

Broken Promise: The Need to Improve Economic Security for Veterans

As the last troops leave Iraq next month and the United States continues to hand over responsibility to Afghan forces, a new chapter will begin for the uniformed men and women returning home. For many servicemembers, returning home and transitioning into civilian life will be challenging. On Veterans Day, Americans across the nation will pause to recognize the courageous actions these veterans have made over the past decade and to pay tribute to the sacrifices of those who served before. During this time, Washington must remain committed to improving the economic livelihood of the men and women who turn in their uniforms and return to civilian life. This report examines the challenges of millions of veterans currently living in poverty and how Congress can help them to regain and maintain their economic footing.

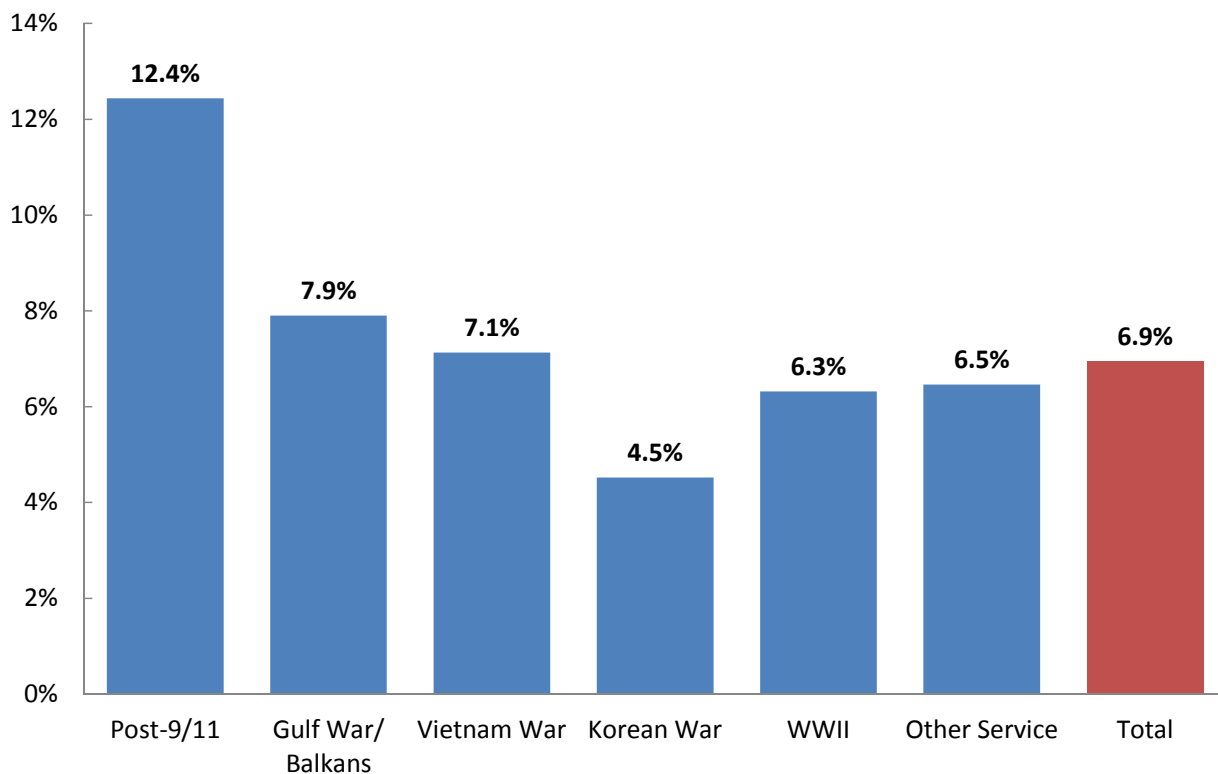
REPORT BY
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Senator Bob Casey, Chairman

Veterans in Poverty

Consistent with the overall rise in poverty, the percentage of veterans in poverty increased significantly in recent years, rising from 5.4 percent in 2007 to nearly 7 percent in 2010. In all, more than 1.4 million veterans are living below the poverty line, and another 1.4 million veterans are living just above it—numbers that have likely not yet peaked given the tepid recovery from the Great Recession and the large number of servicemembers expected to leave active duty in the near future.

