

ANALYTICS CASE STUDY · WORKFORCE & VETERANS

Veteran Employment Gap Analysis

What the 2.8% BLS headline misses — and what employers can do about it. A disaggregated look at unemployment among Post-9/11 veterans, veterans with service-connected disabilities, and younger transition-age cohorts, built from BLS Current Population Survey data, 2019–2023.

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Data window

2019 – 2023 annual

Primary source

BLS Current Population Survey

Companion assets

Excel workbook · PowerPoint deck

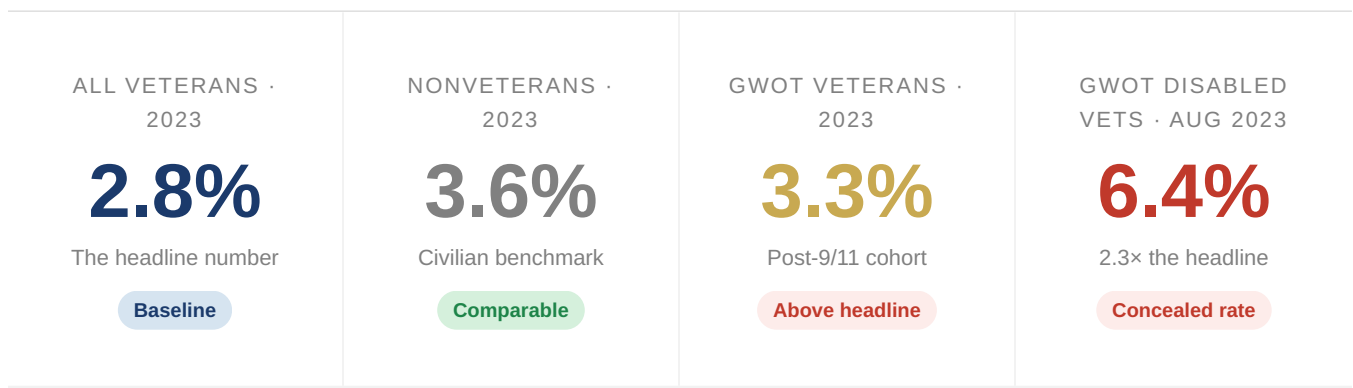
The headline is real. It is also incomplete.

The national headline says veteran unemployment is 2.8% — below the 3.6% nonveteran rate. Read in isolation, the number suggests the veteran employment problem has been solved. The BLS data does not support that conclusion.

The 2.8% average is an aggregate across four service eras, two disability populations, and five age bands that behave very differently. Disaggregated, the same data set shows 3.3% for Post-9/11 (Gulf War II) veterans, 6.4% for Post-9/11 veterans with a service-connected disability, and 7.2% for veterans aged 18–24. Forty-three percent of Post-9/11 veterans carry a service-connected disability; roughly half of those hold a combined VA rating of 70% or higher — the eligibility floor for Individual Unemployability (TDIU), a specific benefit under which earned income is tested and can reduce total compensation.

The 2.8% headline describes veterans without disabilities performing well. It does not describe the Post-9/11 cohort with service-connected disabilities — roughly 43% of all Gulf War II veterans — whose unemployment rate is 6.4%, or 2.3× the headline.

This case study quantifies where the headline breaks down, identifies six specific findings, and closes with five evidence-based actions employers can take.



CHAPTER 01

Why this analysis matters

Employers are making hiring, retention, and accommodation decisions on an incomplete number.

Roughly 200,000 service members transition to civilian life each year. The Post-9/11 cohort is leaving service with higher rates of service-connected disability than any prior generation — 43%, compared with 16% for Vietnam-era veterans. The civilian labor market they enter appears, on a single-number reading, to absorb them well.

