

MAY 31, 2011

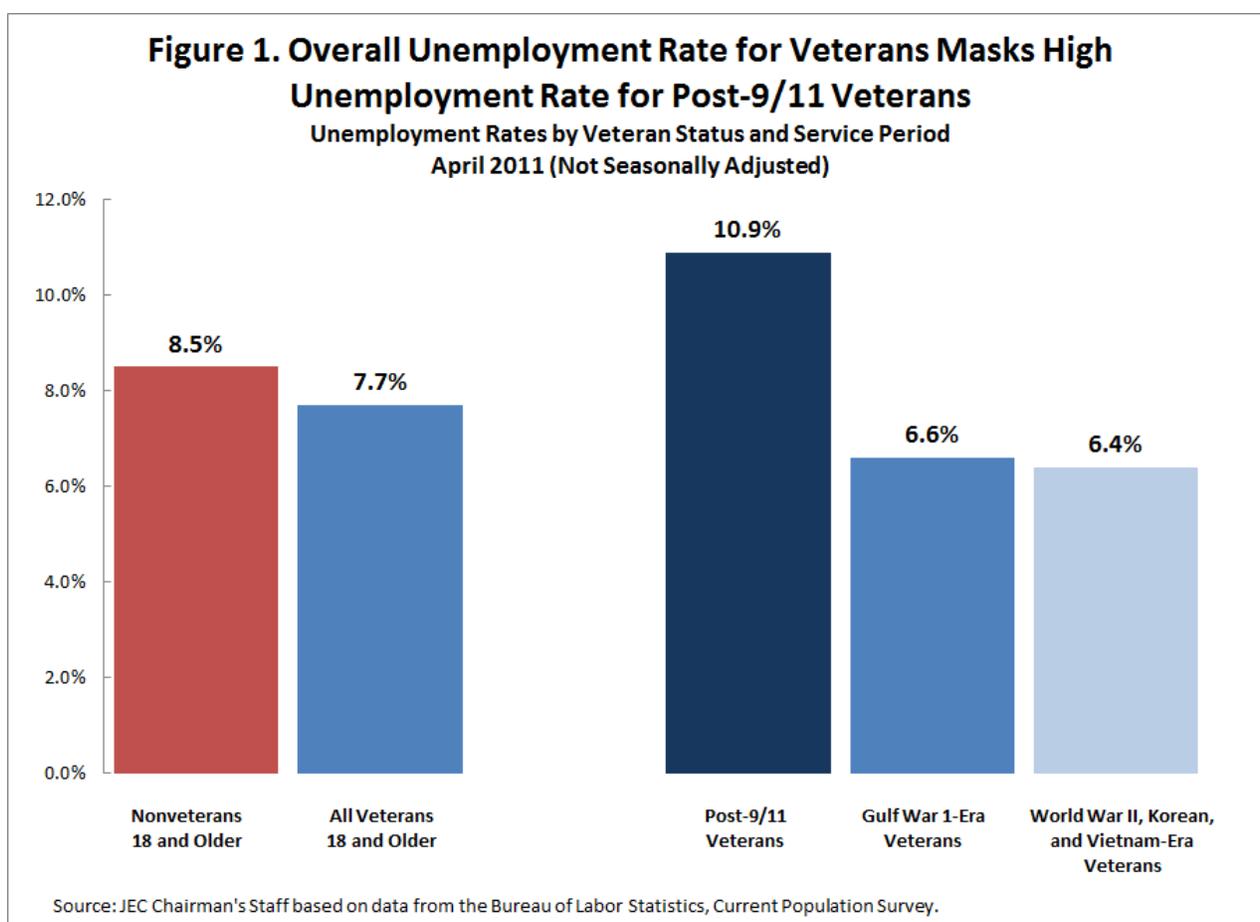
Meeting the Needs of Veterans In Today's Labor Force

As Memorial Day weekend comes to a close, a time dedicated to remembering those who died defending our country and to honoring the men and women who serve our country past and present, this report examines the employment situation of America's veterans. Specifically, this report focuses on the unacceptably high jobless rate among men and women who served in the military in the aftermath of September 11, 2001. Despite their training and experience, many of these veterans are unable to find civilian jobs after leaving active duty. As Congress deliberates how best to put the nation on a sustainable fiscal path, efforts to reduce the federal deficit must not come at the cost of helping recent veterans succeed in today's labor market.

