



NATIONAL MILITARY SPOUSE NETWORK

# Military Spouse Employment: 5 Recommendations for Removing Barriers to Entrepreneurship

*By David Chrisinger*





## Foreword

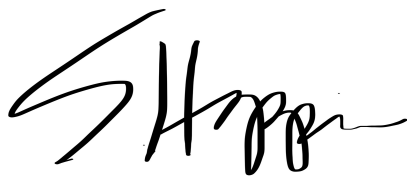
With advances in technology, globalization, and the rise of the “gig economy,” most employees today can no longer count on working 30+ years at the same company and retiring with a pension at age 55. In the 21st century, many workers will instead have a “portable career,” which can be defined as meaningful work that an employee, regardless of their location, can perform when they want and need to.

The National Military Spouse Network recognizes that military spouses face several challenges their civilian counterparts do not. That is why we believe it is important to take a holistic view of employment and recognize the many different hats military spouses will wear over the course of their servicemember’s career. At one duty station, they may be employed by a corporation, and in another they may work for the federal government. Perhaps they’ll find themselves stationed someplace where jobs are scarce, and they may choose to start their own businesses or work as freelancers or contractors. Or they may simply be drawn to entrepreneurship and interested in building a business they can move with them from duty station to duty station.

Regardless of their immediate situation, we believe all military spouses interested in building and maintaining a portable career should remain up to date on legislation that affects their options, as well as the resources available to support their professional goals and ambitions. As this white paper clearly lays out, there is no silver bullet solution, but rather a series of solutions that requires engaging internal and external stakeholders working toward meaningful change. We believe this white paper is a great first step in calling issues related to self-employment among military spouses out into the open. This paper is not, however, intended to be all encompassing. There are, for example, issues related to the inconsistent implementation of policy under the Military Spouses Residency Relief Act (MSRRA), and there currently is no legislative or tax incentives for businesses to work or contract with businesses owned by military spouses. We plan to address these issues—and others—in future white papers and discussions with lawmakers and other stakeholders.

Thank you to the military spouse entrepreneurs who joined us at the October 2018 roundtable discussion, sharing their challenges and brainstorming solutions. Thank you to David Chrisinger for helping us elevate our initiative by coming on board to so eloquently articulate the roundtable’s findings and recommendations.

We hope that what follows will help steer the conversation and guide the real changes required to make an impact for military spouse professionals seeking portable careers.



Sue Hoppin  
Founder and President of the National Military Spouse Network



# Introduction

In recent years, a growing number of military spouses have begun leveraging advances in technology to transition away from traditional employment to operating their own businesses or engaging in contract work. In 2014, 28 percent of military spouses reported that they had either been self-employed or operated their own businesses, and 34 percent indicated they had an interest in online or work-from-home opportunities, according to a survey administered by Blue Star Families.<sup>1</sup>

Maintaining traditional employment and advancing in careers while relocating every few years—and taking care of children, oftentimes on their own—has historically been a hardship military spouses have found extremely difficult, if not impossible, to overcome. In 2016, 50 percent of female military spouses cited family obligations as a top career obstacle,<sup>2</sup> which should come as no surprise considering the long-term effects frequent relocations have on career advancement, seniority accrual, and earnings growth. In the same survey referenced above, 77 percent of military spouse respondents reported that being a military spouse had negatively impacted their careers. Choosing the life of a military spouse has, in turn, generally meant that the spouse must give up career aspirations of their own in lieu of their servicemember's. For many, however, those days may be numbered.

Today, many educated, resourceful, and resilient spouses who a generation ago likely would have been discouraged from working are now leveraging the skills they have developed managing a military family to create scalable businesses or are engaging in remote contract work—both considered “portable careers”—that can move with them when the military relocates their families to the next duty station.

There has been, in turn, a growing recognition that promoting entrepreneurship and removing barriers to starting small businesses and engaging in contract work among military spouses is a vital component to (1) family financial readiness, (2) military retention, and (3) a successful transition back into civilian life.<sup>3</sup>

The purpose of this white paper is to describe some of the challenges and barriers military spouses face in starting their own businesses that were outlined in the National Military Spouse Network's 2018 panel discussion with military spouse entrepreneurs and to outline some of the ways these challenges and barriers may be addressed.

