

Veterans' Employment Outcomes: Recession to Recovery

Kelly Ann Holder

Department of Veterans Affairs

Introduction

The recession of 2007-2009 is considered to be the deepest economic downturn in the civilian labor market in the postwar era.¹ The upswing in the overall unemployment rate was the largest since the early 1980s. Official reports of the national unemployment rate, however, only tell part of the story. Results of a Pew Research survey suggest over half of all adults in the labor force faced some kind of hardship related to pay, leave, or hours worked at some point during the recession.²

Much has been written about the effects of the "Great Recession" on certain groups within the population. There is evidence that the recession affected workers differently depending on their sex, age, and race. Men were hit harder by the recession of 2007-2009 than women, in terms of jobs lost.³ Younger workers experienced high rates of unemployment during this period. Older worker may have postponed plans for retirement. By holding onto their jobs, these older workers may have crowded younger workers out of jobs.⁴ However, older workers who were unemployed may have had more difficulty finding new employment than younger workers.⁵

Minorities were also found to be disproportionately affected by the recession. While the overall unemployment rate rose from 5.0 percent at the start of the recession in December 2007 to 9.5 percent by the end in June 2009, the rates for Blacks rose from 9.0 percent to 14.9 percent and those for Hispanic rose from 6.3 percent to 12.2 percent.⁶

Aside from reports of unemployment statistics, comparatively little has been written about the changes in the economic indicators of Veterans during this time. According to the Bureau of Labor Statistics, the unemployment rate of Veterans of all eras was 4.8 percent at the start of the recession in December 2007 and 7.7 percent by its end in June 2009.⁷ The youngest Veterans, those 20 to 24 years old, fared the worst with unemployment rates of 24.3 percent in June 2009, when the recession ended.⁸

Objective

This report will examine how Veterans fared during the economic downturn of 2007-2009 in terms of some key labor market indicators, compared with similar non-Veterans. It will also address whether and how their conditions have changed during the two years of economic recovery. Analyses will include comparisons of labor force participation rates, unemployment rates, duration of unemployment, reasons for unemployment, rates of full-time and part-time employment, and changes in concentrations in specific industries and occupations between Veterans and non-Veterans from July 2007 through June 2011. These analyses will examine male and female Veterans separately, differentiate Veterans by race and Hispanic origin (where sample size permits), and examine age cohorts of Veterans.

Data and Methods

The data used in this report come from monthly extracts of the Current Population Survey (CPS). The CPS, conducted by the U.S. Census Bureau for the Bureau of Labor Statistics, is a monthly survey of approximately 50,000 households. The CPS provides the official statistics on employment and unemployment in the United States.

Data from July 2007 through June 2011 will be combined in order to conduct an analysis of quarterly economic indicators. This time period includes the quarter prior to the start of the recession, the recession period, and the 24 months since the end of the recession (i.e., the recovery). The official dates of the recession and recovery period come from the National Bureau of Economic Research.⁹ December 2007 (the fourth quarter of 2007) marks the start of the recession and June 2009 (the second quarter of 2009) marks the end.

Quarterly estimates calculated in this analysis will not be seasonally adjusted. To account for some of the influences of predictable seasonal patterns, the same quarters from each year will be compared with each other (i.e., first quarter of 2008 compared with first quarter of 2009).

The universe for this analysis will be the civilian population 18 to 64 years old. This age group is typically considered the prime working-age population. The population currently on active duty in the U.S. Armed Forces is excluded from the analysis.

All results presented in this report will be based on weighted estimates. The dataset used in the analysis consists of weighted estimates representing about 13.6 million working-age Veterans and 175.4 million working-age non-Veterans. All comparative figures and statements in this analysis will undergo statistical testing at the 90-percent confidence level unless otherwise noted.

Research Questions

The research questions that will be examined in this analysis are as follows.

- (1) How did overall employment levels for male and female Veterans change since the start of the recession, compared with their non-Veteran counterparts?
 - a. Did the rates of full-time and part-time employment differ between male and female Veterans and non-Veterans?
 - b. Did the reasons for working full-time or part-time hours differ between male and female Veterans and non-Veterans?

- (2) How did the unemployment rates of male and female Veterans change since the start of the recession, compared with their non-Veteran counterparts?
 - a. Did Veterans and non-Veterans differ in their reasons for unemployment (i.e., job losers, job leavers, labor force entrants)?
 - b. Did Veterans and non-Veterans differ in their durations of unemployment?

- (3) How have differences in the types of industries and occupations male and female Veterans work in affected their employment outcomes during the recession and recovery, compared with similar non-Veterans?

