

# Expand Economic Opportunity for Veterans and Military Spouses

## PROBLEM

Too many veterans, military and veteran spouses, and transitioning service members are unemployed, underemployed or financially vulnerable.

## KEY PROPOSAL

Develop a competitive grants program to provide funding to organizations delivering in-demand skills training and career placement services to veterans, transitioning service members, and spouses. These organizations will:

- Provide trainings for careers that align with the workforce of the future;
- Provide services that promote both employment and career advancement, such as certifications, networking and career coaching;
- Build partnerships with organizations providing complementary skills training, credentialing, resume assistance, and access to jobs and talent-seeking employers, thus contributing to a continuum of evidence-based employment support;
- Offer flexible programming options through a combination of in-person and virtual delivery formats;
- Provide evidence-based evaluation of verifiable outcomes delivered by the grant recipients.

## ADDITIONAL PROPOSALS

- Alongside Transition Assistance Program interagency partners, expand and enhance initiatives that sustain private-sector engagement in veteran hiring and workforce development, particularly local and regional initiatives.
- Improve interagency data sharing and integration practices among the Departments of Veterans Affairs, Labor, Defense and local counties and community-based organizations related to transition and post-transition employment initiatives, creating a unified framework for their effective performance measurement, monitoring, and evaluation.
- Initiate a joint research program between DOL and VA to better understand if and how TAP is positioned to address different needs, challenges, and post-service aspirations of certain veteran subgroups, such as veterans with disabilities, women veterans, rural veterans, and veterans of color.
- Create tax credits and support employer coalitions that promote remote work for military and veteran spouses.
- Assess the financial and programmatic implications of providing employment support to spouses of veterans in addition to spouses of service members.

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## ■ INTRODUCTION

A veteran's long-term well-being is highly dependent on their ability, and often their partner/spouse's ability, to build a meaningful civilian career. Good careers are built over time, not overnight. Early successes often create new opportunities for growth, skill development, and advancement. Careers are path dependent, in other words.

However, the career path displacement that transitioning service members and their spouses all face eventually, pose special challenges compared to a typical career change.

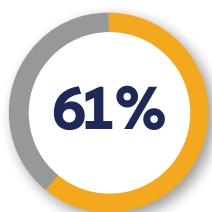
Federal policy plays a major role in supporting veterans' and military spouses' post-service career success. The prevailing policy focus, however, remains anchored on post-service job placement. While necessary, such a focus is nearsighted and insufficient to the long term aim of ensuring veterans and their spouses remain employable and thrive over the long haul. More so, in the face of blistering rates of change in the economy and workplace projected over the next decade. Better policy will address civilian career training and long-term employability skill development that reflects the evolving economy and nature of work, and the barriers to career growth.

## SUPPORT EMPLOYABILITY

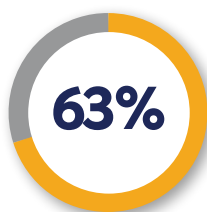
Before the COVID-19 outbreak, veteran unemployment was at a historic low of 3.5%, and still today, veteran unemployment remains lower than nonveteran unemployment.<sup>1</sup> However, employment alone is not a full measure of economic health. Underemployment as well as unemployment and financial strain at the point of transition can cause long-term financial issues well after service.<sup>2</sup>

Junior enlisted ranks in particular report financial distress. In 2019, 16,000 service members used the Supplemental Nutrition Assistance Program.<sup>3</sup> Post-separation job loss and inability to provide for family members financially are risk factors for suicidal ideation among veterans and service members, and are often connected to feelings of burdensomeness among veterans.<sup>4</sup>

While most veterans have a positive employment transition, a significant minority continue to struggle, facing issues such as underemployment and financial instability. About 40% of transitioning service members characterize their employment and financial transitions as difficult.<sup>5</sup> This problem may be exacerbated by how COVID-19 damaged the economy. Recent data show 61% of veterans reported they should be in a better job given their experience, education and leadership skills.<sup>6</sup> Underemployment is worse among veterans at enlisted paygrades (63%) compared to those at officer paygrades (about half). Further, 70% of the veterans who were of a minority race or ethnicity (e.g., Black, non-Hispanic) reported underemployment.<sup>7</sup>



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While over half of veterans leave their first job out of the military after one year, nothing indicates that this turnover is related to their veteran status. Many veterans leave for positive reasons such as promotion or pay increase.<sup>8</sup> Further, veterans tend to stay in their jobs longer once they find the right fit.<sup>9</sup> Taken together, these data indicate the first job out of the service is crucial for veterans to build their career. Job retention, while a problem for some veterans, is more often a good news story for the individual.