REPORT BY
THE U.S. CONGRESS JOINT ECONOMIC COMMITTEE CHAIRMAN'S STAFF
Senator Bob Casey, Chairman

Unemployment Is Highest Among the Most Recent Veterans

Among all veterans, those who served on active duty since September 2001 (Post-9/11 veterans¹) have the highest unemployment rate. In 2010, the unemployment rate for these veterans averaged 11.5 percent, compared to the overall veteran-unemployment rate of 8.7 percent, and 9.4 percent unemployment rate for nonveterans.² Job gains in recent months have brought down the national unemployment rate, which is now 0.8 percentage point below last year's level.³ New data from the Bureau of Labor Statistics put the unemployment rate of Post-9/11 veterans at 10.9 percent in April, 2.2 percentage points lower than it was one year ago. In comparison, the unemployment rate is now 7.7 percent for the entire population of veterans and 8.5 percent for nonveterans (data are not seasonally adjusted). (Figure 1.)



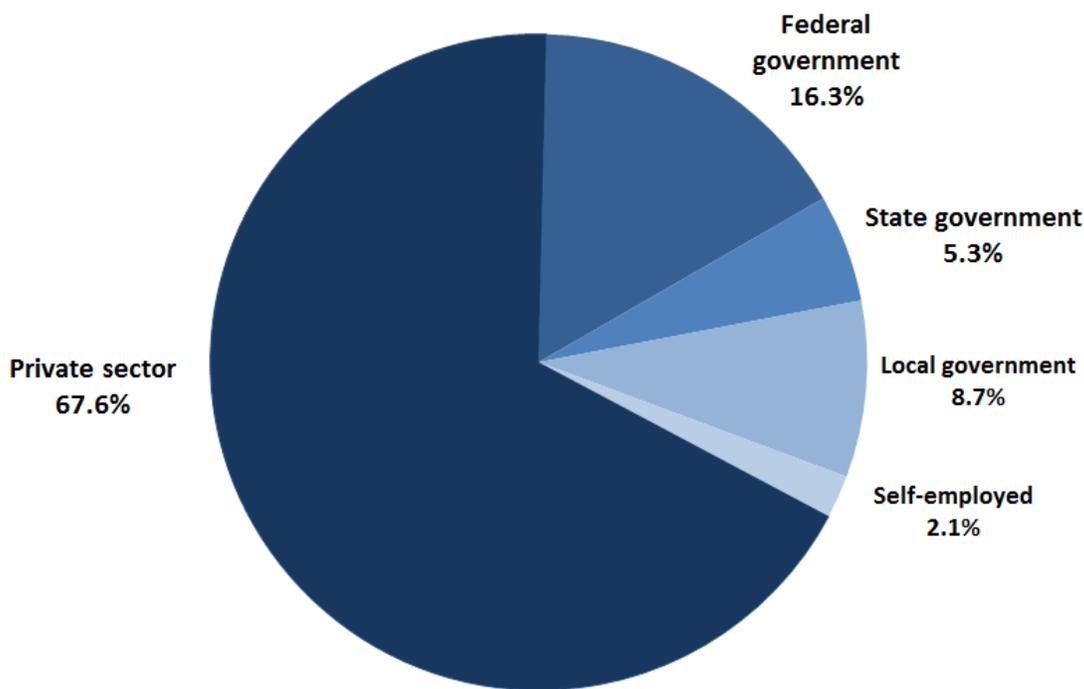
Nearly 2.5 million men and women have left active duty in the Armed Forces since September 2001, accounting for 11 percent of the total U.S. veteran population.⁴ Although women make up a larger share of Post-9/11 veterans than of any other time period in U.S. history, four-fifths of recent veterans (81 percent) are male. Most recent veterans leave active duty during their prime working years; 83 percent of Post-9/11 veterans are

between the ages of 25 and 54, and 95 percent are between the ages of 18 and 54. Among Post-9/11 veterans who are men 25-54 years old, the current unemployment rate is 9.9 percent. Younger male veterans (18-24 years old) face an extremely high unemployment rate (26.9 percent).⁵

