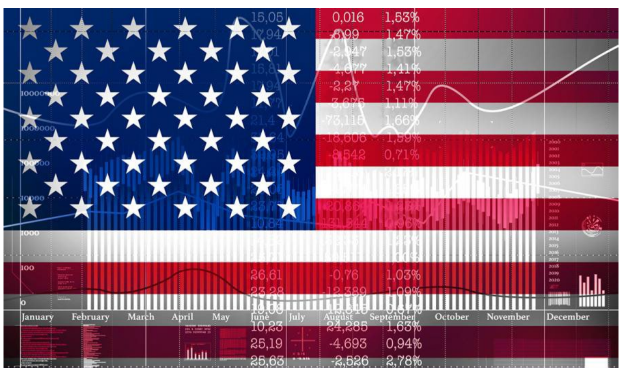
NATIONAL VETERANS EMPLOYMENT & EDUCATION COMMISSION

TOPIC 1: ECONOMY

There is no shortage of menacing headlines on the economy these days. Whether you are following the gyrations of U.S. stock market, the impact of interest rate changes, or the verbal barbs between the United States and China in their ongoing trade war, it's enough to raise concern about the future economic health of the country and the world.

Tufts Now turned to Enrico Spolaore, the Seth Merrin chair and professor of economics at Tufts, for some insight. Spolaore, an expert in political economy, growth, and global economics—especially in Europe—explains that recessions are part of the lifecycle of economies, that there are global concerns about an economic slowdown, and that tariffs do far more harm than good.

Among his biggest concerns is what he describes as "the resurgence of old misconceptions about global trade, especially the view that exports are good but imports are bad, and that a unilateral increase in barriers to international exchanges would be beneficial to one's country."



Those views "were widespread during the Great Depression in the 1930s and had very negative consequences," Spolaore said. "We should not repeat the errors of the past."

Tufts Now: What are our current prospects for a recession in the United States?

Enrico Spolaore: The economy is still growing in the United States, but more slowly than it could. There are several reasons for concern. The main reason is uncertainty about the global economy because of the ongoing trade war between the U.S. and China. If the economic and political tensions between the two countries escalate, we could see a major disruption of global supply chains and an implosion of the international trading system.

In Europe, the perspective of a messy Brexit adds to this global uncertainty. Other major economies that depend heavily on exports to other countries, such as Germany, are already on the edge of recession. Firms all over the world, including in the U.S., are already responding to the higher uncertainty by reducing capital expenditures.

Financial investors are showing that they are pessimistic about future growth by asking for lower interest rates on longer-term bonds (the so-called "inverted yield curve"), an odd phenomenon that typically occurs before economic slowdowns. The U.S. is not in a recession yet because private consumption continues to be high, but that could change if consumer confidence drops in the U.S., as it already did in other countries.

Are recessions inevitable?

Before the Great Depression of the 1930s, business cycles—booms and busts—were typically viewed as natural, but after World War II economists started to believe that wise macroeconomic policies—fiscal and especially monetary policies—could control aggregate demand and prevent recessions.

In the 1970s those hopes were thwarted by supply shocks, such as the increase in oil prices, and a broader understanding of the limits of government policies. More recently, between 2007 and 2009, we experienced a major recession associated with a financial crisis.

Nowadays, we know that central banks are not as powerful as we used to think and may not be able to respond quickly and effectively should major shocks hit the economy, such as a drop in consumer confidence, reduction in private investment, a shock to oil prices, or a major disruption of the whole trade system. Nonetheless, governments and central banks can do much to reduce the risks of recessions before they happen and can make them shorter when they occur.

The U.S. has the largest economy in the world—are there concerns about our economic weakness impacting other economies? For instance, how is the European economy doing, and are those nations facing the same recessionary fears that we are experiencing here in the United States?

Germany is doing significantly worse than the U.S. at the moment, partly because it is much more dependent on exports to other countries. For example, the demand for German cars from outside Europe has gone down in recent months. Germany also trades a lot with Britain, and German firms have reduced their capital expenditures in response to uncertainty about Brexit. In general, European countries are more open to international trade than the U.S. and therefore suffer more deeply when there are negative shocks to global trade.

Political uncertainty also continues to be high in Europe. In the elections for the European Parliament last May, populist parties hostile to European integration increased their shares, but did not win the control of the European Union's institutions. As a result, new moderate leaders have been recently appointed at the head of those institutions—Ursula von der Leyen at the European Commission, Christine Lagarde at the European Central Bank. They now face the big challenge to find common ground among twenty-seven countries with rather different views on all kinds of policies: fiscal policies, public debt, immigration, and so on.