Supporting veterans and their spouses in finding the right careers requires more targeted cross-sector effort. Transition and employment conversations are often confined to the Transition Assistance Program (TAP) before separation. However, successful economic transitions unfold over a long period of time, requiring more than attention on TAP. Veterans are 29% more likely to find a job if they use employment services beyond TAP. These services are more effective if they are used early in transition and that use continues in the first years of reintegration.<sup>10</sup> Of the services most closely aligned

with employment and higher starting salaries (e.g., career exploration, job training and certifications, networking, resume-writing, translating military experience to civilian work, and interviewing), TAP covers only a few.

Employment interventions are delivered by government workforce development agencies or through public-private partnerships with nonprofits and private companies. One example of these partnerships is the Department of Defense Skillbridge program. These interventions help veterans secure a job and assist them moving up in their careers, a critical element of supporting employability. For example, veterans who utilized a training or certification program were 38% more likely to be promoted in their first job.<sup>11</sup> Similarly, veterans who utilized career coaching and networking services were 36% more likely to be promoted in their first job.<sup>12</sup>

Veterans and military families represent an asset to the U.S. workforce that can help drive the American economy. Research shows they are entrepreneurial, assume high levels of trust, are adept at skill transfer and exhibit high team building capacity.<sup>13</sup> Employment instability and the absence of long-term financial certainty as a result of the challenges of employment transition not only contribute to marginalized health outcomes but are also responsible for a surge in the federal budget. The Department of Veterans Affairs budget is over \$200 billion, with the cost of health care, unemployment and disability benefits predicted to surpass \$1 trillion in the coming decades.<sup>14</sup> The Department of Defense also shoulders, in part, the cost of unemployed transitioning service members, undercutting military readiness and national security.

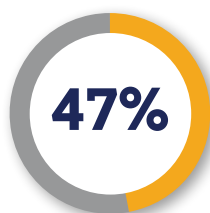
## PREPARE VETERANS TODAY FOR THE FUTURE OF WORK

Veterans, particularly those without college degrees, are often pushed toward low-skill jobs even though their skill sets might translate into other opportunities. Often, these jobs do not lead to high-growth sectors. For military spouses, challenges stem from frequent moves and parenting responsibilities. They are also sometimes pushed into low-skill jobs despite being highly educated or experienced.

A recent report published by the McKinsey Global Institute emphasizes the importance of adaptability in employment and skill training programs as a result of rapid advances in automation technologies. The day-to-day nature of work could change for nearly everyone as the coming wave of automation will affect some of the largest occupational categories in the U.S. economy, such as office support, food service, production work, customer service and retail sales. Nearly 40% of U.S. jobs are in occupational categories that could shrink between now and 2030.<sup>15</sup> This is relevant to veterans, 47% of whom are employed in these occupations.<sup>16</sup>



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The percentage of veterans employed in occupations expected to shrink.

Congress; the Departments of Labor, Veterans Affairs, and Defense; as well as state governments must do a better job adapting job preparation policy to the future of work. For some veterans, this may simply mean taking advantage of their GI Bill benefit. But many veterans don't use this benefit, and others desire more skills training and credentials.

## SUPPORT VETERAN ECONOMIC OPPORTUNITY AMONG UNDERSERVED GROUPS

While often overlooked, there are measurable racial and gender disparities in economic outcomes among veterans. Black veterans, other veterans of color, and women veterans

all experience barriers to economic success as a result of an unequal society. To support equitable economic outcomes among all veterans, policy must specifically support the needs of these groups in pursuit of their post-service aspirations.

Of today's 18.2 million veterans, 1.8 million are women. Before COVID, post-9/11 women veterans were more likely to be unemployed than their male counterparts (4.7% compared to 3.5%).<sup>17</sup> They also experienced more difficulty finding a job during transition. Forty percent of women veterans took a year after their separation to find a job, compared to 19% of male veterans. Post-9/11 women veterans earn on average almost \$20,000 annually less than post-9/11 male veterans. Yet, women veterans have on average higher levels of educational attainment than their male peers.

Similarly, the 2.3 million Black veterans in the United States are more likely to characterize their economic transition as difficult, compared to white veterans. Before COVID, the post-9/11 unemployment rate among Black veterans was 6.8%, compared to 3.5% for all veterans. Black veterans earn on average almost \$20,000 a year less than white veterans.<sup>18</sup> People of color (inclusive of Black veterans) make up only 18% of the veteran population but 42.3% of the veteran homeless population.<sup>19</sup> These racial disparities in veteran outcomes are long-standing. After World War II, Black veterans saw far fewer economic gains from the educational and homeownership components of the GI Bill.<sup>20</sup> These policies disproportionately helped white veteran families build wealth, fueling the fire of inequality that still exists today.

