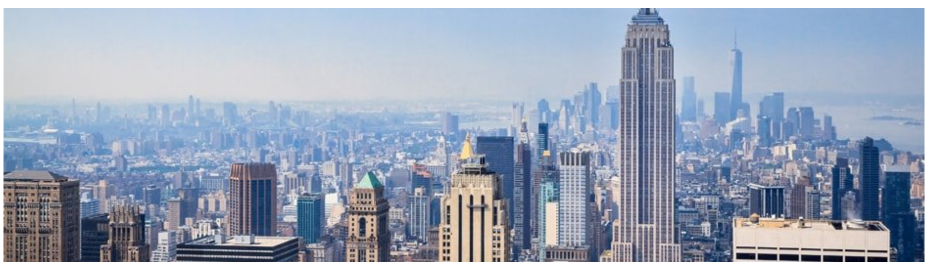
NATIONAL VETERANS EMPLOYMENT & EDUCATION COMMISSION

TOPIC 1: ECONOMY

Economic growth likely slowed somewhat in the second quarter, despite resilient household outlays. Temporary factors that boosted growth in first-quarter should have faded, as inventory build-up probably slowed, while a contribution from net exports in Q1 seems to have reversed in Q2. Meanwhile, the housing market continued to weaken, with home price growth slowing to a near seven-year low in April. On a brighter note, private consumption, the mainstay of the economy, appeared to defy a slowdown as reflected by brisk retail sales growth throughout Q2. Turning to the third quarter, the protracted U.S.-China trade dispute risks further hindering growth. In recent weeks, trade talks appear to have stalled due to disagreements over Huawei, while Trump has threatened to impose more tariffs on USD 300 billion worth of Chinese imports.

The economy is expected to maintain its longest expansion in history this year, albeit at a slower pace as intensifying headwinds from weaker global growth and trade tensions weigh on momentum. Sustained consumer spending should taper the slowdown, however. The principal risks to the outlook stem from a prolonged trade row and high corporate debt. FocusEconomics panelists see GDP expanding by 2.4% in 2019, which is unchanged from last month's estimate, and 1.7% in 2020.



Despite facing challenges at the domestic level along with a rapidly transforming global landscape, the U.S. economy is still the largest and most important in the world. The U.S. economy represents about 20% of the total worldwide output and is even more significant than that of China. Moreover, according to the IMF, the U.S. has the sixth-highest per capita GDP (PPP). The U.S. economy features a highly-developed and technologically-advanced services sector, which accounts for about 80% of its output. The U.S. economy is dominated by services-oriented companies in areas such as technology, financial services, healthcare, and retail. Large U.S. corporations also play a major role in the global stage, with more than a fifth of companies on the Fortune Global 500 coming from the United States.

Even though the services sector is the main engine of the economy, the U.S. also has a significant manufacturing base, which represents roughly 15% of output. The U.S. is the second-largest manufacturer in the world and a leader in higher-value industries such as automobiles, aerospace, machinery, telecommunications, and chemicals. Meanwhile, agriculture represents less than 2% of output. However, large amounts of arable land, advanced farming technology, and generous government subsidies make the U.S. a net exporter of food and the most significant agricultural exporting country in the world.

The U.S. economy maintains its powerhouse status through a combination of characteristics. The country has access to abundant natural resources and sophisticated physical infrastructure. It also has a large, well-educated, and productive workforce. Moreover, the physical and human capital is fully leveraged in a free-market and business-oriented environment. The government and the people of the United States both contribute to this unique economic environment. The government provides political stability, a functional legal system, and a regulatory structure that allow the economy to flourish. The general population, including a diversity of immigrants, brings a solid work ethic, as well as a sense of entrepreneurship and risk-taking to the mix. Economic growth in the United States is always being driven forward by ongoing innovation, research, and development as well as capital investment.

The U.S. economy is currently emerging from a period of considerable turmoil. A mix of factors, including low interest rates, widespread mortgage lending, excessive risk-taking in the financial sector, high consumer indebtedness, and lax government regulation, led to a major recession that began in 2008. The housing market and several major banks collapsed, and the U.S. economy proceeded to contract until the third quarter of 2009 in what was the most profound and most prolonged downturn since the Great Depression. The U.S. government intervened by using USD 700 billion to purchase troubled mortgage-related assets and propping up large floundering corporations to stabilize the financial system. It also introduced a stimulus package worth USD 831 billion to be spent across the following ten years to boost the economy.

