

DOCUMENT RESUME

03113 - [A2413541]

Large Savings Possible in Mortgage Insurance Premium Payment System. August 24, 1977. 11 pp. + 4 appendices (6 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting (2800).

Contact: Financial and General Management Studies Div.

Budget Function: Miscellaneous: Financial Management and Information Systems (1002).

Organization Concerned: Department of Defense; Department of Housing and Urban Development.

Congressional Relevance: House Committee on Banking, Currency and Housing; Senate Committee on Banking, Housing and Urban Affairs; Congress.

Authority: National Housing Act of 1954, sec. 222 (12 U.S.C. 1715m).

Much money can be saved by eliminating, reducing, or simplifying the Department of Defense (DOD) program of paying its employees' mortgage insurance premiums to the Department of Housing and Urban Development. (HUD) Findings/Conclusions: The salary costs of HUD and DOD employees involved in billing and paying premiums amount to \$700,000, while annual premiums paid by DOD to HUD amount to \$2.6 million. To transfer funds from DOD, HUD bills Defense individually for 31,000 premiums due annually for military personnel covered under the program. The salary costs are high because of a 20% billing error rate. Billing data changes reported by DOD were not entered into HUD's billing files, causing the errors. Many bills sent to DOD should have been sent to private mortgage companies, while others which should have been sent to DOD were not. Because HUD did not correct all the previous year's errors reported by DOD, about one-third of the errors in 1974 were repeated in 1975. Recommendations: The Secretary of Housing and Urban Development should: correct the master billing files and process changes promptly; and direct that the system of billing DOD for housing insurance premiums be simplified by using, for example, a lump sum billing in lieu of about 24,000 individual billings. In addition, the Secretaries of Housing and Urban Development and Defense should evaluate the need for continuing the program, since new programs are available to military personnel, or determine whether income eligibility criteria are needed. The results of these evaluations should be reported to the appropriate congressional committees. (Author/SC)

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REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

Large Savings Possible In Mortgage Insurance Premium Payment System

Departments of Defense and
Housing and Urban Development

Much money can be saved by eliminating, reducing, or simplifying the Department of Defense program of paying its employees' mortgage insurance premiums to the Department of Housing and Urban Development. The salary costs of Housing and Urban Development and Defense Department employees involved in billing and paying premiums amount to \$700,000. Annual premiums paid by Defense to Housing and Urban Development amount to \$2.6 million.

GAO recommends several ways of saving money.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20543

B-114860

To the President of the Senate and the
Speaker of the House of Representatives

This report describes the Department of Housing and Urban Development's problems in billing and collecting mortgage insurance premiums for military personnel on home mortgages guaranteed under section 222 of the National Housing Act of 1954. The report discusses ways to correct the problems and questions the need for the 222 program in view of substantial military compensation increases since the program was authorized and because of other federally sponsored housing programs now available for military personnel.

The Department of Housing and Urban Development agreed with this report's contents and has recently asked the Department of Defense and other affected agencies to participate in evaluating the need for the 222 program. Defense was given a proposed draft of this report for comment on April 12, 1977. Since the comments were more than 60 days overdue, we have issued the report without Defense's comments.

Our review was made pursuant to the Budget and Accounting Act of 1921 (31 U.S.C. 53) and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and the Secretaries of Defense and Housing and Urban Development.

A handwritten signature in black ink, reading "James B. Stacks".

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

LARGE SAVINGS POSSIBLE IN
MORTGAGE INSURANCE PREMIUM
PAYMENT SYSTEM
Departments of Defense and
Housing and Urban Development

D I G E S T

The Department of Defense pays mortgage insurance premiums on behalf of military personnel. The payments are a transfer of funds between Defense and the Department of Housing and Urban Development.

Housing and Urban Development can save a lot of money by developing a simplified billing system and by correcting its master billing files to reduce salary costs by reducing errors. (See ch. 2.)

