Analysis of Army Veteran Unemployment Benefits and Transition Assistance[1]

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Abstract

Military servicemembers that complete their initial service obligation with an honorable discharge are eligible to receive unemployment insurance, called Unemployment Compensation for Ex-Servicemembers (UCX). Between 2011 and 2013, almost half of *all* departing Army veterans applied for UCX benefits. When looking specifically at soldiers that were eligible for UCX benefits and did not qualify for a retirement pension, 59% of departing soldiers applied for UCX benefits. We show that 85% of people who are eligible for UCX benefits and apply in Texas, Illinois, or North Carolina end up using unemployment benefits. These average rates vary considerably when disaggregating soldiers across demographic and military service dimensions.

[1] The views expressed herein are those of the author and do not reflect the position of the United States Military Academy, the Department of the Army, or the Department of Defense. All mistakes are our own.

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Introduction

Transition assistance for veterans in the United States is a practice dating back to World War II. Only weeks after the Allied invasion of Normandy, President Franklin D. Roosevelt signed the Servicemen's Readjustment Act of 1944, more commonly known as the GI Bill. The intent of this legislation was to facilitate the reintegration of uniformed men and women back in to the civilian labor force at the end of the war as more than 12 million service members needed to find employment.[3] The transition assistance portion was perhaps one of the smallest provisions in this landmark piece of legislation; however, it established a tradition for monetary assistance for those leaving the military. As part of the GI Bill, combat veterans received $20 per week for up to one year as they searched for work.[4] Congress subsequently adjusted this transition assistance benefit six times over the next 45 years to arrive at the current law, "The Emergency Unemployment Compensation Act" of 1991.

In 2013, the Department of Defense spent $829 million on Unemployment Compensation for Ex-Servicemembers (UCX). Of this total number, more than half ($463 million) went to Army veterans.[5] The intent of this program is to help veterans transition back into the civilian labor market. Yet despite the high cost and noble purpose, little is understood about how soldiers use this program or how successful it is in helping them transition back into civilian life. This paper analyzes which active duty enlisted U.S. Army soldiers are most likely to apply for Unemployment Compensation benefits and offers recommendations for continued research.

Under current law, the following servicemembers are eligible for UCX benefits:

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[3] By the Numbers: The US Military. http://www.nationalww2museum.org/learn/education/for-students/ww2-history/ww2-by-the-numbers/us-military.html

[4] The GI Bill of Rights and How it Works. http://www.nationalww2museum.org/learn/education/for-students/national-history-day/gi-bill-of-rights.pdf

[5] In FY2013, the Navy spent $151 million, Marine Corps $133 million, and Air Force $81 million. In FY2011, military spending on UCX exceeded $1 billion (Army $575 million, Navy $169 million, Marines $150 million, Air Force $114 million). Military Personnel Programs (M-1), Department of Defense Budget Request, FY2015, Office of the Under Secretary of Defense (Comptroller), March 2014.

- Servicemembers that complete their initial service obligation under honorable conditions (Note: general discharges are considered honorable for eligibility[6]).
- Servicemembers separated for medical conditions, family needs, pregnancy, or the convenience of the military under honorable conditions, regardless of whether they completed their contract.
- Servicemembers separated for personality disorder or inaptitude with continuous service of at least one year under honorable conditions.

The federal government establishes eligibility and funds UCX benefits. Meanwhile, the state where the service member applies for these benefits determines the following[7]:

- Duration of benefits.[8]
- Total weekly benefit amount.[9,10]
- Work search and availability requirements to continue receiving benefits (Note: this includes eligibility of students while enrolled in college or trade school)[11]
- Administrative requirements to enroll in unemployment program.

A 2015 report by the Department of Veterans Affairs greatly adds to the overall understanding of recent military veteran employment trends.[12] This study combines individual

[6] A general, under honorable conditions discharge is often the result of a soldier leaving the Army under negative conditions yet without losing many of the veteran benefits associated with an honorable discharge. These soldiers are not eligible for veteran educational benefits such as the GI Bill, but remain eligible for most other benefits.
[7] Departing servicemembers are eligible to obtain UCX benefits in any state they choose to reside.
[8] Most states offer up to 26 weeks of unemployment benefits, but this can range from 20 weeks to 99 weeks if states were eligible for Emergency Unemployment Compensation (EUC08) determined by local unemployment rates.
[9] UC and UCX benefits replace a certain percentage (averaging around 50%) of income determined from a defined base period. In many states the weekly benefit amount is calculated as a fraction of the highest two quarters of income over the past year of work. For service members, base pay and special pays are used to calculate base income while allowances are not considered pay.
[10] For example, soldiers receiving UCX benefits in Texas will receive 52% of their weekly pay up to $440 per week whereas soldiers collecting benefits in South Carolina receive 50% of their weekly pay up to $326 per week. While junior soldiers may receive half of their weekly base pay in benefits, many mid-grade servicemembers may earn enough income while serving to exceed the maximum weekly benefits amount for a given state. As a result, an E6 with 10 years of service would receive $384 per week in Texas yet only receive $326 in South Carolina while an E4 with 4 YOS would receive $263 per week in Texas and $253 per week in South Carolina.
[11] The ability to draw UCX benefits while enrolled in school is another key difference between states of particular importance to departing servicemembers. Veterans who use their Post 9/11 GI Bill benefits in certain states can receive full tuition coverage, housing allowance based on an E5 pay grade, as well as UCX benefits conditioned on meeting specific job search and work availability requirements. Under these conditions, a veteran living in Gainesville, Florida would collect up to $275 per week in UCX benefits in addition to receiving $306 in weekly BAH while receiving full tuition coverage at a state college. In addition to states that allow full time students to draw UCX benefits, many additionally states allow part time and students that attend class during nights and weekends to accept UCX benefits. These key differences in generosity between states may potentially influence a veteran's final relocation decision.

level data from Department of Defense with Department of Labor employment and earnings data to compare veteran unemployment rates, reliance on unemployment compensation, and work prospects.[13] This study finds that when compared to civilians with similar demographics, veterans had an 8% higher total unemployment rate while young veterans between the ages of 18-24 had a 40% higher total unemployment rate.[14] In 2010 and 2011, 53% of all transitioning veterans applied for unemployment benefits. During this time, the average duration of unemployment benefits was 20 weeks with 95% of all veterans stopping claims prior to exhausting their benefits. Overall, they show that since the late 1980s there has been a general increase in the average duration and benefits paid in unemployment insurance for Veterans.

The Center for Naval Analysis (CNA) examines UCX *usage* rates for the Navy, Marine Corps, and Air Force and UCX *application* rates for the Army.[15] CNA's study observes all Army UCX applications between CY2010Q4-CY2012Q4 and finds that soldiers with the following characteristics maintained an elevated risk of applying for UCX benefits: younger in age, fewer years of service, pay grades between E4 and E6, female, Hispanic, unmarried, lower AFQT scores, no high school diploma, and those in the service/supply occupations.[16]

Our paper adds to these studies in a number of respects. First, while extremely informative about aggregate veteran trends, the VA's study does not report specifically on Army trends or split the sample by type of individual. Secondly, we limit our sample population to only

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[12] Veterans Economic Opportunity Report 2015. Department of Veterans Affairs, 2015. http://www.benefits.va.gov/benefits/docs/VeteranEconomicOpportunityReport2015.PDF

[13] The VA's study also conducts analysis on Veteran use of educational benefits and compares earnings of veterans to equivalent non-veterans.

[14] Veterans between the ages of 18-24 observed an overall unemployment rate of 17.06% compared to non-Veterans rate of 12.15% when adjusted for underlying demographics. This 4.91 percentage point difference results in a 40% difference between the two groups. These average rates are between 2005 - 2014. Moreover, this report categorizes veterans under the age of 35 as vulnerable to unemployment.

[15] The difference between these two groups is simply that not every soldier that applies for UCX will ultimately collect benefits. This distinction may not be as important in the civilian market as not all individuals are eligible to receive benefits. The Army does not currently collect data on UCX usage for all 50 states.

[16] CNA includes any subgroup with greater than 50% chance of collect UCX benefits as high risk.

analyze soldiers who are eligible for UCX benefits. Soldiers who are not eligible for the UCX program are less likely to apply; therefore, we find much higher usage rates than CNA. Third, we include analysis on the reason why a soldier departed the Army based on their separation code, the last duty location prior to separating, and VA disability ratings for departing soldiers to better understand more factors associated with varying levels of UCX applications. Fourth, we include UCX *usage* data from Texas, North Carolina, and Illinois to analyze soldiers who apply versus who actually takes UCX from these three states. Finally we include more recent data than CNA by including soldiers separating through CY2013Q2.

