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Labor Force Experiences of Recent Veterans

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Elizabeth Bass and Heidi Golding
National Security Division

For decades, large federal programs have helped service members transition to civilian life by offering unemployment insurance benefits, education assistance, and disability compensation.

The 2007–2009 recession prompted policymakers to focus on how well veterans fared in the civilian labor market during and after that downturn.

CBO found that, from 2008 to 2015, male veterans ages 22 to 44 who left active-duty service after September 2001 had experiences in the labor market similar to those of nonveteran men, although the youngest veterans had somewhat higher unemployment rates. (Veterans who were on active duty during September 2001 or later are sometimes called “Gulf War II veterans.”)

The Department of Defense (DoD) spent \$310 million (in 2017 dollars) on unemployment benefits in 2016, down from \$1 billion in 2011. CBO found that nearly half of soldiers who left the Army's active component in 2013 applied for those benefits. (That share has probably since fallen.)

Some Characteristics of Male Gulf War II Veterans and Nonveterans Ages 22–44, 2015

Percentage of Population

	Veterans	Nonveterans
Median Age	32	33
Educational Attainment		
Less than high school	2	12
High school diploma	22	28
Some college or associate's degree	51	30
Bachelor's degree or higher	25	30
Total	100	100
U.S. Citizen	99	86
Racial or Ethnic Group		
White	67	57
Black	12	12
Hispanic	14	21
Other	7	10
Total	100	100
Marital Status: Married	54	44

Some Differences Between Male Gulf War II Veterans and Nonveterans, by Age Group, 2015

Percentage of Population

	Ages 22–24		Ages 25–34		Ages 35–44	
	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans
Educational Attainment						
Less than high school	2	9	2	12	2	14
High school diploma	39	30	23	27	16	27
Some college or associate's degree	54	41	53	29	46	27
Bachelor's degree or higher	5	19	21	32	36	32
Total	100	100	100	100	100	100
Marital Status: Married	31	9	50	37	66	63

Generally, the labor force decisions of veterans attending school or veterans who have a disability probably do not resemble those of other veterans, so CBO examined those two groups separately; large federal programs are available to help them.

For its analysis, CBO examined male Gulf War II veterans ages 22 to 44 during the 2008–2015 period and divided that population into three groups:

- Those who were **enrolled in school** (24 percent of veterans),
- Those who were **functionally disabled** (11 percent), and
- Those who were **likely workers**—that is, neither in school nor functionally disabled (69 percent).