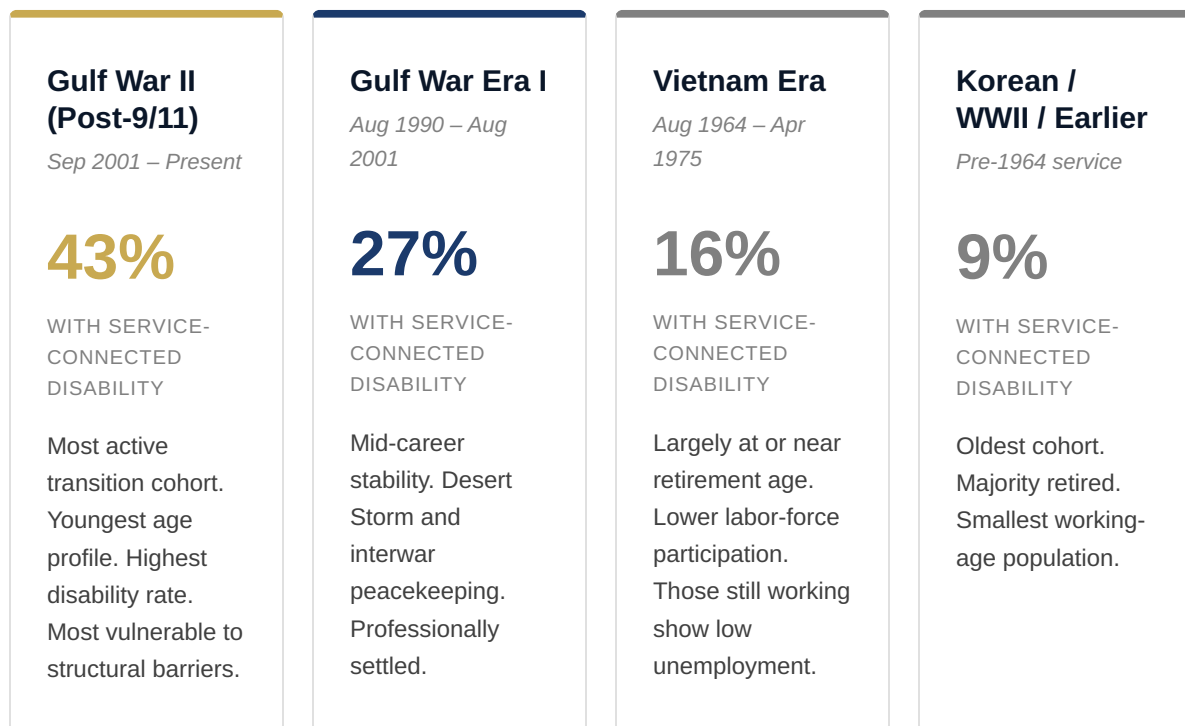
The disaggregated data tells a more complicated story. Within the 2.8% all-veteran average sit four very different populations: Vietnam-era veterans largely retired (2.5%), Gulf War I veterans stable at mid-career (2.3%), and Post-9/11 veterans still in active transition (3.3% overall, 6.4% with disability). Reading the average as a single number erases both the cohort that is doing well and the cohort that is not.

Scope.

This analysis uses BLS CPS annual averages 2019–2023, the August 2023 BLS Supplemental Survey for service-connected disability data, and secondary sources from the U.S. Census Bureau, the Congressional Budget Office, and the VA Veterans Benefits Administration. It is not a causal model. It is a disaggregation that surfaces the subgroups the single-number headline conceals.

CHAPTER 02**The veteran workforce landscape**

One word. Four very different populations. Disability prevalence rises with each successive generation.

**FINDING 01****The Misleading Average**

The 2.8% number is real. It is also the smallest part of the story.

2023 UNEMPLOYMENT RATE · FOUR LENSES ON THE SAME BLS RELEASE

Source: BLS Employment Situation of Veterans — 2023 Annual Averages (all-veteran, nonveteran, and service-era figures) and BLS Economic News Release USDL-24-0584 (March 2024), Table 5 (service-connected disability by service era), reporting August 2023 supplemental data.

What the chart shows.

The all-veteran headline (2.8%) is lower than the nonveteran rate — a clean comparison that looks favorable. Zoom into the GWOT cohort and the rate climbs to 3.3%. Add service-connected disability and it climbs to 6.4%. Same data set, very different story. Both numbers sit in the same BLS release; only one makes the summary.

FINDING 02

The Age Reversal

The veteran employment story inverts at the transition point. It resolves by mid-career.

2023 UNEMPLOYMENT RATE BY AGE BAND · VETERAN VS. NONVETERAN

Source: BLS CPS 2023 Annual Estimates. The only age band where veterans underperform is 18–24 — the most critical for post-service transition.