Nonetheless, people like me, who are broadly supportive of European integration, hope that Europe will overcome those challenges. Paradoxically, the fact that Germany itself now needs to get out of a serious economic slowdown may help make European policy responses more cohesive and effective, because now, in a way, Germans and Italians and Greeks are all on the same boat. Are the tariffs being imposed on imports from China, and China's retaliatory tariffs, affecting our economy? Yes, tariffs are already affecting the U.S. economy in a negative way. More generally, the perspective of persistent disruptions in global trade is having a negative effect on investment and consumer confidence all over the world. This is already slowing down economic growth in the U.S.

The Federal Reserve recently lowered interest rates, acknowledging risks from slower global growth and a low level of inflation. How will this help our economy?

The conventional view is that lower interest rates will foster private investment. For example, when interest rates are low, mortgages are cheaper, and people can more easily afford to buy new homes. However, interest rates have been very low for a long time, and it is not clear whether further reductions can have big effects on aggregate demand and economic growth. That said, keeping interest rates low does not hurt, while increasing them would not be appropriate when facing a risk of recession.

HOUSEHOLD DATA
Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted

[Numbers in thousands]

Employment status, veteran status, and period of service	Total		Men		Women	
	AUG 2018	AUG 2019	AUG 2018	AUG 2019	AUG 2018	AUG 2019
Unemployed	130	140	106	123	24	17
Unemployment rate	3.9	4.0	3.8	4.1	4.4	3.4

The national unemployment rate is 3.7 percent (August 2019). Gulf War II veterans unemployment rate is 4.0 percent.[i] Currently, the unemployment rate for Gulf War II women veterans is 3.4 percent (Up from 3.2 percent in Aug).

TOPIC 2: MEETINGS

On Wednesday, September 11th, the National Veterans Employment & Education Division met with Patricia A. Craig, Chairperson, Veterans Mental Health Advisory Council, Co-Chairperson, VISN 05 Collaboration of Councils to discuss homeless veteran claim process and VA claim correspondence solutions for veterans living in homeless shelters.

On Friday, September 13th, the National Veterans Employment & Education Division met with WorkCred an ANSI affiliate to discuss the possibility of growing veterans entrepreneurship training or guided veteran entrepreneurship training as a recognized certification or credentialed skill.

From September 9th – 13th, the National Veterans Employment & Education Division will perform outreach and respond to veterans request for housing, homeless prevention and financial assistance.

TOPIC 3: EMPLOYMENT

The beginning of 2019 saw some promising decreases in the rate of veteran unemployment — including a 20-year low in April. But since then, the unemployment rate has gone back to slowly but surely increasing.

In 2011 — as a result of the 2008 recession — the post-9/11 veteran's unemployment rate skyrocketed to more than 12 percent. National businesses started veteran hiring initiatives and nonprofits helped veterans seeking employment translate their military careers into civilian jobs. In 2018, veteran unemployment hit an all-time low. Now, that rate has begun to again increase.

A report released by the Bureau of Labor Statistics on Friday showed August's veteran unemployment rate as 3.5 percent — only a slight increase from July's unemployment rate of 3.4 percent, but a significant increase from April's low of 2.3 percent.

The national unemployment rate in August was 3.7 percent — meaning veterans overall are still experiencing slightly lower rates of unemployment than the general population. But unemployment is not affecting all veterans equally.

Those good vet unemployment numbers look different for female, minority, and younger vets

Post-9/11 veterans saw an increased unemployment rate of 4 percent. And a study conducted by Syracuse University's Institute for Veterans and Military Families (IVMF) on the 2018 veteran unemployment rates showed that the younger a veteran is, the more likely he or she is to be unemployed.

TOPIC 4: VETERAN HOUSING AND HOMELESSNESS

Why is Congress making veterans pay for their own hard-earned benefits? We're not asking that question as a country, and it's time to start. President Trump in late June signed the Blue Water Navy Vietnam Veterans Act, opening the door to disability benefits for about 90,000 deserving veterans after years of false starts and faint hopes. This important win was a long time in the making. A bipartisan consensus formed to pay for these critical benefits with a temporary increase to VA home loan fees. But a month later, Congress is right back at it again.

Now they want to extend those higher loan fees for an additional five years to pay for housing grant and education benefits for qualified veterans. This new bill, HR 3504, passed the House in late July but has yet to be taken up by the Senate Veterans' Affairs Committee.

Whether its expanding disability benefits or scholarship programs, veterans and their families have earned these benefits. We should push our elected officials to boost funding for important measures like HR 3504 at every turn. But Congress can't continue to reduce one veteran's benefit to pay for another.

Extending these fees would force VA borrowers to pay more than $750 million to use their home loan benefit over the next seven years, with most of that money going to programs that have nothing to do with housing. The Congressional Budget Office projects the two bills will produce a combined $160 million government windfall.
They're also going to make it more difficult and even riskier for some veterans to get a VA loan.

Most veterans and service members finance the funding fee, which applies to all VA loans unless the borrower receives compensation for a service-connected disability. These $0 down mortgages have been the safest loan on the market for nearly all of the past decade, but having to finance higher fees pushes homeowners underwater on their mortgages for longer, making it difficult if not impossible for them to sell in some cases.
Owing more than your home is worth can be especially devastating for active duty military, who relocate frequently given the nature of their service.

