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ONWARD AND UPWARD

Understanding Veteran Retention and Performance in the Workforce

Amy Schafer, Andrew Swick, Katherine Kidder, and Phillip Carter

Center for a New American Security

About the Authors

AMY SCHAFER is a Research Assistant with the Military, Veterans, and Society Program at CNAS, where she focuses on civil-military relations, military personnel reform, and issues facing military families and veterans. Schafer is a master's candidate in security studies at Georgetown University. She joined CNAS having worked at Facebook and previously interned at both the Council on Foreign Relations and the Office of the Secretary of Defense for Policy.

ANDREW SWICK is a Joseph S. Nye Jr. Research Intern for the Military, Veterans, and Society Program at CNAS, focusing on civil-military relations, rebuilding the bipartisan consensus on national security, and veteran issues. Swick is a master's candidate in security studies at Georgetown University and a former Army infantry officer.

KATHERINE KIDDER is a Fellow at CNAS, working in the Military, Veterans, and Society Program. She is a doctoral candidate in security studies at Kansas State University, where she focused on congressional-executive relations and the formation of U.S. foreign policy. She writes extensively on military retention, professional military education, defense budgeting, and foreign aid.

PHILLIP CARTER is Senior Fellow, Counsel, and Director of the Military, Veterans, and Society Program at the Center for a New American Security (CNAS). His research focuses on issues facing veterans and military personnel, force structure and readiness issues, and civil-military relations. Carter began his career as an Army officer, serving for nine years in the active and reserve components, including a deployment to Iraq in 2005–06. In addition to his work at CNAS, Carter serves on the Reserve Forces Policy Board and teaches as an adjunct professor of law at Georgetown University.

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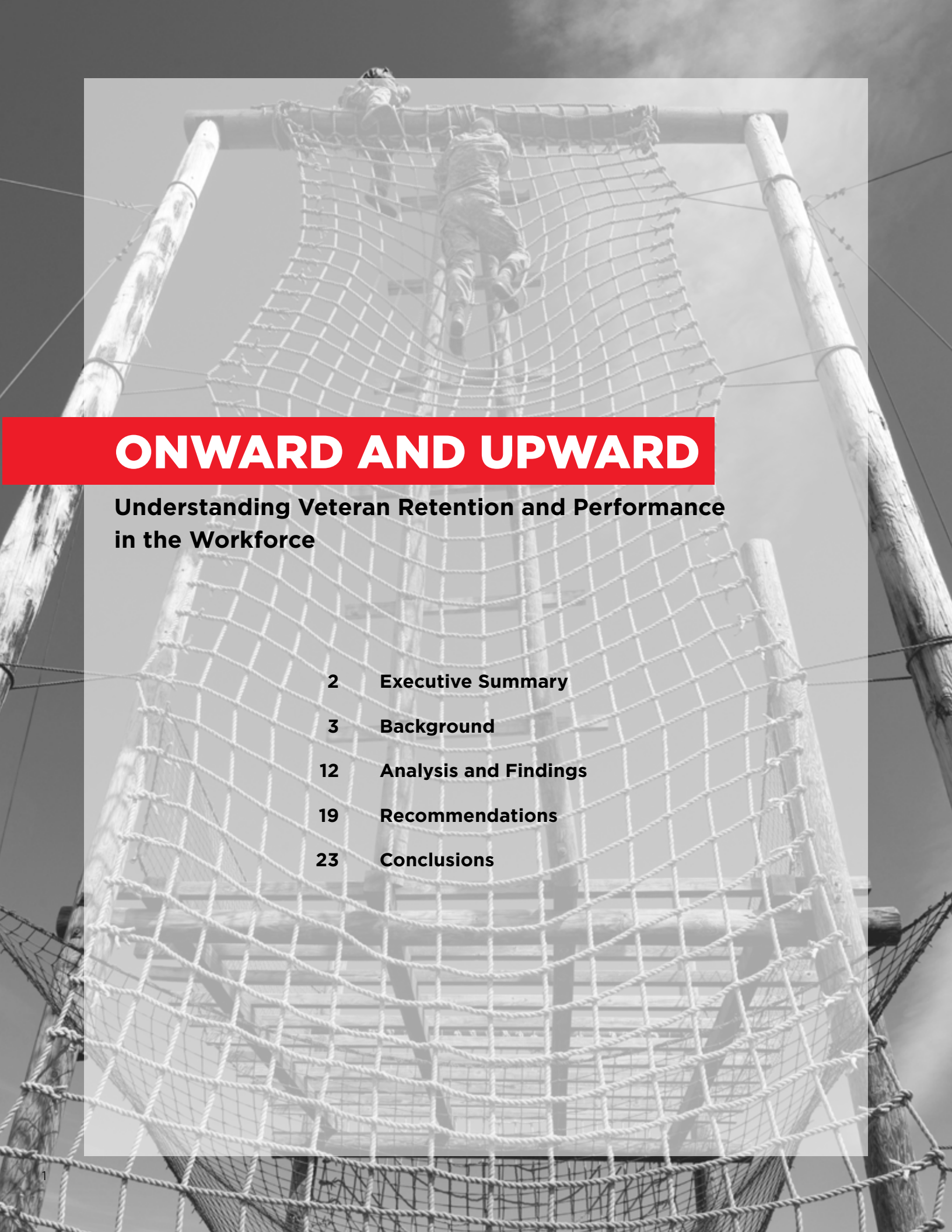
About the MVS Program

The Military, Veterans, and Society (MVS) program addresses issues facing America's service members, veterans, and military families, including the future of the All-Volunteer Force, trends within the veteran community, civil-military relations, and rebuilding the bipartisan defense consensus. The program produces high-impact research that informs and inspires strategic action; convenes stakeholders and hosts top-quality public and private events to shape the national conversation; and engages policymakers, industry leaders, Congress, scholars, the media, and the public about issues facing veterans and the military community.

Cover Photo
Soldiers from throughout U.S. Army Research, Development, and Engineering Command competed March 29 in an obstacle course at Aberdeen Proving Ground in Maryland. The course was part of the week's Non-Commissioned Officer and Soldier of the Year competition. (U.S. Army RDECOM)



ONWARD AND UPWARD

Understanding Veteran Retention and Performance in the Workforce

Executive Summary

With more than 11 million veterans in the workforce and approximately 175,000 service members discharged each year from active service, the overall economic performance of veterans is a critical component of veteran reintegration, wellness, and success.[1] Indeed, the successful transition of veterans after service is imperative not just for their own economic well-being but for the viability of the All-Volunteer Force, to the extent that this success influences the propensity of future generations to serve in the military.

It is clear, examining veteran wellness holistically, that gainful employment can provide the foundation for successful transition, offering compensation, a social network, and geographic stability.[2] While prior efforts to improve the transition process have focused on unemployment rates and hiring, this study looked beyond initial hiring data to examine the behavior of veterans in the workforce, including retention and performance, as well as corporate perceptions of how veterans perform once hired. This study found that veterans are likely to leave their first job out of service relatively quickly, but their reasons differ widely. Most leave jobs for greener pastures – higher salaries, more responsibility, or a better fit – in positive ways that mirror non-veterans. A minority leave jobs for negative reasons, including those who are terminated, a bad match with their manager, or otherwise unhappy. However, low initial retention rates for veterans[3] do not *necessarily* indicate a problem so much as reflect a general trend in the workforce, seen also in similar populations such as new college graduates or new managers. When movement of veterans between jobs occurs for good reasons, it can be viewed as positive indicator and over time helps veterans find their best fit within the workforce. Notwithstanding all that, there are indications that a significant minority of veterans still struggle to find their place in the civilian sector, with many facing underemployment as they transition from service and move between jobs or positions. A better understanding of veteran turnover will allow public-sector efforts to be more precisely targeted at the population segments that struggle the most during transition. Likewise, a more nuanced understanding of employment and retention will improve corporate execution of veteran hiring initiatives.

This study highlighted a number of dynamics surrounding veteran economic performance, with the primary findings and recommendations as follows:

- Data collection regarding veteran retention and economic performance ranges from fair to nonexistent across the companies[4] interviewed. This partly results from uneven government requirements to collect data that apply mostly to government contractors (rather than all firms), and only to certain classes of veterans. Improving data collection efforts by both private- and public-sector stakeholders to better track and understand veteran employment outcomes may provide more insight into veteran economic performance and also help companies achieve better outcomes with respect to veteran employment and corporate performance.
- Incentivizing employers to value and measure veteran fit and performance rather than focusing on hiring metrics alone could improve retention, requiring a renewed look at how veteran hiring initiatives evaluate success and promoting programs such as mentorship and affinity groups.
- Veteran retention rates are comparable to those of other groups in the workforce, making the high first-year turnover rate of veterans a phenomenon not necessarily related to veteran status.
- Most veterans will leave their first job after service within one year. However, most of these veterans leave their jobs for positive reasons, such as a move for more money, more responsibility, or a better location. A minority of veterans leave jobs for negative reasons, such as clashes with management or performance issues. However, there are no indications that veterans leave for negative reasons relating to their veteran status.
- There appears to be lower turnover among veterans once they have found the correct fit, indicating that securing a role in a desired field is one of the strongest factors increasing retention of veterans.

A better understanding of veteran turnover will allow public-sector efforts to be more precisely targeted at the population segments that struggle the most during transition.

- While most veterans transition and perform well economically, a significant minority continues to struggle, facing issues such as underemployment and difficulty working in a non-military environment.
- The current transition programs are well structured and aim to convey the most critical skills and information, but they vary by location, could use more robust oversight of their implementation and effectiveness, and could be extended and broadened to provide more depth and individualization to the course.
- Financial literacy is an area that could be easily integrated into mandatory training and is essential to successful transition, with a financial safety net providing a greater amount of time to secure initial employment as well as preventing issues such as homelessness.
- There is evidence to support the economic value of veteran employment. Studies have documented its economic value to society, as well as the greater aggregate profitability of firms that hire veterans.[5] The Center for a New American Security (CNAS) survey results corroborated these studies, finding that managers perceive veterans as high-performing employees who add value to their workforce.