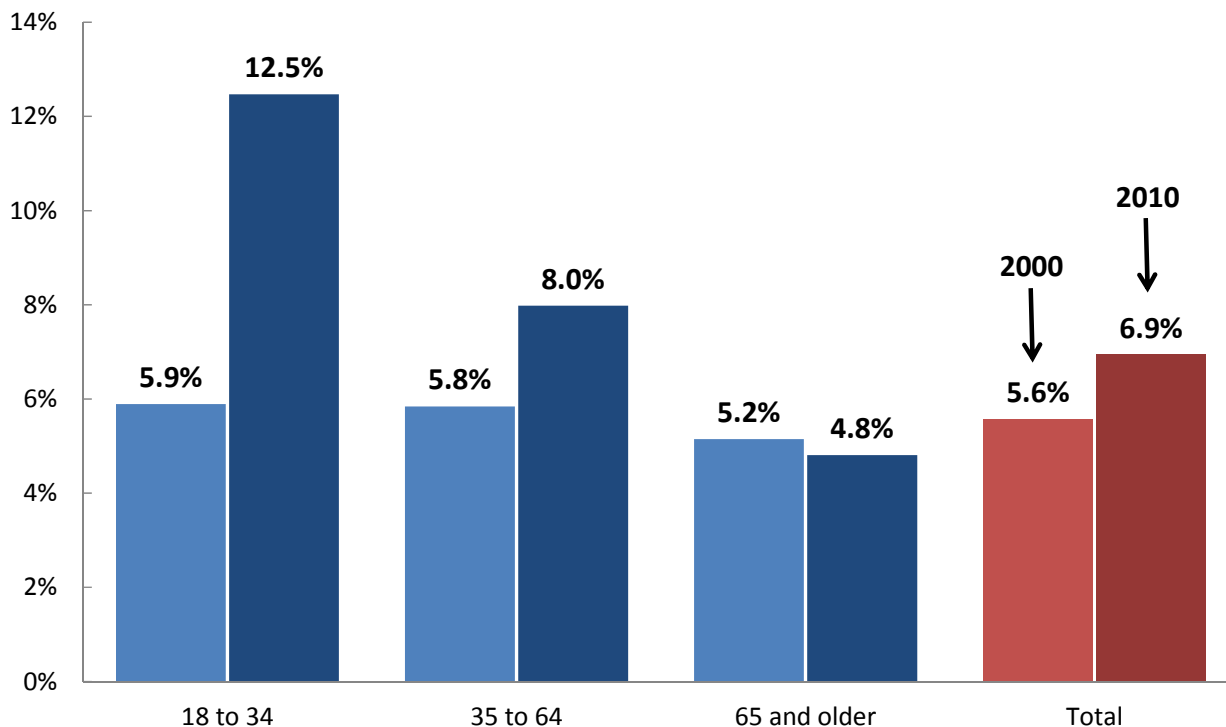
Across periods of service, Post-9/11 veterans, those who served since September 2001, have the highest poverty rate. In 2010, 12.4 percent of Post-9/11 veterans lived in poverty, compared with 7.9 percent of Gulf War I veterans and 7.1 percent of Vietnam Era veterans. (See **Figure 1**.) This difference is largely due to the fact that the Post-9/11 veterans are younger than veterans of other service periods. In 2010, the median age of Post-9/11 veterans was 28.¹ As **Figure 2** shows, 12.5 percent of veterans between the ages of 18 and 34 (which account for roughly 80 percent of all Post-9/11 veterans) are living in poverty, making them 1.5 times more likely to be in poverty than veterans who are between the ages of 35 and 64. Veterans who are 65 and older are the least likely to be living in poverty. (See **Figure 2**.)

Figure 1. Percentage of Veterans in Poverty in 2010



Source: JEC Chairman's Staff calculations based on data from the 2011 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC).

Figure 2. Percentage of Veterans in Poverty by Age, 2000 and 2010



Source: JEC Chairman's Staff calculations based on data from the 2001 and 2011 ASEC.

