



FY2025 NDAA: Basic Needs Allowance for Military Families

Updated January 24, 2025

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 and National Defense Authorization Act for Fiscal Year 2025 (FY2025 NDAA, P.L. 118-159), signed on December 23, 2024. 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; Congress enacted the increase in the FY2025 NDAA.

Current Law

In the FY2022 NDAA (P.L. 117-81), Congress first authorized the BNA for military families whose *gross household income* (GHI) fell below 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 provided 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.

Servicemembers must apply for BNA and recertify GHI annually. Servicemembers without dependents are not eligible. Because BNA is designed to bring households up certain percentage 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

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counted in income eligibility for federal means-tested food assistance programs like the Supplemental Nutrition Assistance Program (SNAP) and child nutrition programs.

Per 37 U.S.C. §402b(j), the authority to provide BNA expires on December 31, 2027. Congress could let the BNA expire, extend the sunset date, or make the benefit permanent.

Proposed Legislation

The House version of the FY2025 NDAA would have expanded eligibility for BNA in two ways: (1) adopting a 200% poverty line threshold, and (2) removing basic allowance for housing (BAH) from consideration for the benefit. The Senate Armed Services Committee (SASC)-reported bill (S. 4638), and amendments (S.Amdt. 3290) did not propose any changes to the BNA. The enacted FY2025 NDAA included the House provision raising the poverty line threshold to 200%, but did not adopt House Section 621 to exclude BAH from GHI calculations (see **Table 1**). With respect to the BAH proposal, the Joint Explanatory Statement to accompany the FY2025 NDAA, "We note that quality of life measures, including increases in basic pay and other allowances, are addressed elsewhere in this Act."

House (H.R. 8070)

Section 1804 would raise the eligibility threshold from 150% of the poverty line to 200% of the poverty line.

Section 621 would require BAH to be excluded from the calculation of gross household income for the purpose of determining BNA eligibility.

SASC-reported (S. 4638)

Enacted (P.L. 118-159)

Section 621 includes the House provision.

No similar provision

Not adopted.

Table I. BNA Provisions in the FY2025 NDAA

Source: CRS analysis of legislation on Congress.gov.

Under prior law, DOD estimated that in 2025 there would be approximately 2,500 eligible BNA recipients at a cost of roughly \$10 million. The Congressional Budget Office (CBO) estimated that enacting both Sections 621 and 1804 of the House bill would have expanded the BNA-eligible population to about 60,000 households would increase DOD costs by \$260 million in 2025 and \$1.4 billion over the 2025-2029 period. CBO did not provide an estimate for Section 1804 alone.

The Biden Administration expressed support for raising the BNA threshold to 200% of the poverty line, but opposed Section 621 of the House bill, which would have excluded 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 (see **Table 2**).

Table 2. Sample Cash Pay and Poverty Thresholds, 2024

Avera Anno Rank Basic	al Annual	Annual BAS	Total Annual Cash Pay*	Total Cash Pay w/o BAH		200% of the poverty line (4-person)
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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 nontaxable allowances.

Other military pay provisions in the enacted FY2025 NDAA may impact the size of the population eligible for the BNA expansion. The enacted law amends pay tables for junior enlisted servicemembers (E-1 through E-4). It authorizes a total increase of 15% over 2024 pay rates to be effective by April 1, 2025 (this includes a statutory 4.5% inflation adjustment for all servicemembers as of January 1, 2025).

The Committee report to accompany S. 4638 also directed the Secretary of Defense, in conjunction with the U.S. Department of Agriculture, to report to the congressional defense committees on military food security to include an analysis of the adequacy of military pay and the BNA. The 119th Congress may consider the entire package of proposed compensation reforms as well as other efforts to address financial readiness and food security for junior servicemembers and their families.

For more, see CRS Report R46983, Military Families and Financial Readiness.

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