LABOR MARKET EXPERIENCE OF RECENT MILITARY VETERANS**


One of a number of CRS reports that summarize the employment situation for veterans in the civilian labor market. Collins describes government employment-related programs that match veterans’ skills to occupations and provide: (1) assistance for training and job search, (2) small business loans and technical help, and (3) assistance for those with service-related disabilities. The report includes tables and charts comparing unemployment rates and employment outcomes for Gulf War II veterans, other veterans, and non-veterans based on data from the Current Population Survey.


The authors explain the provisions of The Uniform Services Employment and Re-employment Rights Act (USERRA), which gained attention during the first Gulf War when employees who were reservists or members of the National Guard were activated. All employers, public and private, are required to comply with its provisions. The broad anti-discrimination protections for employees apply to all phases of hiring, employment, and promotion. Soldiers returning from service are entitled to re-employment in the positions they left and at the status they would have achieved if their employment had been continuous. The prerequisites for re-employment are: (1) prior notice of military service given to employer, (2) cumulative absence for honorable military service of not more than five years, and (3) timely report back or application for re-employment. Employee benefits such as life insurance and health and pension plans continue, but employers are not required to make up the difference between military and civilian salaries. Injured or disabled employees are entitled to reasonable accommodations. At-will terminations, except for cause, are prohibited for six months to one year after leaving the military. The USERRA website includes annual reports as well as other information. http://www.dol.gov/vets/programs/userra/.


The authors examine why recent veterans have high unemployment rates relative
to the rest of the labor force. They compare the more recent 2008-2011 period with 1990-1992 using Current Population Survey data. Their results suggest that long periods of overseas deployment rather than demographics or simply being a new veteran account for much of the difference in unemployment rates between recent veterans and nonveterans.


The authors analyze the labor force experience of veterans and their spouses who participated in the American Community Survey (ACS) and compare it to those who never served in the military. The two groups were divided into four mutually exclusive categories: not in the labor force, unemployed, employed part-time, and employed full-time. Because demographic differences are predictive of differences in employment status and because post-9/11 veterans are younger, more likely to be African American, and more likely to have college experience relative to civilians, the decision was made to adjust the responses of the non-veteran comparison group based on demographics and other characteristics such as marriage and citizenship. The analysis shows that the unemployment rate between the two groups is similar and that the veteran population is more likely than civilians to be employed full-time rather than part-time. The unemployment rate calculated from Current Population Survey data corroborates Heaton and Krull’s ACS analysis, including the higher unemployment rate for male veterans age 18-24, an age group that in general tends to demonstrate a higher level of unemployment. Switching the focus to the spouses of veterans, the researchers found that military spouses have a higher level of unemployment and lower labor force participation than civilian spouses.


The Uniformed Services Employment and Reemployment Rights Act of 1994 does not require employers to pay employees who are called to active duty with the Reserves or the National Guard, though some states do mandate military differential pay for public employees. Employers who offer the differential pay do so primarily for those in middle-income professional and technical jobs, which tend to have higher salaries than military pay. However, this added income is fully taxable. Federal withholding on these payments is not permitted, since the Internal Revenue Service considers those on active duty to be terminated from their civilian employment for the duration of their military service. If allowances for housing, food, clothing, family separation, and hazardous duty are included in the calculation, the differential is reduced. Hirschman spells out various options and advises counseling for affected employees, who may not realize the tax implications of this income.


The audience for King’s book is hiring managers and HR professionals. King shares her understanding, gained over fifteen years of consulting on the military-to-civilian business transition, to help both management and staff assist veterans in their adjustment to the workplace. She describes key differences between military and civilian management and unique aspects of military culture for those who
have never served. Included are an action plan linked to the book’s chapters and a list of resources. Her article “From boots to briefcase: conquering the 18 month churn” (T & D, April, 2011, pp. 36-41) advises training and development professionals on their role in the process. She includes case studies and lists the strengths and challenges of veterans as employees.