Instead of hiding behind pay-as-you-go rules that require tax increases or cuts to offset new spending, lawmakers could stand up for veterans and military families and exempt their benefits entirely.

Congress waived the budget rule to bail out big banks, make infrastructure investments, enact tax cuts and more. They can and should create a permanent pay-as-you-go exemption to protect veterans' benefits. It's time to stop this zero-sum approach to caring for those who serve our country and their families. The men and women of our Armed Forces sacrifice so much to safeguard our freedoms. They're trained to make tough choices every single day, often with lives hanging in the balance.

As a country, we've made a promise to veterans and military families. We shouldn't be falling short because of budgetary rules and procedures. We shouldn't be hiking home loan fees or raising TRICARE pharmacy co-pays to cover another veteran's benefit. Congress must fully live up to that promise and start making tough choices about funding and priorities without sacrificing or eroding veterans' benefits. Our job is to make sure they know we're watching.

TOPIC 5: CAREER FAIRS

September 11 – Charlotte, NC	September 12 – JB McGuire-Dix-Lakehurst, NJ	September 18 – Fort Carson, CO	September 20 – Buckley Air Force Base, CO	September 24 – Tampa, FL
September 24 – Arlington, TX	September 24 – JB Lewis-McChord, WA	October 2 – Camp Lejeune, NC	October 4-Cherry Point, NC	October 10 – Fort Bliss, TX
October 22 – Colorado Springs, CO	October 23 – Camp Pendleton, CA	October 29 – Schofield Barracks, HI	November 1 – MCB Kaneohe Bay, HI	November 5 – JB Anacostia-Bolling, DC

TOPIC 6: SMALL BUSINESS

A program based in New Hampshire will offer training for military veterans who are small business owners. The Veteran Owned Small Business Growth Training program will equip veterans with resources and networks to grow their businesses.

Applicants must be a current business owner with at least one year of operation and one employee, and annual revenues of $75,000 or more.

The 26-week program based in Portsmouth starts in September and will feature classroom and mentoring sessions. The curriculum will include strategic planning, financial management, cash flow forecasting, marketing the small business, sales methods, human resources, developing a growth plan, access to capital, legal issues, and government contracting.

The program was recently announced by the U.S. Small Business Administration in a partnership with the Veteran Entrepreneurial Training and Resource Network. Applications for the September 2019 pilot program can be found at the VETRN website, vetrn.org or by sending an email to info@vetrn.org.

TOPIC 7: EDUCATION

The Department of Veteran Affairs has canceled its contract with a California state agency that approves colleges to receive GI Bill funds, after a lengthy dispute over how to regulate for-profit and out-of-state schools.

The VA said Friday it will take over responsibility for deciding which California schools qualify to receive military education benefits, a role it has traditionally delegated to states.

But state officials insist that state law authorizes them to carry out those responsibilities and say they will continue to do so — setting the stage for another potential showdown between California and the Trump administration.

The dispute comes after the VA pushed the California State Approving Agency for Veterans Education to approve the payment of GI Bill benefits to Ashford University, an online for-profit college. California Attorney General Xavier Becerra is suing Ashford, alleging the school lied to prospective students about financial aid and job outcomes, and engaged in illegal debt collection practices. State regulators said they would not act on the university's application while the lawsuit is pending.

In a letter to the state agency, the VA said its performance had "significantly declined to an unacceptable level" over the past three years. It said the agency had failed to complete required surveys of schools and approve educational programs on military bases.

The letter also cited the agency's decision not to approve Ashford. The state agency's "continued refusal to adhere to the requirements of the cooperative agreement has negatively impacted the ability of veterans and qualifying dependents to maximize their utilization of VA educational assistance benefits," wrote Charmain Bogue, executive director of the VA's education service.

Within California, the agency oversees the quality of 1,600 colleges and training facilities that serve military veterans — inspecting the schools and verifying information about their financial stability, job placements and accreditation. It is under the California Department of Veterans Affairs, known as CalVet.

"CalVet takes very seriously our responsibility to protect taxpayers and veterans from waste, fraud and abuse while ensuring veterans in California receive the education and training they are paying for with their earned GI Bill benefits," said department spokeswoman Lindsey Sin. She added that the federal VA "has taken exception with many of our actions over the years and continues to disagree with our efforts to protect veterans' educational benefits in California."

Sin called the letter “riddled with inaccuracies.” The VA’s letter left open the possibility that it would sign a new contract with the California agency if the agency worked to “resolve all outstanding issues.” In the meantime, VA spokesperson Christina Mandreucci said the department will work closely with the state agency to ensure California veterans can use their education benefits at approved schools. The decision will take effect Oct. 1, she said.

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