Between 2011 and 2013, almost half of *all* departing Army veterans applied for UCX benefits. When looking specifically at soldiers that were eligible for UCX benefits and did not qualify for a retirement pension, 59% of departing soldiers applied. These high application rates may not be surprising given that all individuals are eligible and UCX may be seen by many as an earned benefit. It is more interesting that the average rate varies considerably when disaggregating soldiers across demographic and military service dimensions. Females, minorities, those with lower education and cognitive ability, those with disability ratings, and those in service and support occupations are the most likely to apply. Additionally, those that separate from the Army for reasons other than the successful completion of their service contract (for example they left for some negative reason but they still received an honorable discharge) are also among those who are most likely to apply for UCX.

Some of our most surprising results include the fact that soldiers with seemingly transferable skills, such as logisticians, are applying for UCX at the highest rate. This result holds even when we control for education, cognitive ability, and other observable differences. This finding may suggest that some individuals in this population do not or cannot directly

transfer their Army skills into civilian jobs. Alternatively, peer effects within these types of Army units make these soldiers more inclined to want to use unemployment benefits.

Finally, our results show that 85% of soldiers that applied for UCX benefits in Texas, North Carolina, and Illinois ended up using these benefits. North Carolina had the highest usage rate which might be related to the relatively higher unemployment rate in North Carolina (9.2% in NC compared to 6.8% and 8.9% in TX and IL respectively, 2012) and higher relative UCX generosity in North Carolina. Moreover, while some variation in UCX *usage* remains across various demographic groups, this variation is significantly less than the variation in UCX *application* rates. While Texas, North Carolina and Illinois may not be representative of the entire population of separating soldiers, they do represent the first, third, and twelfth most frequently applied states respectively in our sample and 24% of all applications.

We want to emphasize that this paper does not set out to find what causes people to apply for unemployment insurance. As we will discuss in the Policy Discussion section, additional research, experimental trials, and more data is necessary to make any causal statements. For example, we do not know where all separating soldiers choose to live after the leave service; we only know what state they are moving if they apply for UCX. We, therefore, cannot determine if an individual is unemployed because they are choosing to live in a location where it is harder for them to find a job with an appropriate match to their skills. As we will discuss later it would be ideal to experiment using randomized control trials to see which counseling and transition programs are most effective.

Economic Theory

Unemployment insurance (UI) may delay employment for job seekers for two main reasons: it provides the unemployed more flexibility and liquidity to find a job that better matches their unique skills and it can lower the incentive to get a job because an individual can

receive income without working.[17] While these two reasons both increase unemployment duration, the delayed employment due to skill matching is a positive effect of transition assistance while reducing the cost of leisure and thus the incentive to get a job is a negative consequence.

A worker with little savings and no unemployment insurance may need to take the first job that meets his minimum income requirements. Research suggests that workers can be more selective about which job they take if they have either sufficient savings or unemployment benefits.[18] By lowering the need to take the first position offered, job seekers can find work that better matches their specific skills resulting in higher wages for the employee and higher productivity for the employer. The more generous transition assistance programs, the longer the unemployed can afford to remain jobless as they wait for a better paying opportunity. As an added bonus, if a worker finds a job with higher levels of compensation, he/she is often incentivized to work longer hours and remain with their new employers for a longer duration.

Generous unemployment compensation also reduces the desire to find work and subsequently job search intensity because leisure is less expensive. Most UI programs cut off all benefits once a worker finds employment. The magnitude of this work disincentive is largest for those with the lowest earnings potential since higher skilled workers can often find work that pays well in excess of the maximum allowable unemployment benefits. As a hypothetical example, a private first class (PFC/E3) separating from the Army after three years of service would receive $219 per week in UCX benefits as he searches for work in North Carolina based on the fact that North Carolina pays up to 50% of previous weekly pay up until just over $500 per week. If this soldier has very limited job skills and earnings potential, then his only option

[17] Chetty (2008) shows that duration on unemployment insurance is caused by both liquidity constraints (60%) and moral hazard (40%).
[18] Daron Acemoglu and Robert Shimer, "Productivity gains from unemployment insurance", *European Economic Review* 44 (2000).

may be to take a job that pays $8 an hour (the minimum wage is $7.25) earning $320 for a 40 hour week. He, therefore, may prefer to remain unemployed until exhausting his benefits rather than accepting the job.[19] Empirical studies have found that more generous benefits result in higher durations of joblessness with high exit rates from unemployment programs just prior to the exhaustion of benefits.[20]

Transition Assistance Program

Soldiers who have completed more than 180 days of service are eligible to attend a Transition Assistance Program (TAP) prior to separating which typically lasts three or more days.[21,22] Within this program, departing soldiers complete individual counseling, prepare a budget, work on cover letters and job applications, learn about the benefits they are eligible for through the VA, and attend employment workshops. Soldiers can choose to receive additional training on specific tracks: obtaining higher education, information on technical training, or entrepreneurship.

Although they cannot file for unemployment insurance until after they have departed the military, applications are often distributed to soldiers during TAP. In many cases, counselors walk soldiers through the process of applying. The exact procedure and programs of TAP, as well as the emphasis on various parts of the program likely vary by location.[23]

Data

[19] The rank of PFC (E3) is a common rank to separate from the Army after three years of service and represents a soldier with a high probability of applying for UCX benefits. For this example we selected a low paying $8 per hour job (less payroll tax) working 40 hours per week as a potential entry level job for this soldier.
[20] Robert Moffitt, "Unemployment Insurance and the Distribution of Unemployment Spells," *Journal of Econometrics,* 28, 1985.
[21] Information on the TAP program was provided through discussions with a TAP representative at Ft. Lee.
[22] Those leaving for negative reasons (example: disciplinary issues) may not receive the full three days of assistance.
[23] For example, at Ft. Lee, VA, soldiers are linked with the Virginia Employment Commission to assist in job training and placement help.

We use the Army's Human Resource Command (HRC) UCX application data for active component enlisted soldiers between October 2010 and May 2013.[24] Additionally, we combined this data with the monthly data that the Army maintains as part of the Total Army Personnel Database (TAPDB). Army UCX data includes individual level information on application dates, approval information, and the state that submitted the application. The Army's personnel data contains demographic and military service information for each soldier. Limitations in the Army's data prevent a more comprehensive study which includes a lack of information on where soldiers relocate after departing the service, UCX usage rates among all applying soldiers, and UCX duration and payment information. Additionally, the Army does not collect post-service employment or earnings data on veterans that could be used to assess the transition process or the impact of military service.

The sample for this study includes a population of 148,909 enlisted soldiers leaving the Army between October 1, 2010 and May 31, 2013, of which 88,089 applied for UCX benefits. We removed transitioning soldiers that were ineligible to receive UCX benefits because they failed to meet legal requirements for this program.[25] We also removed non-medical retirees from

[24] Officers were excluded in this study because they make up a very small portion of the total UCX applications and tend to apply for benefits at much lower rates than enlisted soldiers. U.S. Army Reserve (USAR) and Army National Guard (ANG) soldiers were excluded because of different eligibility considerations and the lack of available personnel data. Additionally, many of these soldiers are temporarily mobilized and therefore may already have permanent employment. Others within the USAR and ANG may be long term unemployed whose use of UCX has little direct link to their military service. Although making direct comparisons to the AC is ill-advised, USAR and ANG soldiers should be looked at in a separate study.

[25] We removed soldiers from our sample population that did not complete their initial duty service obligation unless they met one of the following conditions approved by law (CFR 20 § 614.3): those released at the convenience of the government under an early release program, medically disqualified, pregnancy, parenthood, service incurred injury or disability, hardship, or because of a personality disorder if the soldier served for at least 365 days. We also removed soldiers from our sample population if they did not receive an honorable, general, or indeterminate discharge under specific conditions. Moreover, we left soldiers whom the Army has approved discharges yet should not be eligible as stated in the US Code including those discharged prior to completing their initial military service obligation due to medical conditions that existed prior to military service, failing military height and weight requirements, failing army physical requirements, drug and alcohol rehab failures, and those separated due to unsatisfactory performance.

our sample population because their pension income reduces or eliminates UCX benefits.[26] From this sample population, 59% of departing soldiers applied for UCX benefits.

Summary Statistics

We expect many highly employable veterans to apply for UCX benefits given the generosity of this program and the need to relocate following military service. However, significant variations in application rates between demographic groups could be an indication that certain groups are having greater difficulty finding employment. We expect that departing soldiers with higher levels of education, higher cognitive abilities, more transferable job skills, and stronger social networks will have less difficulty finding work and therefore lower UCX application rates.

Years of Service and Pay Grade

Figure 1 panel A reports summary statistics across years of service (YOS). The application rate across years of service is in the solid grey line while the black dashed line shows the number of soldiers departing who are eligible for UCX benefits. Soldiers with less than one year of service apply for UCX benefits at relatively low rates compared to other junior soldiers. This low application rate may be due to lack of information about UCX benefits since many of these soldiers depart the service without taking formal transition assistance classes. By two years of service, soldiers applying for UCX benefits peak at 63.6%. The application rate slowly decreases after three years until 17 years of service where rates fall rapidly. This drop off in application rates after 17 years of service is generally a result of soldiers retiring despite our data reflecting years of service being less than 20.