Incentivizing employers to value and measure veteran fit and performance rather than focusing on hiring metrics alone could improve retention.

Background

The veteran community comprises over 21 million men and women who have transitioned from the military, as well as current members of the reserve component, most of whom will seek employment in the civilian sector.[6] Their continued success is a key measure of the treatment of veterans after service and an integral element of developing broader veteran wellness. Yet, as early as 2011, the unemployment rate for veterans – particularly young veterans of the post-9/11 cohort – was higher than for their civilian peers, raising concerns over the welfare and economic outcomes of veterans after service. The response to this finding from both the public and private sectors was robust, with great strides made to combat the problem. Efforts such as the Veteran Jobs Mission and the White House Joining Forces initiatives have been proactive in promoting veteran hiring and highlighting the unique skill set veterans contribute to the workforce. By spring 2016 the Veteran Jobs Mission coalition had hired 330,296 veterans, with Joining Forces celebrating 1.2 million veterans and military spouses hired as it marked its five-year anniversary.[7] While hiring remains an important initiative, veteran economic performance now requires a broader examination, with retention and post-hire trends providing a more comprehensive picture of veterans' well-being as they move from initial transition through the establishment of careers.

Demographics

In 2016, the number of veterans stands at just over 21 million across the United States.[8] Along with the approximately 2.4 million active, Guard, and Reserve service members currently in the military, approximately 23.5 million people in the United States – about 7.6 percent of the total population – either served or currently serve in the armed forces.[9] The median age of the veteran population is 64, meaning that roughly half of today's veterans are at or above retirement age. Consequently, approximately 11 million veterans are currently in the workforce.

Geographically, veterans are spread across the United States, with the highest numbers living in the populous states of California, Texas, Florida, Pennsylvania, and New York.[10] Older veterans tend to concentrate in large cities and large retirement areas such as Southern California, Arizona, Texas, and Florida. Working-age veterans are more dispersed, with clusters around major military bases, as well as major urban areas and job centers. A significant factor in this dispersion is the geographic composition of the recruiting pool from which the Department of Defense (DoD) draws the

All-Volunteer Force. In today's military, the South and Midwest are overrepresented, while the Northeast and West are underrepresented. Major urban centers such as New York, Chicago, the San Francisco area, and Southern California are particularly underrepresented in the military.[11] In fiscal 2013, the south Atlantic region – including Delaware south through Georgia and Florida – accounted for nearly a quarter of all enlistments.[12] This geographic distribution of recruits matters because a significant percentage of veterans return to their home of record after service, and because the significantly higher propensity to serve among military families creates a self-replicating cycle of service in these areas.

In general, the population of all veterans in the United States is less diverse than the current military population and underrepresentative of ethnic minorities in the total U.S. population. This reflects the racial composition of the military 30 to 40 years ago, when the majority of today's older veterans served. While 79 percent of all living veterans are white, 11.5 percent are African-American, 6 percent are Latino, and 1.4 percent are Asian-Americans.[13] Approximately 92.7 are male and 7.3 percent are female.[14] The overall veteran population, with a median age of 64, is also significantly older than its civilian counterpart. By contrast, in the current active-duty force, women represent approximately 15.1 percent of service members.[15] Ethnic minorities represent nearly a third of the active-duty population, with African-American service members in particular constituting 17.2 percent of the force.[16] Consequently, the veteran population of 2020 or beyond will be significantly more diverse than today.

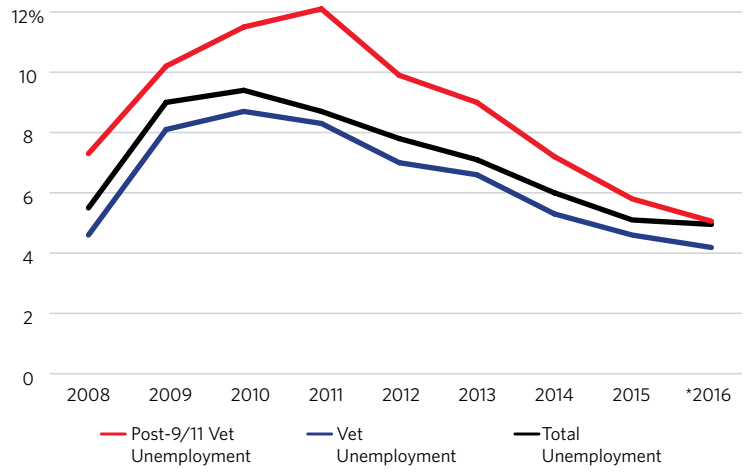
In addition to becoming more diverse, the active-duty force is more educated than in previous years. While only 3.4 percent of enlisted personnel in 1995 reported having a bachelor's degree or higher, that grew to 7 percent by 2014.[17] In addition, 83.8 percent of officers have college degrees, and 92.1 percent of enlisted personnel have a high school diploma, though not a college degree. Among the veteran community, average veterans are more likely than their civilian counterparts to have some college experience, though they lag slightly behind average Americans in having a bachelor's degree or higher, at 15 percent.[18]

Within the veteran community, the post-9/11 cohort stands apart in demographics and characteristics. This cohort includes approximately 5 million service members who have served since 9/11, including more than 2.8 million who have deployed to Iraq, Afghanistan, or other theaters of war since 9/11.[19] The post-9/11 cohort is more ethnically and gender diverse as well as more educated than older veterans.[20] Regardless, post-9/11 veterans experienced higher rates of unemployment in the last decade than average Americans and the rest of the veteran population – pointing to a unique set of problems for this group.

Veteran Unemployment

For decades, joblessness among veterans sat below the national average unemployment rate; however, in recent years post-9/11 veterans regularly experienced higher rates of unemployment than their non-military peers. Unemployment for the Gulf War-era II[21] group of veterans reached crisis levels in 2010 and 2011, peaking at 12.1 percent compared with a national average of 8.7 percent.[22] To combat this, federal agencies as well as private-sector companies developed incentive programs and hiring initiatives to improve the employment rate of veterans. Through a combination of these efforts and the overall economic improvement, the jobless rate for post-9/11 veterans has decreased significantly since 2011. As the national unemployment rate fell to 7.1 percent in 2013 and to 5.1 percent in 2015, veteran unemployment likewise declined, to 4.6 percent.[23] While the jobless rate for post-9/11 veterans also decreased, their rate still remained higher than both the national average and the rate for all veterans, at 5.8 percent in 2015 and 4.4 percent in August 2016.[24]

UNEMPLOYMENT OVER TIME



Source: Employment Situation of Veterans, U.S. Bureau of Labor Statistics
**Average of months through Sep 2016*

In recent years post-9/11 veterans regularly experienced higher rates of unemployment than their non-military peers.

To a certain extent, unemployment after service has become a part of the transition process, with over half of post-9/11 veterans facing a period of unemployment after separation.[25] Recent data show that 59 percent of non-retiree soldiers being discharged from the Army applied for unemployment compensation.[26] Yet, rates of employment provide only one measure upon which to evaluate veteran economic success. Retention, performance, and other measures matter too, particularly for ensuring that veterans succeed after hiring. Though hiring veterans has become a priority for many companies, only 7 percent of human resources (HR) executives at Fortune 500 companies indicated being either "satisfied or very satisfied" with their veteran hiring programs.[27]

HIRING PROGRAMS: PUBLIC SECTOR

Though tied to the growth of the national economy, the decrease in veteran unemployment between 2011 and 2015 also coincided with a surge of veteran hiring programs and incentives throughout the country. Across the federal government in particular, there are many mechanisms and programs designed to encourage veteran hiring. For federal hiring, several agencies working under the guidance of the Office of Personnel Management combined existing veteran hiring rules with new programs in the Feds Hire Vets initiative.[28] Included under Feds Hire Vets are the long-standing veteran preference rules for veterans hiring, which give "eligible veterans preference in appointment over many other applicants."[29] Though veteran preference does not guarantee a job for veteran applicants, it does provide a significant advantage by awarding preference for federal jobs over other applicants based on a veteran's characterization of service, period of service, and level of disability. In addition to veteran preference, the Veterans' Recruitment Appointment (VRA) provides authority for federal agencies to hire veterans over any other applicants under certain conditions of service.[30]

These regulations have achieved the goal of bringing more veterans into the federal government but have faced criticism both for unfair favoritism and for the low rate of veteran retention in the federal government.[31] A 2014 report by the Merit Systems Protection Board argued that the complex and sometimes contradictory federal hiring rules "created the perception of unfair and preferential treatment"[32] and that these perceptions negatively affected workplace culture – even as veterans grew in their share of the federal workforce. Indeed, veterans represented "46 percent of full-time hires" in 2013 and now constitute "a third of the federal workplace."[33]

In addition to these federal hiring rules, the federal government developed programs and credits to facilitate veteran hiring by private employers. Across the Department of Veterans Affairs (VA) and the Department of Labor (DoL), several such programs now incentivize or encourage the hiring of veterans. In the VA, the Special Employer Incentives program helps employers hire veterans and avoid any additional costs incurred in doing so by facilitating interaction between employers and qualified veterans and reimbursing employers for certain expenses.[34] From the applicant perspective, the Veteran Employment Services Office at the VA provides resources to help veterans develop skills and prepare for new jobs, while being able to browse job openings.[35] Similarly, the DoL launched the America's Heroes at Work program in 2008 to provide a hub of resources for employers interested in hiring veterans.[36] The DoL program provides a "toolkit" of resources for employers to recruit veterans and integrate them in the most effective way into their workplace, a task that has proved difficult for employers.[37]

Along with these federal resources for employers, the federal government provides significant tax incentives to hire veterans. Specifically, the Work Opportunity Tax Credit (WOTC) is provided for "employers who hire individuals from eligible target groups," including veterans.[38] According to the DoL, employers using WOTC can reduce their federal taxes up to "$9,600 per employee hired."[39] Data from the DoL show that employers are increasingly using the tax credit: Over the past three years, the volume of WOTC certification requests grew by almost 2 million, and 1,304,460 total certifications were granted in 2014.[40]

"Look for work well before you leave the military. You are going to deal with a lot of unexpected changes; not having a steady income can make or break you."