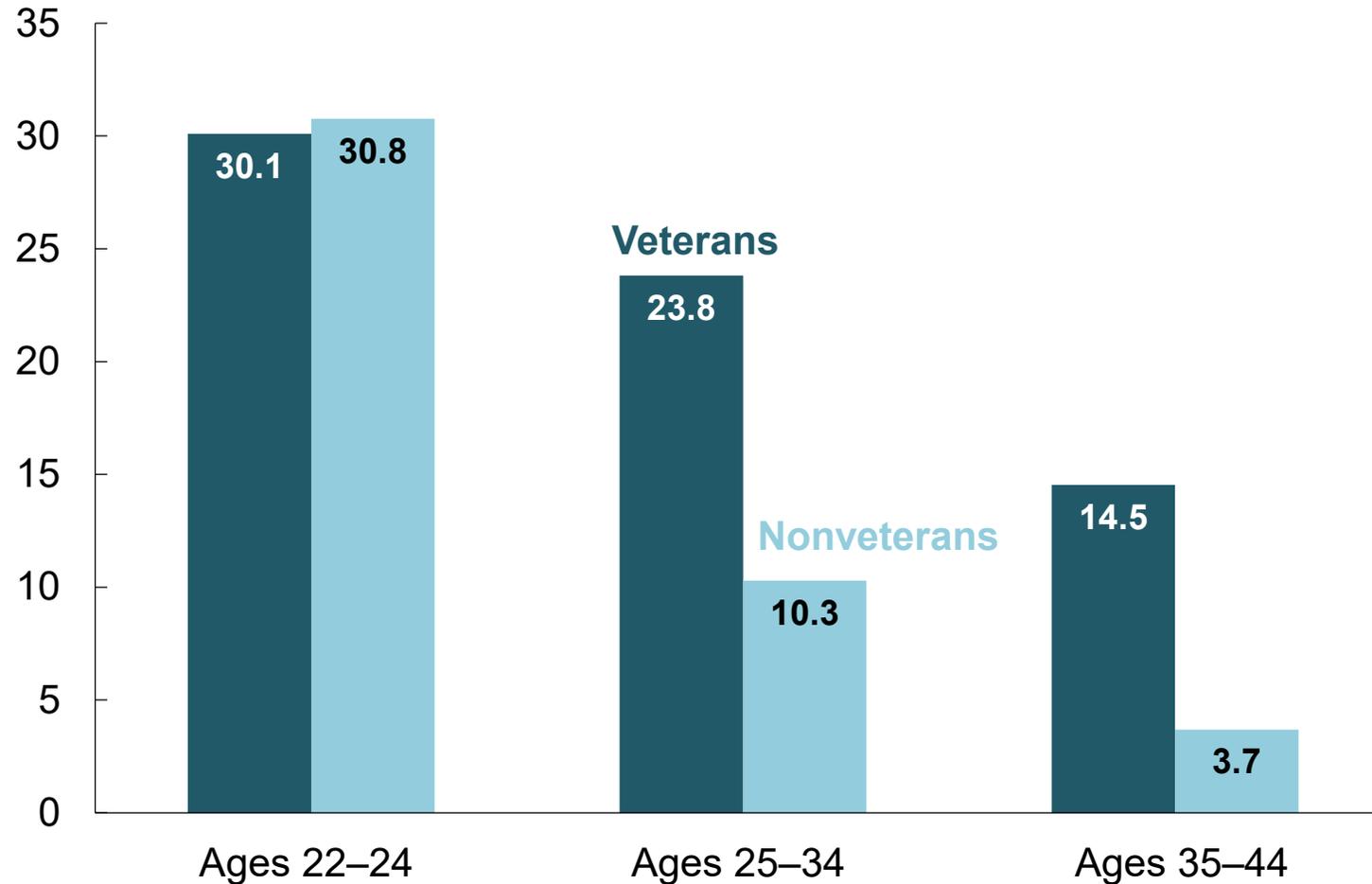
Functionally disabled veterans are identified by their self-reported ability to perform certain activities; they are not necessarily veterans with service-connected disabilities as determined by the Department of Veterans Affairs (VA).

Veterans who are enrolled in school and those who are functionally disabled are not mutually exclusive groups.

More male Gulf War II veterans over age 24 were enrolled in postsecondary school than comparably aged nonveterans.