[26] Most states count pension income as earned income thereby reducing the eligible dollar value of UCX benefits that retirees receive. The lower benefits greatly reduces UCX application rates of retirees. In our regression tables, we do include columns for retirees, but our discussion focuses on non-retirees.

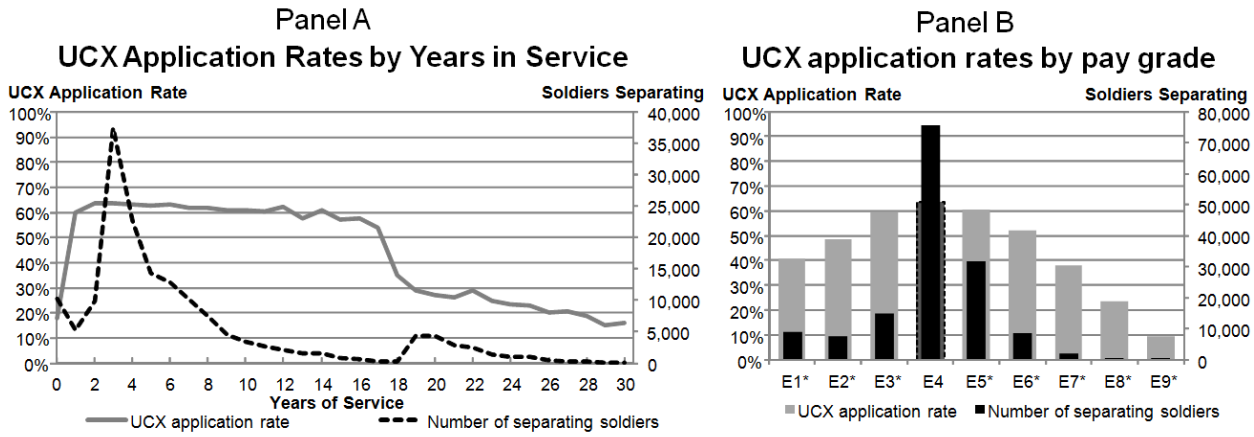

Figure 1: UCX application rates for YOS and pay grade. Panel A includes all UCX eligible soldiers including retirees. Panel B includes the same but takes out retirement eligible soldiers. E4 is our comparison group for pay grades. * denotes p-value < 0.05 or statistical difference between comparison groups.

Similarly, senior soldiers, as measured by pay grade, are less likely to apply for benefits than more junior soldiers as shown in Figure 1 Panel B. The black bars represent the number of UCX eligible separating soldiers while the gray bars represent the application rates. Soldiers with ranks of E5 or above have been in leadership positions (Non Commissioned Officers). Transitioning soldiers between the grades of E3 - E5 represent 82% of all transitioning soldiers in our sample and all apply for UCX benefits at rates in excess of 59%.[27]

Demographics

We next compared departing soldiers across gender, racial/ethnic, and family composition in Figure 2, Panels A, B, and C.

[27] Soldiers that depart the Army in the grade of E1 and E2 often have less than one year of service or are separated for negative reasons. Because of the unplanned separation, many of these soldiers may not attend TAP classes or may receive incorrect information about eligibility from fellow soldiers.

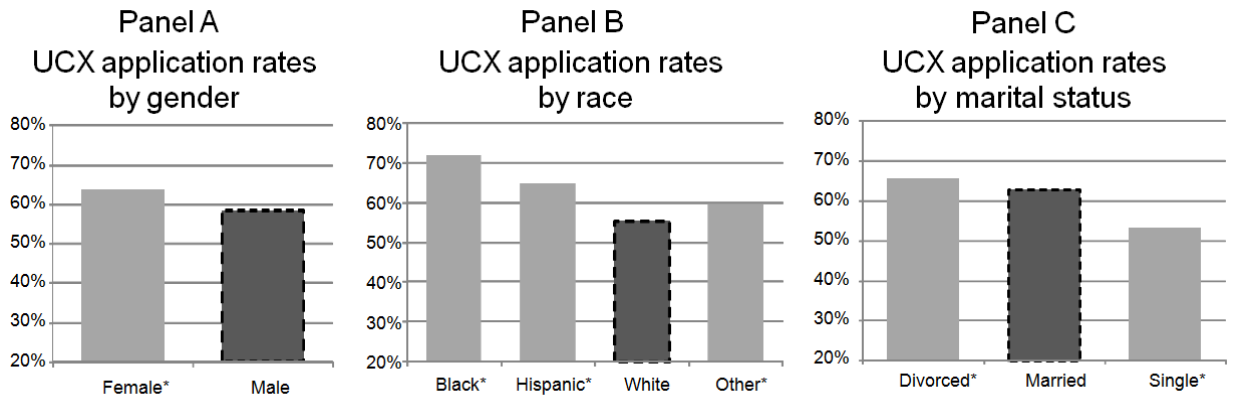

Figure 2: UCX application rates. Dark gray columns denote base comparison group.
* denotes statistically significant mean rates relative to the comparison group at a p-value < 0.05

Desrosiers et. al (2014) suggest that females may be more likely to apply for UCX because of pregnancy and family needs. Figure 2 Panel A shows that female soldiers were 5.5 percentage points more likely to apply than male soldiers. In our sample, 26% of female soldiers left because of pregnancy or family reasons, while only 2% of male soldiers left for family reasons.[28] Women who are pregnant or depart the Army because of childcare needs may have a harder time finding acceptable employment which may explain why they are more likely to rely on unemployment benefits. In our multivariate analysis, we show that even when controlling for separation reasons related to family needs, women are still more likely to apply.[29] When comparing soldiers across racial and ethnic groups, black soldiers were 16.4 percentage points more likely to apply for UCX than white soldiers while Hispanic soldiers were 9.5 percentage points more likely as depicted in Figure 2 panel B.

Individuals' ability and desire to find employment also varies by family structure. Married individuals may feel a greater responsibility to provide for their family, or they may be less likely to need a job if their spouse has a job. As Figure 2 Panel C shows, relative to married individuals, divorced soldiers were 2.7 percentage points more likely to apply for UCX benefits

[28] Family reasons include hardship, parenthood, and surviving family member.
[29] We again want to caution that we are not arguing that being female causes someone to apply or that family issues cause people to apply. We are simply showing that these individual characteristics are related to application rates.

while single soldiers were 9.6 percentage points less likely to apply. Similarly, those with children are more likely to need a job but also more likely to need unemployment insurance if they cannot find a job. We find that those with children have a higher probability of applying.

We next compared separating soldiers across highest educational attainment and cognitive ability as measured by AFQT category. Figure 3 Panel A and B depicts UCX application rates for these respective groups.

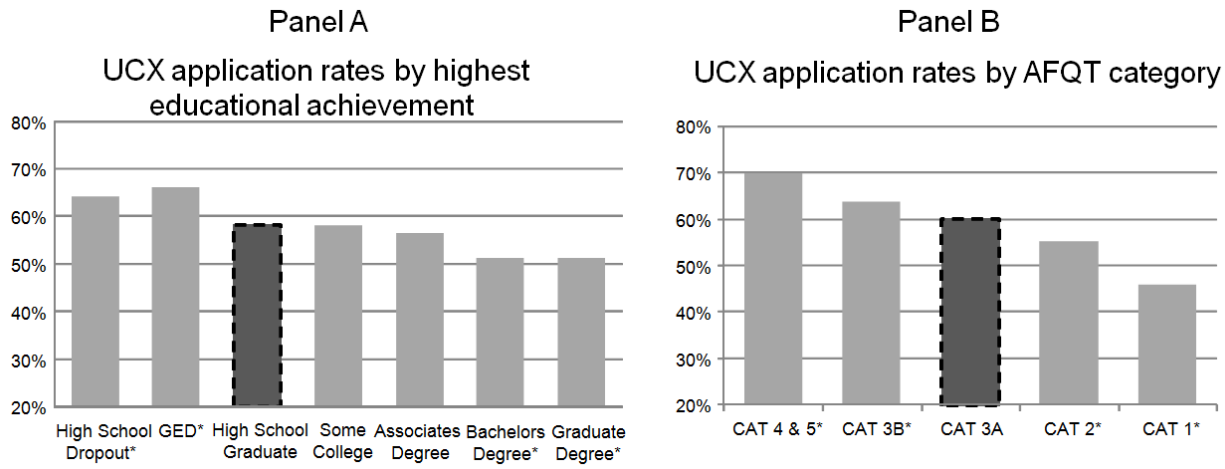

Figure 3: UCX application rates. Dark gray columns denote base comparison group.
* denotes p-value < 0.05

As Figure 3 depicts, education and intelligence are both likely to have large effects on an individuals' ability to find a job. GED holders apply for UCX benefits at a rate of 7.6 percentage points higher than high school graduates. Application rates decrease as soldiers earn college degrees. Similar to educational attainment, soldiers with lower cognitive ability as measured by the Armed Forces Qualification Test (AFQT) apply for UCX benefits at much higher rates than higher ability soldiers.[30] Soldiers classified as Category 4 or 5 collectively are 9.6 percentage points more likely to apply for UCX than soldiers with an AFQT of Category 3A, at a rate of

[30] The military AFQT categories are as follows: Category 1: 99th-93rd percentile, Category 2: 92nd-65th percentile, Category 3A: 64th-50th percentile, Category 3B: 49th - 31st percentile, Category 4: 30th - 10th percentile, Category 5: below 9th percentile.