INSURANCE BILLING SYSTEM
COSTLY AND CUMBERSOME

To transfer funds from Defense, Housing and Urban Development bills Defense individually for 31,000 premiums due annually for military personnel covered under this program. The billing amounts to about \$2.6 million but costs the two agencies about \$700,000 in salary costs alone to prepare the billings, reconcile differences, and make payments.

The salary costs are high because of a 20-percent billing error rate. Billing data changes reported by Defense were not entered into Housing and Urban Development's billing file, causing the errors. In 1975, for example, Housing and Urban Development sent Defense 31,000 premium bills, but Defense refused to pay 7,000 of them because they were erroneous.

Many bills sent to Defense should have been sent to private mortgage companies.

FGMSD-77-12

Tab Sheet. Upon removal, the report cover date should be noted hereon.

Others which should have been sent to Defense were not. Because Housing and Urban Development did not correct all the previous year's errors reported by Defense, about one-third of the errors were repeated in 1975.

IS THE PROGRAM STILL NEEDED?

In 1954, military pay was relatively low, Veterans Administration loans were unavailable to military personnel, and only a few federally sponsored housing programs had been established. These conditions have improved.

The average annual compensation of about 1,800 military personnel included in 1 month's billing to Defense was about \$18,000. Further, military personnel are now eligible for Veterans Administration loans and other new federally sponsored housing programs. The program, as now structured, needs to be reevaluated. (See ch. 3.)

The Director, Mortgage Insurance Accounting, Housing and Urban Development, shares this view. On three occasions he proposed changes to the program, including abolishing it. The proposals were never acted on.

RECOMMENDATIONS

The Secretary of Housing and Urban Development should:

- Correct the master billing files and process changes promptly.
- Direct that the system of billing Defense for housing insurance premiums be simplified by using, for example, a lump sum billing in lieu of about 24,000 individual billings.

In addition, the Secretaries of Housing and Urban Development and Defense should evaluate

the need for continuing the program, since new programs are available to military personnel, or determine whether income eligibility criteria are needed. The results of these evaluations should be reported to the appropriate congressional committees.

AGENCY COMMENTS

Housing and Urban Development agrees with our recommendation to evaluate the need for continuing the program. It promised to participate in a study with representatives of the Defense Department and other agencies.

On June 30, 1977, Housing and Urban Development's Deputy Assistant Secretary for Administration began action to improve the master billing file. He plans to participate in studies to simplify the inter-agency billing and to evaluate the need for continuing the program.

This report has been issued without comments from the Department of Defense because it had not responded after more than 90 days after the proposed report was forwarded to it for comment. (See p. 7.)

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ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office
HUD	Department of Housing and Urban Development

CHAPTER 1

INTRODUCTION

Section 222 of the National Housing Act of 1954 (12 U.S.C. 1715m) as amended established a mortgage insurance program which is administered by the Department of Housing and Urban Development (HUD). The program's purpose is to make it easier for military personnel to buy a home by the Government paying their mortgage insurance premiums. It was implemented at a time when Veterans Administration guaranteed loans were unavailable and military personnel's pay was relatively low.

Under HUD's mortgage insurance program, a mortgage loan is generally made by a HUD-approved private lending institution which agrees to collect a premium of one-half of 1 percent on the average outstanding balance of the mortgage from the mortgagor. The section 222 program operates differently. Under this program the Department of Defense (DOD) 1/ agrees to pay premiums for eligible military personnel directly to HUD. These payments are an indirect subsidy to the military personnel amounting to an average of about \$85 a year.

In 1975 HUD billed the DOD service branches for over 31,000 premiums. The annual premium is due HUD on the anniversary date of the beginning of amortization of the mortgage, and DOD transfers the payment to HUD. The payments are simply a transfer of funds between DOD and HUD.

To participate in the program, military personnel must certify that they (1) require housing, (2) are serving on active duty, and (3) have served on active duty for over 2 years. After military personnel certify to these requirements, an authorizing document is forwarded from DOD to HUD. The program limits the insured amount of a mortgage to \$45,000 and requires military personnel to either occupy the property or certify that their duty assignment prevented them from doing so at the time eligibility was established.