Veterans aged 18–24 sit at 7.2% unemployment versus 7.0% for civilian peers. From 25–34 the gap closes. From 35 onward, veterans consistently outperform civilians (2.1% vs. 2.7% at ages 35–54; 2.3% vs. 2.8% at 55+). Whatever structural friction exists, it is concentrated at transition and largely resolves by mid-career.

Why young veterans struggle.

They compete in an entry-level market with a military resume most hiring managers cannot read at speed, no civilian work history, and skills that are often overqualifying in practice but under-credentialed on paper. This is a recruiting-process problem, not a talent problem.

FINDING 03

The Disability Multiplier

The single largest driver of the employment gap — and it is concentrated in the Post-9/11 cohort.

UNEMPLOYMENT RATE BY DISABILITY STATUS · VETERAN & NONVETERAN GROUPS

Sources: BLS Economic News Release USDL-24-0584 (March 2024), disability supplement based on August 2023 data, for veteran service-connected disability rates; BLS "Persons with a Disability: Labor Force Characteristics — 2023" (USDL-25-0308) for the nonveteran disability benchmark.

Forty-three percent of Post-9/11 veterans carry a service-connected disability. Their unemployment rate is 6.4% — 2.3× the all-veteran headline and higher than nonveterans without a disability (4.0%). Post-9/11 veterans with a service-connected disability still outperform the broader disabled-civilian population (6.4% vs. 8.3%), but the comparison most employers see — 2.8% vs. 3.6% — erases this group entirely.

The concealed rate.

If the conversation starts and stops at 2.8%, the employer is making decisions on a number that averages away the single largest employment challenge in the veteran workforce.

FINDING 04

The 70% Rating and the Individual Unemployability Trap

A policy-design interaction between VA disability rating levels and the Individual Unemployability (TDIU) benefit that shapes veteran employment decisions in ways most employers do not understand.

HALF OF DISABLED GWOT
VETERANS

50%

hold a combined VA rating of 70% or higher — the *eligibility floor* for Individual Unemployability (TDIU), the specific benefit under which earned income is tested and can be the difference between the 100% compensation rate and a lower schedular rate.

1

Eligibility floor

A combined rating of 70% (or a single 60% rating) is the threshold at which a veteran may apply for TDIU. The 70% rating alone does *not* subject earned income to testing — the TDIU benefit does.

2

TDIU pays at the 100% rate

Veterans approved for TDIU receive compensation at the 100% level because a service-connected disability is deemed to prevent substantially gainful employment.

3

Earned income is tested

Under TDIU, earnings above the federal poverty threshold (the "marginal employment" line) can trigger a review that reduces compensation back to the schedular rate.

4

Real income risk

For a veteran on TDIU, a full-time civilian salary can produce less total income than the combined effect of TDIU compensation plus part-time work — a documented disincentive in the VA and CBO literature.

5

Employer implication

A TDIU-rated veteran hesitating on a full-time offer is often reading the policy correctly, not signaling low commitment. Employers who understand the mechanic can structure offers — part-time, graduated hours, contract roles — that preserve both income streams.

FINDING 05

Industry-Level Differences

The fastest-growing sectors absorb veterans the most slowly.

VETERAN EMPLOYMENT SHARE BY INDUSTRY · 2022–2023

Source: BLS Employment Situation of Veterans — 2023 Annual Averages, Table 5 (employed persons by industry and veteran status). Finance and Information / Technology highlighted as the lowest-absorption sectors.

Public Administration and Professional & Business Services absorb veterans well — both have structured credential frameworks that translate cleanly from military occupations. Finance (5%) and Information / Technology (5%) are the weakest absorbers despite being the fastest-growing sectors of the U.S. labor market. The barrier is not veteran talent; it is a recruiting process that cannot read a military resume at speed and a credential framework that does not recognize military occupational specialties as equivalent to civilian credentials.

FINDING 06

The Recovery Curve

Veterans are more labor-market resilient than the civilian average — once the transition barrier is cleared.

UNEMPLOYMENT RATE · VETERANS VS. NONVETERANS, 2019–2023

Source: BLS CPS Annual Averages 2019–2023. Veterans returned to near-baseline by 2022, a full year ahead of the broader labor market.