70%. Category 3B soldiers apply for benefits 3.5 percentage points more frequently than Category 3A soldiers, at a rate of 65%.

Military Occupation, Disability Status, and Reason for Leaving Army

We next compared populations of soldiers according to their Military Occupational Specialty (MOS), VA disability status, and official reason for separation. The results of our group comparisons are in Figure 4, Panels A, B, and C respectively.

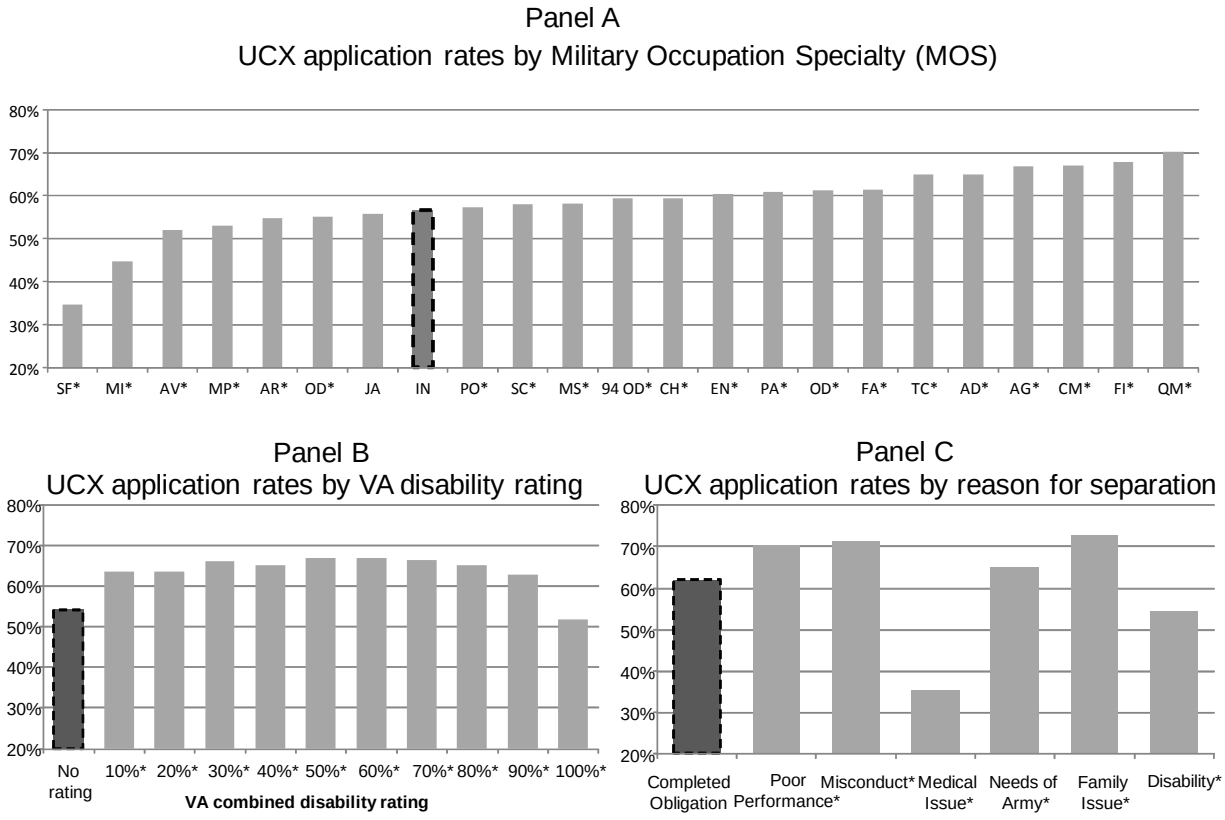

Figure 4: UCX application rates. Dark gray columns denote base comparison group. * denotes p-value < 0.05

As seen in Figure 4, Panel A several branches have sizeable (5% or greater) differences in UCX application rates (all relative to Infantry).[31] Lower applying branches (in ascending order) include special forces, military intelligence, and aviation. Higher applying branches (in descending order) include quartermaster, finance, chemical, adjutant general, air defense, and

[31] A list of all branch abbreviations along with their full description can be found in Table 1.

transportation.[32] Most of the highest application rates come from service and support specialties. These Army service jobs are very diverse even within designated branches. However a few of the more common jobs are comparable to civilian jobs such as clerks, administrative assistants, receptionists, refuelers, cooks, truck drivers, and heavy equipment operators. Some differences between branches are likely due to the overall cognitive ability, educational attainment, and other demographic differences of soldiers within each branch (which we will control for in the regressions). Peer effects may also exist within specific Army jobs that increase the likelihood of applying for UCX benefits. We attempt to confirm and clarify the results of all these comparisons in the follow section.

We find that soldiers with disability ratings from the Department of Veterans Affairs are 9.8 percentage points more likely to apply for UCX benefits than those without disability ratings (overall rate of 64%). This group is different than those separating for medical issues that we will discuss in Panel C as many of these disability ratings are assessed as the soldier is out processing from the Army and not the actual cause of the discharge. Many soldiers with disability ratings receive monthly disability payments from the federal government. Unlike retirement pensions, states generally do not include disability payments as earned income, therefore these payments do not count against eligible UCX benefits. Those with a disability rating accounted for almost half of all separating soldiers. If disability ratings accurately reflect a veteran's ability to obtain employment, we would expect UCX application rates to increase with the total ratings. Those individuals separating with less than a 100% disability rating from the VA apply at higher rates (Figure 4 Panel B).[33] The fact that soldiers with lower disability ratings apply for UCX benefits

[32] All of the listed branches have UCX application rates of 65% or higher.

[33] The VA assesses soldiers with a disability rating at the time of their discharge. Disability ratings increase in 10% increments and attempts to capture the total change in medical condition of a veteran from the time he/she enters the service until the time of discharge. Disabilities included in the rating can include illnesses, conditions aggravated, or injuries and the total disability rating may be adjusted over time. The VA assesses total (or 100%) disability when a

at elevated rates may be an indication that these are the individuals most willing to navigate bureaucratic obstacles to obtain benefits. Those veterans separating with a 100% disability rating applied for UCX benefits at a lower rate than veterans with no disabilities and those with lesser levels of disability. The noticeable drop off in application rates of veterans with total disability ratings may be an indication that either the most severely disabled veterans are not able to seek employment or that the higher benefits reduce the need to find employment.

When soldiers separate from the military, they may leave for many voluntary or involuntary reasons. In our sample, 51% of all discharges were because the soldier completed his or her service contract. We break down those who separated for reasons other than successful completion of their service contract (yet with UCX eligible discharges) in the following groups: poor performance, misconduct, medical, needs of the Army, family needs/pregnancy, and disability (Figure 4 Panel C).[34]

Soldiers that separate due to completion of their service contract apply for UCX benefits at a rate of 62%. Those who separate due to poor performance apply 8.4 percentage points more than those who completed their term of service. Family needs/pregnancy are associated with 10.8 percentage point increase in the likelihood of applying. Finally, leaving for "needs of the Army" are associated with 2.8 percentage points higher application rates than soldiers who completed their service obligations. Relative to soldiers who completed their service obligations, those who

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veteran has an impairment of mind or body sufficient to render gainful employment impossible for an average person suffering the same conditions. While these veterans are not expected to work, many of them may in fact reenter the labor market. Social Security Administration's 100% Permanent & Total Veterans Initiative, 2014 <http://www.ssa.gov/pubs/EN-05-10565.pdf>

[34] Poor performance codes represent 6% of our sample and include those that failed to meet physical standards, weight control failures, and unsatisfactory performance. Misconduct codes represent 7% of our sample and includes those separated with misconduct, separation in lieu of court-martial or rehab failure codes. Medical separations represent 10% of our sample and include all physical and mental disorders or other conditions that are not classified as disabilities. Needs of the Army represents 5% of our sample and include reduction in forces, non-retention, and insufficient retainability soldiers. Family needs represent 5% of our sample and include soldiers separated because of pregnancy, childcare, hardship or sole surviving family member. Those separating from some form of disability represent 15% of our sample.

separated due to medical issues apply at 26.8 percentage points lower rates and those who retire due to disability apply at 7.5 percentage points lower rates.[35]

Last duty locations

To test for potential peer effects, as well as base effects which would affect the information and awareness soldiers have about UCX, we compare soldiers according to the base they were last assigned. Figure 5 categorizes separating soldiers across the 16 largest Army installations.