—SURVEY RESPONDENT

Cpl. Gene A. Ainsworth III/ U.S. Marine Corps

PUBLIC-PRIVATE PARTNERSHIPS AND PRIVATE-SECTOR INITIATIVES

A number of public-private partnerships have also been launched in the last several years to promote veteran hiring. First Lady Michelle Obama and Dr. Jill Biden spearheaded a White House initiative called Joining Forces that focused on employment as one of its pillars, working to identify new jobs for veterans, transitioning service members, and their spouses.[41] The program partners with companies such as Wal-Mart, Sears, and Siemens to identify jobs for veterans, while also supporting education initiatives for military children with companies including Boeing, Exxon Mobil, and Discovery Communications.[42] Since the program began in 2011, partner companies have hired over 1.2 million veterans and military spouses.[43] Additionally, more companies committed to hire over 110,000 veterans and spouses by 2021.[44]

The U.S. Chamber of Commerce began a similar program – titled Hiring Our Heroes – in March 2011, designed to find jobs for veterans, transitioning service members, and military spouses.[45] The Hiring Our Heroes program used the network of partnerships within the U.S. Chamber of Commerce throughout the country to facilitate coordination between the public and private sectors to identify jobs and place veterans in them. According to the U.S. Chamber of Commerce Foundation, Hiring Our Heroes has held thousands of job fairs, directly leading to the hiring of over 28,000 veterans and spouses.[46] Also, through hiring commitments by partner companies in the program, the foundation reports that over 505,000 veterans and military spouses were hired.[47]

Private-sector initiatives pursued similar strategies to further increase veteran hiring. In 2011, 11 companies formed the 100,000 Jobs Mission, one of the country's largest private hiring initiatives, to hire "100,000 veterans by 2020."[48] (This coalition was co-founded and led by JP Morgan Chase, who also commisioned this study by CNAS.) By 2014, "member companies had hired more than 190,000 veterans."[49] In late 2015, the coalition reported hiring more than 267,000 veterans across nearly 300 companies and changed its name to the Veteran Jobs Mission[50] to reflect a new goal of hiring 1 million veterans.[51] In 2016, the coalition announced plans to broaden and deepen its work, extending veteran hiring efforts into regional coalitions and into the small- and medium-size corporate sector as well.

Finally, although this paper focuses primarily on veteran employment and private-sector activity, there is a robust community of nonprofits working to facilitate veteran transition to civilian employment, funded by a blend of public, private, and philanthropic donations. This nonprofit community does a great deal to assist government and private-sector work, by filling in gaps where public funds cannot be used, innovating new approaches, and doing work at the hyperlocal level where federal programs do not generally exist. Importantly, revenues for this nonprofit sector have been relatively flat during the past 15 years and may now be on the decline.[52] To the extent that veterans and their families rely on nonprofits for transition and employment support, it will be important to continue efforts to understand this sector and its role in the veteran ecosystem.

AT-RISK VETERAN COMMUNITIES

Within the larger picture of employment, certain veteran communities face greater challenges. In particular, veterans entering the workforce without four-year college degrees are at heightened risk for problems with unemployment and retention. In an economy that increasingly prioritizes college education as a prerequisite for jobs, especially after the financial crisis and recession, workers without degrees are finding it difficult to get suitable jobs and then remain in those jobs. As reported by the Economic Policy Institute, high school graduates in the workforce experience an unemployment rate of 17.9 percent, "three times higher than their college-educated peers."[53] By additionally including those workers who are underemployed or have left the labor force entirely, the percentage facing problems climbs to over 33 percent.[54] While these problems exist for most young workers without college degrees, they may be compounded for veterans, who are older when attempting to enter the workforce without a four-year or advanced degree and may have higher initial expectations of employment.

As for veterans without college degrees who do secure jobs after leaving the military, they may encounter problems with keeping them. Veterans without college degrees are more likely than their college-educated counterparts to leave their first post-transition job within nine months.[55] Veterans with bachelor's degrees are more likely than those without degrees to stay in their first job for 10 months or more.[56] While the DoD and the VA, along with many employers, recognized these challenges and instituted programs to encourage veterans to seek a degree, many veterans must focus on immediate financial stability after transitioning. Additionally, many workers who start college drop out before completion because financial necessity requires them to work instead.[57]

Though younger veterans in the post-9/11 cohort encountered the highest rates of unemployment after leaving the military, older veterans have also faced significant challenges. While the majority of all veterans experienced lower unemployment rates than the civilian population over the past decade, both sides of the age spectrum show higher levels of joblessness. Veterans from 55 to 64 years old, for example, had an unemployment rate of 4.7 percent in 2015, versus 3.7 percent for civilians of the same age range.[58] Many older veterans, including career service members, entering the labor force at an advanced age likely find it difficult to adapt to civilian workplaces after years of service.

Another at-risk community for hiring is veterans with "bad paper" – those who have received an administrative, other-than-honorable, or dishonorable discharge. Verification of an honorable discharge is often a requirement for receiving certain types of government or private-sector assistance. This can preclude both employers and nonprofits from providing assistance or opportunities, even though the population of veterans with bad paper has significant need in this area.[59] This community of veterans faces a higher risk of homelessness and negative health outcomes due to the denial of VA benefits, and increasing efforts to secure employment could prove pivotal in assisting their transition, supplementing the lack of many other resources available to those with honorable discharges.

While evidence suggests that employers recognize the comparative value of veterans in the workplace, there are still difficulties that continue to hinder veterans in the economy. Despite the growth of public and private hiring initiatives, there may still be problems in effectively placing veterans in appropriate positions and welcoming environments.

Transition

Both veterans and supervisors identified transition challenges as interfering with the retention of veterans in the workplace. Veterans and managers cite shortcomings by both the military and managers in facilitating an effective transition to the civilian workforce, arguing that "offering veterans the support they need during the transition period from military to civilian life is critical to both successful employment and retention."[60] Specifically, 40 percent of veterans surveyed in Monster's Veterans Talent Index stated that they were not "prepared for a career transition out of the military."[61] Meanwhile, the survey by the Institute for Veterans and Military Families at Syracuse University identified "finding opportunities that match their military training experience" as the "biggest obstacle to obtaining initial employment" and found that successful job alignment had a long-term association with tenure at those jobs.[62]

Until just a few years ago, the military transition processes run by the services were fairly cursory efforts that did little to prepare departing service members and their families for the civilian workforce. The DoD's Transition Assistance Program (TAP) was redesigned in 2013 after the passage of the VOW (Veterans Opportunity to Work) to Hire Heroes Act of 2011. The new TAP, as implemented in 2014, requires individual separation counseling, two briefings on VA benefits, and a DoL workshop on employment, along with the completion of other readiness standards.[63] This new TAP curriculum seems to have been uniformly implemented, although DoD does not collect the necessary post-separation data to properly assess the program's success.[64] Alongside the improved TAP, the services have made efforts to create alumni programs (such as the Army's Soldier For Life program)[65] to help connect departing service members

EDUCATIONAL PROGRAMS FOR VETERANS

A number of programs have been developed in recognition of the vital importance of a college degree for career progression:

- Post-9/11 GI Bill: For veterans serving after 9/11, the GI Bill provides tuition assistance, vocational training, and sometimes housing and book allowances.
- VA Vocational Rehabilitation and Education: For veterans with a 30 percent (or greater) disability, the VA provides tuition assistance and other support for educational programs that can help veterans find new gainful employment.
- DoD Tuition Assistance: For current active, Guard, and Reserve service members, the DoD provides up to $4,500 a year in assistance.
- State Tuition Assistance: A number of states provide tuition assistance for the members of their National Guard units, including those who may not qualify for post-9/11 GI Bill benefits.
- Private Initiatives: Several companies provide tuition assistance for employees who are veterans. Starbucks in particular provides full tuition for veterans, with the ability to transfer benefits to family.

with community resources and provide support to veterans after they leave the service. And the DoD has pursued a number of public-private partnerships to help improve service member and military family transition through pre-discharge training, apprenticeships, and other means.[66] All of these efforts to create a more robust and consistent transition program appear to have played some role in decreasing veteran unemployment numbers, although the limited data make it difficult to establish causality or determine which approaches have worked best.

After discharge, veterans and their families retain some ability to access DoD programs but generally move to the responsibility of the DoL and VA. The DoL oversees a national network of workforce centers, which work in concert with state employment agencies to assist all Americans in need of employment support, not just veterans. The VA provides some employment support and services to veterans and veteran families after separation as well, although this portfolio generally focuses on specific VA programs such as the GI Bill for educational support or vocational rehabilitation for disabled veterans. In addition to these federal transition resources, there are myriad state, local, private-sector, and nonprofit agencies that provide assistance with transition, including the coalitions mentioned above and many others. However, this crowded landscape can present veterans and their families with too many choices and can be difficult to navigate as well.[67]

Retention

Beyond the success of public and private veteran hiring programs and the significant decrease of the unemployment rate for post-9/11 veterans since 2011, questions remain regarding the retention and performance of veterans in the workforce. A recent Syracuse study found that a sizable share of veterans surveyed left their first position after leaving the military in a year or less.[68] Specifically, this study found that more than 43 percent of veterans leave their first post-separation job in less than a year and 27 percent leave within the first six months.[69] Another study, by the Corporate Executive Board, found that veteran retention roughly tracked that of nonveterans, but with veterans expressing a slightly higher likelihood of remaining in their current job when surveyed. And recent data released by the federal government suggest that retention is worse in the federal workforce for veterans than nonveterans, despite the veterans hiring preference and federal hiring efforts targeting veterans.[70]

Other studies have found a lack of data regarding retention and performance.[71] A recent Rand Corp. study of the 100,000 Jobs Mission recommended establishing metrics to track recruitment, performance, and retention.[72] Rand also suggested that instead of just focusing on recruitment and hiring, corporate partners should additionally track veteran performance, career development, and retention.[73]

Underemployment

One particularly concerning phenomenon for veteran transition is underemployment, in which veterans are technically employed but at a level not commensurate with their worth or abilities. Though difficult to quantify, it underscores the fact that employment statistics do not tell the full story as to veteran economic performance. The types and levels of employment[74] offered to veterans also play a role in their long-term economic success and should receive equal focus.

