



# IRAQ *and* AFGHANISTAN VETERANS *of* AMERICA

## U.S. SENATE COMMITTEE ON FINANCE “TAX AND FISCAL POLICY: EFFECTS ON THE MILITARY AND VETERANS”

SEPTEMBER 22, 2010  
TESTIMONY OF TIM EMBREE  
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Chairman Baucus, Ranking Member Grassley, and members of the committee, on behalf of Iraq and Afghanistan Veterans of America’s nearly two hundred thousand members and supporters, thank you for allowing us to testify before your committee. My name is Tim Embree and I served two combat tours in Iraq with the United States Marine Corps Reserves. Veterans of Iraq and Afghanistan are facing record unemployment and America is missing out on the opportunities of this next “greatest generation.” IAVA welcomes the privilege to discuss veteran employment with you today.

### **Executive Summary**

America’s newest veterans face serious employment challenges. The difficult process of returning to civilian life is even tougher in the most hostile economic environment in decades. Furthermore, many Iraq and Afghanistan veterans, leaving the active-duty military, find civilian employers do not understand the value of their skills and experience. Other veterans cannot afford the necessary job training. As a result, unemployment rates for Iraq and Afghanistan veterans are staggering.

Additionally, the National Guardsmen and Reservists, who leave behind their civilian lives to serve alongside active-duty troops, are inadequately protected against job discrimination. Many lack proper assistance to rebuild their own businesses when they return home. The experiences of previous generations of veterans, who faced similar situations, suggest that today’s veterans will continue to struggle for decades to come, unless we act immediately.

IAVA recommends, to this committee, the following measures to combat veterans’ unemployment:

- Pass S. 3447, commonly known as New GI Bill 2.0, before the October recess. This bill extends Post-9/11 GI Bill benefits to veterans who enroll in: apprenticeships, On-the-Job-Training (OJT), and vocational programs.
- Pass S. 3398, the “Veteran Employment Transition Act,” before the October recess. S. 3398 expands the Work Opportunity Tax Credit, which incentivizes businesses to hire Iraq and Afghanistan veterans.
- Provide small businesses owners in the National Guard and Reserves with tax relief and additional access to capital, insurance, and bonding.



## **Veterans' Employment Status**

*"I have had to move my family 2-3 times in search for employment...  
I have had LOTS of difficulty finding employment."  
– IAVA Member & Veteran*

The unemployment rate among recently discharged veterans is 11.5 percent. This rate has significantly increased in the last 2 years. According to the Bureau of Labor Statistics, in 2009, the average unemployment rate for Iraq and Afghanistan-era veterans was 10.2 percent. In comparison, unemployment rates in 2007 and 2008 were 6.1 percent and 7.3 percent, respectively. The unemployment rate of Reserve and National Guardsmen, who often leave behind civilian jobs or their own businesses when they deploy, has more than quadrupled since 2007, skyrocketing to 10.6 percent.

The situation is even more troubling, because so many veterans are unemployed for so long. In 2009, 75,000 Iraq and Afghanistan-era veterans suffered from long-term unemployment, 15 weeks or more. This represents more than 45 percent of all unemployed new veterans in 2009.

*"All the jobs I found that would hire vets were security jobs  
that pay 8 bucks an hour." – IAVA Member & Veteran*

Finding a job for a returning veteran is a challenge, but finding quality employment is extremely difficult. Sixty-one percent of employers do not believe they have "a complete understanding of the qualifications ex-servicemembers offer."<sup>ii</sup> Recently separated servicemembers with college degrees earn, on average, almost \$10,000 less per year than their civilian counterparts.<sup>iii</sup> Experience has shown that this wage gap could continue for decades. Vietnam veterans earned significantly less than their civilian peers until they were in their fifties.