1/The Departments of Transportation and Commerce (the Coast Guard and the National Oceanic and Atmospheric Administration) also participated in this program. We do not refer to these two departments in the report because of the relatively small number of participants.

Military personnel are no longer eligible to have premiums paid by DOD under the following conditions:

- Death. 1/
- Retirement, discharge, or separation.
- Desertion.

When eligibility terminates, DOD sends a termination form to HUD with the necessary data to terminate the insurance or send future billings to the mortgagees of the military personnel.

CONGRESSIONAL HEARINGS

On May 11, 1977, at the request of the Chairperson, Subcommittee on Manpower and Housing, House Committee on Government Operations, we and HUD representatives testified on HUD's accounting problems. The Chairperson, in opening the hearings, expressed concern over the continuous accounting problems being reported in our reports. Our representatives presented the findings and recommendations contained in this report. HUD representatives concurred in the need for improvements and promised to take aggressive corrective action, including a promise to participate in a study to establish if there is a need for continuing the section 222 program. The Chairperson, however, was critical of HUD's promises to develop a new mortgage insurance accounting system, citing continued slippage on previous commitments. She requested HUD to supply the Subcommittee with a series of target dates for developing and implementing the new system.

SCOPE OF REVIEW

We reviewed records and interviewed officials at HUD's office of finance and accounting and office of automatic data processing operations to evaluate HUD's procedures for billing and collecting mortgage insurance premiums from DOD. We also discussed HUD's billing procedures and the need to evaluate the section 222 program with DOD officials. To evaluate the system, we tested 1 month's billing at the Army Finance and Accounting Center, Indianapolis, Indiana; the Air Force Accounting and Finance Center, Denver, Colorado;

1/Spouse retains right to premium payment benefit for 2 years following the mate's death.

the Coast Guard Accounting Division, Washington, D.C.; the Navy Finance Center, Cleveland, Ohio; and the Marine Corps Finance Center, Kansas City, Missouri. We also reviewed HUD's proposals to modify or eliminate the program.

CHAPTER 2

HUD'S BILLING AND COLLECTION

SYSTEM CAN BE SIMPLIFIED

HUD's procedures to bill, reconcile, and collect mortgage insurance premiums from DOD are cumbersome, ineffective, and costly. Frequent and numerous billing data changes must be processed by both HUD and DOD before funds can be transferred accurately and on time. HUD's office of automatic data processing operations is supposed to update the master insurance-in-force records which are on magnetic tapes. The office of finance and accounting processes eligibility forms to add the names of eligible participants or termination forms to delete the names of ineligible. When military personnel are terminated from the program, HUD asks the mortgage company to collect premiums from the mortgagor if the insurance is still in force.

BILLING FILES ARE INCORRECT

HUD is not keeping its master billing record current. For example, in 1975 HUD mailed about 31,000 premium notices to DOD, but DOD refused to pay about 7,000 of these bills.

We reviewed HUD's billing to DOD for 1 month consisting of about 2,500 bills. About 600, or over 20 percent, of these bills were sent to the wrong party. HUD should have sent about 500 of the bills to a mortgage company because the military personnel had been terminated from the program. Approximately 100 bills were not paid because the DOD service branch had no record of eligibility, and many of these were sent to the wrong address because of incorrect data in the billing file. Further, about 200, or one-third of the 600 errors, were reported by DOD in 1974 but were not corrected by HUD.

When errors from one period are not corrected, the errors have an adverse effect on the billings during succeeding periods. (See app. II for error rates.) By not correcting the reported errors, HUD caused the error rate to grow from 4 percent in 1972 to over 20 percent in 1975.

We sampled 191 of the 500 terminated cases and found that 161 were billed to DOD instead of a mortgage company because HUD did not follow up on data rejected by the computer. The data was rejected because a portion of the data was incorrect, and the edit routines in the system automatically rejected it.

In the remaining 30 terminated cases, 24 premiums were billed to DOD instead of a mortgage company because the termination form was processed after the billing cutoff date and 1 premium was owed by DOD. HUD could not locate the termination certificates provided by DOD for five cases.