Some of the deficiencies in current transition efforts may contribute to veterans' applying for positions that undervalue or underutilize them, which may prompt the high turnover rate of veterans in their first year of employment. While lessening the gap between separation from the military and initial employment has been a necessary focus to ensure better outcomes for veterans and reduce the number collecting unemployment, it may be driving veterans to accept the first job offer they receive, rather than pursuing more competitive roles or finding the best fit. However, it is also difficult to ask a veteran to extend his or her unemployment when there is a job offer on the table. This highlights the value in pursuing robust transition programming and training prior to separation to extend the amount of time pre-separation in which constructive job searching is viable.

> **According to our survey results, the top two reasons veterans leave a job are for better work or better money. This may contribute to the idea that the first job post-separation serves more as a placeholder, with transition taking place over the first two to three jobs.**

On the other hand, an initial job may provide a transition vehicle wherein a veteran has the flexibility to network further and explore his or her desired field of employment while applying for a more ideal role. According to our survey results, the top two reasons veterans leave a job are for better work or better money. This may contribute to the idea that the first job post-separation serves more as a placeholder, with transition taking place over the first two to three jobs as individuals explore their desired career field and prove their credentials to new employers through high-quality work and invaluable "soft skills" generated by military service.

Dynamics surrounding veteran underemployment are likely twofold, with employers not accurately translating military experience, thereby placing a veteran in a role at a lower level, while veterans themselves may be undervaluing their experience or skills and applying for lower-level roles. Just as there is confusion surrounding rank and role in the military on the part of some companies, there might also be confusion as to what roles in the civilian sector truly mean. This is one area in which a robust network will aid veterans in understanding the types of roles they should be applying for, as well as providing a mentor at the company who can provide guidance on applications.

The military also has a unique blend of pay and benefits that makes it difficult to compare military and private-sector compensation packages. Both the health care associated with the military and the commissary and exchange services provide a low cost of living when compared with civilian equivalents. Additionally, one of the greatest expenses in the civilian sector today is housing,[75] which is either provided to service members or covered by tax-exempt Basic Allowance for Housing (BAH), and not factored into the cash compensation provided by the military.[76] Service members also earn (or have the potential to earn) significant deferred compensation, including retirement pay, DoD retiree health coverage, and a broad array of health and economic benefits from the VA. Thus, though a private-sector salary may seem equivalent or competitive to a military salary, if not taking into account the comparative benefits packages as well it may be far less than anticipated.

One additional factor contributing to underemployment, specifically of the former enlisted population, is the rigidity of educational and other requirements in the civilian sector. As one study notes, "veterans who possess the knowledge and skills for a job may end up being hired for lower level positions because they lack the civilian credentials or education that employers typically expect and because employers may have difficulty translating military skills into more traditional work experience."[77] This may mean commensurate experience is left unconsidered due to lack of four-year degree or specific civilian training. This phenomenon also occurs for specific military occupations such as in the medical field, where doctors and nurses with battlefield experience lack up-to-date civilian Emergency Medical Technician training and are therefore blocked from jobs.[78]

Above-average unemployment and underemployment for the post-9/11 veteran cohort exists within the context of high underemployment for civilians of the millennial[79] generation. According to many studies, the millennial generation – defined by the Pew Research Center as people born after 1980[80] – has experienced underemployment at much higher rates than previous generations.[81] Though different government agencies and media outlets define underemployment in widely varying ways,[82] most of these measures demonstrate high underemployment for millennials.

The military community is unique in the high level of responsibility that is given very early on in a career along with the training to handle life-or-death decisions, often at a young age. This may lead to an expectation mismatch with post-separation employment that creates the illusion of underemployment due to the difference in professions. Additionally, when changing career fields, it is often necessary to start at a lower level to learn skills unique to that field and then work your way back up, ideally at a more accelerated pace than inexperienced peers. Thus, though underemployment is likely a very real phenomenon for a number of veterans, taken within the context of current employment trends it may be a normal economic outcome for many.

Within the framework of veteran transition, the most frequently cited definition for underemployment is people working in jobs that do not require degrees or training they already received, an issue mirrored in millennials. In a study by the New York Federal Reserve using data from the DoL's Occupational Information Network (O*NET), the New York Fed reported that as many as 44 percent of recent college graduates in 2012 were working in jobs that did not require college degrees.[83] In a similar report from 2016, Accenture surveyed approximately 1,000 recent college graduates from 2013 to 2016 and found that the rate of graduates claiming underemployment rose from 41 percent to 51 percent during that period.[84] Finally, another study – by Millennial Branding, a consulting and branding agency – reported that millennials with advanced degrees claim significantly higher underemployment than baby boomers or members of Generation X.[85] These economic trends highlight that though underemployment is likely an issue for transitioning veterans, it is a broader economic outcome affecting many in the current generation and may not be reflective of veteran status or any issues with existing transition programs.

> ***"Transition shouldn't be 'just in time' but an entire career program from service entry to separation."***
>
> **—SURVEY RESPONDENT**

Cpl. Alejandro Pena/ U.S. Marine Corps

Analysis and Findings

Methodology

This study used a mixed-methods approach to answer questions relating to veteran retention and performance in the workforce. CNAS research staff leveraged CNAS research on veteran wellness[86] and employment[87] to inform this study, as well as the capabilities of the CNAS Veterans Data Project[88] to collect, analyze, and present data regarding service members, veterans, and their families. This paper represents the synthesis of these data sources and the research methodologies described below.

REVIEW OF THE LITERATURE AND ENVIRONMENTAL SCAN

CNAS undertook both quantitative and qualitative research to establish the demographics of the veteran population as well as the current state of research and other available publications detailing economic outcomes, hiring, and retention of veterans. Datasets used include the U.S. Census Bureau's American Community Survey, aggregate population data from the VA, and aggregate population data from the Department of Defense. Additionally, in order to provide context, CNAS researched and analyzed data from a number of sources, including Syracuse University's Institute for Veterans and Military Families, the Corporate Executive Board, and the DoL.

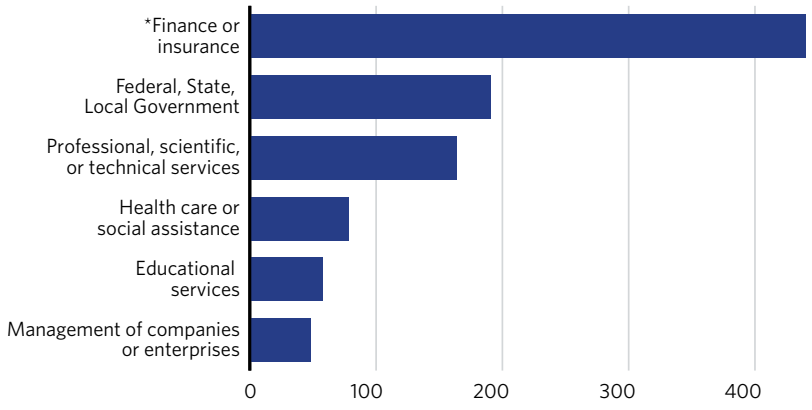
ATTEMPTED REVIEW OF CORPORATE DATA

To better understand veteran performance and retention, CNAS attempted to access corporate human resources data. Researchers sought access to aggregate human resources data including hiring, retention, and turnover statistics, sorted by veteran status and other demographic criteria. To facilitate the exchange and analysis of this data, CNAS established a secure data architecture through which researchers could confidentially receive this aggregate data directly from companies, analyze it, aggregate the data further to eliminate any corporate identity information, and then destroy the original data. CNAS directly requested this data from more than 40 corporations, and the Veteran Jobs Mission forwarded CNAS' request to more than 300 corporate participants as well. However, due to a variety of factors discussed more fully later in this report, CNAS was unable to obtain corporate data from a significant sample of corporations in order to make analysis feasible. Consequently, this study was not able to leverage corporate data as a source for its analysis, and is also unable to produce an objective analysis of retention and performance based on actual corporate human resources data.

SURVEYS

CNAS conducted three separate surveys to collect data regarding perceptions of retention and economic performance of veterans – one each for veterans (N=1,501), managers and supervisors (N=203), and human resources and recruiting professionals (N=72). Respondents were recruited using a mixture of social media advertising, outreach through Veteran Jobs Mission companies, news media reporting, and organizational outreach. The surveys were launched in conjunction with the Muster/Veteran Jobs Mission convening in Washington in April 2016 and closed at the end of August 2016. The survey instrument for veterans asked a series of questions relating to retention, performance, utilization, and morale, followed by demographic questions at the end. The survey instruments for business leaders and human resources professionals asked questions that mirrored the veteran survey but were appropriate for their business functions, as well as demographic questions at the end of each survey.

QUESTION: IN WHICH INDUSTRY ARE YOU EMPLOYED OR SEEKING TO BE EMPLOYED?



**Due to the companies who distributed the survey most widely, a large number of respondents were from the finance industry*

WORKING GROUPS AND STAKEHOLDER INTERVIEWS

CNAS conducted qualitative discussions and interviews with subject matter experts, policy leaders, private-sector leaders, and veterans. Interviews were conducted individually, with each participant asked if they were able to speak on the record and for attribution, and with most interviews given for attribution. Working groups were conducted under "Chatham House" rules, with all participants engaged in a not-for-attribution setting so as to feel comfortable speaking freely.