School Enrollment Rates of Male Gulf War II Veterans and Nonveterans, 2015

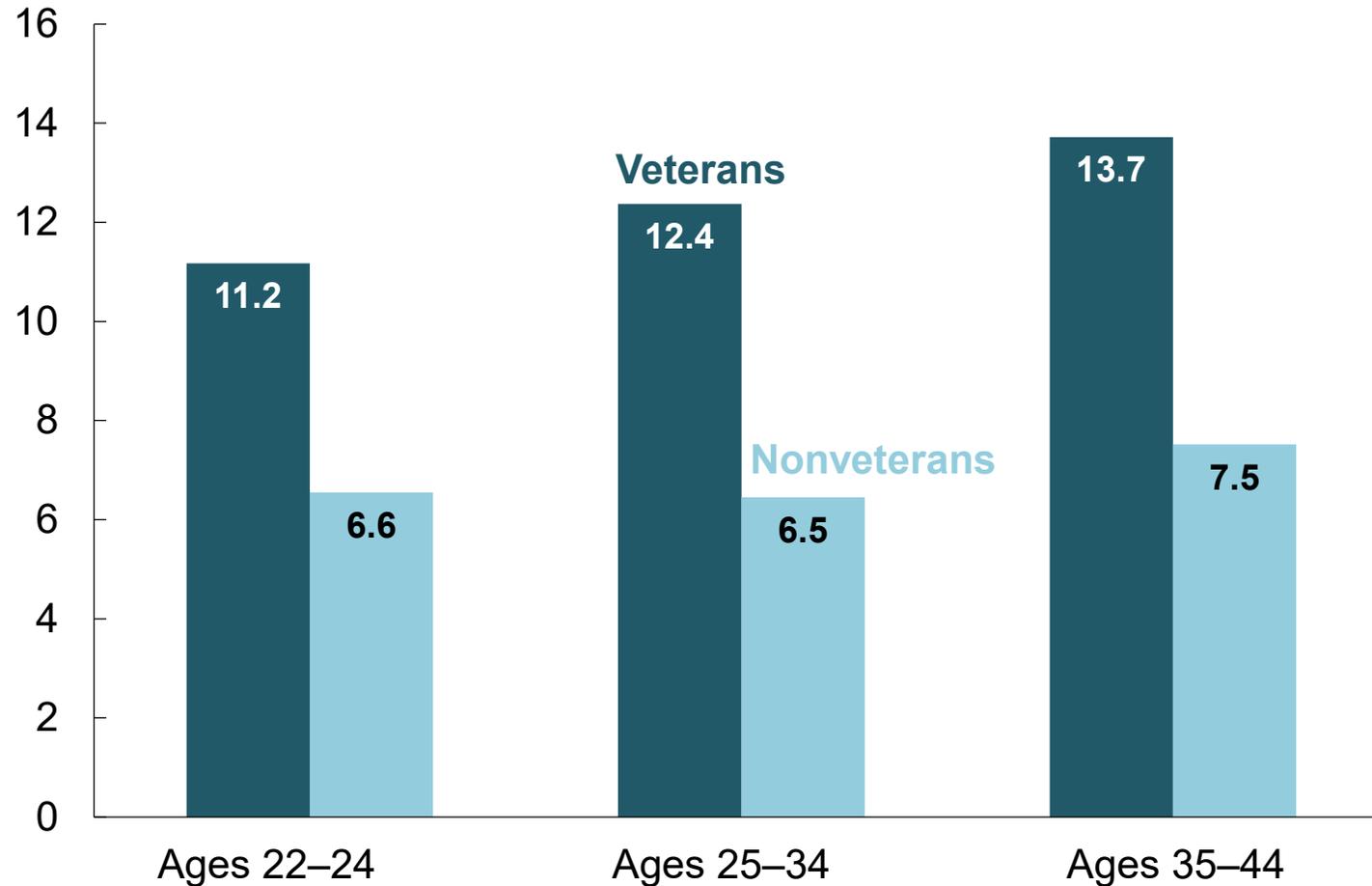
Percentage of Population



More male Gulf War II veterans had a functional disability than comparably aged nonveterans.

Functional Disability Rates Among Male Gulf War II Veterans and Nonveterans, 2015

Percentage of Population



Male Gulf War II veterans over age 24 who were enrolled in school had lower rates of labor force participation and higher rates of unemployment than male nonveteran students.

Labor Force Outcomes for Male Gulf War II Veteran and Nonveteran Students, Unadjusted for Observable Characteristics, 2008–2015

Percentage of Population

	Ages 22–24		Ages 25–34		Ages 35–44		Total, Ages 22–44	
	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans
Men Who Were Enrolled in School								
In the Labor Force	72	67	75	79	82	85	76	75
Unemployed	18	13	13	10	11	9	13	11
All Men in CBO's Sample								
In the Labor Force	84	82	87	90	90	91	88	90
Unemployed	16	14	10	9	6	7	9	9

More male Gulf War II veterans who were functionally disabled worked than did nonveteran men with functional disabilities.