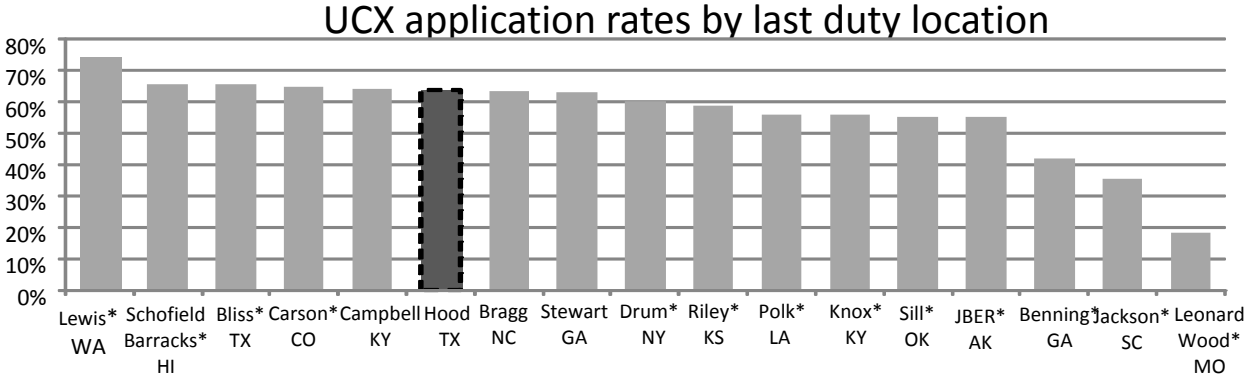

Figure 5: UCX application rates by last duty station. Dark gray columns denote base comparison group. * denotes statistically significant means relative to the comparison at a p-value <0.05

Bases often have different functions. Some are mainly composed of Forces Command (FORSCOM) which includes the component of the Army in deployable, war fighting units. In Figure 5, these include Ft. Lewis, Ft. Bliss, Ft. Carson, Ft. Campbell, Ft. Hood, Ft. Bragg, Ft. Stewart, Ft. Drum, Ft. Riley, Ft. Polk, and Ft. Knox. Others focus on Training and Doctrine Command (TRADOC) which include the component of the Army largely in schools or research capacity. Many of TRADOC assigned soldiers are in initial entry training assignments with very limited time in service. Ft Sill, OK, Ft. Benning, GA, Ft. Jackson, SC, and Ft. Leonard Wood, MO are primarily TRADOC bases depicted on figure 5.

[35] 64% of medical (non-disability) separations happened to soldiers with less than 1 year of service due to issues such as failing to meet procurement/medical standards or because of having a preexisting medical condition. This large number of separations in the first year of service is likely the reason for the extremely low UCX application rates in this group.

Small differences in UCX application rates exist across many major FORSCOM installations; however, the variation for most of these Army bases is less than 3 percentage points. One clear outlier is Joint Base Lewis-McCord, WA (JBLM) which maintains a UCX application rate 10 percentage points higher than Ft Hood. One possible explanation for this higher application rate is that JBLM's transition assistance program (TAP) is more successful than other bases at getting soldiers enrolled for unemployment benefits. Another factor could include Washington State's user friendly UI laws.[36]

Bases that focus on initial entry training such as Ft Benning, Ft Jackson, and Ft Leonard Wood, have substantially lower UCX application rates than all of the observed FORSCOM bases. This finding is likely the result of large numbers of very junior soldiers with less than one year of service separating from these locations and reducing the overall application rates.

State Level Generosity

Finally, we compare UCX application rates across states with varying degrees of unemployment benefit generosity by looking both at the last location where an individual was stationed and their home of record state. The two measures of UCX generosity that we examine are state laws allowing unemployment benefit recipients to enroll in school while receiving benefits and total expected weekly benefit amount. We expect soldiers to consider these benefit values when deciding if they should apply for benefits upon separation.

Interestingly, we find no statistical differences of application rates between states that allow full time students to use UCX benefits and those that do not.[37] We would expect soldiers enrolled in college under the Post 9/11 GI Bill to be more likely to apply for UCX benefits in states that allow them to double dip. Secondly, we find no clear correlation between UCX

[36] Anderson and Meyer (1997) that generosity of unemployment insurance effects take-take up.
[37] We compare UCX application rates based on the eligibility to receive UCX benefits while enrolled as a full time and part time student across both soldier's home of record state and state of last duty assignment.

application rates and weekly benefit amount. Given the large variance between potential UCX benefits across states, we would expect states with larger weekly benefits to have higher UCX application rates. The lack of a clear trend might only be an indication that external labor market conditions are more important to UCX applications than the monetary value of the benefit. More specific data on final relocation destinations of all soldiers including those not applying could help better answer the question if soldiers consider these benefit differences when applying for benefits or when selecting a final relocation state.

Comparison to Previous Study

Most of the demographic comparisons in the previous section generally agree with CNA's 2014 report regarding which soldiers are at high risk of applying for UCX. However, our research found a few key differences. Most notably, CNA shows the average UCX application rate for the Army is 46%, a full 13 percentage points lower than our results. This difference is largely the result of how we established our sample population. CNA used all separating soldiers for their analysis regardless of their eligibility. Secondly, CNA does not find black soldiers to be at high risk of applying whereas our research indicates they are the highest risk racial group.[38] Third, CNA grouped E4-E6 soldiers in a single category and found them to have the highest probability to apply for benefits. Our research finds that pay grades E3 and E5 have the highest rates of application with rates dropping off rapidly at E6 and above.[39] Finally, CNA found that unmarried soldiers were more likely to apply for UCX benefits, but we find that single soldiers applied for benefits at a rate of 10 percentage points less than married soldiers.

Multivariate Analysis

[38] CNA found the black service members were of high risk in the Navy and Air Force but this group did not meet their risk threshold in the Army.

[39] Separating E4s represented 51% of all eligible separating soldiers in our sample group and applied for UCX benefits at the highest rates. By grouping E4 through E6, the CNA study failed to observe that E6s, who account for just 6 percent of eligible separating soldiers, applied for UCX benefits at a rate 12 percentage points lower than E4s.

To improve our understanding of UCX applications, we run an OLS regression looking at the effect that all categories together have on UCX application:[40]

$$\boldsymbol{UCX_i = \beta_0 + \sum_{j=1}^{k} \beta_j (\text{demographics}_i) + \gamma_{HOR} + \theta_{yr} + u_i}$$

$\mathbf{UCX_i}$ is an indicator variable for whether someone applies for UCX or not. **Demographics** include gender, race, marital status, dependent children, disability status, AFQT category, education, years of service, grade, MOS, last army duty location, and Army separation code reason. $\boldsymbol{\gamma_{HOR}}$ include home of record state controls.[41] This control helps us account for differences in unemployment rates, UCX administrative requirements, and levels of generosity that may cause soldiers to apply for UCX at different rates. $\boldsymbol{\theta_{yr}}$ are year controls which help us account for differences in yearly national employment conditions over the three year sample.

The coefficients, β_1 through β_k, report the difference in likelihood of applying for UCX of a particular observable trait relative to the control group after holding all other traits constant. A positive coefficient of β_1 on female, for example, means that holding all other demographic characteristics, state, and year constant and relative to men, women are more likely to apply for UCX. Figure 6 displays regression results depicting differences in UCX application rates across demographic and military service characteristics: gender, race, family status, disability rating, AFQT category, educational attainment, pay grade, MOS, and last duty assignment.

[40] Additionally, we run a probit regression and the results, as expected, are very similar. These results are reported in Appendix Table 3.

[41] 82% of the transitioning soldiers in our sample either returned to their home of record state or remained in the state they were last assigned.