Of Post-9/11 veterans who are employed, over two-thirds work in the private sector. (**Figure 2.**) The skills and work experience these veterans receive while on active duty make them better matched to civilian employment in certain private-sector industries. However, this distribution of employment left recent veterans vulnerable to the massive job losses of the Great Recession. Prior to the start of the recession, Post-9/11 veterans were more likely than nonveterans to be employed in mining, construction, manufacturing, transportation and utilities, information, and professional and business services⁶—all industries that experienced significant drops in employment during 2008-2009. These veterans also were less likely to be employed in education and health services, the only major sector that added jobs during the Great Recession. (**Figure 3.**)

Figure 2. Two-Thirds of Post-9/11 Veterans Work in the Private Sector

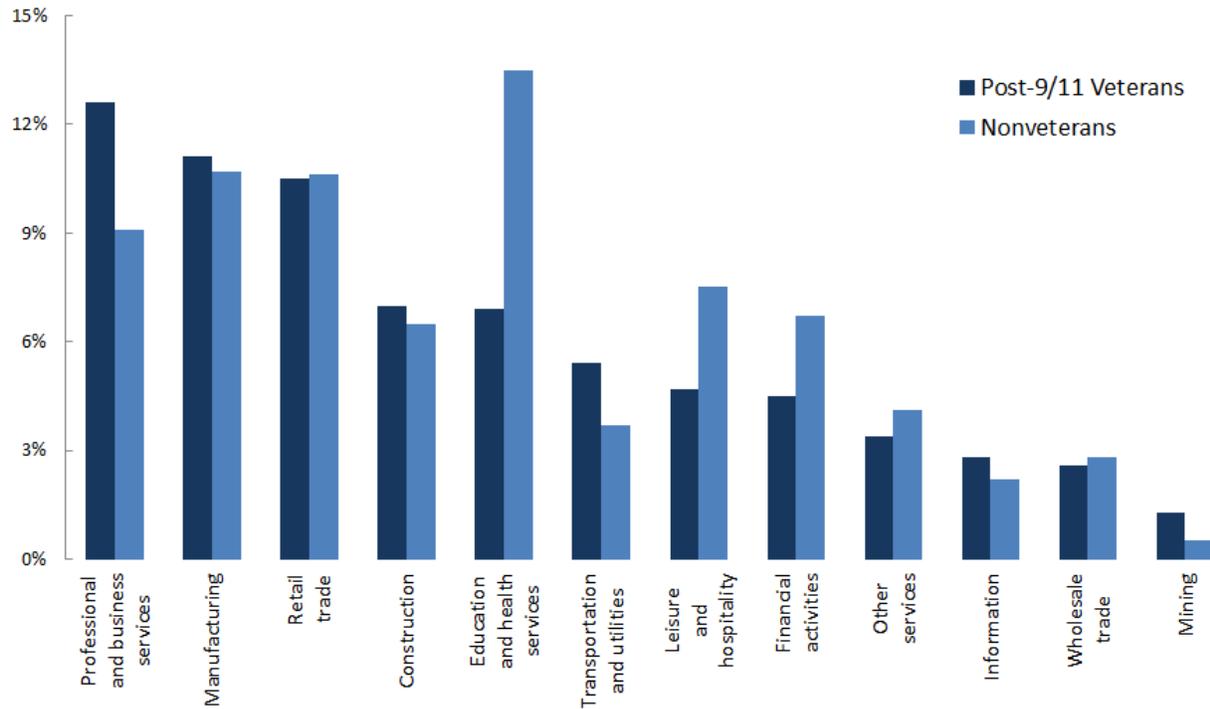
Distribution of Employed Post-9/11 Veterans, 2010 Averages



Note: Private-sector employees include those working in agriculture and related industries.

Source: JEC Chairman's Staff based on data from the Bureau of Labor Statistics, Current Population Survey.