Labor Force Outcomes for Disabled Male Gulf War II Veterans and Nonveterans, Unadjusted for Similar Characteristics, 2008–2015

Percentage of Population

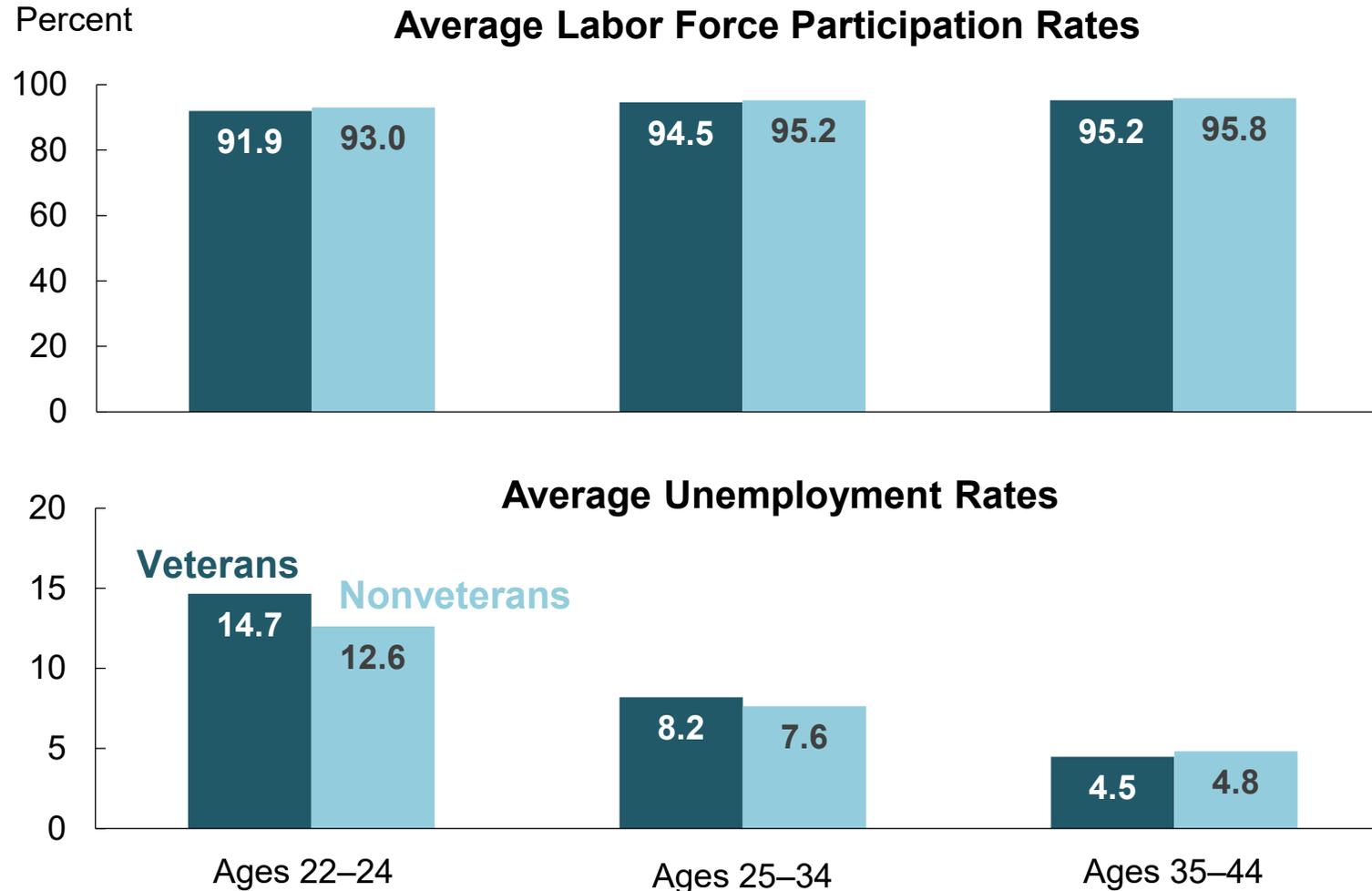
	Ages 22–24		Ages 25–34		Ages 35–44		Total, Ages 22–44	
	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans
Men Who Were Functionally Disabled								
In the Labor Force	74	54	66	55	64	51	66	53
Unemployed	25	27	19	22	13	18	18	21
All Men in CBO's Sample								
In the Labor Force	84	82	87	90	90	91	88	90
Unemployed	16	14	10	9	6	7	9	9