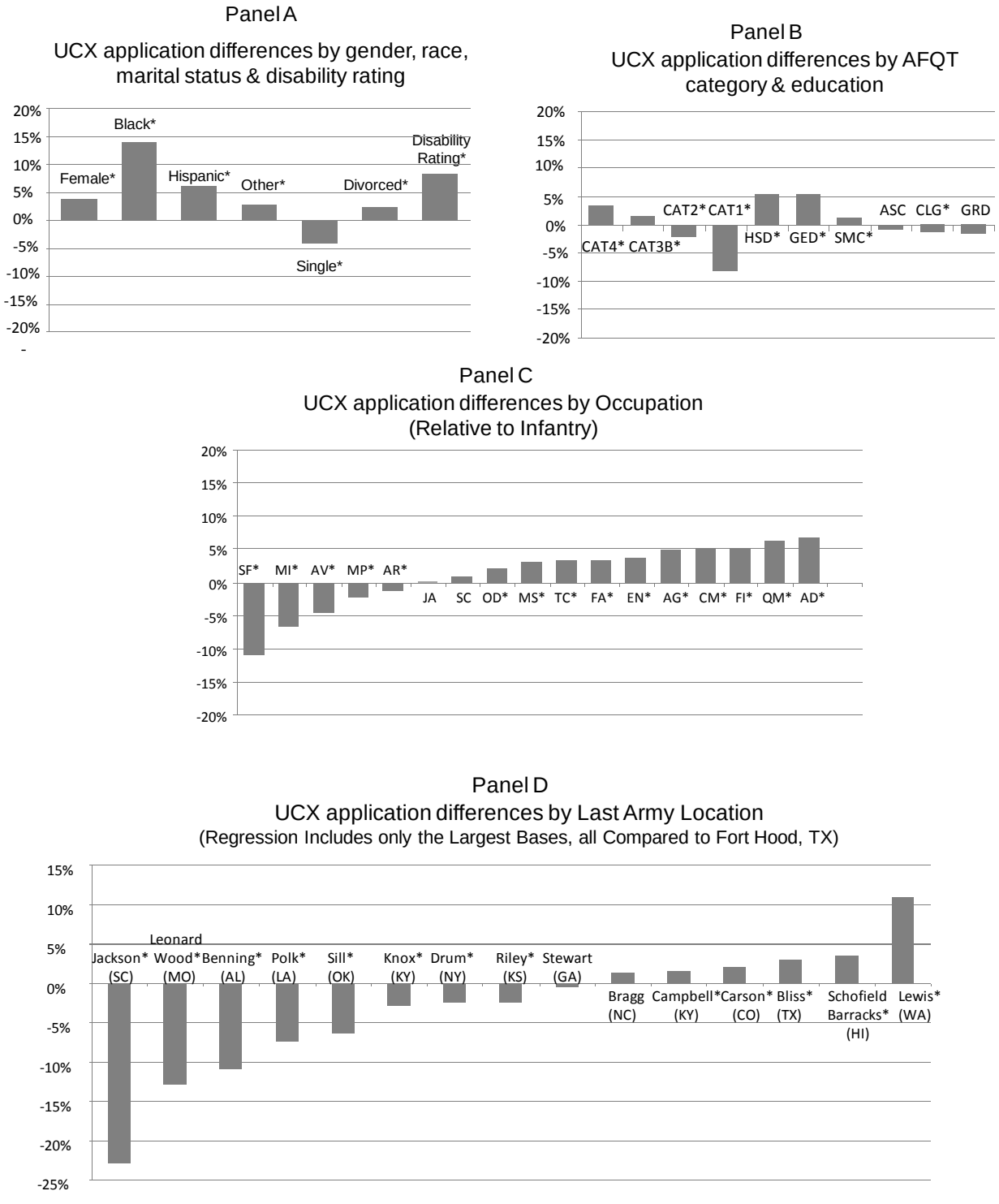

Figure 6: Regression coefficients comparing UCX application rate differences across demographics. The results are relative to the following groups (Male, White, Children, Married, CAT3a, High School Grad, E4, Infantry, and Ft. Hood). * denotes statistical significance with a p-value < 0.05

Conditioning on all other observable traits, female soldiers apply for UCX benefits 3.7 percentage points (6%) more frequently than male soldiers.[42] This difference is smaller than our univariate comparison suggesting that the reason for discharge influences the reason why women apply for UCX benefits at higher rates. Differences between races, marital, and disability status remain, as well as higher rates for those with less education and lower cognitive ability, although the magnitude of are smaller.

One difference with our previous results relates to pay grades. This model shows that E3 is the pay grade that most frequently applies for UCX benefits (ceteris paribus), with E3s applying 1 percentage points more frequently than E4s. This is not a surprising outcome. Once controlling for other observable characteristics (reason for separation, occupation, etc.), those soldiers that did not make routine promotions by the time of their separation may also have the most challenge finding employment. Moreover, the lower application rates for E1 and E2s compared to E4s (9.4 and 2 percentage points respectively) is considerably less than the previous comparison (15.5 and 23 percentage points). E1 and E2 soldiers are generally so junior at the time of their separation that they may not be attending transition courses or be aware of their eligibility for benefits and therefore we would not expect these soldiers to have higher application rates than E3 and E4 soldiers. In total, however, these results support our initial assumption that soldiers separating from the military at lower ranks (E4s and below) need to rely more heavily on UCX benefits than E5s to E8s as they are less likely to possess necessary skills to successfully transition to the civilian job market.

Service and support specialties as well as soldiers in the air defense branch still apply for UCX at the highest rates when compared to infantrymen despite controlling for observable differences. One possible explanation of why this difference persists is that peer effects in these

[42] 3.7 percentage points divided by 59 percent average yields 6% more likely to apply for UCX.

jobs influence the soldiers to apply for benefits. Many of these MOSs maintain high percentages of soldiers that apply at elevated rates. These soldiers may influence other (lower risk) soldiers within their workplace to apply for benefits. Another explanation of service and support roles applying for benefits at high rates is that many of these soldiers may be looking for jobs requiring different skill sets despite that apparent job transferability of these Army skills.

As with the univariate model, soldiers separating for medical reasons or as a result of disability apply for UCX benefit less frequently than those separating due to the successful completion of their service contract. For those separating for non-disability medical reasons, this difference likely results because the majority of the soldiers in this category have less than one year in the service. Disabled soldiers in this population are more likely to have high levels of disability compensation (100% VA disability rating) and therefore may not need to rely on UCX benefits while they search for work or may not be physically able to work.

Appendix 1 Table 2 displays UCX regression results. Column (1) includes all separating soldiers who are eligible for UCX and are not retirement eligible. In Columns (2) and (3), we divide individuals into two groups: those separating as junior soldiers and those separating as Non-Commissioned Officers (NCOs). These individuals will have different experiences in the Army as NCOs and have generally spent longer in the Army in leadership roles. Sixty percent of junior soldiers separating apply for UCX, while 57% of NCOs apply for UCX. Interestingly, coefficients on demographic characteristics are relatively stable across the two categories.

Finally, we run the regression on individuals who are retiring (Column 4) but are eligible for UCX based on their reason for separating. These individuals were previously dropped from our results. Only 25% of retirees apply for UCX. Their pension likely pushes their earned income high enough to make them ineligible for UCX in most states. The main differences for this population relative to the other regressions are that gender, marital status, and most

education groups are no longer statistically significant. Retirees separating with graduate degrees or in the highest or lowest AFQT category are less likely to apply for UCX.

UCX Usage

While UCX application rates are an imperfect measure of who actually receives benefits or the reason why soldiers rely on these benefits, these rates can give us insight as to which soldiers may have the most difficulty finding post-service employment. To help verify that application rates are an acceptable proxy for UCX usage, we were able to obtain UCX usage data from Texas, Illinois, and North Carolina beginning in late 2012. From this data, we found that 85% of eligible soldiers that applied for UCX benefits ended up using these benefits. This rate varied considerably across the three states with North Carolina applicants using their benefits at a rate of 92% while Texas and Illinois applicants using their benefits at a rate of 82%. Part of these differences may be explained by the fact North Carolina suffered from a slightly higher unemployment rate than the other two states between 2011 and 2013. We want to caution that these states are not necessarily representative of the entire population of separating soldiers; however, they do represent 24% of all UCX applicants and these results do give insight as to how frequently applicants use their benefits.

From the three state UCX usage data, we run a similar regression to before and find that certain groups of soldiers that applied for benefits were more likely actually use their benefits than other soldiers. Of all applicants, women were 2.5 percentage points more likely to use UCX benefits than men, and black and Hispanic soldiers were more likely to use their benefits than white soldiers. There was no clear trend in usage rates varying across AQFT categories although rates varied some across educational attainment. High school drop outs, GED holders, and those with some college used their benefits at the highest rates. Soldiers of pay grade E5 and E6 were

slightly more likely to use the UCX benefits whereas E2s were less likely to use their benefits. Soldiers separated from the Army for misconduct were more likely to use UCX benefits than those that separated at the end of their enlistment contracts whereas soldiers who separated due to disability were less likely to use their benefits. Lastly, soldiers in air defense, armor, and medical service branches were more likely to use their benefits than infantry soldiers. Summary statistics on the sample of individuals who applied, who applied and were eligible, and who claimed UCX in these four states can be found in Table 1 of the Appendix and regression results for UCX usage rates can be found in Table 4.

Policy Recommendations

Our analysis has focused on the characteristics that are related to unemployment insurance applications. We focus on applications because presently the Army maintains no comprehensive database of which soldiers actually use their unemployment benefits, the amount paid, or duration of benefits provided to each soldier. Additionally, the Army does not collect data on where soldiers relocate immediately after separating from the service. Collecting this information is a change that could be made immediately, virtually cost-free. Additionally, earnings data from the Department of Labor would help in our understanding of longer term employment trends of its veterans. With this information, the Army, Department of Veterans Affairs, and the Department of Labor could better allocate transition resources based on changing needs.

