           | 300          | 301        | 302        | 303       | 304       | 362       | 368        |                    |
| Enlisted                 | 48                    | 1,369        | 4,675        | 24,298        | 624          | 236        | 230        | 36        | 23        | 60        | 153        | 31,752             |
| Officer                  | 151                   | 1,145        | 2,422        | 7,469         | 395          | 136        | 86         | 22        | 7         | 25        | 70         | 11,927             |
| <b>Total<sup>a</sup></b> | <b>199</b>            | <b>2,514</b> | <b>7,097</b> | <b>31,767</b> | <b>1,019</b> | <b>372</b> | <b>316</b> | <b>58</b> | <b>30</b> | <b>85</b> | <b>223</b> | <b>43,679</b>      |

<sup>a</sup>Rows may not add due to rounding.

Legend

295 = Charlottesville  
 296 = Quantico/Woodbridge  
 297 = Hampton/Newport News  
 298 = Norfolk/Portsmouth  
 300 = Petersburg/Fort Lee  
 301 = Richmond  
 302 = Warrenton/Vint Hill Farms Station  
 303 = Lexington  
 304 = Wallops Island  
 362 = Roanoke  
 368 = Fort A.P. Hill

Source: GAO's analysis of DOD data.

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# Comparison of Total Housing Allowances With Fair Market Rents in North Carolina and Virginia

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This appendix provides tables that list the total housing allowances that individual military personnel receive plus our calculation of the congressionally intended absorption factor of 15 percent. Below the listings of the total housing allowances are HUD's fair market rents for efficiencies and one-, two-, and three-bedroom dwelling units.

The housing allowances generally increase with an individual's grade and seniority, although senior enlisted personnel and officers with prior enlisted service receive more than junior officers in grades O-1 and O-2. Housing allowances generally differ among the military housing areas for personnel of equivalent grade level because of the differences in VHA.

Tables IV.1 and IV.2 show the estimated total housing allowances for military personnel who have dependents and are assigned to duty stations in North Carolina. The tables also show the established fair market rents for each military housing area in that state.

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**Table IV.1: Estimated Total Housing Allowances for Enlisted Personnel in North Carolina With Dependents Compared With HUD's Fair Market Rents**

In dollars

| Grade   | Military housing area |     |     |     |     |     |     |     |     |     |
|---|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|   | 177                   | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 |
| <b>Total housing allowances: enlisted personnel</b> |                       |     |     |     |     |     |     |     |     |     |
| E-1   | 373                   | 374 | 424 | 436 | 385 | 382 | 366 | 419 | 473 | 393 |
| E-2   | 374                   | 376 | 432 | 430 | 386 | 386 | 366 | 424 | 481 | 398 |
| E-3   | 399                   | 402 | 451 | 450 | 410 | 411 | 390 | 439 | 502 | 419 |
| E-4   | 428                   | 430 | 489 | 475 | 456 | 434 | 414 | 464 | 539 | 451 |
| E-5   | 502                   | 498 | 542 | 541 | 504 | 500 | 484 | 523 | 628 | 526 |
| E-6   | 556                   | 545 | 630 | 606 | 614 | 548 | 516 | 558 | 670 | 556 |
| E-7   | 610                   | 585 | 619 | 648 | 631 | 589 | 598 | 631 | 735 | 619 |
| E-8   | 635                   | 630 | 715 | 698 | 678 | 625 | 601 | 684 | 765 | 666 |
| E-9   | 668                   | 651 | 789 | 770 | 738 | 691 | 662 | 741 | 822 | 705 |
| <b>HUD's fair market rents</b>                      |                       |     |     |     |     |     |     |     |     |     |
| efficiency  | 279                   | 255 | 301 | 324 | 260 | 277 | 237 | 282 | 324 | 270 |
| 1 bedroom   | 339                   | 312 | 363 | 394 | 313 | 390 | 287 | 344 | 394 | 329 |
| 2 bedrooms  | 399                   | 368 | 427 | 465 | 366 | 407 | 337 | 403 | 465 | 388 |
| 3 bedrooms  | 503                   | 461 | 533 | 581 | 454 | 526 | 424 | 507 | 581 | 483 |
| 4 bedrooms  | 563                   | 516 | 596 | 651 | 507 | 644 | 474 | 568 | 651 | 542 |