**Figure 3. Post-9/11 Veterans Employed in the Private Sector
Were Concentrated in Hard-Hit Industries**
Percent of Employed Persons Working in an Industry, 2007



Source: JEC Chairman's Staff based on data from the Bureau of Labor Statistics.

Addressing the high jobless rate among Post-9/11 veterans will require ongoing investment in programs that help veterans transition to post-military life and the civilian workforce. Promoting education and training related to expanding sectors, such as education and health care, both before and after servicemembers exit the military will help them find employment more quickly. In some cases, where there may be a perceived skills mismatch, effective programs will help servicemembers better translate their military experiences to employers in a way that more closely aligns with the skills private-sector employers are seeking.⁷

Veterans' preference hiring programs have led to Post-9/11 veterans being more likely than nonveterans to work in the public sector. Almost one-sixth (16.3 percent) of recent veterans are employed by the federal government, compared with 8.7 percent of all veterans and just 2.2 percent of nonveterans. In fact, 30 percent of recent veterans work in the public sector at some level. (Figure 2.) By comparison, 14.8 percent of nonveterans work in the public sector.⁸ Although Post-9/11 veterans are only slightly more likely than nonveterans to work in state or local government, ongoing budget shortfalls and a slowdown in hiring by state and local governments could adversely affect veterans' employment in the future.

High Disability Rates May Cause Problems Later

Despite high unemployment, labor force participation remains strong among Post-9/11 veterans. However, it is critical that Congress not lose focus on improving job training and employment programs for our country's veterans. For the most recent veterans, staying attached to the labor force, even while job opportunities are limited, will be critical to preventing a situation similar to that of veterans from the Vietnam era. As the Vietnam-era population has aged, the gap between labor force participation among Vietnam veterans and similarly-aged nonveterans has grown. In 2000, there was no significant difference in the participation rates between the two groups, but over the next ten years, the labor force participation rate of Vietnam-era veterans dropped significantly faster than the rate of similarly-aged nonveterans.⁹

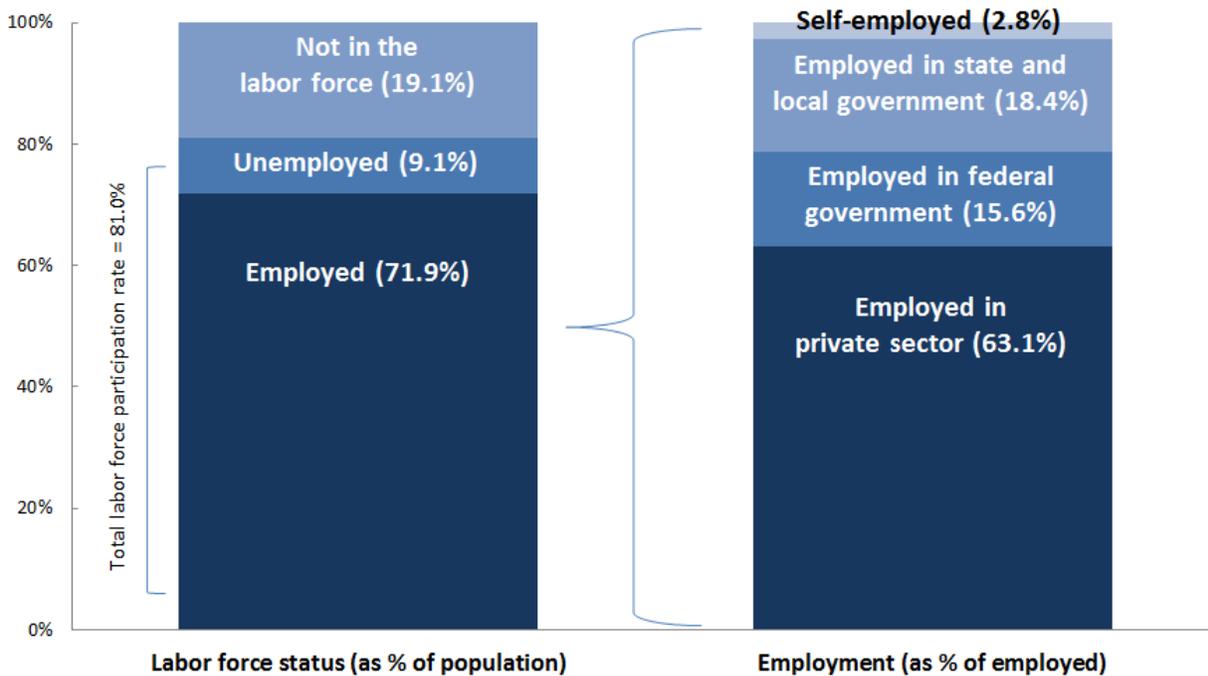
Service-related disability may be a large part of the reason why Vietnam-era veterans drop out of the labor force. According to the Veterans Administration, in 2010, 15.8 percent of Vietnam-era veterans received disability compensation (DC) for service-connected disabilities. Those Vietnam-era veterans receiving DC benefits had an average of 3.5 disabilities per veteran.¹⁰ Receipt of DC benefits has grown rapidly among the Vietnam-era veteran population. For example, the number of Vietnam-era veterans receiving DC benefits because of Post-Traumatic Stress Disorder (PTSD) grew three-fold between 1999 and 2010, decades after their active-duty service ended, as diagnosis and treatment have become more prevalent.¹¹ As these veterans have exited the labor force and their enrollment in the DC program has risen, the federal government's financial liability from the DC program has grown.

