



FY2025 NDAA: Basic Needs Allowance for Military Families

June 17, 2024

In 2023, the House Armed Services Committee (HASC) [established the Quality of Life \(QOL\) Panel](#) to develop legislative proposals for the 118th Congress. On April 8, 2024, the QOL Panel released its [final report](#). Several of the Panel's recommendations were included in the [Servicemember Quality of Life Improvement Act](#) (H.R. 8070). The bill became the vehicle for the House version of the FY2025 NDAA, known as the *Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025*.

One of the pillars of the Panel's effort was a review of military pay and compensation. The Panel recommended increasing the eligibility threshold for a Department of Defense (DOD) benefit called the [basic needs allowance \(BNA\)](#) to 200% of the federal poverty guidelines. The House version of the FY2025 NDAA (H.R. 8070) would adopt this poverty threshold and also would remove [basic allowance for housing \(BAH\)](#) from consideration for the benefit.

Current Law

In the FY2022 NDAA (P.L. 117-81), Congress first authorized the BNA for military families whose *gross household income* (GHI) is less than 130% of the Department of Health and Human Services' (HHS) [federal poverty guidelines](#). Section 611 of the FY2023 NDAA (P.L. 117-263) expanded eligibility for BNA to military families with GHI less than 150% of the federal poverty guideline and provides discretionary authority for the Secretary of Defense to grant BNA to families making up to 200% of these guidelines if deemed appropriate. Federal poverty line thresholds vary by household size and location. GHI is [defined in DOD policy](#) and includes most sources of household income.

The BNA is an element of compensation for low-income servicemember households that is in addition to other cash pay (e.g., basic pay, basic allowance for subsistence, BAH). While DOD considers these elements of compensation as part of GHI, the Service Secretaries have discretion to exclude any portion of BAH in areas deemed to have a "high cost of living." Some military family advocates [have argued](#) that despite this Secretarial authority, the default inclusion of BAH in the income calculation precludes needy families from accessing BNA.

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Servicemembers must apply for BNA and recertify GHI annually. Servicemembers without dependents are not eligible. Because BNA is designed to bring households up to 150% of the poverty line, the amount of assistance may vary by household size. Those most likely to be eligible for BNA are junior servicemembers with several dependents. BNA is considered taxable income under [26 U.S.C. §61](#) and is counted in income eligibility for federal means-tested food assistance programs like the [Supplemental Nutrition Assistance Program \(SNAP\)](#) and [child nutrition programs](#).

Proposed Legislation

The House version of the FY2025 NDAA would expand eligibility for BNA in two ways (see [Table 1](#)).

Table 1. BNA Provisions in the FY2025 NDAA, as passed by the House

House (H.R. 8070)
Section 621 would require BAH to be excluded from the calculation of gross household income for the purpose of determining BNA eligibility
Section 1804 would raise the eligibility threshold from 150% of the poverty line to 200% of the poverty line.

Source: CRS analysis of legislation on Congress.gov.

Under current law, [DOD estimates](#) that in 2025 there would be approximately 2,500 eligible recipients at a cost of roughly \$10 million. The [Congressional Budget Office estimates](#) that enacting both Sections 621 and 1804 would expand the BNA-eligible population to about 60,000 households and increase the benefit provided by an average of \$720 per month. CBO estimates that the BNA provisions in H.R. 8070 would increase costs by \$260 million in 2025 and \$1.4 billion over the 2025-2029 period. Per [37 U.S.C. §402b\(j\)](#), the authority to provide the benefit expires on December 31, 2027. Congress could let the benefit expire, extend the sunset date, or make the benefit permanent.

The Biden [Administration has expressed support](#) for raising the BNA threshold to 200% of the poverty line, but opposes Section 621 of the House bill, which would exclude BAH from the GHI calculation. According to the Administration, Section 621 would “result in a much less targeted expansion of payments and come at a cost of \$2.8 billion in FY 2025 that is not provided.” Servicemembers are entitled to receive either BAH or in-kind housing (e.g., barracks, other government-provided housing). BAH can be a substantial portion of a servicemember’s take-home pay and varies based on paygrade (rank), geographic location, and whether the servicemember has dependents. For example, [in 2024](#) the average annual basic pay for a married E-3 is \$29,583 and average BAH is \$25,538, with BAH accounting for 42% of total cash pay. As such, removing BAH from the calculation would broaden the eligible pool of recipients (see sample calculations in [Table 2](#)).

Table 2. Sample Cash Pay and Poverty Thresholds, 2024

Rank	Average Annual Basic Pay	Average Annual BAH	Annual BAS	Total Annual Cash Pay*	Total Cash Pay w/o BAH	150% of the poverty line (4-person)	200% of the poverty line (4-person)
E-3	\$29,583	\$25,538	\$5,532	\$60,644	\$35,106	\$46,800	\$62,400
E-5	\$43,370	\$26,845	\$5,532	\$75,738	\$48,893		

Source: [HHS Poverty Guidelines for 2024](#) annual thresholds for a 4-person household in the 48 contiguous states. DOD, [Selected Military Compensation Tables, Detailed RMC Tables for Married Personnel](#), B-2, January 1, 2024.

Notes: Amounts are rounded up to the nearest dollar. All enlisted servicemembers received the same basic allowance for subsistence (BAS) regardless of rank. *Total cash pay does not include the tax advantage accrued due to BAH and BAS being non-taxable allowances.

Other provisions in H.R. 8070 could interact with these proposed changes to BNA. In particular, the bill would [amend pay tables for junior enlisted servicemembers](#), giving E-3s and below a 15% pay raise on top of 4.5% pay boost tied to inflation for all servicemembers. This proposal, if enacted, could reduce the size of the population eligible for BNA. Congress may consider the entire package of proposed compensation reforms in H.R. 8070 as well as other efforts to address financial readiness for junior servicemembers.

For additional background, see CRS Report R46983, *Military Families and Financial Readiness*.

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