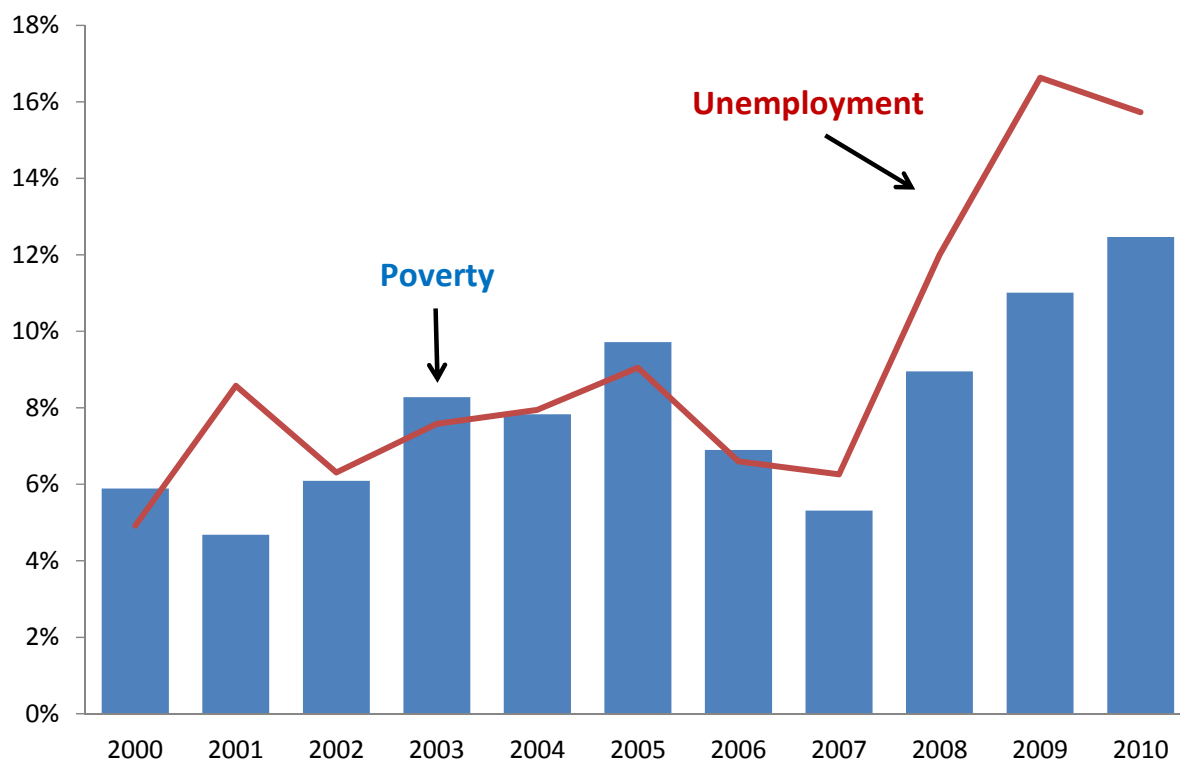
Many veterans entered the military after high school, with little experience within the civilian labor market, including searching, applying, and interviewing for jobs. In 2009, 26 percent of new enlistees entered the Armed Forces at age 18 and another 21 percent entered at age 19. The lack of pre-service experience to draw upon after separating from the military can make it especially difficult for new veterans to successfully find private-sector employment. Whereas veterans of earlier conflicts are older and have had an opportunity to work longer and save more money, the most recent veterans are younger and are beginning their post-military careers in a depressed labor market.² It is unclear what impact the current labor market experience will have on these veterans' long-term employment prospects relative to those experienced by veterans of earlier conflicts.

The labor market of the 2000s, and particularly in the aftermath of the Great Recession, has been harsh for young veterans. While there were no substantial differences in poverty rates among 18-34 year olds, 35-64 year olds, and 65 and older veterans in 2000, the poverty rates diverged among those groups by 2010. The share of the youngest veterans living in poverty doubled from 5.9 percent in 2000 to 12.5 percent in 2010. The increases were much smaller for older veterans. The group of 18-34 year old veterans has been especially vulnerable in the Great Recession. Poverty among veterans ages 18-34 more than doubled between 2007 and 2009. This aligns with other data that shows that this same group of veterans experienced an explosive increase in unemployment

during the same period. (See **Figure 3.**) Moreover, the poverty rate for the youngest veterans, those ages 18 to 24, is even higher at 21.3 percent.

As the economy has slowly improved, both the unemployment and poverty rates have begun to decrease; however, for young veterans, the Great Recession has wiped out the reductions in poverty and unemployment experienced during the mid-2000s, making the past ten years a lost decade for this group. Post-9/11 veterans currently comprise 15 percent of the veteran workforce – a share expected to rise rapidly as the older veterans from WWII, Korea and the Vietnam conflicts leave the labor force.³ Congress must address the high rates of unemployment and poverty among those veterans to ensure they are not left behind once the economy fully recovers from the recent recession.

Figure 3. Poverty and Unemployment Among Veterans Ages 18 to 34



Source: JEC Chairman's Staff calculations based on data from the 2001-2011 ASEC.