The experience of Vietnam-era veterans may be a harbinger of future labor force problems for recent veterans. According to the most current data available, 25 percent of Post-9/11 veterans report having a service-connected disability.¹² Among these disabled veterans, the labor force participation rate is 81.0 percent, 5.2 percentage points lower than the labor force participation rate of veterans from the same period without a service-connected disability.¹³ Veterans of both Gulf Wars (those who served on active duty since August 1990) receiving DC benefits had an average of 5.1 disabilities per veteran.¹⁴ Although labor force participation is high among disabled Post-9/11 veterans now, service-connected disabilities may make it difficult for these veterans to remain in the labor force and lead to a decline in employment among them.

Hiring preferences have helped many disabled veterans find work with the federal, state, or local government. More than one-third (34.0 percent) of employed Post-9/11 veterans with a service-connected disability work in the public sector (see **Figure 4.**), compared with one-fourth (24.4 percent) of Post-9/11 veterans with no disability. Of those disabled veterans employed in the public sector, just under half work for the federal government.¹⁵

**Figure 4. Labor Force Participation is High Among Disabled Post-9/11 Veterans;
Over One-Third Work in the Public Sector**

Labor Force Status and Employment of Post-9/11 Veterans with a Service-Connected Disability



Note: Data are for July 2010. Private-sector employees include those working in agriculture and related industries. Details do not sum to 100 percent due to rounding.

Source: JEC Chairman's Staff based on data from the Bureau of Labor Statistics, Current Population Survey.

Investing in Our Veterans Will Strengthen Our Economic Security

The handful of programs currently helping servicemembers transition to the civilian workforce include post-separation evaluation and training; hiring preferences at the federal, state and local level; and tax incentives for private-sector employers that hire unemployed veterans. Yet, at 10.9 percent, almost two full-percentage points above the overall jobless rate, the unemployment rate for Post-9/11 veterans remains unacceptably high. Such crucial federal programs aimed at easing the transition from the military to civilian life have fallen short for veterans and their families.

Two pieces of recently-introduced legislation seek to further bridge the gap between military service and civilian employment. The Hiring Heroes Act of 2011 (S. 951) requires all separating servicemembers to participate in the Department of Labor's (DOL) Transition Assistance Program (TAP), which helps veterans navigate the civilian workforce and translate their skills and experiences into employment.¹⁶ The bill also calls for an intergovernmental study to identify civilian jobs that are most closely matched to jobs help by active-duty servicemembers. Additionally, the Transition Assistance Program Audit Act of 2011 (S. 1104) instructs DOL to continue program reforms already in progress and to formally assess the program's effectiveness every three years.¹⁷

Requiring these recurring evaluations will allow DOL to identify ways to modernize TAP so that the program can best help veterans meet the changing needs of employers.