Preliminary Findings

The unemployment rates for male and female Veterans and non-Veterans increased dramatically for male and female Veterans and their non-Veteran counterparts through the recession and into the recovery period. When comparing fourth quarter unemployment rates from 2007 through 2009, male Veterans and non-Veterans had a higher rate of change compared with females. There was over a 30 percent increase in unemployment rates for males compared with about a 14 percent increase for female Veterans and a 26 percent increase for female non-Veterans. Further investigation is needed to determine if the changes for women were lower due to the industries in which they worked. During the recovery period, the unemployment rates have remained high but relatively stable, with male non-Veterans and female Veterans actually experiencing a drop in rate from the fourth quarter of 2009 to the fourth quarter of 2010.

Male Veterans appear to be more likely to report “job loss” as the main reason for their unemployment throughout the recession and recovery periods. Female Veterans and non-Veterans were less likely than males to report “job loss.”

The percentage of both male Veterans and non-Veterans in “male-dominated” industries (defined here as 0 to 29 percent women) has decreased since the quarter prior to the start of the recession. The percent of male Veterans and non-Veterans in “female-dominated” industries (defined here as 70 to 100 percent women) appear to have increased slightly during the four-year period. These are industries, such as healthcare and education, that were somewhat shielded from the effects of the economic downturn.

Female Veterans appear to be less likely throughout the four-year period to work in female-dominated industries and more likely to work in male-dominated industries than their non-Veteran counterparts. This may have had consequences for their labor market outcomes. Further investigation will be focused on this finding.

Terms and Definitions

Veteran – An individual who has served (even for a short time), but is not now serving, on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard.

Employed – Individuals are classified as employed if they were either (1) were “at work”—those who did any work at all during the previous week as paid employees, worked in their own business or profession, worked on their own farm, or worked 15 hours or more as unpaid workers on a family farm or in a family business or (2) were “with a job but not at work”— those who did not work during the previous week but had jobs or businesses from which they were temporarily absent due to illness, bad weather, industrial dispute, vacation, or other personal reasons.

Unemployed – Individuals are classified as unemployed if they (1) were neither “at work” nor “with a job but not at work” during the reference week, and (2) were actively looking for work during the last 4 weeks, and (3) were available to start a job.

Not in labor force – Individuals who are neither employed nor seeking employment, nor in the military are considered “not in the labor force.” This category consists mainly of students, housewives, retired workers, seasonal workers interviewed in an off season who were not looking for other work, institutionalized people, and people doing only incidental unpaid family work (fewer than 15 hours during the previous week).

Civilian labor force – The civilian labor force consists of individuals employed and unemployed, in accordance with the definitions above.

Labor force participation rate – The labor force participation rate represents the proportion of the total population that is in the labor force. For example, if there are 100 people in the population 16 years and over, and 64 of them are in the labor force, then the labor force participation rate for the population 16 years and over would be 64 percent.

Unemployment rate – The unemployment rate represents the number of unemployed people as a percentage of the civilian labor force. For example, if the civilian labor force equals 100 people and 7 people are unemployed, then the unemployment rate would be 7 percent.

Full-time work status – Full-time workers are defined as those who usually worked 35 or more hours per week.

Part-time work status – Part-time workers are defined as those who usually worked less than 35 hours per week.

Class of Worker – Class of worker refers to the type of ownership of the employing organization. Ownership can be categorized as private, public (i.e., local, state, Federal government), and self employed.

Industry – Industry refers to the kind of business that is conducted by the employing organization (e.g., health care industry).

Occupation – Occupation describes the kind of work an individual performs on the job (e.g., registered nurse).

Notes:

¹ Michael W. Elsby, Bart Hobijn, Aysegul Sahin, “*The Labor Market in the Great Recession*,” National Bureau of Economic Research, last accessed 9/19/2011, <http://www.nber.org/papers/w15979> .

² Pew Research Center, “*How the Great Recession Has Changed Life in America*,” last accessed 9/18/2011, <http://pewsocialtrends.org/files/2010/11/759-recession.pdf> .

³ Paul Taylor, Rakesh Kochhar, Daniel Dockterman, Seth Motel, “*In Two Years of Economic Recovery, Women Lost Jobs, Men Found Them*,” Pew Research Center, last accessed 9/19/2011, http://pewsocialtrends.org/files/2011/07/Employment-by-Gender_FINAL_7-6-11.pdf .

⁴ Stephen Gandel, “*In a Tough Job Market, Teens are Suffering the Most*,” Time Magazine, last accessed 9/19/2011, <http://www.time.com/time/magazine/article/0,9171,1952331,00.html> .

⁵ Pew Economic Policy Group, “*A Year or More: The High Cost of Long-Term Unemployment*,” last accessed 9/19/2011, http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/PEW-Unemployment%20Final.pdf .

⁶ Bureau of Labor Statistics. Employment Statistics Database, extracted 9/16/2011 from <http://www.bls.gov/data/> . Estimates shown here have been seasonally adjusted.

⁷ Bureau of Labor Statistics, Current Population Survey, unpublished tables.

⁸ Ibid.

⁹ National Bureau of Economic Research, last accessed 9/19/2011, <http://www.nber.org/cycles/cyclesmain.html>