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GAO

United States General Accounting Office
Washington, DC 20548

Office of
General Counsel

In Reply
Refer to: B-202576

April 10, 1981

Colonel J. J. Reilly, USAF
Executive
Per Diem, Travel and Transportation
Allowance Committee
Hoffman Building 1, Room 836
2461 Eisenhower Avenue
Alexandria, Virginia 22331

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NOT BEING AVAILABLE TO PUBLIC READING

Dear Colonel Reilly:

This is in response to your March 18, 1981 memorandum requesting my comments on a proposed change to the Joint Travel Regulation dealing with the system used to pay overseas housing allowance. The proposed change affects the computation of station housing allowances from the present method to a "rent plus" method based on a monthly rental allowance less the member's basic allowance for quarters, or Family Separation Allowance - Type I, whichever is applicable, plus a fixed monthly allowance for utilities and initial/terminal occupancy expenses.

The legislative history of the statutory provision for station housing allowances for members serving in overseas areas, 37 U.S.C. § 405, shows that it was Congress' intent to provide a means for reimbursing such personnel for the excess of foreign living costs over the costs in the United States. The statute states in pertinent part:

"* * * A station housing allowance may be prescribed under this section without regard to costs other than housing costs and may consist of the difference between basic allowance for quarters and applicable housing cost."

However, its legislative history fails to disclose any specific formula for establishing the allowance. In particular, no definition is provided for the phrase "applicable housing cost."



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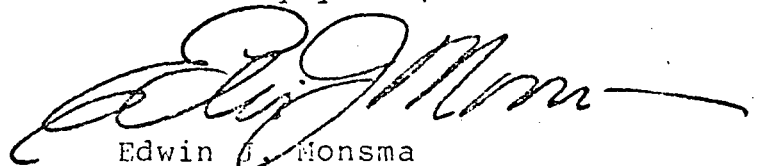
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It appears that the proposed method for computing station housing allowances provides a more exact figure for the applicable housing cost than the method now in use which provides an average housing cost for the particular overseas area. In addition, there does not appear to be any reason to question the Department of Defense's authority to compute a station housing allowance based on actual costs incurred as opposed to a formula which would provide an allowance prior to the actual expenditure for overseas housing. This procedure is supported by the language of the statute--applicable housing cost--as well as the fact that advance payments of station housing allowances were precluded until 1979 when the statute was amended to provide that the allowance may be paid in advance.

Thus, in the circumstances and in view of the broad authority given the Secretaries concerned in 37 U.S.C. § 405, a regulation providing for a "rent plus" system of computing station housing allowances does not appear legally objectionable.

Regarding the report to the Secretary of Defense entitled "Military Overseas Housing Allowances Should Be More Realistic" dated March 5, 1980, we do not comment on the suggestion regarding use of Basic Allowance for Quarters amounts in computing overseas housing allowances. We have confined our review to the legal sufficiency of the proposed method of computing those allowances.

Sincerely yours, -



Edwin J. Monsma
Assistant General Counsel