Kleykamp’s research focused on the influence of race and military work experience on hiring decisions. Her audit method involved faxing paired resumes in response to job ads, matching applicants by educational attainment, quality of high school attended, quality and quantity of postsecondary education, and work experience for both veterans and non-veterans. Distinctive names were used to signal race and ethnicity. The resumes described two different military work experiences, one with combat experience and one with administrative experience. The difference in callbacks by the potential employer was measured for the initial screening phase. The results showed that there was no difference in callbacks between white or Hispanic veterans and civilians who had held administrative jobs, but was higher for black veterans than black civilians with similar work experience. In another publication, “Women’s work after war” (Upjohn Institute Working Paper No. 10-169. 2010) http://research.upjohn.org/up_workingpapers/169/, Kleykamp describes research using the same experimental design to test for veteran/nonveteran difference for women. Contrary to the previous study, she found a slight employer preference for military experience for both white and black women.


Using the 5% Public Use Microdata Samples from the 1990 and 2000 Censuses and combining the annual 2006–2009 American Community Surveys, Lewis examined what if any effect veterans status had on hiring for government positions. His results show that those who served in the military are three to four times more likely to be hired for the federal civil service than non-veterans, but are only slightly more likely to be hired for positions in state and local governments, and then, only in some states. In the federal government, veterans’ preference resulted in the hiring of older, less-educated people. Non-veteran federal workers advanced to higher grade levels after about two years and remained ahead of those hired through veterans’ preference for the first 15 years. Since men in the military out-number women by 6-to-1, the preference clearly favors men. Lewis calculated the effect on diversity hiring, estimating that for other groups, including Hispanics and Asians, without the veterans’ preference the numbers hired for federal positions might have been 20% higher.


The report “seeks to estimate the causal effect of military enlistment on labor market earnings and educational attainment as many as 18 years following enlistment.” (p. iii) To facilitate their comparison of the earnings of those who enlist with those who do not, the authors restricted their sample of non-enlistees to people who qualified to serve in the military between 1998 and 2003, but did not
enlist for one reason or another. Their data were comprised of earnings information (1994 to 2007) from military pay files and from the Social Security Administration and college enrollment and degree attainment (1991 to 2010) from the National Student Clearinghouse. Their results show a strong positive effect of army enlistment on earnings, peaking at two years out then declining through the 10th year after applying. This pattern is affected by the difference in timing of postsecondary education between enlistees and non-enlistees and by differences in civilian employment and work experience. “As these enlistees complete their college education and begin civilian careers in earnest, the effect of enlistment on earnings begins to grow again. . . . increasing annual earnings by 11 percent. . . . Military service may, in fact, help at least some individuals develop skills that convey longer-run benefits in the civilian labor market.” (pp. 49-50)


Despite the Supreme Court’s directive to interpret the provisions of the Uniform Services Employment and Reemployment Rights Act (USEERRA) liberally for the benefit of veterans re-entering the workplace, a few courts have used overly technical interpretations which have, Sparks believes, denied service members their rights. He suggests that the solution lies in either a judicial remedy, which would obligate the employer to rehire the veteran, once s/he is aware that reemployment is sought, or in a Congressional amendment to USEERRA that would make the potential employee’s assertion that s/he applied for employment sufficient to invoke the law’s protections.


Using data from the Current Population Survey (CPS), Tennant analyzed matched samples to compare the labor force experience and disability program participation of recent veterans with that of the general population. She chose the CPS Annual Social and Economic Supplement (ASEC) instead of its annual veterans supplement, because ASEC includes questions about various streams of income including service-related disability payments. Recent veterans and civilians are similar in their labor force participation, employment status, annual income from wages and salaries, family income, and participation in disability compensation programs. The economic differences between the two occurred in: (1) poverty rate, veterans’ being half that of the general population, (2) percentage receiving service-related income, 16.4% compared to .95%, and (3) the disability income received, averaging $2531 compared to $106. There is a striking difference in poverty rate between disabled veterans and the disabled in the general population; at 26.5%, the general population disabled poverty rate is three times that of disabled recent veterans. Tennant surmises that the cause may be due to the work restriction for those receiving Supplemental Security Income or Social Security Disability Income; those receiving veterans disability compensation do not face a similar restriction. The Equal Employment Opportunity Commission publishes guides for wounded veterans and for employers that answer questions and provide information about the Americans with Disabilities Act (ADA): “Veterans and the Americans with Disabilities Act (ADA): A Guide for Employers” http://www.eeoc.gov/eeoc/publications/ada_veterans_employers.cfm and “Understanding Your Employment Rights Under the Americans with Disabilities Act (ADA): A Guide for Veterans” http://www.eeoc.gov/eeoc/publications/ada_veterans.cfm.