Legend

- 177 = Cherry Point Marine Corps Air Station
- 178 = Camp Lejeune
- 179 = Charlotte
- 180 = Durham/Chapel Hill
- 181 = Elizabeth City
- 182 = Fort Bragg/Pope Air Force Base
- 183 = Seymour Johnson Air Force Base
- 184 = Greensboro
- 185 = Raleigh
- 186 = Wilmington

In all housing areas, except for Fort Bragg/Pope Air Force Base (182), the total housing allowance for E-1 personnel is greater than the fair market rent for a one-bedroom dwelling unit. In six areas—Camp Lejeune (178), Elizabeth City (181), Seymour Johnson Air Force Base (183), Greensboro (184), Raleigh (185), and Wilmington (186)—the total housing allowance for E-1 personnel is greater than the two-bedroom fair market rent. In the remaining four areas, the total housing allowance is below the fair market rent for a two-bedroom unit. In all areas, except Durham/Chapel Hill (180), the total housing allowance for E-3 personnel is equal to or greater than the fair market rent for a two-bedroom unit. E-4 personnel in all but one of the housing areas receive allowances greater than the two-bedroom fair

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market rent but below the three-bedroom fair market rent. In Elizabeth City (181) the allowance is greater than the three-bedroom fair market rent.

Table IV.2 shows similar data for officers.

**Table IV.2: Estimated Total Housing Allowances for Officers in North Carolina With Dependents Compared With HUD's Fair Market Rents**

In dollars

| Grade                                     | Military housing area |       |       |       |       |       |       |       |       |       |
|---|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | 177                   | 178   | 179   | 180   | 181   | 182   | 183   | 184   | 185   | 186   |
| <b>Total housing allowances: officers</b> |                       |       |       |       |       |       |       |       |       |       |
| O-1                                       | 552                   | 566   | 598   | 611   | 540   | 528   | 546   | 573   | 655   | 562   |
| O-2                                       | 604                   | 612   | 657   | 674   | 599   | 570   | 605   | 631   | 719   | 620   |
| O-3                                       | 678                   | 672   | 742   | 778   | 699   | 659   | 689   | 718   | 791   | 693   |
| O-4                                       | 808                   | 804   | 905   | 939   | 836   | 767   | 809   | 847   | 923   | 807   |
| O-5                                       | 890                   | 915   | 989   | 1,020 | 909   | 870   | 921   | 960   | 1,056 | 907   |
| O-6                                       | 920                   | 920   | 994   | 1,026 | 914   | 902   | 930   | 968   | 1,061 | 921   |
| O-7                                       | 1,002                 | 1,002 | 1,029 | 1,062 | 1,002 | 1,002 | 1,002 | 1,002 | 1,097 | 1,002 |
| O-8                                       | 1,002                 | 1,002 | 1,029 | 1,062 | 1,002 | 1,002 | 1,002 | 1,002 | 1,097 | 1,002 |
| O-9                                       | 1,002                 | 1,002 | 1,029 | 1,062 | 1,002 | 1,002 | 1,002 | 1,002 | 1,097 | 1,002 |
| O-10                                      | 1,002                 | 1,002 | 1,029 | 1,062 | 1,002 | 1,002 | 1,002 | 1,002 | 1,097 | 1,002 |
| <b>HUD's fair market rents</b>            |                       |       |       |       |       |       |       |       |       |       |
| efficiency                                | 279                   | 255   | 301   | 324   | 260   | 277   | 237   | 282   | 324   | 270   |
| 1 bedroom                                 | 339                   | 312   | 363   | 394   | 313   | 390   | 287   | 344   | 394   | 329   |
| 2 bedrooms                                | 399                   | 368   | 427   | 465   | 366   | 407   | 337   | 403   | 465   | 388   |
| 3 bedrooms                                | 503                   | 461   | 533   | 581   | 454   | 526   | 424   | 507   | 581   | 483   |
| 4 bedrooms                                | 563                   | 516   | 596   | 651   | 507   | 644   | 474   | 568   | 651   | 542   |

Legend

- 177 = Cherry Point Marine Corps Air Station
- 178 = Camp Lejeune
- 179 = Charlotte
- 180 = Durham/Chapel Hill
- 181 = Elizabeth City
- 182 = Fort Bragg/Pope Air Force Base
- 183 = Seymour Johnson Air Force Base
- 184 = Greensboro
- 185 = Raleigh
- 186 = Wilmington

The total housing allowance for all officers is greater than the four-bedroom fair market rent in all housing areas except Cherry Point (177), Durham/Chapel Hill (180), and Fort Bragg/Pope Air Force Base

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(182). In the latter three cases the total housing allowance is greater than the fair market rent for a three-bedroom dwelling unit.