We reviewed 34 of the 100 cases in our sample which had not been paid because the DOD service branch billed had no eligibility records. Of the 34 bills, 11 were owed by another DOD service branch, 17 were for terminated cases owed by mortgage companies, and 6 were owed by the DOD service branch billed.

In most cases HUD had been notified that a military personnel's eligibility had been terminated and the premium was collectible by HUD from the mortgagee. But HUD did not update its master billing tapes primarily because incorrect data rejected by the computer and printed out in exception lists was not revised and reentered into the system. The records were not corrected because HUD's office of finance and accounting had not reviewed the automatic data processing exception listings since August 1972. The supervisor in charge of the section responsible for processing changes reported from Defense stated that staffing limitations prevented assigning personnel to review the exception lists and reentering the data as required. We brought this matter to the attention of HUD officials who stated they were unaware that the exceptions were not being corrected.

When the billing tapes were not properly updated, HUD sent bills to the wrong address or billed DOD after the person's eligibility terminates. In addition, entering erroneous data into the master file has resulted in some bills not being sent because the master file contained erroneous data.

OPPORTUNITY FOR POTENTIAL SAVINGS

The procedure used to update HUD's master billing tapes is costly to administer. DOD must compare about 31,000 premium notices against its active eligibility files; much of this is done manually. DOD lists and returns invalid premium notices (about 7,000 in 1975) to HUD and explains why it is not paying the amounts billed. When HUD receives DOD's reconciliation it, in turn, researches its records and prepares correcting records for the HUD master billing file.

Because of these procedures, HUD and DOD have been engaged in the unproductive process of passing thousands of premium reconciliations, supplemental billings, and eligibility or termination documents back and forth. The salary cost of the billing system is about \$700,000 a year--36 HUD employees, 4 Army employees, 5 Air Force employees, 1 Marine Corps employee, 1 Coast Guard employee, and 2 Navy employees. These personnel costs represent an expense of about \$0.30 for each \$1 collected by HUD.

HUD's Director of Mortgage Insurance Accounting has recognized since 1972 the need to improve the system. On three occasions he proposed to the Office of the Secretary that the program operate the same way as other home mortgage programs. In other programs, the mortgagor pays the insurance premiums monthly along with principal, interest, and other escrow payments to a mortgagee, such as a bank or mortgage company. HUD bills the mortgagee annually to collect the premiums.

The proposal pointed out the high administrative costs to transfer funds between agencies and suggested the agencies pay the premium directly to the military personnel to pay to the mortgagee. This system would require the mortgagee, in turn, to pay HUD. However, HUD has never acted on the proposal.

We believe there is an opportunity for potential savings if HUD updates the existing master billing tapes and develops a simpler method to collect the premiums. We believe a viable alternative to the one suggested by HUD's Director of Mortgage Insurance Accounting is to arrange for an annual transfer of a lump sum covering all premiums due.

CONCLUSIONS AND RECOMMENDATIONS

HUD uses a complicated system to bill, reconcile, and transfer insurance premiums to DOD. The error rate in HUD's billing data base exceeds 20 percent because it has neglected to process changes in military personnel's eligibility and failed to adopt a followup procedure to make sure errors are not repeated in the succeeding billing year.

If HUD could simplify the billing system, the Government could save much of the \$700,000 personnel cost of billing and collecting the premiums and eliminate much of the unnecessary paperwork required under the current billing system.

We recommend that the Secretary, HUD:

- Update the master insurance billing files for the changes rejected by the computer since 1972.
- Follow established procedures for researching and correcting automatic data processing exception listings.

In addition, we recommend that the Secretary simplify the interagency transfer of funds by, for example, preparing a composite annual billing to DOD in lieu of an annual bill for each of 24,000 eligible military personnel in the program.

AGENCY COMMENTS AND OUR EVALUATION

On April 12, 1977, we sent our proposed report to the Secretaries of Defense and Housing and Urban Development for review and comment. HUD's Deputy Assistant Secretary for Administration supplied us with the Department's comments on June 30, 1977. The Department of Defense was unable to comment after having the proposed report for review and comment for more than 90 days, so the report has been issued without its comments.

