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SPEAKER'S OFFICE
U.S. HOUSE OF REPS.



The Honorable J. Dennis Hastert
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This letter forwards a Department of Defense Report on the Family Subsistence Supplemental Allowance (FSSA) program, required by section 402a (f) of title 37, United States Code. This report covers the period May 1, 2001, when the program started, through February 1, 2002.

The purpose of the FSSA program is to increase the basic allowance for subsistence of low-income members of the Armed Forces by an amount, with a \$500 limit, that would remove members' households from eligibility for food stamps. The report shows that out of an estimated 2000 eligible members, 610 participated in the FSSA program. Members decline to participate for a variety of reasons, as outlined in the report. As expected, nearly 70% of the participants are in the grades E3 and E4.

The Department is in the process of formally analyzing data and revising the estimated number of military members participating in the food stamp program nationwide, and we expect those results later this summer. We will include that information in the 2003 report.

The FSSA program is serving its intended purpose of providing our most needy members with additional financial help. We do not expect the number of FSSA participants to increase by any significant amount, nor do we recommend any immediate changes to the program.

Sincerely,

David S. C. Chu



Report to Congress

Family Subsistence Supplemental Allowance

August 27, 2002

**Directorate of Compensation
Office of the Assistant Secretary of Defense
Force Management Policy
(Military Personnel Policy)**

Introduction

Section 604 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, codified at section 402a of title 37, United States Code, established the Family Subsistence Supplemental Allowance (FSSA) for Low-Income Members of the Armed Forces. The intent of the legislation was to increase the Basic Allowance for Subsistence (BAS) by an amount that would remove a member's household from eligibility for the U. S. Department of Agriculture's (USDA) food stamp program. The maximum entitlement is \$500 per household, per month. Section 402a's effective date was May 1, 2001.

The law requires the Secretary of Defense, in consultation with the Secretary of Transportation, to submit an annual report to Congress specifying the number of members of the Armed Forces who received, at any time during the preceding year, the supplemental subsistence allowance. This document fulfills the 2002 requirement and covers the period May 1, 2001 through February 1, 2002.

Food Stamp Participants

There has been a steady and noteworthy decline in the number of members on food stamps since the first survey of participants was conducted in 1991. On three occasions, the Department of Defense has conducted a Social Security Number (SSN) match comparing DoD and USDA records to estimate the number of participants. As previously reported to Congress (most recently in *Food Stamp Usage in the Military* dated May 22, 2000), the following figures apply:

- In 1991 there were 19,400 members on food stamps
- In 1995 there were 11,900 members on food stamps
- In 1998 there were 6,300 members on food stamps

Today we estimate that there are about 2,100 members on food stamps. The latest decrease in the number of participants is a result of the in-place FSSA program and the sizable increase to regular military compensation, comprised of increases to basic pay, basic allowance for housing (BAH), and basic allowance for subsistence (BAS). The Department is presently involved in another SSN matching process with USDA to determine the number of food stamp participants, and we expect those results to be available during the fall of 2002.

FSSA Participation

Extrapolating from the above numbers, we estimate there are about 2000 total members, among all the armed forces, eligible for FSSA. Our 1998 study showed that 60% of the members on food stamps lived on-base. We know that currently the majority of members on food stamps live on-base. This situation is primarily due to the fact that the food stamp program does not count the value of on-base housing as income. Because FSSA counts the value of on-base housing as income, and the food stamp program does not, most of those members on-base who qualify for food stamps do not qualify for FSSA. The Department began the FSSA program as required on May 1, 2001. Actual FSSA participation for the period May 1, 2001 through

February 1, 2002 is shown for CONUS and OCONUS locations in Table 1.

Table 1.

CONUS PARTICIPATION

Pay Grade	Army	Navy	Air Force	Marines	Coast Guard	Total Participants	Tot Amnt Paid to this Grade
E1	7	4	0	5	0	16	\$26,472
E2	40	12	1	2	0	55	\$109,413
E3	81	13	25	18	3	140	\$277,606
E4	172	16	13	12	2	215	\$379,237
E5	43	12	8	2	1	66	\$128,038
E6	9	3	0	2	0	14	\$34,971
E7	0	0	0	2	0	2	\$4,100
E8	0	1	0	0	0	1	\$3,210
Totals	352	61	47	43	6	509	\$963,047

OCONUS PARTICIPATION

Pay Grade	Army	Navy	Air Force	Marines	Coast Guard	Total Participants	Tot Amnt Paid to this Grade
E1	2	0	0	0	0	2	\$3,318
E2	4	0	1	0	0	5	\$10,072
E3	21	0	2	2	0	25	\$53,887
E4	41	0	2	0	0	43	\$91,332
E5	18	0	1	0	0	19	\$36,621
E6	7	0	0	0	0	7	\$16,224
E7	0	0	0	0	0	0	0
E8	0	0	0	0	0	0	0
Totals	93	0	6	2	0	101	\$211,454

					Grand Total	610	\$1,174,501
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Analysis of the above tables reveals the following information:

- There were 610 total FSSA participants in 2001
- 69% of participants are in grades E3/E4
- 73% of all participants are in the Army
- 83% of participants are in the 48 contiguous states
- 17% of participants are in Alaska, Hawaii, and other overseas locations
- 92% of overseas participants are in Army
- Total amount paid out in 2001 was \$1.17M

- Household sizes ranged from E2s with 5 people to one E7 with 11 people (Note: household size is not reflected in above table)

The Services indicate there are three primary reasons that not all eligible members participate in the FSSA program. First, there is some degree of stigma attached when a member must go to his or her chain of command and state the need for more money. Second, FSSA can have a detrimental effect on other-income based social programs. For example, when a member starts receiving FSSA, the additional monthly income may render that member's household ineligible for the USDA's Free and Reduced School Lunch Program. Some members may not wish to make that trade-off. Third, re-certification of eligibility for FSSA is required upon every promotion, move, pay raise, and change in household income. For the junior enlisted member who will typically see three pay raises, three promotions, and one move (with the potential reemployment of a spouse associated with the move) during a four-year initial enlistment, this administrative burden may appear too onerous.

FSSA Web Site

The FSSA web site (<https://www.dmdc.osd.mil/fssa>), developed and maintained by the Defense Manpower Data Center, was instrumental in the timely worldwide implementation of the program. The web site can be accessed only by active duty members using their SSNs. The web site guides members through an eligibility calculation, asking for information about household size and income. At the end of the process, the web site gives a determination of whether or not the member will qualify for FSSA. This web site eligibility determination is not binding, but rather serves as a screening tool. The member must still go to a service trained certifying official to be certified to receive FSSA.

One of the advantages of this Web Site is its ability to track visitors. Statistics from this Web Site include the following:

- Over 52,000 different service members entered the Site between May 1, 2001 and February 1, 2002
- 59% were in the grades E4/E5
- 59% were in the Army
- 76% were in CONUS, 24% were OCONUS
- 60% of those determined eligible were from 9 states: **TX, KY, LA, GA, CA, AL, NC, VA, OK**. (Note: the bolded states are among the top 10 states with the highest military populations)

Summary

The FSSA program is serving the purpose of providing our most needy members with additional financial help. Overall, the program is running well and as intended. Less than two tenths of one percent of the Armed Forces are eligible for FSSA. We do not expect the number of FSSA participants to increase by any significant amount, nor do we expect that any significant changes will be needed to improve implementation of the program. We anticipate the number of members receiving FSSA to remain about 600.