Likely workers may be of particular concern because they are the largest of the three groups that CBO examined and they do not receive additional resources from the federal government.

CBO used logistic regressions and found that, for likely workers, labor market outcomes of male Gulf War II veterans were nearly the same as those for similar nonveterans, except for the youngest veterans.

(CBO adjusted data for various characteristics, including age and education, to make the groups as similar as possible.)

Labor Force Outcomes for Likely Male Workers, Adjusted for Similar Observable Characteristics, 2008–2015



CBO's findings differ from some of those reported by the Bureau of Labor Statistics (BLS), largely because CBO used data from the Census Bureau's American Community Survey (ACS), not its Current Population Survey (CPS).

In particular, unadjusted BLS data showed large differences in the labor force participation and unemployment rates of the youngest male veterans and civilians in some years of the 2008–2015 period. CBO did not find those large variations in the ACS.

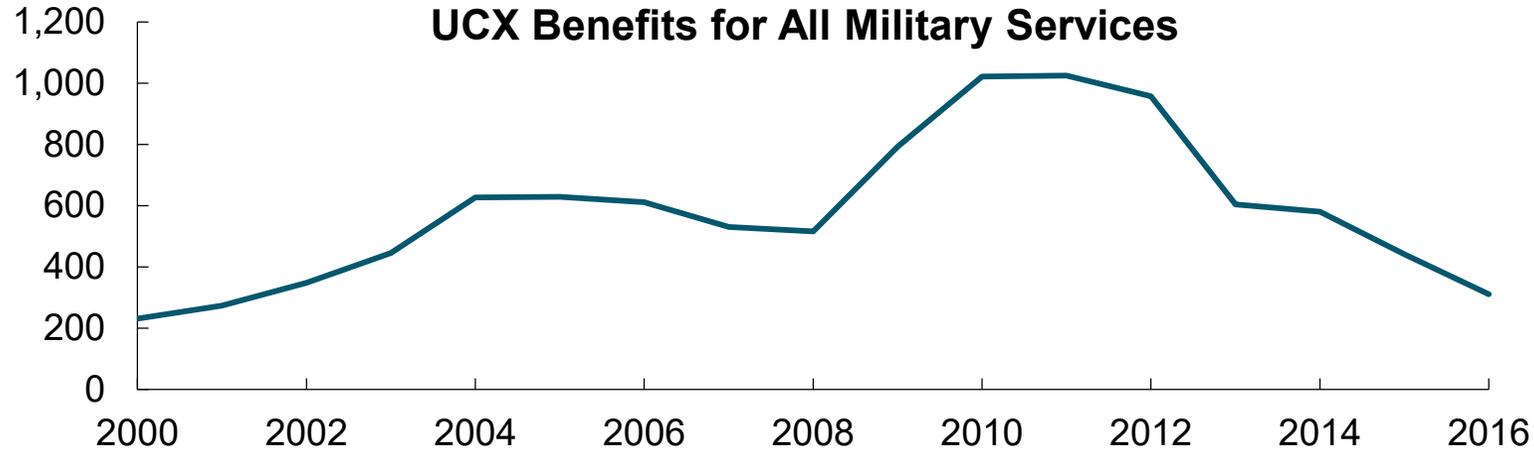
Other factors that affect veterans' labor force outcomes but are difficult to measure are military experience, employers' hiring preferences, service-connected disabilities, and the transition to the civilian workforce.