To improve employment opportunities for separating soldiers, the Army should consider testing which transition assistance classes and other efforts are most effective. Our results show variation in application rates across location, suggesting that there may be location differences in the transition programs and some programs may be more successful than others. Currently, the Army requires soldiers to enroll in the transition assistance program and take a small subset of

mandatory classes. Beyond the mandatory classes, soldiers have the flexibility to attend classes that best meets their interests; however, these classes are voluntary. Unfortunately, since all soldiers have the same choice of courses and are allowed to self select in to concentrations, we have little ability to evaluate the effectiveness of any one class, concentration, or the program as a whole. Going forward, proposed changes to the curriculum should be phased in to subsets of separating soldier population so that program evaluators can properly test the success or failure of these changes. With better information, the Army will have empirical evidence to support the effectiveness of their transition classes and concentrations.

Finally, to use the analysis we have done, the Army could cater their transition classes based on the probability of unemployment risk similar to the findings in this paper. If a soldier is deemed high risk because of combined risk factors (i.e. an E3 with 2 YOS and a GED or a quartermaster E5 who is AFQT CAT3B), then specific course work could help meet their specific needs. Classes such as how to write a resume may be more helpful for the quartermaster NCO trying to convey military experience as marketable skills whereas the PFC with 2 years of service and a GED might need more help finding a job that will improve his or her work experience. Furthermore, mandating that low risk soldiers attend very basic classes is not only a waste of resources but this policy could cause these soldiers to discount all TAP classes including ones that may be more beneficial. While some soldiers may know exactly what type of help they will need, those most at risk of unemployment are also the least likely to be aware of their overall risk and the type of classes they should take to facilitate in their transition. If properly implemented, a more tailored curriculum - that has been empirically tested for effectiveness - could significantly reduce the risks of unemployment as well as improve long term earnings for veterans.

Conclusions

When the military spends millions of dollars a year on a program, it is important to understand where that money goes. Unemployment insurance is one example of a benefit many soldiers receive when they leave the Army. The first step in analyzing the program should be to study who is using it. We have found that for soldiers separating between October 2010 and May 2013 demographic and military experience differences are strong indicators of a soldier's risk of unemployment upon separation. Lower ranking, less educated, and lower cognitive ability soldiers; those separated for misconduct, poor performance, or family related needs; those with disability ratings from the VA; black and Hispanic soldiers; females; and those in the service support occupations or air defense branch have the highest risk using unemployment benefits upon separating.

An accurate risk model could be used to improve the training that soldiers receive during their final year in service while subsequently reducing veteran unemployment rates. In order to better tailor transition services for soldiers, the Army could collect and maintain better data on UCX recipients, experiment to see which transition classes or curriculum are most beneficial to soldiers with specific characteristics, and use these results to developed more tailored training that most effectively supports the needs of each departing soldier.

TABLE 1 Summary Statistics: UCX Application and Usage Rates for Illinois, North Carolina, and Texas

Panel A: Application and Usage Rates for Illinois, Texas, and North Carolina

State	**Applied (n)**	**Used (n)**	**Usage Rate**
Illinois	732	600	82.0%
North Carolina	1,969	1,806	91.7%
Texas	2,820	2,313	82.0%

Panel B: Army-wide Application Rates and Usage Rates for Illinois, Texas, and North Carolina by Demographic and Army Characteristics

	UCX Eligible Separating Soldiers Army-Wide (n)	**Application Rate (Army-Wide)**	**Usage Rate (IL, TX, and NC)**
Pay Grade			
E1	8,689	40.6%	84.0%
E2	7,504	48.1%	79.6%
E3	14,892	59.1%	86.3%
E4	75,420	63.6%	86.4%
E5	31,740	59.9%	85.8%
E6	8,597	51.7%	83.0%
E7	1,752	37.9%	67.2%
E8	262	23.3%	42.9%
E9	53	9.4%	100.0%
Gender			
Male	124,940	58.3%	84.2%
Female	23,969	63.7%	90.0%
Race			
Black	22,913	71.7%	90.0%
Hispanic	16,835	64.8%	85.5%
White	101,254	55.3%	83.3%
Other	7,907	59.6%	82.6%
Marital Status			
Divorced	8,928	65.6%	85.6%
Married	78,624	62.9%	84.8%
Single	60,833	53.3%	85.5%
Children			
No Children	50,791	46.8%	85.4%
Children	59,177	61.1%	86.4%
Education			
High School Dropout	1,063	64.3%	95.0%
GED	20,360	66.1%	88.3%
High School Graduate	106,284	58.5%	84.6%
Some College	10,674	57.9%	87.1%
Associates Degree	3,771	56.3%	85.7%
Bachelors Degree	5,208	51.2%	87.8%
Graduate Degree	556	51.3%	90.9%
AFQT Category			
CAT 4 & 5	4,077	69.7%	85.5%
CAT 3B	50,331	63.6%	85.5%
CAT 3A	38,153	60.1%	85.5%
CAT 2	47,799	55.1%	85.3%
CAT 1	7,389	45.6%	85.4%

Table 1 (Continued)

	UCX Eligible Separating Soldiers Army-Wide (n)	Application Rate (Army-Wide)	Usage Rate (IL, TX, and NC)
Branch of Service in the Army			
11 IN (Infantry)	25736	56.6%	83.0%
12 EN (Engineers)	8211	60.2%	86.5%
13 FA (Field Artillery)	8924	61.3%	81.7%
14 AD (Air Defense)	2451	65.0%	90.7%
15 AV (Aviation)	6012	52.0%	80.1%
18 SF (Special Forces)	638	34.6%	85.0%
19 AR (Armor)	7332	54.7%	86.2%
25 SC (Signal Corps)	10381	58.0%	86.7%
27 JA (Staff Judge Advocate)	508	55.7%	89.7%
31 MP (Military Police)	7210	53.1%	83.0%
35 MI (Military Intelligence)	7298	44.7%	85.5%
36 FI (Finance)	550	67.8%	94.4%
42 AG (Adjutants General)	3617	66.7%	87.1%
68 MS (Medical Service)	10660	58.1%	88.5%
74 CM (Chemical Corps)	2301	66.9%	81.5%
88 TC (Transportation)	8824	64.9%	85.9%
91 OD (Ordinance)	14185	61.2%	83.7%
92 QM (Quartermaster)	18,458	70.2%	87.6%
Separation Reasons			
Completed Service	72,569	62.0%	87.5%
Family Issues	7,358	72.8%	90.7%
Misconduct	10,365	71.4%	90.8%
Poor Performance	8,263	70.4%	84.3%
Needs of Army	2,636	64.8%	86.5%
Disability	21,460	54.5%	78.1%
Medical Issues	14,617	35.2%	83.9%
Last Duty Location			
Ft Hood, TX	16,272	63.6%	83.5%
Ft Bliss, TX	9,089	65.5%	84.1%
Ft Stewart, GA	6,702	63.1%	
Ft Riley, KS	6,136	58.8%	
Ft Bragg, NC	13,004	63.4%	92.2%
Ft Drum, NY	7,143	60.3%	
Ft Campbell, KY	10,970	64.2%	
Schofield Barracks, HI	4,574	65.7%	
Alaska	3,632	55.0%	
Joint Base Lewis-McCord, WA	10,109	74.0%	
Ft Carson, CO	9,082	64.9%	
Ft Polk, LA	3,550	55.9%	
Ft Sill, OK	3,133	55.0%	
Ft Benning, GA	6,310	43.1%	
Ft Jackson, SC	3,764	18.2%	
Ft Leonard Wood, MO	3,424	35.3%	

Note: Application rate is the percentage of people who applied for UCX who separated from the Army and were eligible for UCX. Usage Rate is the percent of people who applied for UCX and took it up in Illinois, North Carolina, and Texas.