During the 2020 COVID spike, veteran unemployment rose 2.5 points while nonveteran unemployment rose 4.8 points. Veterans hit 2.8% by 2022, one full year ahead of the broader labor market reaching stability. Once employed, veterans are a retention advantage, not a retention risk. The employment conversation should not end at hire; it should begin at the twelve-month mark.

RECOMMENDATIONS

Five levers employers can pull

Each recommendation maps directly to one of the findings above. None require legislation. All are within the authority of most HR and talent leaders.

01

Translate MOS to civilian job families

Build an internal mapping from military occupational specialties to your job families. Most veterans are qualified on paper — the resume is unreadable at speed, not the candidate. Map at the role level, not the keyword level. Publish it.

02

Train hiring managers on the TDIU mechanic

Hiring managers working with candidates who flag a 70%+ VA rating should know the Individual Unemployability (TDIU) earnings test and its poverty-line threshold. Offer structured flexibility — part-time, contract, phased returns — that lets the candidate preserve both TDIU compensation and employment. Treat the hesitation as an informed policy read, not a motivation problem.

03

Build transition-age entry programs

The 18–24 gap is a pipeline problem. Design entry programs that do not require civilian work history. Apprenticeships, rotational programs, and DoD SkillBridge placements address this directly and surface talent that a traditional funnel misses.

04

Align accommodations to what veterans actually present with

Musculoskeletal injury, PTSD, traumatic brain injury, and hearing loss are the dominant disabilities in the Post-9/11 cohort. Generic ADA frameworks are a floor, not a ceiling. Build accommodation playbooks against the disabilities veterans actually present with.

05

Train supervisors on military culture for 12-month retention

Veterans recover from market shocks faster than the civilian workforce — but only once they pass the first-year mark. Supervisor training on transition dynamics, direct-feedback norms, and mission-oriented communication protects that investment.

Companion assets

Excel workbook

Raw observations, three pivot views (era × year, disability × era, age band), two native charts, methodology, and a full data dictionary.

OPEN WORKBOOK

PowerPoint deck

Twelve slides — executive summary, six findings, employer recommendations, and methodology appendix.

OPEN DECK

METHODOLOGY

Data, sources, and limits

Primary data. U.S. Bureau of Labor Statistics, Current Population Survey, annual averages 2019–2023 ("Employment Situation of Veterans" release series). Monthly ~60,000-household sample, annualized to remove seasonal variance. Civilian noninstitutional population, age 18 and over.

Disability data. BLS Economic News Release USDL-24-0584, "Employment Situation of Veterans — 2023," March 2024, including the August 2023 service-connected disability supplement, for veteran-by-era disability rates. Nonveteran disability benchmark drawn from BLS USDL-25-0308, "Persons with a Disability: Labor Force Characteristics — 2023." Era-level disability prevalence cross-referenced with U.S. Census Bureau ACS reports and VA Veterans Benefits Administration annual benefits reports.

TDIU / 70% rating data. VA Veterans Benefits Administration, *Annual Benefits Report, Fiscal Year 2023*, for combined VA-rating distribution among Post-9/11 disabled veterans. CBO, *Veterans' Disability Compensation: Trends and Policy Options (2024)*, for earned-income interaction and the "marginal employment" threshold under TDIU.

Secondary sources. U.S. Census Bureau (2020 and 2024 ACS reports on veteran disability trends), DOL VETS disabled-veteran employment factsheets, and VA Office of Enterprise Integration statistical briefs on Post-9/11 transition.

Analytical approach. Disaggregation, not causal modeling. The five-year window captures pre-COVID baseline, pandemic shock, and recovery arc. Era definitions follow BLS service-period categories (Gulf War II / Post-9/11, Gulf War I, Vietnam, Korean / WWII / Other). Pivot tables constructed to surface cross-group comparisons invisible in single-dimension summaries.

Limits. Annual averages smooth monthly variance and can understate month-to-month volatility. Industry figures are self-reported categories and do not reflect underemployment. The TDIU interaction is described as a policy-design issue that affects employer decisions; this analysis does not evaluate the underlying policy or recommend changes to it. Era-level disability prevalence combines BLS supplemental data with VA and Census series and should be read as indicative rather than point-estimate precise.