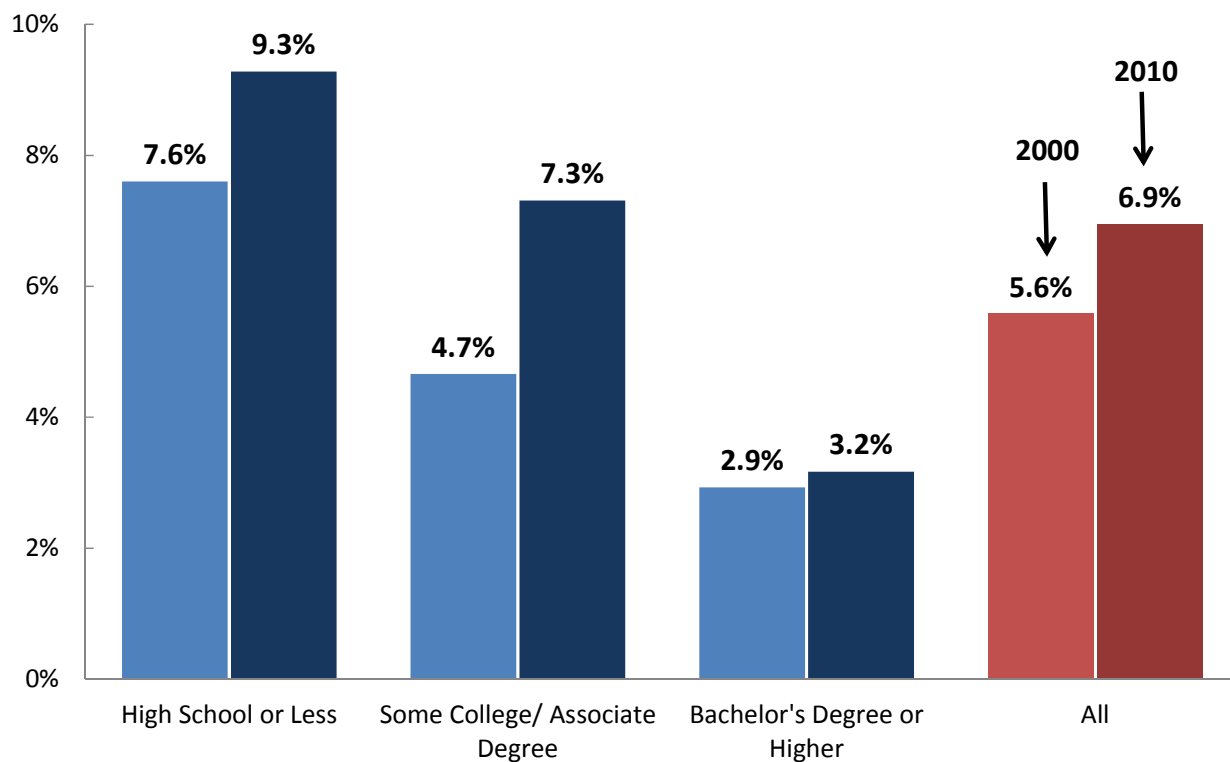
Impact of Education on Employment Prospects

As shown in **Figure 4** below, the poverty rate for veterans falls with higher levels of education. Although the poverty rate for veterans of all education levels rose between 2000 and 2010, the poverty rate—as well as the rise in the poverty rate—is much lower for veterans with at least a Bachelor's degree. Nearly 10 percent of veterans with a high school diploma or less were in poverty

in 2010, compared to 7.3 percent of those with some college and 3.2 percent of those who have a bachelor's degree or higher. The reasons for lower poverty rates for more educated workers are clear—workers with higher levels of education are less likely to be unemployed and have higher earnings.⁴ In 2010, the unemployment rate of workers with a Bachelor's degree or higher was 4.7 percent, compared to 8.4 percent for workers with some college education, 10.3 percent for high school graduates, and 14.9 percent for workers without a high school diploma.⁵

In recognition of the role of education in reducing poverty and unemployment and raising wages, Congress has updated the G.I. Bill. Like the Montgomery G.I. Bill that helped raise the income of millions of servicemembers following World War II, the Post-9/11 G.I. Bill tries to provide support for veterans to acquire the education needed to secure a job in the civilian labor force. The Post-9/11 G.I. Bill covers tuition and associated costs for veterans and servicemembers to attend a public college or university as long as they served or were on active duty after September 11, 2001 for at least 36 months.⁶

Figure 4. Percentage of Veterans in Poverty by Educational Attainment, 2000 and 2010



Source: JEC Chairman's Staff calculations based on data from the 2001 and 2011 ASEC.