HUD's Deputy Assistant Secretary said that the office of finance and accounting instituted control records in September 1976 to assure that exception transactions are corrected and reprocessed into the master billing file record. Rigid controls have also been placed over receiving and processing documents affecting the master billing file to assure that the file is maintained in a current and accurate condition. Management has directed that all uncorrected exception transactions which developed before September 1976 be identified and corrective action taken. In addition, managers responsible for the above functions have been reminded of their responsibilities to assure that functions under their immediate control are carried out in accordance with prescribed procedures.

Further, the Deputy Assistant Secretary commented that the recommendation to simplify the interagency transfer of funds by preparing a composite annual billing to DOD in lieu of an annual bill for each mortgage appears to offer substantial savings. He said he will pursue the matter with DOD.

We believe the actions taken and planned to update the master billing file should substantially reduce the erroneous billings. The use of an annual composite bill

should, if implemented, eliminate much of the unnecessary paperwork required under the current billing system. We plan to evaluate the results of the study when completed.

CHAPTER 3

TO WHAT EXTENT SHOULD THE GOVERNMENT PAY

HOUSING INSURANCE PREMIUMS FOR MILITARY PERSONNEL?

The need to reevaluate the entire section 222 program became apparent during our review of the billing and collection system. When the Congress authorized the program in 1954, military personnel were paid relatively low salaries and were ineligible for Veterans Administration home loans. The Congress believed a Government subsidy was needed to pay the insurance premiums so military personnel could purchase homes. As many as 65,000 military personnel used the program in 1967, but by 1976 participation had declined to about 24,000, a drop of about 62 percent.

Since 1954 military personnel have received several pay increases. To ascertain the ranks and compensation of those participating in the program, we sampled about 1,800 persons participating in the program. The average military compensation was about \$18,000. ^{1/}

Although the intent of this program was to financially aid military personnel in buying homes when salaries were low, we believe this aid to military personnel is now questionable because of the salaries paid to many of the program participants. For example, there were eight Generals in our sample whose regular military compensation exceeded \$40,000. In addition, one officer in our sample, a Colonel whose regular military compensation exceeds \$35,000, is renting the home he purchased under the program and residing in Government housing in the same community. The regulations allow DOD to continue paying the Colonel's insurance premiums as long as the officer owns the home. Overall, our sample of 486 field grade officers (Major or Lt. Commander) and above showed that those officers' military compensation ranged from \$23,258 to \$45,808 annually. (See app. III.)

One reason for the declining participation in this program is that military personnel are now eligible for Veterans Administration guaranteed home loans which feature:

--A moderate interest rate.

--Low or no down payment.

^{1/}Amount represents the sum of basic pay, quarters and subsistence allowances, and value of tax advantages.

- A long amortization or repayment period.
- Assurance that the military personnel can pay all or part of the loan in advance without penalty.
- An inspection and appraisal.

Since 1954 HUD has developed several other subsidized programs which eligible military personnel can use, such as the homeownership program under section 235 of the National Housing Act. The amount of the subsidy depends on the borrower's income. If purchasers cannot afford the entire mortgage payment with 20 percent of their income, HUD can limit their interest cost to as low as 5 percent. The program is designed to help families with an adjusted income of \$9,000 to \$12,000.

Also, HUD's Director of Mortgage Insurance Accounting has recognized since 1972 the need for changes in the program. On three occasions he proposed changes in the method of operating the program. (See p. 6.) The proposal pointed out the high administrative costs to transfer funds between agencies and suggested the program be abolished. HUD, however, has never acted on the proposal.

CONCLUSION

The section 222 program may have been needed in 1954 to help place veterans and active duty military personnel on an equal basis with other citizens in buying a home. Since then, military pay has increased, new federally sponsored housing programs have been introduced, and participation in the program has dropped to 38 percent of what it was in 1967. Military personnel are probably financing housing through Veterans Administration loans and other means. These changed conditions suggest the program needs reevaluation.