While the labor market has recovered significantly and employment has returned to pre-crisis levels, there is still widespread debate regarding the health of the U.S. economy. Also, even though the worst effects of the recession are now fading, the economy still faces a variety of significant challenges going forward. Deteriorating infrastructure, wage stagnation, rising income inequality, elevated pension and medical costs, as well as large current account and government budget deficits, are all issues facing the US economy.

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	
	July 2018	July 2019	July 2018	July 2019	July 2018	July 2019
Gulf War-era II veterans						
Unemployed	99	128	86	112	12	16
Unemployment rate	3.0	3.6	3.1	3.7	2.4	3.2

The national unemployment rate is 3.7 percent (July 2019). Gulf War II veterans unemployment rate is 3.6 percent.[i] Currently, the unemployment rate for Gulf War II women veterans is 3.2 percent (Down from 3.6 percent in June).

TOPIC 2: MEETINGS

On Monday, August 12th, the National Veterans Employment & Education Division prepping for the National Convention

On Tuesday, August 13th, the National Veterans Employment & Education Division prepping for the National Convention

On Wednesday, August 14th, the National Veterans Employment & Education Division prepping for the National Convention

On Thursday, August 15th, the National Veterans Employment & Education Division attended the VA's GI Bill monthly stakeholder meeting. VA's Education Service provided updates on the current workload, Colmery GI Bill project updates, and upcoming initiatives for VA's new Education Service Director Charmaine Bogue.

On Friday, August 16th, the National Veterans Employment & Education Division met with Source America, an non-for-profit company under the federal AbilityOne programs regarding their disabled veteran programming and contracting preference.

TOPIC 3: EMPLOYMENT

Servicemembers transitioning out of the military this year could be much more prepared for civilian life than their predecessors, thanks to some significant changes coming to the Defense Department's Transition Assistance Program. The program, known as TAP, will be more tailored to service members' interests and goals through the use of individual assessments. Though the entire program will be shorter, troops will be required to start no later than one year before getting out.

The changes were included in the 2019 National Defense Authorization Act and are scheduled to go into effect for all service branches on Oct. 1. "The new law allows us to tailor the amount of assistance based on the need of a soldier, which is huge, as opposed to the current process which basically requires everybody to get the same amount of assistance," said Ret. Army Col. Walter Herd, director of the Army transition division at the Human Resources Command Center of Excellence. "It's a win-win, I think, across the board." Starting in October, every soldier, airman, sailor, or Marine preparing to leave the service will meet with a counselor to discuss their plans after separation or retirement. From there, they will be classified into one of three tiers — primarily really prepared, prepared and not prepared at all. "For tier one sailors, they don't need as much as far as services. They're pretty much engaged in their transition," said Anthony Stevens, the military readiness section lead at Commander Naval Installations Command. "Many of them already have a job lined up, or they're retiring."

Service members in tier two are ready to transition but not yet fully prepared. In other words, they may be saving their money and looking into careers, but may even still be on the fence about staying in the service, he said. Tier three service members "don't have any plans whatsoever," Stevens said. This could include service members who are being discharged under other-than-honorable circumstances or are leaving the service on short notice because of an injury or disability. Once service members are funneled into one of the three tiers, the counselor recommends a specific track — either higher education, employment, entrepreneurship or vocational skills training — based on the person's goals for life after the military.

Currently, these are tacked onto the end of the five-day TAP course known as Transition GPS. According to a recent Government Accountability Office report, only 15 percent of service members participate in these additional, two-day workshops, that will now be included in the primary curriculum. In the Army, Navy and Marine Corps, the tracks will be required for service members in the lowest tier, though troops in any level can choose to participate. In the Air Force, even those who are the least prepared will be allowed to opt-out, according to spokespeople from the various services. Day one of the new program, which Air Force spokesman Maj. Nicholas Mercurio described as "more holistic and comprehensive," will be a general overview of how to plan for your transition. The second day will provide information about veterans benefits through the Department of Veterans Affairs, and day three will be a workshop run by the Department of Labor.

From there, service members will enter into one of the four two-day tracks of their choice, as determined by their assessment and meeting with a counselor. They also have the option to attend more, or as many times, as desired. Joline Miller, transition readiness program manager for Marine Corps headquarters, said the beauty of the revised TAP program is that it's no longer a "one-size-fits-all" approach in which "all Marines will be required to complete a specific track during the transition workshop if it's not tied to their goals."