*"First interview question was 'Are you going to be hired and then have  
to leave again?'" – IAVA Member & Veteran*

Finding a job is not just a concern for veterans who have recently separated from active-duty. Employers are growing increasingly wary of hiring or reemploying National Guardsmen and Reservists, because of unprecedented mobilization rates. Tens of thousands of reservists, returning from combat, are not being promptly reemployed. When reemployed, they are not receiving the pay, pensions, healthcare coverage, and other benefits they are entitled to. More than 40 percent of Guardsmen and Reservists lose income when they are mobilized.<sup>iv</sup> Self-employed reservists suffer a 55 percent loss in earnings when they are activated.

### **Job Training through GI Bill Benefits**

Thousands of young veterans want to build on the skills they learned in the military, but they cannot afford the training. Today's newest veterans deserve the right to use their hard-earned New GI Bill benefits for the job training they desperately need. The New GI Bill 2.0 (S. 3447) gives veterans the ability to pursue valuable job training. The Senate must pass this vital legislation before the October recess.

*"After approximately 30 interviews and temporary positions,  
I chose to attend school under the new GI Bill."*

*-IAVA Member & Veteran*

The Post-9/11 GI Bill was the greatest investment in veterans and their families since World War II and it couldn't have come at a better time. Veterans, facing tough economic times and high unemployment rates, are heading to universities to make themselves more competitive in the workforce. The Post-9/11 GI Bill has enabled over 340,000 students<sup>v</sup> to attend first-rate colleges and universities.

*"This was a huge disappointment to me when I found out my schooling  
was not covered under the new GI Bill... I am a mechanic by vocation;  
there are no 4-year degree programs for people like me."*

*-IAVA Member & Veteran*

Unfortunately, a significant number of veterans have been short-changed under the bill, because important job training is excluded from this great benefit. There are no provisions for apprenticeship and OJT programs in the Post 9/11 GI Bill, although both types of programs were covered under the old GI Bill.

Also, non-degree granting schools, exclusively vocational schools, are specifically excluded from the Post-9/11 GI Bill. Veterans pursuing vocational training should not be penalized for going to a strictly vocational school. The WWII GI Bill sent more than 8 million veterans to school. Nearly three quarters of those veterans were not seeking a college degree; they participated in some type of vocational training. Unfortunately, nearly 16,000 of today's veterans, pursuing vocational training, are not able to access the new GI Bill.

The New GI Bill 2.0 upgrades the Post-9/11 GI Bill to include all of these valuable job-training programs.

### **Job Placement through Tax Credits**

IAVA recommends this committee immediately report out Senator Baucus's S. 3398, the "Veteran Employment Transition Act," and push for a floor vote before this Congress recesses in October. The American Recovery and Reinvestment Act authorized a two-year tax credit for employers who hire unemployed Iraq and Afghanistan-era veterans. This tax credit, valued up to \$2,400 per unemployed veteran, was created to incentivize employers to hire veterans. But the tax credit was poorly advertised and was not structured well enough to help the veterans it was designed to target. S. 3398 expands and simplifies this tax credit.

*"Many employers say they 'value veterans', but sometimes it's just about the bottom line. Providing monetary or tax incentives may make employers think more about employing Veterans."*

*– IAVA Member & Veteran*

IAVA and many other veteran service organizations lauded this tax credit when it passed. We believe this tax credit should be expanded and extended indefinitely. Given the current state of the economy and the fact that other populations, such as ex-convicts, are permanently eligible for the same tax credit, expanding and extending it for veterans is the right thing to do and a sound investment for our economy.

*"My employer knew nothing about tax benefit for hiring disabled vet until after I was hired." – IAVA Member & Veteran*

This tax credit was designed to encourage hiring veterans, but few employers know about it. This makes it ineffective. IAVA believes there must be a coordinated outreach effort by the Department of Veterans Affairs (VA) and Department of Labor to educate employers and veterans about this cost saving, job placement benefit.