RECOMMENDATION

We recommend that the Secretaries of HUD and DOD evaluate the need for the Government to continue to pay housing insurance premiums for military personnel in light of new programs available to military personnel. We also recommend that they determine whether income eligibility criteria should be established considering the wide compensation range of these personnel. The results of these evaluations should be reported to the appropriate congressional committees.

AGENCY COMMENTS AND OUR EVALUATION

On June 30, 1977, HUD's Deputy Assistant Secretary for Administration, in commenting on our proposed report, concurred with our recommendations and promised to communicate with the Department of Defense. (See app. I.)

On July 14, 1977, the Assistant Secretary for Administration, citing a commitment made to the House Committee on Government Operations, sent letters to the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics; the Director, National Oceanic and Atmospheric Administration; and the Comptroller, U.S. Coast Guard, requesting them to participate in the study.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY
FOR ADMINISTRATION

JUN 30 1977

IN REPLY REFER TO:
AFM

Mr. D. L. Scantlebury
Director
Division of Financial and General
Management Studies
United States General Accounting
Office
Washington, D. C. 20548

Dear Mr. Scantlebury:

This will reply to your letter of April 12, 1977, transmitting two copies of your draft report on Opportunities for Substantial Savings in HUD's Mortgage Insurance Premium Payment System. The report relates to mortgage insurance activity under Section 222 of the National Housing Act, which provides insurance of mortgages for eligible active duty military personnel.

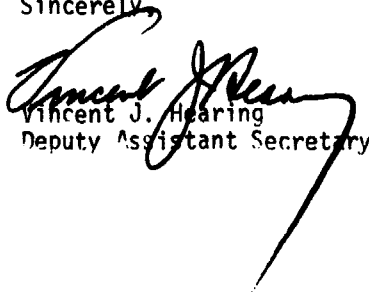
We appreciate the opportunity to review the draft report and our comments on your findings are set forth below in the same order as presented in the report.

1. The second sentence on Page 2 of Chapter 1, concerning the due date of annual premiums, should be changed to indicate that the annual due date of mortgage insurance premiums is the anniversary date of the beginning of amortization of the mortgage. This is set forth in Sections 203.266 and 203.276 of the HUD/FHA Regulations (Title 24 of the Code of Federal Regulations).
2. Regarding the two recommendations under Chapter 2 to update the master insurance billing files and to follow established procedures for researching and correcting exception transactions, the Office of Finance and Accounting instituted control records in September 1976, to assure that exception transactions are corrected and reprocessed into the master billing file record. Rigid controls have also been placed over the receipt and processing of documents affecting the master billing file to assure that the file is maintained in a current and accurate condition. OFA management has directed that all exception transactions which developed prior to September 1976, that

remain uncorrected, be identified and corrective action taken. In addition, the OFA managers responsible for the above functions have been reminded of their responsibilities to assure that functions under their immediate control are carried out in accordance with prescribed procedures.

3. The recommendation to simplify the interagency transfer of funds by preparing a composite annual billing to DOD in lieu of an annual bill for each mortgage appears to offer substantial savings and we will pursue the matter with DOD. It is our intention to propose to DOD that consideration be given to an annual transfer of funds between DOD and HUD on the basis of a formula to be agreed upon instead of a precise billing for the annual mortgage insurance premium on each insured mortgage.
4. We concur in the recommendation in Chapter 3 that HUD and DOD evaluate the need for the Section 222 Program and will communicate with the Secretary of Defense in the near future about this matter. If required, we will be pleased to furnish the results of the study to the appropriate Congressional Committees.