Findings

CORPORATE DATA COLLECTION

This study was designed to collect corporate human resources data in order to analyze objective data about hiring, retention, and performance of veterans within the private-sector workforce. CNAS researchers contacted more than 40 companies directly to request that their aggregate data be shared in a secure, confidential manner. Participants in the Veteran Jobs Mission coalition shared the CNAS data request with all of the companies in that coalition, requesting their support and participation. Unfortunately, CNAS was unable to obtain data from a significant or representative enough sample of companies to conduct meaningful analysis for this study.[89] Nonetheless, through the process of contacting companies to discuss their human resources data, CNAS was able to identify several issues with respect to corporate data collection and analysis on veterans in the workforce.

The first issue relates to uneven data collection by companies regarding veterans. There is no single legal standard, nor a single best practice adopted by most businesses, for collection of data regarding veterans in the workforce. The federal government requires government contractors to submit data regarding certain classes of "protected veterans"[90] via annual report to the DoL. These protected classes include disabled veterans, recently separated veterans, and veterans who serve in certain conflicts, among others. However, these rules do not require the systematic collection of data on *all veterans*, only on the protected classes of veterans identified in statute or regulation. It also does not require the collection of data beyond the number of protected veterans hired in a given reporting period and the number currently employed, broken down by tier of employment.[91] Most significantly, this federal data collection requirement only applies to government contractors and subcontractors – a significant part of the economy, but a minority of companies nonetheless. There is no legal requirement for all U.S. companies to collect data on veterans hiring and retention, let alone report such data publicly.

Despite this relatively narrow legal requirement, most large companies do collect some data during the hiring process regarding employee veteran status. Most of the companies studied include questions about veteran status in their employment applications. The standard practice among most companies is to ask two questions regarding veteran status – one regarding whether a person is a "protected veteran" as defined in federal law, and a second asking if the person has ever served in the armed forces. Corporate personnel interviewed said they had a high degree of confidence regarding answers from "protected veterans," and also from reservists who might seek to use military leave or other benefits.

However, nearly all corporate representatives interviewed for this study agreed that self-identification by veterans was poor outside of these classes of personnel and that most corporate data significantly undercounted the number of veterans in the workforce because many veterans did not identify themselves. Further, when asked if they could query their workforces about veteran status, or advertise internally to increase self-identification and affinity group membership, most corporate personnel said they were unable to do so for legal reasons. "Our lawyers analogized this to reaching out to another minority group," one recruiting professional stated. "You can't send an 'all hands' email asking for Latino employees or disabled employees, and you can't send one asking for veterans either."

Consequently, even among large, sophisticated companies with significant veteran employment initiatives, few companies expressed confidence in their data regarding veteran representation in the workforce. Fewer still expressed confidence in their data regarding retention and turnover, let alone performance. Because of the difficulty in identifying veterans in the workforce, and legal concerns regarding analyzing employee performance on the basis of group membership, few companies indicated they generated data regarding the job performance of veterans either.

HIRING AND RETENTION

Several prominent themes surrounding the veteran experience emerged during this project, including the importance of expanding and re-emphasizing the current transition programs already in place; the struggle to translate military experience to civilian hiring managers and companies; and the fact that there are key demographics that appear to struggle the most with transition, primarily junior enlisted who lack a four-year college education. Among veterans who had a master's degree, 53.1 percent found a job within 3 months; the same could be said of just 36.4 percent of those who had only a high school/GED diploma. Similarly, 21.7 percent of enlisted respondents reported needing a year or more for their post-transition job search, as compared with only 12.9 percent of officers and 9.1 percent of warrant

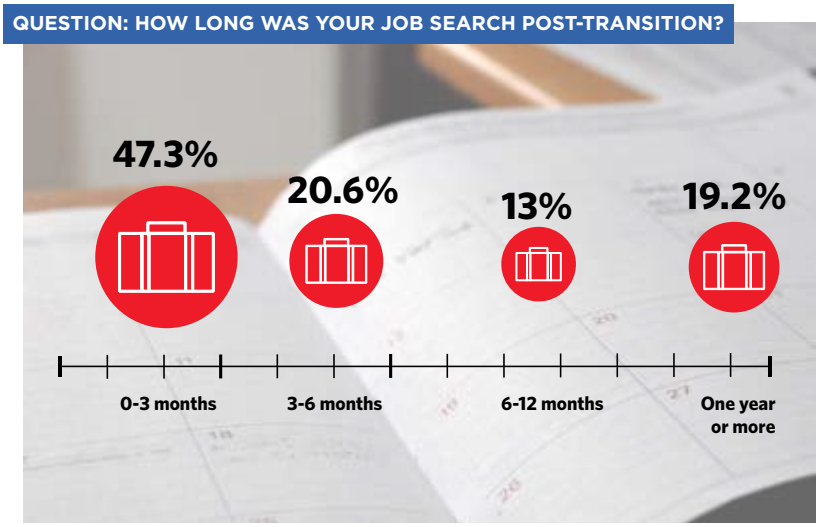
officers. Female veterans also appear to struggle with job placement, with 10 percent fewer female veterans reporting finding a position within three months, and 10 percent more needing a year or greater to secure employment. This suggests that female veterans may require a greater level of transition assistance than is being offered. It is also possible that some of the struggle to secure employment may be due to unwillingness to self-identify as veterans[92] and make use of the advantages provided by various veteran hiring initiatives.

Connecting companies willing to hire veterans with job-seeking veterans could prove more difficult than one might initially intuit. Both veterans and companies report difficulty in finding each other in the marketplace. On the veteran side of the ledger, individuals say it can be difficult to locate companies with veteran-focused hiring programs, particularly at the local level, among small and midsize firms that do not have the same national exposure as the large companies in the Veteran Jobs Mission. Companies likewise report difficulty identifying veterans transitioning from active duty, because of long-standing policy barriers that preclude DoD from sharing data about (or providing direct access to) imminently separating service members and because of the limited extent to which DoD has participated in public-private partnerships to help transitioning service members connect with training or employment opportunities before discharge.[93]

Though many acknowledge the concrete steps that have been taken to improve transition programs, there is still a marked variance in the quality of veteran résumé and application materials that belies a distinct difference in quality among various programs. In particular, several interviewees said that veterans tend not to tailor their résumé to individual jobs, do not always translate skills well, and either overvalue or undervalue themselves. Survey respondents also pointed out areas where their transition was insufficient, stating that transition should be "an entire career program from service enter to separation" and that the "best assistance would have been advice in how … military experience related to civilian jobs."

The presence of veteran affinity groups was highlighted as a resource that was believed to aid in retention and provide a softer landing for transitioning veterans who may miss the camaraderie and familiarity of the military environment. However, it was also suggested that affinity groups within the workplace or community connecting veterans and nonveterans could serve to bolster veteran networks and close some of the civil-military gap that exists and could be contributing to workplace difficulties overall. One interviewee in particular outlined the value for future job performance and success in expanding veterans' civilian professional networks through such community groups.

In their survey comments, several respondents further emphasized the importance of networking for their career success. One respondent cited that "networking to be as important as 'advertised,'" while another stated that networking was "very key to connecting to the right type of professionals that could assist in [the] job search." These observations are thoroughly supported by the 2016 Veteran Insights Report by LinkedIn. The report, which analyzed data on more than 2.1 million veterans on LinkedIn's site, found in particular that "networking is the #1 way veterans find career opportunities" and that veterans are significantly more connected on the site than their nonveteran counterparts.[94]



Responding to the particular challenges faced by veterans coming from the junior enlisted population and those without a four-year college degree, another interviewee emphasized the importance of veterans' finding ways to continue their education. While many veterans feel the pressure to find a job immediately to establish economic stability after transition, he argued that the next priority after financial independence should be seeking opportunities for acquiring new skills, certifications, and degrees. Despite the growth of programs among some employers that allow veterans to pursue degrees while remaining employed, finding the financial liberty to enter college remains a challenge for many veterans.

REASONS FOR DEPARTURE

The high turnover of veterans in their first year of employment[95] mirrors current typical societal trends[96] and in large part it appears also to reflect positive economic growth, with the top three reasons for leaving a job being a desire for new challenges, a need to make more money, and the receipt of a better offer.[97] Additionally, 70 percent of respondents report their current employment meets, exceeds, or significantly exceeds the expectations they had for civilian employment upon leaving military service, and 68 percent would recommend their current job to another veteran. However, the next three reasons for leaving a post-transition job highlight that although many veterans have a positive economic experience, a small minority truly struggle upon separation from the military. These veterans, who can be considered an at-risk population, cite lack of purpose or impact, poor match with manager, and involuntarily separated as reasons for leaving their job.[98]

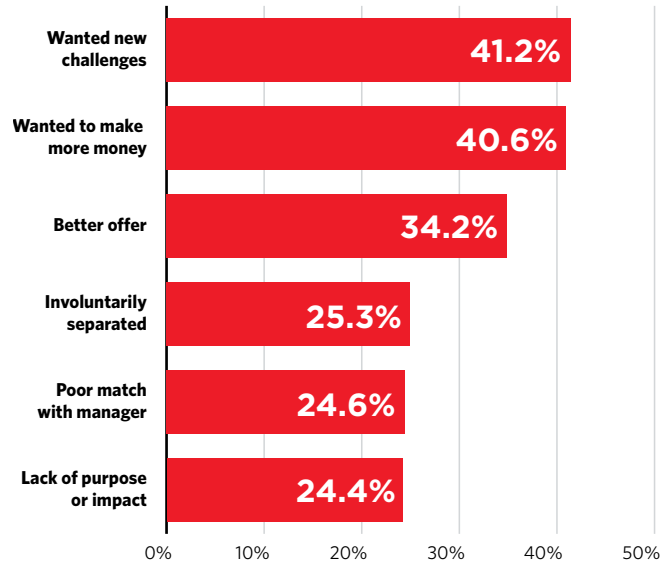
Those with lower levels of education have a higher likelihood of being involuntarily separated, with 33.3 percent of those with a high school/GED diploma and 30.1 percent of those with some college noting they had been involuntarily separated, as compared with 23.8 percent and 22.7 percent for those with a four-year or master's degree, respectively. Similarly, 49.7 percent of those with master's degrees report leaving a job because they "wanted new challenges," versus only 33.3 percent and 34.4 percent of those with a high school/GED diploma or some college education.

