

# Incentivize Military Spouse Hiring

MOAA aims to create a new target group under the Work Opportunity Tax Credit program to incentivize the hiring of military spouses.

## BACKGROUND

Military spouses face unique challenges in finding and maintaining consistent employment due to frequent relocations, the unpredictable nature of military service, and limited employment opportunities near remote installations. The military spouse unemployment rate is 21%, according to DoD—five times higher than the national average. This high rate of unemployment not only affects military families' financial stability but also impacts servicemember retention, as financial strain is a key factor in deciding whether to remain in uniform.<sup>1</sup>

Hiring and onboarding new employees comes at a high cost to employers. Despite higher levels of education and vast skill sets, businesses are often reluctant to hire a military spouse who will likely move in two to three years. Adding military spouses as a target group under the Work Opportunity Tax Credit (WOTC) program would help employers offset the cost of onboarding a new employee and incentivize the hiring of more military spouses.

## WHAT IS THE WOTC?

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain groups facing significant barriers to employment. The WOTC incentivizes employers to hire and invest in these groups by offering a tax credit that can range from \$2,400 to \$9,600 per new hire, depending on the group and duration of employment.

The WOTC covers several target groups, including veterans, long-term unemployed individuals, and ex-felons. However, military spouses—despite their persistent high unemployment rates and proven barriers to employment—are not yet on the list.

## LESSONS LEARNED FROM ADDRESSING VETERAN UNEMPLOYMENT

When post-9/11 veteran unemployment rates breached 10% in 2009, Congress recognized the need to help. Initiatives were designed to increase awareness of veterans' professional skills and benefits to prospective employers, to facilitate training programs to bridge the gap between military experience and civilian jobs, and to encourage collaboration between private and nonprofit sectors. A key component to the success of this strategy

## Congress:

Actions to combat stagnant, high rates of unemployment among military spouses must include measures to incentivize their hiring. Cosponsor the Military Spouse Hiring Act to add a military spouse target group to the Work Opportunity Tax Credit program.

## WHY SHOULD WOTC INCLUDE A TARGET GROUP FOR MILITARY SPOUSES:

- Incentivizing companies to hire qualified military spouses will aid in lowering the 21% unemployment rate they face (compared to the national average of 4%).
- Providing a tax credit to employers who hire military spouses will help offset the costs of hiring and onboarding new employees and fill vacant positions with qualified military spouses, providing a boost to local economies.
- Prioritizing employment opportunities for military spouses will increase the overall financial stability of the entire military family—both short- and long-term.
- Improving military spouse hiring incentives may support the retention of servicemembers who cite spouse employment concerns as a major factor in their decision to leave active duty.
- Targeting this group of talented workers would help combat the steep social cost of military spouse un- and underemployment, which a 2016 study put between \$710 million and \$1.07 billion annually.



PHOTO COURTESY OF MILITARY ONESOURCE

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SOURCE: SOCIETAL COST ANALYSIS OF THE UNEMPLOYMENT AND UNDEREMPLOYMENT OF MILITARY SPOUSES: [HTTPS://BLUESTARFAM.ORG/WP-CONTENT/UPLOADS/2016/05/SOCIAL-COST-ANALYSIS-OF-THE-UNEMPLOYMENT-AND-UNDEREMPLOYMENT-OF-MILITARY-SPOUSES\\_FINAL\\_4-5-1.PDF](https://bluestarfam.org/wp-content/uploads/2016/05/SOCIAL-COST-ANALYSIS-OF-THE-UNEMPLOYMENT-AND-UNDEREMPLOYMENT-OF-MILITARY-SPOUSES_FINAL_4-5-1.PDF)

<sup>1</sup> EXECUTIVE ORDER 14100, ADVANCING ECONOMIC SECURITY FOR MILITARY AND VETERAN SPOUSES, MILITARY CAREGIVERS, AND SURVIVORS: [HTTPS://WWW.FEDERALREGISTER.GOV/DOCUMENTS/2023/06/15/2023-12974/ADVANCING-ECONOMIC-SECURITY-FOR-MILITARY-AND-VETERAN-SPOUSES-MILITARY-CAREGIVERS-AND-SURVIVORS](https://www.federalregister.gov/documents/2023/06/15/2023-12974/advancing-economic-security-for-military-and-veteran-spouses-military-caregivers-and-survivors)

was the additional veteran target groups under WOTC. From 2019 and 2023, more than 630,000 veterans were hired under the WOTC program.<sup>2</sup>

Programs such as SkillBridge were developed to provide transitioning service-members with paid fellowship opportunities; numerous nonprofit organizations rose to the occasion, providing enhanced transition support for veterans. With the exception of 2020, likely due to COVID-19, the veteran unemployment rate has steadily declined or remained constant since peak unemployment in 2011.