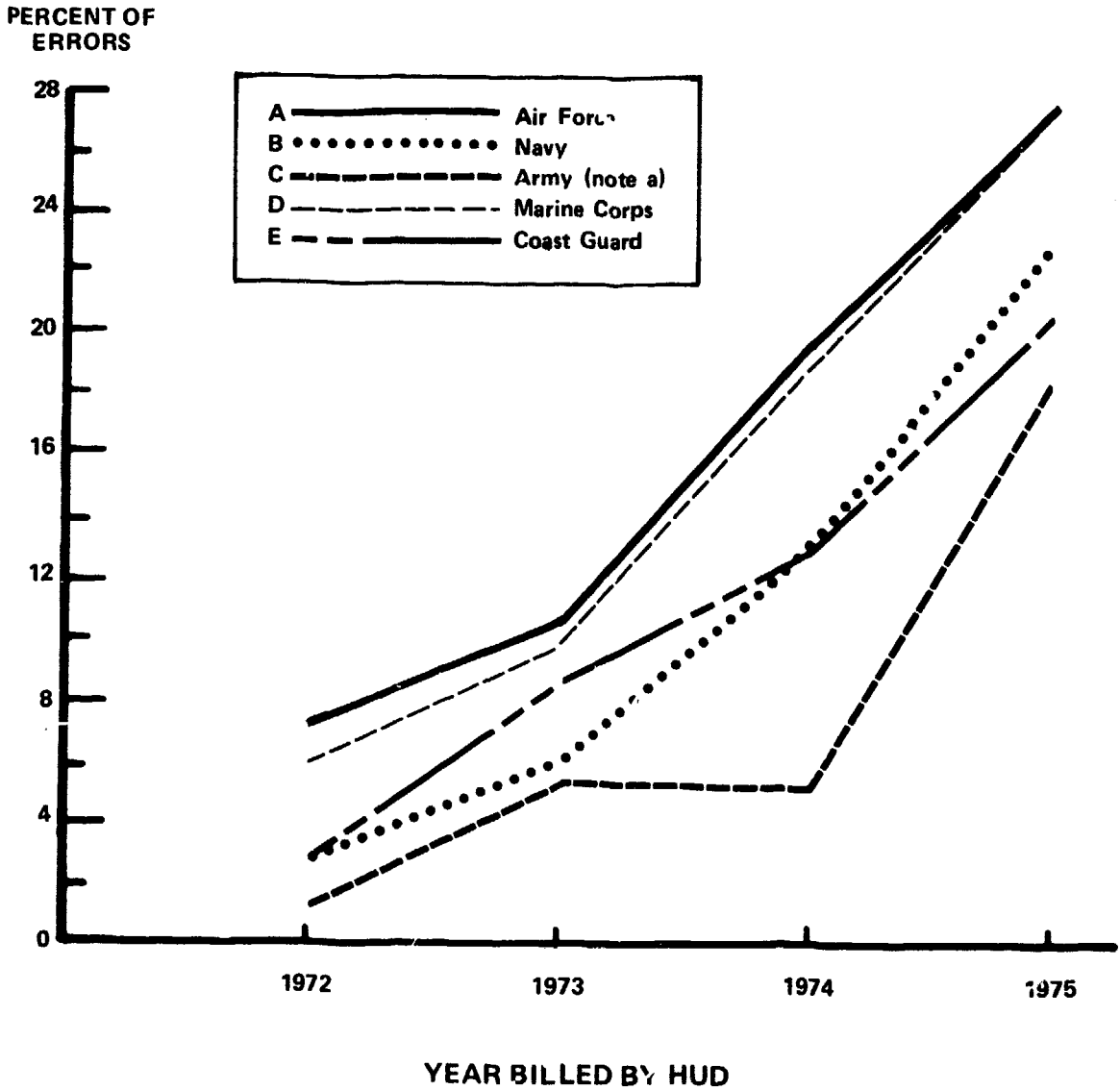
Sincerely,



Vincent J. Hearing
Deputy Assistant Secretary

**INCREASE IN INSURANCE PREMIUM
BILLING ERROR RATE 1972-1975**

Department of Housing and Urban Development (HUD)



^{a/}The reason for the apparent decline in errors for the Army in 1974 was that the Army improperly paid the premiums for servicemen whose eligibility had terminated. In 1975 the Army changed its reconciliation procedures and did not pay on cases for which termination forms had been submitted to HUD.