Table 2: UCX application regression results

Variable		All Eligible Non-Retirees	Junior Soldiers	NCO's	Retirees
	Mean	0.59	0.60	0.57	0.25
Gender (female and male is omitted category)					
Female		0.037***	0.039***	0.034***	0.018
		(0.004)	(0.004)	(0.008)	(0.013)
Race (white is omitted category)					
Black		0.14***	0.14***	0.14***	0.12***
		(0.004)	(0.004)	(0.007)	(0.010)
Hispanic		0.061***	0.051***	0.089***	0.044***
		(0.004)	(0.005)	(0.008)	(0.016)
Other Race		0.027***	0.018**	0.041***	0.058***
		(0.006)	(0.007)	(0.011)	(0.015)
Dependents (having dependents is omitted category)					
No Child Dependents		-0.0062**	-0.0060*	-0.012**	-0.018**
		(0.003)	(0.003)	(0.005)	(0.009)
Marital Status (married is omitted category)					
Single		-0.043***	-0.048***	-0.025***	-0.013
		(0.003)	(0.003)	(0.006)	(0.019)
Divorced		0.022***	0.0077	0.042***	0.0061
		(0.005)	(0.007)	(0.008)	(0.011)
Disability (no disability compensation is omitted category)					
Disability Compensation (Indicator)		0.082***	0.079***	0.082***	0.080***
		(0.003)	(0.003)	(0.005)	(0.012)
AFQT (Category 3A is omitted category, Category 1 is the highest)					
Cat 1		-0.082***	-0.082***	-0.078***	-0.033
		(0.006)	(0.008)	(0.011)	(0.021)
Cat 2		-0.022***	-0.024***	-0.019***	-0.018*
		(0.003)	(0.004)	(0.006)	(0.010)
Cat 3B		0.015***	0.014***	0.019***	0.0035
		(0.003)	(0.004)	(0.007)	(0.010)
Cat 4		0.032***	0.035***	0.015	0.043**
		(0.008)	(0.009)	(0.016)	(0.019)
Cat 5		-0.10	-0.12	0.15	-0.33***
		(0.123)	(0.134)	(0.150)	(0.051)
Education (High School Graduate is omitted category)					
HS Dropout		0.053***	0.070***	0.013	0.12
		(0.014)	(0.017)	(0.026)	(0.182)
GED		0.051***	0.048***	0.046***	-0.050
		(0.004)	(0.004)	(0.008)	(0.043)
Some College		0.011**	0.019***	-0.00050	-0.014
		(0.005)	(0.006)	(0.008)	(0.010)
Associates Degree		-0.0086	0.0068	-0.027**	-0.021*
		(0.008)	(0.011)	(0.012)	(0.012)
Bachelors Degree		-0.015**	0.015	-0.039***	0.0041
		(0.007)	(0.010)	(0.010)	(0.012)
Graduate Degree		-0.017	0.0051	-0.035	-0.042**
		(0.020)	(0.028)	(0.030)	(0.019)
Year, Rank, Years of Service, Branch, Separation Reason Indicators, Last Duty Location Indicators, and Home of Record State Indicators Included		X	X	X	X
N		147719	105773	41946	13521
R-Squared		0.13	0.14	0.11	0.12

Note: This table reports results from a regression on Application for UCX. Column 1 includes all soldiers eligible for UCX and not eligible for Retirement, Column 2 only includes those in Col. 1 who are of rank E4 or below (junior soldiers), and Column 3 includes those in Column 1 who are NCOs when they leave (have some command position), and Column 4 includes those who are retirement eligible. *, **, and *** represent significance at the 10%, 5%, and 1% level, respectively.

Table 3: UCX application regression results (Probit Regression)

Variable		All Eligible Non-Retirees	Junior Soldiers	NCO's	Retirees
	Mean	0.59	0.60	0.57	0.26
Gender (female and male is omitted category)					
Female		0.042***	0.046***	0.037***	0.017
		(0.004)	(0.005)	(0.009)	(0.013)
Race (white is omitted category)					
Black		0.15***	0.15***	0.15***	0.13***
		(0.004)	(0.005)	(0.008)	(0.011)
Hispanic		0.066***	0.055***	0.095***	0.054***
		(0.005)	(0.005)	(0.008)	(0.018)
Other Race		0.028***	0.018**	0.043***	0.069***
		(0.006)	(0.008)	(0.011)	(0.017)
Dependents (having dependents is omitted category)					
No Child Dependents		-0.0073**	-0.0073**	-0.014**	-0.019**
		(0.003)	(0.003)	(0.005)	(0.009)
Marital Status (married is omitted category)					
Single		-0.047***	-0.052***	-0.026***	-0.013
		(0.003)	(0.004)	(0.006)	(0.019)
Divorced		0.025***	0.0099	0.048***	0.0053
		(0.006)	(0.008)	(0.009)	(0.012)
Disability (no disability compensation is omitted category)					
Disability Compensation		0.091***	0.088***	0.090***	0.087***
		(0.003)	(0.004)	(0.006)	(0.013)
AFQT (Category 3A is omitted category, Category 1 is the highest)					
Cat 1		-0.085***	-0.087***	-0.081***	-0.041*
		(0.007)	(0.009)	(0.011)	(0.024)
Cat 2		-0.023***	-0.026***	-0.019***	-0.021**
		(0.004)	(0.004)	(0.007)	(0.011)
Cat 3B		0.017***	0.016***	0.022***	0.0036
		(0.004)	(0.004)	(0.007)	(0.010)
Cat 4		0.037***	0.041***	0.016	0.043**
		(0.009)	(0.010)	(0.017)	(0.020)
Cat 5		-0.12	-0.14	0.18	
		(0.129)	(0.139)	(0.181)	
Education (High School Graduate is omitted category)					
HS Dropout		0.058***	0.075***	0.015	0.13
		(0.015)	(0.017)	(0.029)	(0.205)
GED		0.055***	0.052***	0.049***	-0.044
		(0.004)	(0.004)	(0.009)	(0.041)
Some College		0.012**	0.021***	-0.00063	-0.016
		(0.005)	(0.007)	(0.008)	(0.010)
Associates Degree		-0.0077	0.0099	-0.028**	-0.024**
		(0.009)	(0.012)	(0.013)	(0.012)
Bachelors Degree		-0.016**	0.017	-0.043***	0.0080
		(0.008)	(0.011)	(0.011)	(0.013)
Graduate Degree		-0.021	0.0036	-0.040	-0.041**
		(0.023)	(0.031)	(0.034)	(0.020)
Year, Rank, Years of Service, Branch, Separation Reason Indicators, Last Duty Location Indicators, and Home of Record State Indicators Included		X	X	X	X
N		147373	105594	41622	12921

Note: This table reports marginal effects from a probit regression on Application for UCX. Column 1 includes all soldiers eligible for UCX and not eligible for Retirement, Column 2 only includes those in Col. 1 who are of rank E4 or below (junior soldiers), and Column 3 includes those in Column 1 who are NCOs when they leave (have some command position), and Column 4 includes those who are retirement eligible. *, **, and *** represent significance at the 10%, 5%, and 1% level, respectively.

Table 4: UCX Usage regression results (Texas, North Carolina, Illinois)

Variable		All Eligible Non-Retirees	Junior Soldiers	NCO's	Retirees
	Mean	0.85	0.86	0.85	0.65
Gender (female and male is omitted category)					
Female		0.025*	0.025*	0.044*	0.049
		(0.013)	(0.015)	(0.025)	(0.184)
Race (white is omitted category)					
Black		0.059***	0.069***	0.022	-0.076
		(0.012)	(0.014)	(0.026)	(0.147)
Hispanic		0.044***	0.059***	0.016	0.082
		(0.016)	(0.019)	(0.031)	(0.192)
Other Race		0.011	0.031	-0.035	0.093
		(0.026)	(0.031)	(0.048)	(0.245)
Dependents (having dependents is omitted category)					
No Child Dependents		-0.0098	0.0033	-0.048**	-0.074
		(0.010)	(0.012)	(0.022)	(0.128)
Marital Status (married is omitted category)					
Single		-0.024**	-0.013	-0.043	0.21
		(0.011)	(0.013)	(0.026)	(0.221)
Divorced		0.014	0.041*	-0.011	0.0036
		(0.017)	(0.021)	(0.030)	(0.178)
Disability (no disability compensation is omitted category)					
Disability Compensation		0.00034**	0.00040**	0.000040	-0.0011
		(0.000)	(0.000)	(0.000)	(0.003)
AFQT (Category 3A is omitted category, Category 1 is the highest)					
Cat 1		-0.0036	0.0037	-0.010	0.22
		(0.028)	(0.035)	(0.049)	(0.325)
Cat 2		0.0031	0.011	-0.017	-0.073
		(0.014)	(0.017)	(0.026)	(0.223)
Cat 3B		-0.0068	-0.0047	-0.021	0.095
		(0.013)	(0.015)	(0.026)	(0.120)
Cat 4		-0.016	-0.042	0.032	0.049
		(0.028)	(0.034)	(0.051)	(0.205)
Education (High School Graduate is omitted category)					
HS Dropout		0.14***	0.13***	0.13**	
		(0.037)	(0.046)	(0.052)	
GED		0.035**	0.035*	0.056*	-1.07
		(0.015)	(0.018)	(0.031)	(0.967)
Some College		0.037**	0.042*	0.037	0.073
		(0.017)	(0.022)	(0.030)	(0.149)
Associates Degree		0.0089	-0.011	0.032	-0.12
		(0.027)	(0.036)	(0.041)	(0.211)
Bachelors Degree		0.012	0.010	0.028	0.040
		(0.025)	(0.032)	(0.040)	(0.203)
Graduate Degree		0.058	0.11***	0.018	0.21
		(0.047)	(0.035)	(0.098)	(0.303)
Year, Rank, Years of Service, Branch, Separation Reason Indicators, Last Duty Location Indicators, and Home of Record State Indicators Included		X	X	X	X
N		5503	3835	1668	211
R-Squared		0.11	0.12	0.19	0.60

Note: This table reports results from a regression on UCX Usage, given application for UCX. Column 1 includes all soldiers eligible for UCX and not eligible for Retirement, Column 2 only includes those in Col. 1 who are of rank E4 or below (junior soldiers), and Column 3 includes those in Column 1 who are NCOs when they leave (have some command position), and Column 4 includes those who are retirement eligible. *, **, and *** represent significance at the 10%, 5%, and 1% level, respectively.

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