There were several notable differences among veterans from the various branches of service.[99] Survey respondents from the Army, Army Reserve/National Guard, and Navy were more likely to report being involuntarily separated from a job, at 28 percent, 32 percent, and 27 percent, respectively, as compared with 21 percent and 19 percent for the Air Force and Marine Corps. Among other reasons for leaving a job, 57 percent of Army Reserve/National Guard veterans cited "want[ing] new challenges," as compared with 42 percent of all veterans. Those from the Marine Corps and Army Reserve/National Guard were more likely to note leaving because they "wanted to make more money," and also to report they had left a job for a "better offer."

When results for female veterans were isolated, many of the emerging trends reflect broader workplace themes that echo dynamics for nonveteran females in the workforce and are not necessarily related to veteran status. Women are 6 percent less likely than men to report being involuntarily separated from a job, and 5 percent more likely to report leaving due to a skill or experience mismatch.

Although many veterans have a positive economic experience, a small minority truly struggle upon separation from the military.

QUESTION: REASONS FOR LEAVING YOUR JOB

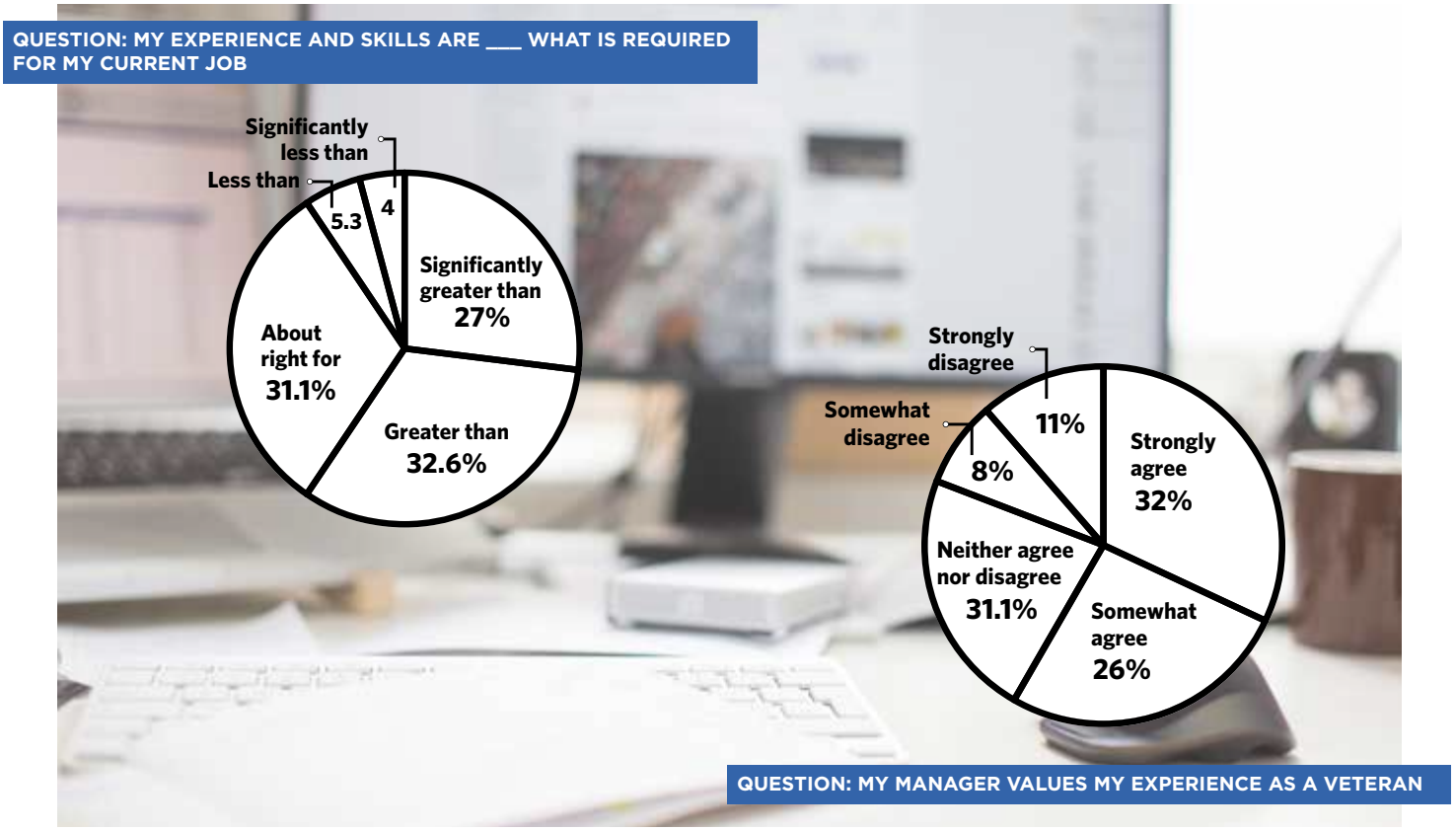


Though there were more than six options for respondents, the chart reflects the top 6 reasons given for departing a job

"The best assistance would have been advice in how my military experience related to civilian jobs."

—SURVEY RESPONDENT

(Cpl. Tommy Huynh/ U.S. Marine Corps



UNDEREMPLOYMENT

In considering the underemployment phenomenon, it is worth noting that 60 percent of respondents say their experience and skills are greater or significantly greater than what is required for their current job, indicating that veterans are not being effectively matched with jobs that use their applicable skills. The fact that veterans may find themselves not using applicable military skills is also supported by LinkedIn's 2016 Veteran Insights Report; it found that 67 percent of veterans "are working in a job that is not similar to their military role."[100] Noting this reality, several survey respondents highlight the importance of translating military experience to civilian skills, with one person stating that veterans must "focus less on military-specific experience and knowledge and more on things like teamwork, individual responsibility, [and] leadership."

Among all veterans, former enlisted personnel felt more undervalued and underutilized than former officers. Veterans from the enlisted population were more likely than officers to claim that their manager did not value their experience as a veteran, and 18.7 percent of former enlisted personnel cited a "skill or experience mismatch" as a reason for leaving a job, versus only 11.2 percent of former officers.

Veterans of more recent service periods, especially younger veterans, demonstrate that they may be undervalued or underutilized in the workplace. For example, 42.9 percent of veterans in the post-9/11 period claimed that their current job offered them "too little responsibility," compared with 37.9 percent of veterans of the 1990s and 34.5 percent of those from the post-Vietnam era. Younger veterans of the post-9/11 group felt even further undervalued, with 23.8 percent of post-9/11 veterans in the 18–29 age group either "somewhat" or "strongly disagree[ing]" that "[their] manager values [their] experience as a veteran." In comparison, only 16 percent of veterans in the 30–49 age group from the post-9/11 cohort felt the same way.

60 percent of all veterans report their experience and skills are "significantly greater than" or "greater than" what is required for their current job; however, those from the Army and Marine Corps were most likely to feel that their current job offers them "too little" responsibility.

PERFORMANCE AND IMPACT

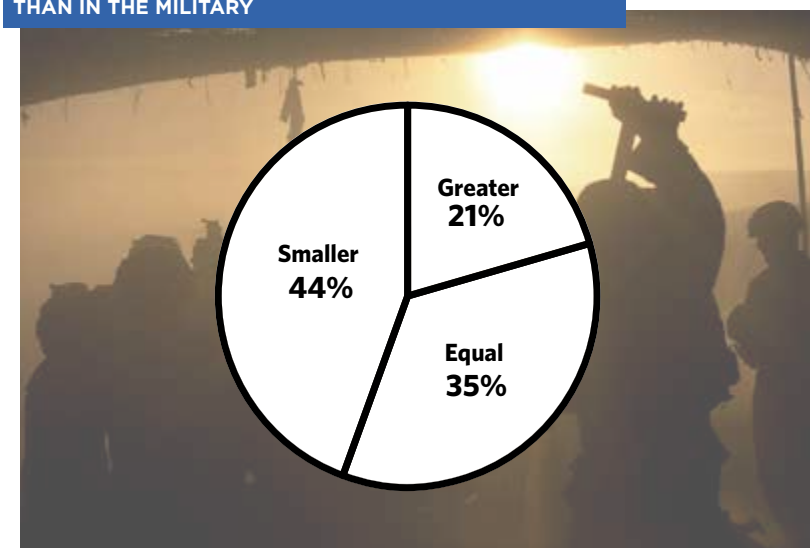
In their current job, over 85 percent of veterans somewhat or strongly agree that their contributions "make an impact to my company or employer's success," again emphasizing the desire to continue to engage in work with a sense of mission or purpose, and providing an avenue for employers to improve retention by focusing on the broader role veterans play in the success of the team or company. However, 44 percent "make a smaller impact in my civilian job than I did in the military."

In surveying both those in a position to screen and hire veterans in human resources and recruiting, as well as those who lead or manage veterans as supervisors and managers, there appears to be a disconnect in perception of veterans and their role at various companies. While managers place a strong emphasis on the leadership qualities veterans bring to the workplace, HR and recruiting are most interested in skills that are *directly* relevant for a civilian job. Managers are also far more likely to perceive a variance in the amount of time veterans stay with a company; only 37 percent said it is "about the same" as nonveteran colleagues, as compared with HR representatives, who estimate that 65 percent of veterans stay with the company about the same amount of time as nonveteran colleagues. Both groups do note that the top three reasons for veterans to leave employment are: greater opportunity or a promotion elsewhere, better compensation, and a desire to do something different. This seems to confirm what veterans self-report.