The success of these efforts underscores a critical lesson: reducing employment barriers requires both direct support for job seekers and incentives for employers. While DoD implemented initiatives like the Military Spouse Career Accelerator Pilot and the Spouse Education and Career Opportunities portal, the primary focus is on preparing military spouses for employment. What remains untested is a proven strategy that directly incentivizes employers to hire them. Just as WOTC helped drive veteran employment gains, expanding it to include military spouses would address a key missing piece of the equation—creating a tangible incentive for businesses to recognize and act on the value military spouses bring to the workforce.

### THE TRUE COSTS OF MILITARY SPOUSE UNEMPLOYMENT

Military spouses, subjected to frequent military-mandated moves, face an array of financial consequences caused by unemployment. The short-term effects can be substantial—lost earnings in conjunction with an increased cost of living puts strain on young military families relying on only one income.

In the long term, according to the Urban Institute, persistently unemployed individuals are unable to save for retirement, may see a reduction in future earning potential, and likely will experience a loss of “social capital”—the network of business contacts that makes finding new and good jobs easier.

The societal costs of unemployment include forgone income tax revenue, reduced personal spending, and higher payments from state and federal government for unemployment benefits.

**UNABLE TO SAVE FOR RETIREMENT**



**REDUCTION IN FUTURE EARNING POTENTIAL**



**A LOSS OF “SOCIAL CAPITAL”—BUSINESS NETWORK CONTACTS**



<sup>2</sup> WOTC CERTIFICATIONS BY FISCAL YEAR: [HTTPS://WWW.DOL.GOV/AGENCIES/ETA/WOTC/PERFORMANCE](https://www.dol.gov/agencies/eta/wotc/performance)

“Compared with spouses of civilians, military spouses are **less likely** to be employed, they are **less likely** to have a job that matches their qualifications, and they **earn less** when they do work.

—Report of The Fourteenth Quadrennial Review of Military Compensation

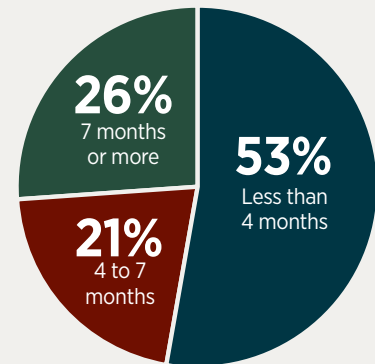
### EMPLOYMENT AFTER PCS

A PCS move within the last year **more than doubled** the odds that a civilian active duty spouse was **unemployed**.

On average, it takes a civilian active duty spouse **19 weeks to find a job**.

**Spouse earnings fall by an average of 14%** in any year with a PCS.

### TIME TO FIND EMPLOYMENT AFTER PCS:



\*Excludes those who did not find work or did not seek employment.

SOURCE: 2021 ACTIVE DUTY SPOUSE SURVEY: [HTTPS://DOWNLOAD.MILITARYONESOURCE.MIL/12038/MOS/PRESENTATIONS/2021-ACTIVE-DUTY-SPOUSE-OVERVIEW-BRIEFING.PDF](https://download.militaryonesource.mil/12038/MOS/PRESENTATIONS/2021-ACTIVE-DUTY-SPOUSE-OVERVIEW-BRIEFING.PDF)  
THE FOURTEENTH QUADRENNIAL REVIEW OF MILITARY COMPENSATION: [HTTPS://MILITARYPAY.DEFENSE.GOV/PORTALS/3/DOCUMENTS/QRM\\_C\\_14\\_VOL1\\_FINAL\\_WEB.PDF?VER=P14N17EKXPOL2HFR5S\\_XQA%3D%3D](https://militarypay.defense.gov/portals/3/documents/qrmc_14_vol1_final_web.pdf?ver=P14N17EKXPOL2HFR5S_XQA%3D%3D)

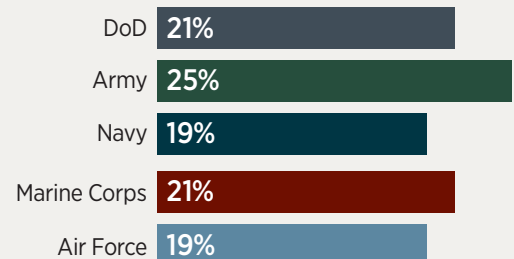
### ACTIVE DUTY SPOUSE EMPLOYMENT: 2021 SURVEY OF ACTIVE DUTY SPOUSES

There are **594,110 active duty spouses** in the military.

Civilian active duty spouses in the labor force: **64%**

Spouses are considered a part of the labor force if they are employed or are actively seeking employment.

### CIVILIAN SPOUSE UNEMPLOYMENT RATE:



SOURCE: 2021 ACTIVE DUTY SPOUSE SURVEY: [HTTPS://DOWNLOAD.MILITARYONESOURCE.MIL/12038/MOS/PRESENTATIONS/2021-ACTIVE-DUTY-SPOUSE-OVERVIEW-BRIEFING.PDF](https://download.militaryonesource.mil/12038/MOS/PRESENTATIONS/2021-ACTIVE-DUTY-SPOUSE-OVERVIEW-BRIEFING.PDF)