In general, veterans who are Black non-Hispanic, Hispanic and “Other” (race) non-Hispanic were less likely to find a job 15 months after separation than white non-Hispanic veterans. Yet, many post-transition interventions can help close this gap. Black veterans who received interview coaching services, resume assistance or career planning coaching were three times more likely to find a job. These services would benefit all veterans but would benefit veterans of color significantly and help to close the gap in economic outcomes.<sup>21</sup>

The VA has designated offices for women and veterans of color to help them navigate VA resources. However, federal strategy could do a better job of universally acknowledging and addressing the needs of specific segments of the veteran population. The Transition Assistance Program and other transition services are more one-size-fits-all than tailored to meet the needs of different groups of veterans. The VA, Labor, and Defense departments must work with community nonprofits and employers to create policy to meet these needs.<sup>22</sup>

Veteran policy can improve the ways it promotes racial, ethnic, and gender diversity in STEM professions and other in-demand careers. Programs supporting minority and women veteran entrepreneurs can also play a critical role in helping connect these groups to skill sets, supply chains, financial capital, and social networks that can support successful small businesses.<sup>23</sup>

When COVID-19 struck, Black veterans experienced higher unemployment rates than their white counterparts. Further, women veterans reported more need in the area of financial assistance. Disruptive forces always disproportionately affect marginalized or vulnerable groups. As automation and recession put many jobs at risk, these forces are sure to pose greater risk to groups who are already facing economic inequities.

## ■ THE PRIORITIES

The Institute for Veterans and Military Families’ (IVMF) National Veterans Policy Priorities present a national agenda of evidence-informed and experience-driven policy to serve veterans and military families. The IVMF presents three initial priorities for policymakers to focus on as society rebuilds in the wake of COVID-19.

1. Integrate Health and Social Care and Services
2. Expand Economic Opportunity for Veterans and Military Spouses
3. Improve Capability for Evidence-Based Policy

## SUPPORT MILITARY SPOUSES AND JOB PORTABILITY

Military and veteran spouses/partners are a predominantly female demographic (93%), three-quarters of whom have children 18 and under at home. Military spouses/partners experience a frequency rate of relocation 10 times higher than civilian counterparts. Spouses’ careers are regularly interrupted, and employers are hesitant to offer them jobs that require a large investment in training or a long learning curve.<sup>24</sup> More military spouses are either unemployed or work fewer hours than they would like, and military spouses overall earn on average \$20,000 less than civilians with the same levels of education.<sup>25</sup> While there is little research, veteran spouses experience many of the same problems as military spouses, but are not eligible for most of the support programs.

The societal cost of unemployment and underemployment of military spouses is estimated to be between \$710 million and \$1.07 billion per year (including lost income tax and unemployment and health care benefits paid).<sup>26</sup> Employment of military spouses plays a significant role in the decision of the individual to leave or remain in the service. Strengthening opportunities for spouses could contribute to retaining valuable service members.<sup>27</sup>

Female spouses were 9% less likely than their civilian counterparts to participate in the labor force during a year, 10% less likely to work full time (30 or more hours a week), and 14% less likely to work 33 or more weeks a year; on average, they worked 6.4 fewer weeks per year.<sup>28</sup>

While much military spouse policy is focused on easing occupational licensing burdens, easing only this burden doesn’t fully solve employment difficulty for military spouses. While a substantial percentage of spouses are in licensed occupations (35%), the majority are not. Further, spouses of veterans may not be eligible programs aimed at easing licensing burden for military spouses. Nearly all spouses (97%) surveyed by the Institute for Veterans and Military Families said they would take advantage of remote employment opportunities if offered by their current employer.<sup>29</sup> Over 75% of respondents feel employers are not sufficiently aware of the employment issues they face, and almost 90% said that the lack of job portability harmed their ability to advance professionally. Military spouses are unemployed at a rate four times higher than their civilian counterparts. Further, military spouses are often underemployed, their employment not matching what would be expected for their education or experience.<sup>30</sup>

Improvement of economic opportunity for military spouses will depend on policies that incentivize development of remote employment opportunities. Making sure military spouses have career opportunities before a service members transition benefits the entire family because it provides the family the financial flexibility of a second income. These benefits include the ability to accrue savings, respond to emergencies, and invest in retirement savings.<sup>31</sup> These policies can include tax credits, state policy adjustments, and employer coalitions that support remote work.

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