The Bureau of Labor Statistics prepares employment by veteran status tables from Current Population Survey data about Gulf War II-era veterans specifically, as well as for all veterans of previous wars, by age and sex, showing status (employed, unemployed, not in labor force) for annual, monthly, and quarterly averages. Tables, charts, news releases, and other material based on CPS data for earlier era veterans can be found at http://www.bls.gov/cps/demographics.htm#vets.


The report describes the programs and compliance activities for which the Office of the Assistant Secretary of Labor for Veterans’ Employment and Training has primary responsibility, including Jobs for Veterans State Grant (JVSG), the Homeless Veterans’ Reintegration Program (HVRP), and the Transition Assistance Program (TAP) employment workshops.


The three studies described below were commissioned from NORC by the Department of Labor and were conducted by Dan Black, Julia Lane and others.


Using data from the 1997 National Longitudinal Survey of Youth in a series of cross-sections, the authors “examine the labor market outcomes of 20-24 year old veterans 1, 13, 26 and 39 weeks after they exit the military.” (p. 1) While this phase of the study indicated that veterans were successful in finding new jobs, it was not clear whether it took them longer to find jobs than civilians.

“Developing a deeper understanding of the labor market dynamics of recently discharged veterans.” (2007)

In the second part of their study, the authors compared veterans to three civilian groups: (1) respondents who had recently become unemployed, (2) civilian respondents who left a job that was held for a significant length of time, and (3) a random sample of civilians from a particular week. They controlled for demographic and labor market characteristics, such as race, gender, and receipt of unemployment compensation benefits. They found that recently discharged young veterans are more likely to be employed than their civilian counterparts, and also less likely to be out of the labor force in general. There was some variation between veterans of the regular military and those from the National Guard or Reserve, with better outcomes for the latter. Finally, “veterans’ earnings are substantially greater than those of all the civilian groups with which they were compared.” (p. 28)


In the third report, the researchers extended the observation period of their previous study, looking at “the transitions of labor market veterans. . . . compar[ing] the differences between veterans and civilians in their use of unemployment insurance, their enrollment in college, and their experience with government training programs.” (p. 1) Among the key findings: 1) Discharged
veterans are more likely to be employed and less likely to be out of the labor force than are their civilian counterparts; 2) While they are more likely to receive unemployment insurance benefits immediately after discharge, this difference does not persist beyond 6 months; 3) Veterans are more likely to be enrolled in government training programs; 4) The earnings differential for military veterans is quite large compared with civilians who left a long-held job, but not significant when compared with recently unemployed civilians.


Walker contrasts the employment and earnings of male veterans and non-veterans in 2009 with those of female veterans and non-veterans for the same year. While these statistics are similar for men whether or not they served in the military, the data from the Current Population Survey (CPS) for female veterans show a higher unemployment rate compared to female non-veterans. There were too few female veterans in the 2009 sample to analyze the earnings data. For men, earnings for veterans and non-veterans were about the same over all, though male veterans working in the public sector had slightly lower earnings than male non-veterans in 2009. As for other findings, over 70 percent of disabled current-era veterans held a job. Having served in the Reserve or National Guard had an impact on those who saw active duty since 2001 with an unemployment rate of 10.6 compared to 13.8 percent for those veterans who never participated in the Reserve or National Guard. Walker’s earlier article “Employment characteristics of Gulf War-era II veterans in 2006: a visual essay,” appeared in the Monthly Labor Review, May, 2008, pp. 3-13. http://www.bls.gov/opub/mlr/2008/05/art1full.pdf