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<sup>1</sup> Blue Star Families, Department of Research and Policy (2014) Military Family Lifestyle Survey, Findings and Analysis. Washington, D.C.

<sup>2</sup> Bradbard, D.A., Maury, R., Armstrong, N.A. (2016). The Force Behind the Force: A Business Case for Leveraging Military Spouse Talent (Employing Military Spouses, Paper No. 1). Syracuse, NY: Institute for Veterans and Military Families, Syracuse University.

<sup>3</sup> Blue Star Families, Department of Research and Policy (2017) Military Family Lifestyle Survey, Findings and Analysis. Washington, D.C. Retrieved from: <https://bluestarfam.org/wp-content/uploads/2017/11/MFLS-ComprehensiveReport17-FINAL.pdf>

# Background on Challenges Facing Military Spouse Entrepreneurs

## Many Military Spouses Are Either Unemployed or Underemployed



Though relatively little research has been done specifically on the employment of military spouses, there are some things we do know, thanks to the annual lifestyle survey administered by Blue Star Families:<sup>4</sup>

- **Unemployment:** In 2017, the percentage of military spouse respondents who indicated they were unemployed increased to 28 percent.

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<sup>4</sup> Ibid.

- **Underemployment:** In 2016, 55 percent of working military spouse respondents reported that they were underemployed, meaning they may be overqualified, underpaid, or underutilized in their current position.
- **Earnings:** In 2016, military spouse respondents earned far less than their civilian counterparts. Fewer than half (47 percent) of respondents were employed, and of those who were employed, the majority (51 percent) earned less than \$20K—with 39 percent earning less than \$10K.

When asked to identify the top obstacles to financial security, spouse unemployment/underemployment was the number one challenge cited by both service member (41 percent) and military spouse (47 percent) respondents.

On average, active duty families move every two-three years, often crossing state lines and in some cases relocating overseas.<sup>5</sup> This frequency of transition makes it extremely difficult for military spouses who want or need to work to find suitable employment in their new locations that is aligned with their education, work experiences, and expectations.<sup>6</sup> In 2012, only 57 percent of employed military spouses reported working in an area matching their education or training, according to a survey administered by the U.S. Department of Defense (DOD).<sup>7</sup>

Not only do military spouses oftentimes lack an existing network or support system at their new duty stations, but they also encounter employers that are hesitant to offer jobs to military spouses that require a large investment in training. As a result, more military spouses than their civilian counterparts are either unemployed or work fewer hours than they would like.<sup>8</sup> In fact, their unemployment rates have remained as much as four times that of their civilian counterparts, despite multiple efforts focused on improving employment prospects for military spouses.

## **Military Spouses Are Not Covered by the Work Opportunity Tax Credit and Little is Known about Small Business Activities of Military Spouses on Military Installations**

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<sup>5</sup> Office of the President of the United States. (2011). Presidential Directive Number Nine. Strengthening our Military Families: Meeting America's Commitment. Washington, D.C.

<sup>6</sup> Maury R., & Stone, B. (2014). Military spouse employment report. Institute for Veterans and Military Families and Military Officers Association of America. Syracuse University, Syracuse, NY

<sup>7</sup> U.S. Department of Defense, Defense Manpower Data Center. 2012 Survey of Active Duty Spouses.

<sup>8</sup> Maury, R. & Stone, B. (2014)

Despite the significant barriers military spouses face in securing appropriate employment, they are not considered a target group covered by the Work Opportunity Tax Credit (WOTC), which may impact the ability of military spouses to secure contract work they can perform at home. The U.S. Department of Labor and U.S. Department of Treasury, through the Internal Revenue Service, jointly administer the implementation of the WOTC program, which was designed to incentivize employers to hire individuals who belong to certain “target groups” by offering employers a federal tax credit.