Current DoD policy allows retiring service members to start TAP two years before they retire and separating service members to start the program one year, but no later than 90 days, before getting out of the military. Required start dates vary by service.

The DoD has previously told Military Times it doesn't track averages of when service members go through the program, but the GAO report found more than half of service members, 53.3 percent, are not completing TAP by the 90-day mark, and only 2.6 percent are completing the program nine months or more before getting out. Under the new law, everybody will be required to complete initial counseling and pre-separation counseling no later than 365 days before getting out of the military. "Transition assistance is much like physical training in that you cannot begin too early," Herd said, noting that the Army's research has shown that soldiers double their chances of finding civilian employment if they begin TAP six to 12 months out. "It's really simple," he said. "If you begin early, your chance of success is high. If you begin late, your chance of failure is high. So everybody needs to begin early." The Army is gearing up for a symposium in August, where all TAP coordinators will meet to go over the specifics of the changes and discuss challenges and best practices.

TOPIC 4: VETERAN HOUSING AND HOMELESSNESS

Veterans and military service members will have more borrowing power but will pay slightly higher fees when they use VA home loans in 2020. The changes are part of the Blue Water Navy Vietnam Veterans Act of 2019, signed into law in June and effective Jan. 1, 2020. The new law eliminates VA loan limits and increases the VA funding fee. It also provides disability benefits to certain Vietnam War veterans and their children.

VA loan limits are the maximum loan amount the Department of Veterans Affairs can guarantee without borrowers making a down payment. VA funding fees are one-time fees borrowers pay in lieu of mortgage insurance to help cover the government's costs for backing the loans. If a borrower defaults, the VA repays the lender a portion of the loan.

“The loan limit change is a big win for veterans nationwide, especially for that buying in more expensive housing markets,” says Chris Birk, director of education at Veterans United Home Loans. “Extending their zero-down buying power will save some veterans much money and help them stay competitive with conventional buyers.”

The removal of loan limits doesn’t mean unlimited borrowing power without a down payment. You’ll still need to have sufficient income and meet a lender’s credit requirements to qualify for the loan amount.

The loan limit change is a big win for veterans nationwide, especially for that buying in more expensive housing markets. Lenders can continue to impose their own in-house maximum loan amounts, Birk says. Moreover, loan limits will still apply in 2020 to veterans who have more than one existing VA loan or have defaulted on a previous loan, Birk says.

Currently, VA loan limits are the same as those set by the Federal Housing Finance Agency on conforming loans. The ceiling in 2019 is $484,350 in a typical U.S. county and higher in high-cost counties, such as San Francisco County.

You can borrow more this year if you qualify for a VA loan, but the lender will require a down payment toward the difference between the county loan limit and the home’s value or sales price, whichever is less.

The VA funding fee you pay in 2020 will depend on your down payment amount and whether you’ve ever had a VA-backed loan before. If you haven’t, it’s a “first use” loan, and if you have, it’s a “subsequent use” loan. You can pay the fee upfront or roll the cost into the loan.

The fee for first-use, zero-down loans will be 2.3% of the loan amount in 2020, up from 2.15% for the regular military in 2019. The fee for subsequent use loans will be 3.6% of the loan amount, up from the current 3.3%. These fees will stay in place for two years, return to current levels from 2022 to October 2029 and drop further after that.

“The funding fee increase that passed is significantly lower and for a shorter duration than previous versions of the bill,” Birk says. “We’re concerned anytime it could become harder or more expensive for veterans to utilize their hard-earned benefits.”

The Blue Water Navy Vietnam Veterans Act of 2019 made a couple of other funding fee changes. Starting in 2020, the fees will be the same for regular military, National Guard and reservists. Currently, National Guard and Reserve members pay slightly higher fees.

Besides, active-duty service members who have received a Purple Heart will be exempt from the funding fee starting next year.

TOPIC 5: CAREER FAIRS

This week, work continued on The American Legion's upcoming hiring events to be staged in Carlisle (PA), Fredericksburg (VA), Herndon (VA), Joint Base Anacostia-Bolling (DC), Joint Base Andrews (MD), Lexington Park (MD), JBMH (VA), and Indianapolis (IN).

