



### The Cost of Unemployment Compensation & Public Benefits

Unemployment compensation is available to veterans for up to 99 weeks through the Unemployment Compensation for Ex-Service members (UCX) program, Emergency Unemployment Compensation (EUC08), and the Extended Benefit (EB). Benefits are repaid to the states by the military branches as no withholding exists for unemployment compensation from service member paychecks. States, however, determine the benefit programs available, benefit amounts, number of weeks of benefits available, as well as the eligibility for benefits.<sup>1</sup>

“For FY 2010, approximately \$1,571 million in unemployment benefits (UCX, EUC08, EB, and the since expired \$25 federal additional compensation benefit) were distributed to former military personnel.”<sup>2</sup> Purely from an employment outcome perspective, it may be better to direct the UCX benefits to other employment or training programs. From a public policy perspective, and to the extent that unemployment benefits support health, mental health, financial stability, and perhaps needed time out of the labor force, UCX may serve multiple purposes other than income support.

Unemployment benefits for veterans range from a low of \$235 per week to as high as \$862 per week, or approximately \$12,200 to nearly \$45,000 annually (depending on the state in which the claim is filed). This is equivalent to minimum wage at 34 hours per week on the low end of the scale, and significantly less than earnings in service. However, it may be equivalent or nearly so to those jobs available in some rural areas with little available employment. By comparison, a junior enlisted service member at the grade of E-4 with over 3 years of service earns base pay of about \$22,600 annually, with housing and meals provided or housing and food allowances paid as additional income. Those veterans from 18 to 24 years of age who separate are most likely junior enlisted members.

While calculations of comparative wages are beyond the scope of this guide, understanding relative compensation of junior enlisted members, employment opportunities and wages immediately available to them, and the unemployment benefits available to them for up to 99 weeks may partially explain delays in seeking employment. This may be particularly true in comparison to jobs readily available in certain geographic locations post-service.





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Public policy may also encourage delays in seeking employment or structuring the job search to maximize benefit eligibility. For example, it is possible in some states to seek unemployment compensation and then to begin workforce development system-funded training, particularly for high demand industries. This allows receipt of unemployment benefits, tuition payments for education and training lasting up to two years, and no concurrent obligation to seek work during the training. At the end of the training, often provided at a community college and bearing degree credit, the veteran may transition off of unemployment, into a four-year degree program, and only then begin using GI Bill benefits with their accompanying living stipend. Thus, while formally counted as unemployed and seeking work during the first two years, the veteran is actually in training with significant income.

Many employees turn over in their first or second jobs during their first one to two years post-service at higher rates than in later years or later jobs—likely due to poor fit between the veteran’s employment or life goals and the jobs they are able to find in the current economy, in their geographic area, or due simply to taking short-term positions for income or benefits without regard to long term fit. However, most veterans remain in jobs they begin more than one year post-service—likely as they have found a better fit, but also potentially because they have been able to address other life issues which they were unable to address while still in service, e.g., relationship renewal with family members post-deployment, transitioning into civilian healthcare systems, moving to a permanent home or geographic location, or other factors.

Because the challenges in veteran unemployment are complex and multifaceted and not yet fully understood through research, the public policy context for veterans’ and dependents’ employment must include not only employment policy but also directly related policy, e.g., transportation, healthcare, disability, mental health, education, community reintegration, rural/urban distinctions and more. Policy impacting veterans is managed through a diverse stakeholder group, including the VA, DOL, DOD, and others. Indirectly, policies related to housing, homelessness, Social Security, Medicaid, Medicare, private healthcare, transportation, and other areas impact veterans and their families. Fully addressing the complex challenges may require public/private partnerships in policy, and the support of local communities, non-governmental organizations (NGOs), and veteran service organizations (VSOs) in transitioning veterans back into civilian life.



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### Citations:

<sup>1</sup> U.S. Department of Labor, Employment and Training Administration. (2009). Unemployment Compensation for Ex-Service members. Retrieved from <http://workforcesecurity.doleta.gov/unemploy/ucx.asp>.

<sup>2</sup> Whittaker, J. (2011). *Unemployment compensation (insurance) and military service (7-5700)*. Washington DC: Congressional Research Service. Retrieved from [http://assets.opencrs.com/rpts/RS22440\\_20110113.pdf](http://assets.opencrs.com/rpts/RS22440_20110113.pdf).



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