### **Help Small Business Owners**

Many veterans choose self-employment over unemployment by starting their own small business ventures. It is not surprising that veterans represent 14.5 percent of small business owners nationally, greater than our representation in the overall population.<sup>vi</sup> Our entrepreneurial spirit, determination, and unrelenting focus make us natural self-starters. For reservist and veteran business owners, looking for technical or financial assistance, support is available through the Small Business Administration (SBA) and the VA. Unfortunately, assistance through the SBA and VA is insufficient for Reservists and National Guard members facing multiple deployments. Clients leave, new competitors move in, and revenues dry up while veteran small business owners are activated. Veterans returning from repeated

deployments need additional access to capital, insurance and bonding programs, and tax relief, to assist in restarting a dormant business or launching a new one.

*“My business was shut down for approximately 18 months.  
Rightfully so, most of my clients moved on to other attorneys.”  
– IAVA Member & Veteran*

Last year, the SBA assisted more than 180,000 veterans, reservists, active servicemembers and spouses through its entrepreneurial counseling and training services.<sup>vii</sup> The agency offers low-interest capital through the new Patriot Express Pilot Loan program. The SBA Office of Veterans Business Development also operates five veteran-specific business outreach centers and provides federal contracting assistance to veterans, although it has limited resources to do so.

*“During my deployment I had to totally shutter the doors on my  
construction business. It put my family in a very difficult position”  
– IAVA Member & Veteran*

IAVA believes that the DOL, SBA and VA must work to mitigate the effect of frequent and lengthy deployments by providing small businesses owners in the National Guard and Reserves with tax relief and additional access to capital, insurance, and bonding. The Center for Veterans Enterprise must receive appropriate funding and resources to achieve this goal.

### **Conclusion**

The veteran unemployment rate remains consistently higher than that of the general population and threatens to destroy our country’s next “greatest generation.” History has shown the importance of investing in our country’s veterans and IAVA applauds the great work this committee continues to do on behalf of our nation’s veterans and their families. We need jobs.

The causes of veteran unemployment are complex, but there are some excellent immediate remedies. They are right in front of us and ready to go. IAVA calls on this committee finish the work it has begun and bring “Veteran Employment Transition Act” (S. 3398) to the floor for a vote now. By passing S. 3398 and supporting the New GI Bill 2.0, the members of this committee will be taking an important step towards solving the critical problem of veteran unemployment. Now is the time. The members of this committee must act before the October recess and show our country’s newest veterans that the 111<sup>th</sup> Congress has our back.

Thank you.

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<sup>ii</sup> Military.com, “Military.com Study Reveals Profound Disconnect between Employers and Transitioning Military Personnel,” November 5, 2007: [http://www.military.com/aboutus/twocolumn/0\\_15929,PRarticle110507,00.html](http://www.military.com/aboutus/twocolumn/0_15929,PRarticle110507,00.html).



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<sup>iii</sup> Abt. Associates, Inc. "Employment Histories Report, Final Compilation Report," March 24, 2008:

[http://www1.va.gov/vetdata/docs/Employment\\_History\\_080324.pdf](http://www1.va.gov/vetdata/docs/Employment_History_080324.pdf).

<sup>iv</sup> "41 percent of drilling unit members reported income loss [when mobilized for a contingency operation]." GAO-03-573T, "Military Personnel: Preliminary Observations Related to Income, Benefits, and Employer Support for Reservists During Mobilization." March 19, 2003: <http://www.gao.gov/new.items/d03549t.pdf>.

<sup>v</sup> Spring 2010 GI Bill Benefit Processing, <http://gibill.va.gov/spring2010.htm>

<sup>vi</sup> **Characteristics of Veteran Business Owners and Veteran-owned Businesses** Chapter 5 of The Small Business Economy for Data Year 2006, A Report to the President, [http://www.sba.gov/advo/research/sbe\\_07\\_ch5.pdf](http://www.sba.gov/advo/research/sbe_07_ch5.pdf)

<sup>vii</sup> Small Business Administration, FY 2009 Performance Report, page 66,

[http://www.sba.gov/idc/groups/public/documents/sba\\_homepage/fy\\_2011\\_cbj\\_09\\_apr.pdf](http://www.sba.gov/idc/groups/public/documents/sba_homepage/fy_2011_cbj_09_apr.pdf)