TOPIC 6: SMALL BUSINESS

As the nation experiences unprecedented economic growth and nearly the lowest unemployment rates in history, President Trump and the U.S. Small Business Administration are working to ensure military spouses are part of the prosperity. While the unemployment rate in Washington state is 4.6 percent, the unemployment rate among military spouses is 24 percent, a whopping five times the state rate. This is an alarming number in itself, but it's even more discouraging when you consider that the majority of military spouses report they want or need to work.

Frequent moves between duty stations cost military spouses job options, time and money. According to a recent survey, on average, military families report difficulty making ends meet at twice the rate of most civilian families. In the same survey, half of military families report the source of financial worries is their spouse's difficulty finding employment. This lack of income creates additional pressure on already stressful situations for military families.

That is why the U.S. Small Business Administration believes entrepreneurship is a strong alternative to employment for military spouses. Entrepreneurship offers a more flexible and sustainable source of income for our nation's more than one million military spouses. It allows spouses to be their own boss, set their own schedules, and use their unique perspectives to solve consumer problems.

Technology provides the tools for military families to create a virtual office from almost anywhere. Plus, growth in industries like e-commerce remotely expand opportunities to grow a customer base. Entrepreneurship can provide a flexible means for additional revenue that traditional employment cannot. Entrepreneurs taking the leap into small business ownership don't have to do it alone. In addition to the SBA's core programs related to technical assistance, access to financing and business expansion through exporting and government contracts, the SBA has programs specifically designed for veterans and military spouses.

The most recent addition to SBA resources for military spouses is the announced partnership with the Veteran Entrepreneurial Training and Resource Network (VETRN), which features a pilot training program for military veterans, military spouses and immediate family members.
Funded through an award of $100,000 from President Donald Trump's second-quarter salary in 2018, this 26-week program will feature 13 weeks of classroom sessions as well as 13 weeks of peer-to-peer mentoring sessions.

Another resource is the Veterans Business Outreach Center (VBOC) that provides training and financing opportunities to entrepreneurs from the U.S. military community. In partnership with the SBA, the VBOC equips veterans, military spouses, active-duty service members and their families with no-cost, one-on-one advising, low-cost technical training, and a variety of business resources.

Third is the Boots to Business Reboot program. An extension of Boots to Business, an installation-based training for active military members, this one- or two-day in-person course is offered off installations for veterans and military spouses. The curriculum helps those interested in exploring business ownership or other self-employment opportunities by leading participants through the key steps for evaluating business concepts. It also provides the foundational knowledge required to develop a business plan. Supporting entrepreneurial paths for military spouses is the least we can do for our military men and women. We can power their American dream of small business ownership while their families sacrifice to protect our rights to pursue that dream.

TOPIC 7: EDUCATION

GI Bill students enrolled in courses that combine distance and in-class learning will soon get paid a full housing allowance thanks to a change by the Department of Veterans Affairs.

The change impacts "hybrid courses," which the VA defines as any course that combines both classroom training and distance learning, often conducted online.

Starting Aug. 15, hybrid courses will be considered residence training for GI Bill purposes, triggering the Monthly Housing Allowance (MHA) to be paid accordingly. Until now, a student enrolled in hybrid classes was eligible for only half the national average MHA, a much lower payout than the full residence rate in almost all cases, unless their class met these stringent requirements:

1. The course must have had at least one classroom session every two weeks.
2. The total amount of classroom sessions for a term must have been equal to at least the credit hours multiplied by the weeks in the academic session. For example: A three-credit hour class meeting over a 12-week quarter was required to meet in-classroom for at least 36 hours over the entire quarter.

Starting Aug. 15, however, all GI Bill recipients taking hybrid courses using the Post-9/11 GI Bill will be paid the MHA amount for the location where they take the majority of their classroom training.

In the past, to receive the MHA rate for the location of their training, students would have to be enrolled:

1. Solely in classroom training;
2. In a combination of classroom and online training;
3. In a hybrid course that met the rules above.

Students who aren't enrolled as a higher than half-time student do not receive any housing allowance, no matter what the situation or location. That is not changing. The change to hybrid class housing payments is not retroactive; it applies only to classes that begin on or after Aug. 15, 2019.

Joseph C. Sharpe, Jr., Director
Veterans Employment & Education Division
202.861.2700 ext. 2989
Week Ending: 8/16/19