

Study shows U.S. veterans earn more money in the workplace than non-veterans

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Military veterans are faring better in the workplace than their non-veteran counterparts. In fact, between 2005 and 2015, veterans' average hourly wages were nearly \$5 higher—at almost \$26 an hour—compared

to \$21 an hour for non-veterans. Those findings, and more, by faculty economists Dr. Francesco Renna and Dr. Amanda Weinstein, at The University of Akron are discussed in their paper, "The veteran wage differential." They explain that the wage differential is driven by observable factors such as education, occupation and industry, but also by location choice—a factor that has been previously overlooked in the literature.

"Many people are surprised when I show them that veterans tend to have [higher wages](#) than non-veterans," said Weinstein, assistant professor of economics and a U.S. Air Force [veteran](#).

Though the transition from military service to the [private sector](#) can be difficult for many veterans, when veterans do find employment, they tend to be quite successful in the workplace. Nearly 90 percent of the [wage](#) gap between veterans and non-veterans can be explained by veterans earning higher wages for exhibiting higher levels of observable characteristics that are typically rewarded in the labor force. For example, veterans tend to have higher educational attainment (thanks to policies like the G.I. Bill) and higher overall skill levels, from cognitive skills to people skills. Military background is especially beneficial among veterans with lower socioeconomic status (including lower incomes, black veterans, and women veterans) as military service may act as a bridge to greater economic opportunities.

Assets to state and local economies

Veterans are an asset not only to a business but also to their state and local economies. In Ohio, veterans contribute nearly 8 percent of the total income, yet make up only 6 percent of employment. Most of Ohio's veterans (about 37 percent) served during the Vietnam War.

Despite the economic success of veterans, Renna and Weinstein's results

suggest that veterans should actually be outperforming non-veterans by an even larger margin. For reasons that can't be explained, the veteran premium (the unexplained small boost in earnings) often turns into a veteran penalty (an unexplained decrease in earnings). It is possible that there may be a stigma associated with [military service](#) that manifests as discrimination in the labor market especially among veterans that enter into higher socioeconomic careers. The researchers also found this unexplained decrease in earnings evident in areas where there is a smaller military presence—where people haven't had much opportunity to interact with veterans. Yet, the data shows that with their skills, veterans could do quite well if they locate in these areas.

"Veterans are a mobile population and choosing a productive city to live in and work can help improve their economic outcomes," said Weinstein. "Any city or town should consider itself lucky if veterans want to locate there."

Focus on veterans' well-being

After devoting themselves to the service of defending our nation, [military veterans](#)' well-being is a constant concern for policymakers, especially in regard to education and job training. The researchers believe that new measures, such as Ohio House Bill 16, which grants in-state tuition to any military member, spouse, or dependents, will help improve the economic outcomes of veterans and help keep them here in Ohio.

Veterans may be underestimated, especially at the top. "The men and women that I had the opportunity to serve with in the military are highly skilled, dedicated and hard-working," said Weinstein. "They have a lot to offer the workforce and the data shows that."

More information: Francesco Renna et al. The veteran wage

differential, *Applied Economics* (2018). [DOI: 10.1080/00036846.2018.1527445](https://doi.org/10.1080/00036846.2018.1527445)

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