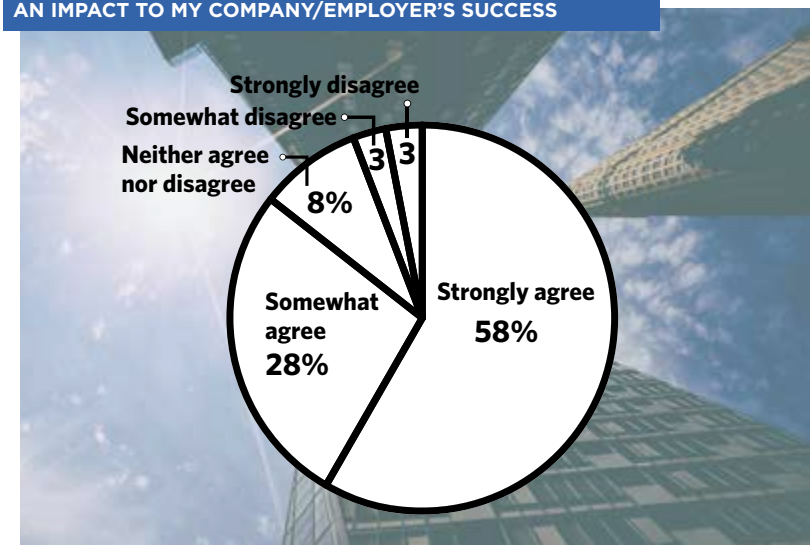
More than 90 percent of the managers surveyed say veterans are promoted faster than their nonveteran peers, and 68 percent also say veterans perform either better or much better than their nonveteran peers. Additionally, over 75 percent say veterans are easier or significantly easier to manage than their nonveteran peers.

Veterans responded disproportionately for the surveys geared toward human resources, recruiting, supervisors, and managers, providing what may be a biased sample, but also highlighting that those most invested in these outcomes and key to veteran economic success are other veterans. The value of this network should continue to be emphasized.

QUESTION: I MAKE A(N) ___ IMPACT IN MY CIVILIAN JOB THAN IN THE MILITARY



QUESTION: MY CONTRIBUTIONS AT MY CURRENT JOB MAKE AN IMPACT TO MY COMPANY/EMPLOYER'S SUCCESS



There appears to be a disconnect in perception of veterans and their role at various companies.

Recommendations

Veteran economic performance plays an important role in fulfilling the nation's obligation to its All-Volunteer Force, as well as fostering civil-military ties and promoting service as an appealing option among youth. The available data show that hiring and retaining veterans is good for business – veterans bring a level of dedication and professionalism that promotes the bottom line while lower turnover increases institutional knowledge and cuts costs.

Recent statistics surrounding high veteran turnover in the first year of employment raised curiosity and concern, though that appears to largely be a positive story. Most veterans are changing jobs to find new challenges, for better compensation, or for a better offer.[101] Though seemingly indicative of struggle, for the post-9/11 cohort, job movement tracks with societal trends, as the economy shifts to encompass careers where a breadth of diverse experience is valued. However, despite positive trends, there are still a number of veterans who, while employed, feel underutilized in the private sector, and first-year turnover could also indicate initial underemployment. This could represent a number of issues, including difficulty with key transition skills such as résumé building and interviewing, a mismatch of expectations, or difficulty on the part of companies to accurately account for military experience.

Transition from the military is better thought of as an extended process than a one-time event, and both public- and private-sector efforts at retention may be better served by aiming at second, third, or even fourth jobs out of service, to allow an adjustment and socialization period. In fact, data indicate that once settled in a satisfactory job, veterans have a retention rate that is higher than that of nonveteran peers.

Though veteran economic outcomes have improved demonstrably since high unemployment numbers in 2011 created the impetus for action, there are still several key areas where progress can be made.

Improve Data Collection and Usage

One area for improvement across the public and private sectors is in tracking the data surrounding veterans, to both demonstrate their added value and have a clearer picture of who is struggling so practical solutions can be developed. Though some firms are beginning to track longitudinal data, society as a whole lacks key measurements of both success and failure.[102] Improvements in data collection and usage could provide a clearer picture of the economic outcomes of veterans, highlighting areas where public-private partnerships could be most impactful, at-risk communities within the veteran population, and how efforts should be allocated going forward. Many of the efforts currently focused on hiring veterans may be better-served by shifting their metrics of success to focus on retention.

Specifically, current Vietnam Era Veterans' Readjustment Assistance Act (VEVRAA) rules regarding hiring practices of federal contractors for protected veterans can be expanded to collect more data about veteran employment. While hiring benchmarks and other VEVRAA-required policies would not be changed, federal contractors should track the number of all veterans – not just covered veterans – who apply to jobs and are hired. Additionally, requiring contractors to maintain data on how long those veterans remain with their companies would provide a fuller picture of the veteran employment situation past initial hiring. The DoL should also encourage private employers not subject to VEVRAA requirements to develop similar data collection practices when possible.

Another untapped resource for enlarging the view of veteran employment and retention exists in Internal Revenue Service (IRS) tax data. While taking care to protect private information, the IRS could provide the DoL or private research organizations access to tax data so they could identify and analyze employment trends in the veteran community, including income trends among

Hiring and retaining veterans is good for business – veterans bring a level of dedication and professionalism that promotes the bottom line while lower turnover increases institutional knowledge and cuts costs.

veterans, patterns of employment activity, and trends among employers hiring veterans, including data on the size and industry of employers hiring veterans.

One of the primary challenges in determining veteran outcomes post-hire is the lack of data surrounding veteran retention, which is currently measured largely through self-reporting survey mechanisms, such as in this study, and is left largely untracked by companies or the government. Both the DoD and VA lack a robust tracking mechanism for veterans, resulting in a dearth of data on both economic and health outcomes – data that could be used to better measure success in these respective areas. While progress has been made in reporting of veteran hires, especially within companies that belong to hiring coalitions, few businesses track data surrounding veterans after hire, making metrics such as retention and promotion rate difficult to determine and stymieing the broader narrative and body of knowledge around the economic value of veterans in the workplace.

Currently, DoL regulations surrounding who qualifies for protected veteran status and how companies can legally comply with privacy regulations lead to confusion among companies as to the legality surrounding tracking some of the key retention data. Companies largely rely upon veterans to self-report their status, with a cultural reluctance to report or self-identify limiting the data available. Encouraging veterans to self-identify with companies as well as clarifying what can legally be tracked should help to eliminate several of the obstacles currently precluding more accurate data collection.

While VEVRAA requires employers to invite applicants to self-identify as protected veterans, some veterans may fear a stigma about their military service and be reluctant to do so. To avoid this, employers should clarify on all hiring forms that self-identification is only used for data collection purposes and that any discrimination based on veteran status is strictly prohibited. The DoL can assist employers in developing this clarifying language by providing examples in DoL literature explaining VEVRAA requirements.

Understand Veterans in the Context of the Broader Population

Though veterans are a subset of the population worthy of study and attention due to the sacrifice of their service, many of the trends reflected in this paper are mirrored in the general population. Veterans are people, and many of the issues they face are universal across those transitioning career fields or finding their first job. This provides an opportunity to draw lessons and garner resources from the private sector, as well as to put into perspective the struggles to find employment as a normal phenomenon – not one that is reflective of veteran status. This serves to reinforce the idea that transition programs could be broadened to encompass more time both prior to leaving service and for the first three to 12 months post-service. Additionally, charting goals over a three- to five-year period may ease the stress of the "first" job and provide a more pragmatic approach to career development.

Change the Metrics of Success from Hiring Veterans to Retaining Veterans

Shifting from a focus on number of veterans hired to also take into account the retention and career trajectory of veterans after hire and aligning the incentive structure to reward outcomes may help ensure veterans are being hired into positions that will be a good long-term fit. Right now many programs focus on number of veterans hired, which may lead to underemployment or hiring veterans into jobs in which they are not necessarily going to achieve success. Current hiring incentives