Already, 2.5 million servicemembers have separated since September 2001, and many more will follow in the immediate future. Cutting or eliminating essential programs for veterans in the name of deficit reduction would be a disservice to men and women who have made great sacrifices in defense of our country, and a disservice to the nation. Rather, making investments to ensure the existing federal programs are successfully enabling all veterans to transfer the skills they gained in the military to employment in the civilian sector will strengthen the economic security of veterans, their families and the nation.

Sources

¹ This report uses definitions established by the Bureau of Labor Statistics. Veterans are men and women who previously served on active duty in the U.S. Armed Forces. Reserve and National Guard members are counted as veterans if they had ever been called to active duty. Post-9/11 or Gulf War 2-era veterans (classified as Gulf War era II veterans by BLS) are those who served on active duty since September 2001. Gulf War 1-era veterans (classified as Gulf War era I veterans by BLS) are those who served on active duty during August 1990-August 2001; Vietnam-era veterans are those who served on active duty during August 1964-1975; and nonveterans are men and women who never served on active duty in the U.S. Armed Forces. For more detailed information, please see the BLS March 11, 2011 publication: *Employment Situation of Veterans: 2010*, Technical Note.

² BLS. *Employment Situation of Veterans: 2010*. March 11, 2011.

³ BLS. Current Population Survey (CPS). The overall civilian unemployment rate dropped from 9.8 percent in November 2010, to 9.0 percent in April 2011, seasonally adjusted. Not seasonally adjusted, the overall civilian unemployment rate was 8.7 percent in April 2011.

⁴ BLS. The Employment Situation, April 2011. Table A-5.

⁵ BLS. Unpublished detailed CPS tables. April 2011.

⁶ BLS. *Employment Situation of Veterans: 2007*. April 10, 2008.

⁷ In addition, service members may face discrimination based on reports of high rates of mental illness among veterans of Operation Enduring Freedom and Operation Iraqi Freedom. Iraq and Afghanistan Veterans of American. *Careers After Combat*. June 2009. Available at http://iava.org/files/careersaftercombat_quickfacts_final.pdf.

⁸ BLS. *Employment Situation of Veterans: 2010*. Table 5. According to BLS, 4.6 percent of employed nonveterans are state government employees and 8.0 percent are local government employees.

⁹ Autor, David H., Mark G. Duggan and David S. Lyle. *Battle Scars? The Puzzling Decline in Employment and Rise in Disability Receipt among Vietnam Era Veterans*. May 2011. In 2010, the labor force participation rate of Vietnam-era veterans dropped to 5.9 percentage points below the rate of similarly aged nonveterans.

¹⁰ Veterans Benefits Administration. *Annual Benefits Report Fiscal Year 2010*. Page 20. Available at http://www.vba.va.gov/REPORTS/abr/2010_abr.pdf.

¹¹ Autor 2011.

¹² BLS. *Employment Situation of Veterans: 2010*. Table 6.

¹³ BLS. *Employment Situation of Veterans: 2010*. Table 6.

¹⁴ Veterans Benefits Administration. *Annual Benefits Report Fiscal Year 2010*. Page 20.

¹⁵ BLS. *Employment Situation of Veterans: 2010*. The most recent data available are from July 2010.

¹⁶ The Hiring Heroes Act of 2011 was introduced by Senator Murray and 13 original cosponsors on May 11, 2011. Text of the legislation is available at <http://www.congress.gov/cgi-lis/query/z?c112:S.951>. Additionally, an overview of the key provisions is available at http://murray.senate.gov/public/index.cfm?a=Files.Serve&File_id=0ea542fe-c8c9-4d9a-ae4d-bc67ffa0f909.

¹⁷ The Veterans Transitional Program Audit Act of 2011 was introduced by Senator Casey on May 26, 2011. An overview of the legislation is available at <http://casey.senate.gov/newsroom/press/release/?id=4bef93e6-8569-4233-b0df-a45e684afca6>.