Tables IV.3 and IV.4 present similar data for military personnel assigned to duty stations in Virginia.

**Table IV.3: Estimated Total Housing Allowances for Enlisted Personnel in Virginia With Dependents Compared With HUD's Fair Market Rents**

In dollars

| Grade   | Military housing area |       |     |     |     |     |       |     |     |     |     |
|---|-----------------------|-------|-----|-----|-----|-----|-------|-----|-----|-----|-----|
|   | 295                   | 296   | 297 | 298 | 300 | 301 | 302   | 303 | 304 | 362 | 368 |
| <b>Total housing allowances: enlisted personnel</b> |                       |       |     |     |     |     |       |     |     |     |     |
| E-1   | 424                   | 532   | 430 | 453 | 398 | 426 | 629   | 357 | 403 | 357 | 485 |
| E-2   | 424                   | 532   | 433 | 463 | 400 | 428 | 629   | 357 | 403 | 357 | 485 |
| E-3   | 444                   | 555   | 461 | 491 | 425 | 450 | 662   | 379 | 426 | 375 | 508 |
| E-4   | 481                   | 631   | 496 | 523 | 444 | 477 | 714   | 404 | 466 | 402 | 545 |
| E-5   | 563                   | 721   | 579 | 598 | 528 | 566 | 794   | 490 | 547 | 469 | 654 |
| E-6   | 616                   | 799   | 658 | 676 | 572 | 614 | 857   | 561 | 618 | 516 | 691 |
| E-7   | 738                   | 881   | 714 | 732 | 653 | 702 | 943   | 619 | 700 | 589 | 769 |
| E-8   | 771                   | 917   | 771 | 776 | 715 | 743 | 984   | 690 | 759 | 643 | 823 |
| E-9   | 835                   | 958   | 814 | 803 | 790 | 834 | 1,049 | 766 | 817 | 699 | 891 |
| <b>HUD's fair market rents</b>                      |                       |       |     |     |     |     |       |     |     |     |     |
| efficiency  | 351                   | 511   | 359 | 359 | 321 | 321 | 292   | 281 | 265 | 282 | 331 |
| 1 bedroom   | 428                   | 621   | 436 | 436 | 386 | 386 | 355   | 341 | 320 | 343 | 403 |
| 2 bedrooms  | 503                   | 731   | 514 | 514 | 450 | 450 | 420   | 401 | 372 | 402 | 475 |
| 3 bedrooms  | 629                   | 914   | 642 | 642 | 565 | 565 | 523   | 503 | 460 | 505 | 592 |
| 4 bedrooms  | 704                   | 1,023 | 719 | 719 | 633 | 633 | 586   | 563 | 514 | 565 | 666 |

Legend

- 295 = Charlottesville
- 296 = Quantico/Woodbridge
- 297 = Hampton/Newport News
- 298 = Norfolk/Portsmouth
- 300 = Petersburg/Fort Lee
- 301 = Richmond
- 302 = Warrenton/Vint Hill Farms Station
- 303 = Lexington
- 304 = Wallops Island
- 362 = Roanoke
- 368 = Fort A.P. Hill

For E-1 personnel in three housing areas—Charlottesville (295), Quantico/Woodbridge (296), and Hampton/Newport News (297)—the total housing allowance is greater than the fair market rent for an efficiency

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dwelling unit. In two areas—Wallops Island (304) and Fort A.P. Hill (368)—the total housing allowance is greater than the fair market rent for a two-bedroom unit. In one area—Warrenton/Vint Hill Farms Station (302)—the total housing allowance is greater than the fair market rent for a four-bedroom unit. In the remaining five areas, the total housing allowance is greater than the fair market rent for a one-bedroom unit.

For E-4 personnel in five housing areas—Norfolk/Portsmouth (298), Richmond (301), Lexington (303), Roanoke (362), and Fort A.P. Hill (368)—the total housing allowance is equal to or greater than the fair market rent for a two-bedroom unit. In Wallops Island (304) the allowance is greater than the three-bedroom fair market rent, and in Warrenton/Vint Hill Farms Station (302) the total housing allowance is greater than the fair market rent for a four-bedroom unit. In the remaining four areas—Charlottesville (295), Quantico/Woodbridge (296), Hampton/Newport News (297), and Petersburg/Fort Lee (300)—the allowance is greater than the one-bedroom fair market rent.