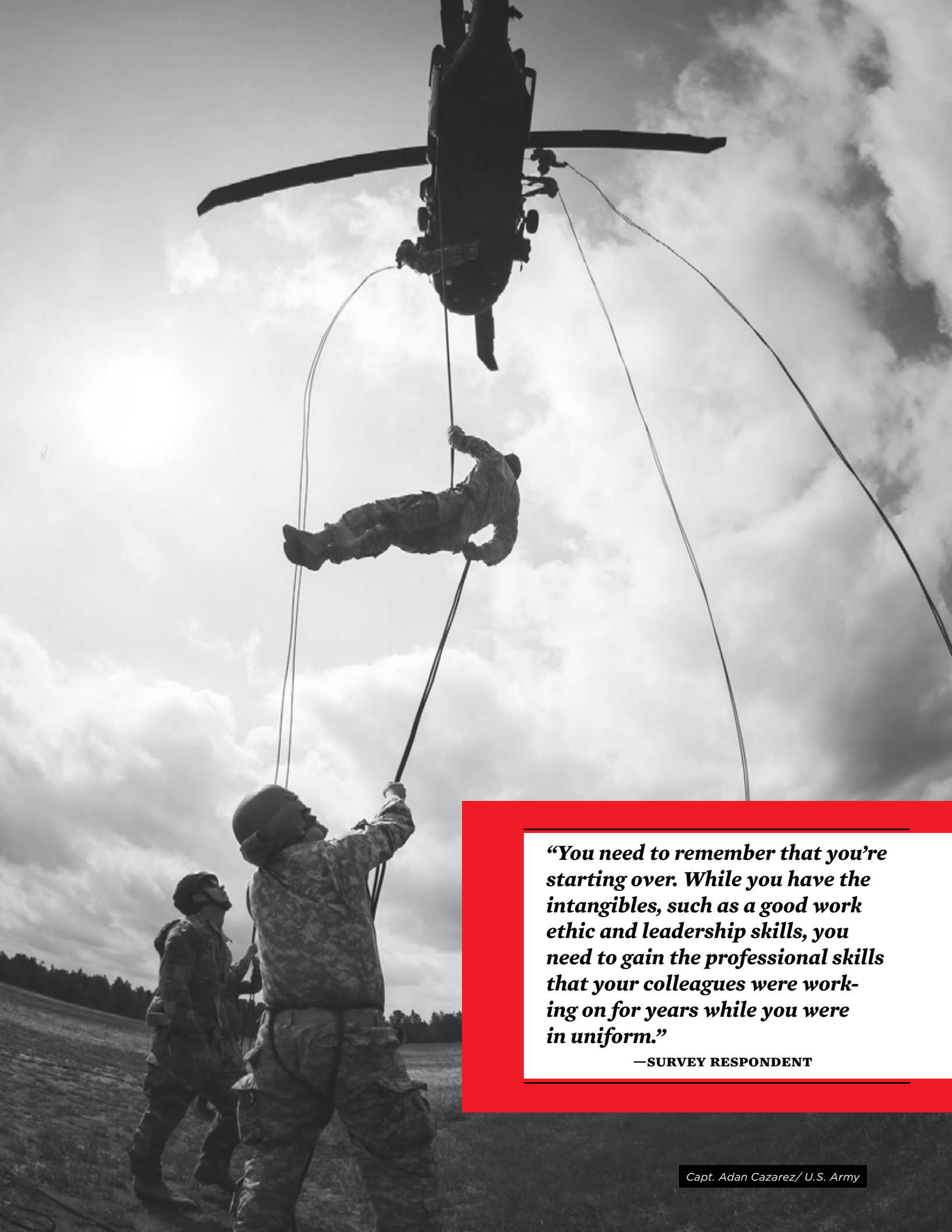
Federal Contractor VEVRAA Requirements:

- "Report annually to the Secretary of Labor the number of employees in their workforces, by job category and hiring location, who are qualified covered veterans."
- "Report the number of new hires during the reporting period who are qualified covered veterans."

As per 38 U.S.C. 4212(d), "covered veterans" refers to:

- Disabled veterans.
- Veterans who served on active duty on campaigns.
- Veterans who participated on active duty in an operation for which an Armed Forces service medal was awarded.
- Recently separated veterans.

Source: "Federal Contractor Program," U.S. Department of Labor, https://www.dol.gov/vets/contractor/main.htm#4



"You need to remember that you're starting over. While you have the intangibles, such as a good work ethic and leadership skills, you need to gain the professional skills that your colleagues were working on for years while you were in uniform."

—SURVEY RESPONDENT

Capt. Adan Cazarez/ U.S. Army

may push the problem to the right, contributing to high turnover among veterans and the necessity to continue to job-hunt.

One element of embracing a longer-term view of veteran success is promoting both military and civilian mentorship. While military affinity groups are an excellent resource to aid in transition from a military workplace to a civilian one, when providing mentorship veterans could be further enabled by being mentored by whoever is the most successful in their given role, not just limited to veterans. These efforts can prove complementary, providing not only a veteran network but also promoting the best possible economic outcomes and familiarizing nonveterans with the work ethic and value-added of veteran hires. Several interviewees highlighted the role that affinity groups play in their company, creating a greater sense of belonging and impact among veterans and providing insights into the civilian career and hiring structure from those familiar with the military system. Additionally, collaborative research by Syracuse University and Team RWB found that participation in community groups has an indirect impact on employment, leading to better networks of contacts, more productivity, and higher levels of job satisfaction.[103]

Articulate the Economic Value Proposition

Though there are many appeals to patriotism when promoting the hiring of veterans, the most compelling reason is to boost economic performance. The Corporate Executive Board company analyzed performance data of companies and found that "veterans, on average, perform at higher levels" and that their turnover rates are lower, both of which positively affect business results and revenue.[104]

Our survey of supervisors and managers reinforces this notion, that veterans perform better than their nonveteran peers. The most highly ranked characteristic that makes veterans attractive job candidates to supervisors and managers is "leadership," followed by "perseverance/ethic" and "alignment with company culture/values." One respondent found veterans to be attractive employees due to "PRODUCING!" and cited their excellent work product, with others saying veterans offer "honesty, integrity, and initiative."

Improve Transition

Recent efforts to improve the transition assistance programs have made significant progress in areas such as résumé and interview preparation, and going forward it will be important to track whether these changes bring improvement. Additionally, the military might consider a more extended transition program, in which service members are encouraged to take proactive steps earlier and also allowing for feedback through multiple sessions at different key junctures, such as after an initial round of job applications or interviews. Though language reflective of this is part of the newly implemented TAP, in execution it is highly dependent on individual commanders and op tempo.

Aligning programs with final geographic location and potentially integrating the reserve component in this process could also aid in the development of a network and prevent feelings of isolation after separation.

Reshaping the narrative of transition as a process, rather than an event, highlights the growing shift to multicompany careers and the evolution of veterans past their first job to establishing careers. Though the data show that most veterans will change jobs in their first year after service, this appears to be in many cases a sign of positive growth – with the most commonly cited reasons for change being greater compensation, a better job, or a better location. Additionally, veterans feel their military experience helps them perform their civilian job and that their manager values that experience. However, a significant minority of veterans feel underutilized and underemployed in the private sector. Given the likelihood of veterans to have multiple jobs in their first three to five years out of service, the importance of robust and substantive transition programs with a focus on job-seeking skills is paramount. There are many benefits to furthering the body of knowledge surrounding veteran economic performance, from providing key areas for improvement to aid those veterans who struggle after leaving military service, to further illustrating the business case for hiring veterans, as well as demonstrating to young men and women considering military service the added skills and positive economic outcomes for those who choose to serve their country in uniform. Additionally, rather than focusing solely upon hires directly out of the military, this indicates there is a significant secondary market for veteran hiring due to the increased likelihood of turnover in the first three to five years of employment post-service.

Increase Financial Literacy

Promoting financial literacy within the armed forces and for transitioning service members would go far in facilitating a more secure transition and the future economic success of veterans. Encouraging service members to begin saving for transition well in advance could provide an economic safety net[105] to prevent some of the more extreme unemployment-triggered issues such as health

care problems or homelessness, while allowing some the luxury of a more extended job search, potentially resulting in a better initial fit.

Support the Role of Management/HR

Those who work in hiring, either in a supervisory or human resources capacity, play a critical role in veteran economic performance, governing the hiring and placement of veterans. Though managers value the "soft" skills of veterans, such as leadership and dedication, first veterans have to clear HR hurdles. With many companies using online résumé scanning software, the lack of understanding of military experience or of missing components such as certain certifications or a four-year degree requires further efforts to ensure veterans are given a fair chance to compete for roles. This is not to say that veteran status should lower the bar for hiring, but rather that veterans bring a unique skill set that may not always be readily identified by traditional means, costing both the veteran and the company a potentially mutually beneficial hire.

Given the unfamiliarity of much of the American public with military service and the veteran population, it is easy for the narratives surrounding those veterans who suffer from post-traumatic stress disorder (PTSD) or mental illness to be generalized across the entire veteran population in hiring.[106] One survey respondent noted that many veterans – particularly combat veterans – are unfairly categorized in this way; as the veteran stated, people "automatically assume that [veterans] are all PTSD-prone."[107]

> **The lack of understanding of military experience or of missing components such as certain certifications or a four-year degree requires further efforts to ensure veterans are given a fair chance to compete for roles.**

Lastly, veteran hiring goals may not create the net benefit employers intend – by incentivizing numbers over fit, veterans may be hired into roles that they leave quickly.[108] By reframing the incentive structure to focus on veteran retention and success, companies can align outcomes with hiring using metrics such as turnover rate and reasons for leaving to evaluate the efficacy of veteran-oriented programs. Given the high cost of turnover, this shift in focus may lead to lower numbers of veterans hired, but longer tenures, or the ability to hire veterans several years out of service who are looking for new challenges or better offers.

Two HR practices that provide obstacles specifically to veterans are the baseline educational requirements for positions and the lack of understanding of military service. This creates an opening for informational sessions and public-private partnerships to educate both companies and those who conduct initial hiring screens as to how they could be more veteran-inclusive. Both of these filters largely prevent candidates from being considered as initially qualified, and therefore preclude veterans from reaching the interview stage. Given the robust approval of veteran performance by supervisors and managers, opening the pipeline so more veterans are given the initial opportunity to interview may yield greater hires, as managers will be able to evaluate holistically rather than based on a résumé. This also opens the door for companies to undertake initiatives to provide military equivalency for certain qualifications, providing automatic certifications for certain skill sets or waiving education requirements for equivalent experience. Similarly, HR partnerships with veteran-friendly unions or schools may provide a broader pipeline for hiring veterans with specific skill sets or certifications.

Conclusion

Most veterans thrive upon leaving the military, finding success in civilian employment after service. However, the transition process is often more complex than movement from the military into a first job. The data show that veterans will move between jobs after their transition, and that their transition process will continue as they gain their first years of civilian workforce experience. Turnover will occur during this time, for both positive and negative reasons. Some veterans will struggle to find their fit in the civilian workforce. A significant minority of veterans indicates they face some degree of underemployment, and/or difficulty finding optimal (or even satisfactory) civilian employment. Moving forward, this more comprehensive view of the dynamics surrounding veteran hiring and retention provides further areas for study and targeted programming to ensure that the nation's obligation to the men and women who have served in the armed forces is not lost in transition.

Endnotes

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1152 15th Street, NW Suite 950 Washington, DC 20005

t. **202.457.9400** | f. **202.457.9401** | **info@cnas.org** | **cnas.org**

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