APPENDIX III

APPENDIX III

RANGE OF REGULAR
MILITARY COMPENSATION (note a,

<u>Compensation</u>	<u>Grade</u>	<u>Rank</u>		<u>Military personnel in our sample</u>	
		<u>Navy</u>	<u>Other services</u>	<u>Number</u>	<u>Percent</u>
Commissioned					
Officers:					
\$45,808	0-8	Rear Admiral	Maj. General	4	
40,652	0-7	-	Brig. General	4	
35,534	0-6	Captain	Colonel	78	
28,400	0-5	Commander	Lt. Colonel	201	
23,258	0-4	Lt. Commander	Major	199	
18,750	0-3	Lieutenant	Captain	194	
13,707	0-2	Lt. Junior Grade	1st Lieutenant	13	
11,102	0-1	Ensign	2nd Lieutenant	3	
Total				<u>696</u>	39.1
Warrant					
Officers:					
\$22,960	W-4	Chief Warrant Officer	Chief Warrant Officer	14	
18,542	W-3	Chief Warrant Officer	Chief Warrant Officer	20	
15,807	W-2	Chief Warrant Officer	Chief Warrant Officer	19	
13,436	W-1	Warrant Officer	Warrant Officer	3	
Total				<u>56</u>	3.2
Enlisted persons:					
\$18,262	E-9		(note b)	70	
15,854	E-8		do.	143	
14,140	E-7		do.	357	
12,427	E-6		do.	315	
9,884	E-5		do.	125	
8,585	E-4		do.	13	
7,370	E-3		do.	3	
Total				<u>1,026</u>	<u>57.7</u>
Total				<u>1,778</u>	<u>100.0</u>

a/Amounts represent regular military compensation which is the sum of basic pay, quarters and subsistence allowances, and value of the tax advantage.

b/Titles for enlisted ranks vary among services.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

Tenure of office
From To

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT:

Patricia Harris	Jan. 1977	Present
Carla Hills	Mar. 1975	Jan. 1977
James T. Lynn	Feb. 1973	Feb. 1975

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER:

Joseph Burstein (acting)	Jan. 1977	Present
John P. Howley (acting)	Dec. 1976	Jan. 1977
James L. Young	June 1976	Dec. 1976

ASSISTANT SECRETARY FOR
ADMINISTRATION:

William A. Medina	May 1977	Present
William A. Medina (acting)	Apr. 1977	May 1977
Vacant	Jan. 1977	Apr. 1977
Thomas G. Cody	May 1974	Dec. 1976
W. Boyd Christenson	Oct. 1973	May 1974
Vincent J. Hearing (acting)	June 1973	Oct. 1973

DIRECTOR, OFFICE OF FINANCE
AND ACCOUNTING:

Thomas J. O'Conner	May 1974	Present
John R. Rurelick (acting)	Jan. 1973	May 1974

DIRECTOR, MORTGAGE INSURANCE
ACCOUNTING:

Benjamin C. Tyner	Jan. 1973	Present
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DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:

Harold Brown	Jan. 1977	Present
Donald H. Rumsfeld	Nov. 1975	Dec. 1976
James R. Schlesinger	July 1973	Nov. 1975

Tenure of office
From To

DEPARTMENT OF THE ARMY

SECRETARY OF THE ARMY:

Clifford L. Alexander	Jan. 1977	Present
Martin B. Hoffmann	Aug. 1975	Dec. 1976
Norman R. Augustine (acting)	July 1975	Aug. 1975
Howard H. Callaway	May 1973	July 1975

DEPARTMENT OF THE NAVY

SECRETARY OF THE NAVY:

W. Graham Clayton	Jan. 1977	Present
J. William Middendorf II	Apr. 1974	Dec. 1976

COMMANDANT OF THE MARINE CORPS:

Gen. Lewis B. Wilson	July 1975	Present
Gen. Robert E. Gushman, Jr.	Jan. 1972	June 1975

DEPARTMENT OF THE AIR FORCE

SECRETARY OF THE AIR FORCE:

John Stetson	Apr. 1977	Present
Thomas C. Reed	Jan. 1976	Apr. 1977
James W. Plummer (acting)	Nov. 1975	Jan. 1976
John L. McLucas	May 1973	Nov. 1975