Unemployment Compensation for Ex-Servicemembers (UCX) provides financial assistance to unemployed veterans who have recently separated from service.

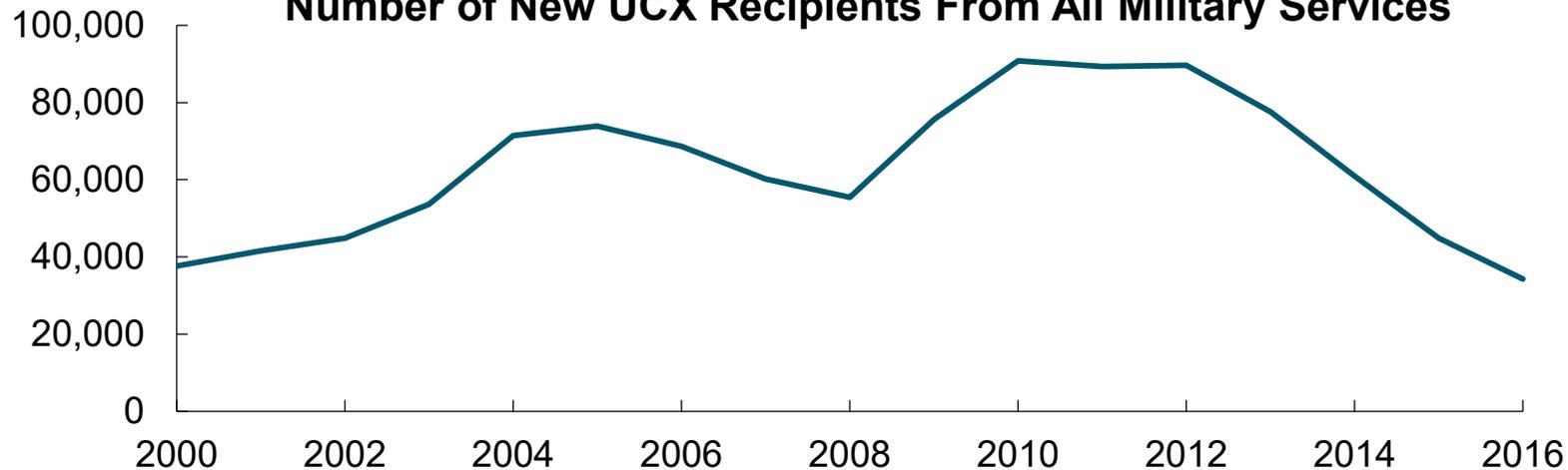
DoD's spending on UCX peaked after the recession, as did the number of recipients.

Trends in Costs and Recipients of Unemployment Compensation for Ex-Servicemembers Since 2000

Spending in Millions of 2017 Dollars by DoD on UCX Benefits for All Military Services



Number of New UCX Recipients From All Military Services



Nearly half of the soldiers who left the Army's active component in fiscal year 2013 applied for UCX benefits.

Many veterans newly separated from the active component moved to other states for noneconomic reasons.

The top states for Army UCX applications all had large military installations.

Top Five States Where Army Personnel Who Separated in 2013 Applied For UCX

State Where Veteran Applied for UCX Benefits	Number of UCX Applications	State's Unemployment Rate in 2013 (Percent)	State's Ranking by Unemployment Rate	Weekly UCX Benefit Payment (2017 dollars)
Texas	7,060	6.4	18	470
California	3,250	9.4	48	480
Washington	2,770	7.3	30	640
Georgia	2,370	8.4	40	350
North Carolina	1,980	9.2	47	570

Sources of Additional Information

Congressional Budget Office, *Labor Force Experiences of Recent Veterans* (May 2017), www.cbo.gov/publication/52418.

Congressional Budget Office, *Transitioning From the Military to the Civilian Workforce: The Role of Unemployment Compensation for Ex-Servicemembers* (May 2017), www.cbo.gov/publication/52503.