Table IV.4 presents similar information for officers.



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**Table IV.4: Estimated Total Housing Allowances for Officers in Virginia With Dependents Compared With HUD's Fair Market Rents**

In dollars

| Grade                                     | Military housing area |       |       |       |       |       |       |       |       |       |       |
|---|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | 295                   | 296   | 297   | 298   | 300   | 301   | 302   | 303   | 304   | 362   | 368   |
| <b>Total housing allowances: officers</b> |                       |       |       |       |       |       |       |       |       |       |       |
| O-1                                       | 656                   | 820   | 608   | 638   | 550   | 599   | 851   | 522   | 607   | 487   | 678   |
| O-2                                       | 711                   | 831   | 656   | 684   | 590   | 655   | 881   | 570   | 671   | 550   | 705   |
| O-3                                       | 832                   | 935   | 791   | 811   | 728   | 779   | 984   | 698   | 798   | 678   | 815   |
| O-4                                       | 929                   | 1,080 | 931   | 959   | 845   | 886   | 1,136 | 831   | 957   | 796   | 968   |
| O-5                                       | 1,040                 | 1,176 | 1,019 | 1,049 | 951   | 1,010 | 1,212 | 947   | 1,050 | 898   | 1,062 |
| O-6                                       | 1,045                 | 1,194 | 1,048 | 1,084 | 956   | 1,024 | 1,246 | 980   | 1,061 | 909   | 1,071 |
| O-7                                       | 1,080                 | 1,232 | 1,083 | 1,121 | 1,002 | 1,059 | 1,285 | 1,015 | 1,138 | 1,002 | 1,107 |
| O-8                                       | 1,080                 | 1,232 | 1,083 | 1,121 | 1,002 | 1,059 | 1,285 | 1,015 | 1,138 | 1,002 | 1,107 |
| O-9                                       | 1,080                 | 1,232 | 1,083 | 1,121 | 1,002 | 1,059 | 1,285 | 1,015 | 1,138 | 1,002 | 1,107 |
| O-10                                      | 1,080                 | 1,232 | 1,083 | 1,121 | 1,002 | 1,059 | 1,285 | 1,015 | 1,138 | 1,002 | 1,107 |
| <b>HUD's fair market rents</b>            |                       |       |       |       |       |       |       |       |       |       |       |
| efficiency                                | 351                   | 511   | 359   | 359   | 321   | 321   | 292   | 281   | 265   | 282   | 331   |
| 1 bedroom                                 | 428                   | 621   | 436   | 436   | 386   | 386   | 355   | 341   | 320   | 343   | 403   |
| 2 bedrooms                                | 503                   | 731   | 514   | 514   | 450   | 450   | 420   | 401   | 372   | 402   | 475   |
| 3 bedrooms                                | 629                   | 914   | 642   | 642   | 565   | 565   | 523   | 503   | 460   | 505   | 592   |
| 4 bedrooms                                | 704                   | 1,023 | 719   | 719   | 633   | 633   | 586   | 563   | 514   | 565   | 666   |

Legend

- 295 = Charlottesville
- 296 = Quantico/Woodbridge
- 297 = Hampton/Newport News
- 298 = Norfolk/Portsmouth
- 300 = Petersburg/Fort Lee
- 301 = Richmond
- 302 = Warrenton/Vint Hill Farms Station
- 303 = Lexington
- 304 = Wallops Island
- 362 = Roanoke
- 368 = Fort A.P. Hill

Officers assigned to five housing areas—Quantico/Woodbridge (296), Hampton/Newport News (297), Norfolk/Portsmouth (298), Petersburg/Fort Lee (300), and Roanoke (362)—receive total housing allowances greater than the fair market rent for two-bedroom dwelling units. Officers assigned to three areas—Charlottesville (295), Richmond (301), and Lexington (303)—receive total housing allowances greater than the fair market rent for three-bedroom units. Officers assigned to three housing areas—Warrenton/Vint Hill Farms Station (302), Wallops Island

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(304), and Fort A.P. Hill (368)—receive allowances greater than the fair market rent for four-bedroom units.

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