Additional Actions Taken to Reduce Veterans Unemployment

Over the past decade, Congress passed laws to improve and update veteran programs to meet the needs of older veterans, as well as newer Afghanistan and Iraq veterans and their families. However, with the poverty rates among Post-9/11 veterans surpassing 12 percent, it seems evident that these programs have not done enough to assist servicemembers. Moreover, the removal of troops from Iraq next month and an expectation of more than one million new veterans by 2016 mean that hundreds of thousands of servicemembers may be entering an already weak civilian labor force.⁷ There are currently more than four unemployed workers for every job opening.⁸ Moreover, Post-9/11 veterans are overrepresented in the industries that experienced large employment declines during the Great Recession, such as manufacturing and construction.⁹ Targeted programs that assist young and prime working age veterans in finding employment are necessary to ensure that veterans avoid poverty and can save for a comfortable retirement.

This week, the Senate is voting on an amendment to H.R. 674, entitled The VOW to Hire Heroes Act of 2011. This legislation would provide a tax credit to businesses that hire out-of-work veterans and would provide job training to unemployed veterans. Businesses that hire veterans who have been searching for work for at least four weeks, but less than six months, are eligible for a tax credit of up to \$2,400 per each veteran hired. Businesses that hire a veteran who has been looking for a job for at least six months would receive a tax credit worth up to \$5,600. Businesses that hire a veteran with a service-connected disability, who has been seeking work for at least six months, are eligible for tax credits worth up to \$9,600. In addition, The VOW to Hire Heroes Act would make the Transition Assistance Program (TAP) more broadly available for service members. TAP is an interagency program that helps veterans navigate the civilian workforce and translate their skills and experiences into employment through resume-writing workshops and career counseling.¹⁰ Further, The VOW to Hire Heroes would expand education and training opportunities for older veterans by providing an additional year of benefits that can be applied towards education or worker training programs at community colleges or technical schools. Disabled veterans would also be eligible for an additional year of vocational rehabilitation and employment benefits. Finally, the legislation would allow service members to begin seeking and securing employment within the federal government before they have fully left their military positions.

Also folded into this amendment is a slightly modified version of the Veteran Transition Assistance Program Audit Act of 2011 (S. 1104) which will provide recommendations for improvement of DOL's transition program to best serve veterans in search of jobs.¹¹

Conclusion

With a slow economic recovery and high unemployment among veterans, a combination of targeted programs will be needed to ensure that millions of veterans stay above the poverty level in the coming decade. Post-9/11 veterans, who are younger than the overall veteran population and have less pre-service work experience than veterans from earlier wars, face particular challenges. Education can play a key role in reducing unemployment and poverty among veterans. But additional initiatives are also needed, including assisting veterans in translating their skills to meet the needs of civilian employers, incentivizing the hiring of veterans, and ensuring that hard-earned benefits, such as quality health care and retirement pay, are maintained.

Sources

- ¹ Joint Economic Committee calculation based on data from the 2011 ASEC.
- ² http://prhome.defense.gov/mpp/ACCESSION%20POLICY/PopRep2009/appendixb/b_01.html
- ³ Bureau of Labor Statistics, “Employment Situation of Veterans – 2010,” March 11, 2011, available on-line at <http://www.bls.gov/news.release/pdf/vet.pdf>
- ⁴ Bureau of Labor Statistics, Employment Projection, “Education pays . . .” available on-line at http://www.bls.gov/emp/ep_chart_001.htm.
- ⁵ Bureau of Labor Statistics, Table 7: Employment status of the civilian noninstitutional population 25 years and over by educational attainment, annual average, available on-line at <ftp://ftp.bls.gov/pub/special.requests/lf/aat7.txt>
- ⁶ Congressional Research Service. “Educational Assistance Programs Administered by the U.S. Department of Veteran Affairs.” Report R40723 August 17, 2011
- ⁷ <http://www.thefiscaltimes.com/Articles/2011/11/07/AP-Obama-Touts-Vets-Hiring-Incentives.aspx#page1>;
http://www.msnbc.msn.com/id/45189961/ns/politics-white_house/t/obama-promotes-ways-veterans-find-work/
- ⁸ Bureau of Labor Statistics, Current Population Survey and Job Openings and Labor Turnover Survey, as of September 2011.
- ⁹ Joint Economic Committee, “Meeting the Needs of Veterans in Today’s Labor Force,” May 31, 2011, available on-line at http://jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=c1d47e4b-128b-41a4-afe1-2f3ac509ecbc
- ¹⁰ This portion of The VOW to Hire Heroes was originally introduced by Senator Murray and 13 cosponsors as The Hiring Heroes Act of 2011 on May 11, 2011.
- ¹¹ This portion of The VOW to Hire Heroes was originally introduced by Senator Casey as The Veterans Transitional Program Audit Act of 2011 on May 26, 2011.