The target groups currently covered by the WOTC include: (1) IV-A recipients; (2) qualified veterans; (3) ex-felons; (4) designated community residents; (5) vocational rehabilitation referrals; (6) SNAP benefit (food stamps) recipients; (7) Supplemental Security Income (SSI) recipients; (8) long-term family assistance recipients; (9) long-term unemployment recipients; and (10) summer youth employees.

On February 6, 2018, Senators Tim Kaine, Kirsten Gillibrand and Patty Murray introduced the Military Spouse Employment Act of 2018<sup>9</sup> to the 115<sup>th</sup> Congress where it failed to be enacted. Had it been signed into law, the act would have expanded the authorities, programs, services, and benefits for military spouses to reduce the number of unemployed and underemployed military spouses who have not been able to find meaningful employment. It would have also resulted in more information about small business activities of military spouses on military installations.

Later that same month, on February 27, 2018, Senators Tim Kaine, Jon Tester and John Boozman introduced the Jobs and Childcare for Military Families Act of 2018<sup>10</sup> to the 115<sup>th</sup> Congress. Like the act detailed above, this act failed to be enacted. Had it been signed into law, the act would have expanded the targeted groups under the WOTC to incentivize businesses to hire military spouses.

On August 13, 2018, President Trump signed into law the John S. McCain National Defense Authorization Act (NDAA) for Fiscal Year 2019,<sup>11</sup> which includes a majority of the military spouse employment provisions that were included in the acts detailed above. Below is a list of provisions from Senator Tim Kaine’s two bills that made it in the final NDAA:

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<sup>9</sup> S. 2379 — 115th Congress: Military Spouse Employment Act of 2018.” www.GovTrack.us. 2018. January 7, 2019. Retrieved from: <https://www.govtrack.us/congress/bills/115/s2379>

<sup>10</sup> S. 2457 — 115th Congress: Jobs and Childcare for Military Families Act of 2018.” www.GovTrack.us. 2018. January 25, 2019 <https://www.govtrack.us/congress/bills/115/s2457>

<sup>11</sup> H.R. 5515 — 115th Congress: John S. McCain National Defense Authorization Act for Fiscal Year 2019.” www.GovTrack.us. 2018. January 25, 2019 <https://www.govtrack.us/congress/bills/115/hr5515>



## Recent Legislative Proposals to Reduce Underemployment and Unemployment among Military Spouses

Legislative Proposal	Military Spouse Employment Act of 2018	Jobs and Childcare for Military Families Act of 2018	John S. McCain NDAA for FY 2019
Expand the authority of federal agencies to perform noncompetitive appointments of military spouses	✓		
Report on mechanisms to increase participation in DOD contracts of firms with programs to employ military spouses	✓		
Improve the My Career Advancement Account Program by launching a digital advertising campaign and training installation career counselors	✓		
Assess the use of subsidized, off-installation childcare services	✓		
Expand the period of availability of Military One Source resources for veterans and their immediate families	✓		✓
Provide employment and job training assistance to military spouses	✓		
Enter into public-private partnerships on health, safety, welfare, and morale of military families	✓		
Assess the small business activities of military spouses on military installations	✓		
Report on the impact of frequent moves on employment among military spouses	✓		✓
Expand the targeted groups under the Work Opportunity Tax Credit (WOTC) to incentivize businesses to hire military spouses		✓	
Encourage DOD to make flexible spending accounts available so military families can opt in to reserve pre-tax dollars from paychecks to pay for out-of-pocket child care expenses		✓	✓
Modify federal hiring authority so that federal agencies can expedite the hiring of a military spouse			✓
Expand small business opportunities by encouraging DOD to submit a plan on how to best facilitate military spouse entrepreneurship on military installation			✓
Instruct DOD to evaluate how to expand and advertise existing career training programs to military spouses			✓
Instruct DOD to implement a program designed to increase the number of cleared childcare providers			✓
Instruct DOD to evaluate how to expand and advertise existing career training programs to military spouses			✓
Direct the DOD to make the process of entering into formal agreements with military family public-private partnerships clearer for installation commanders to increase participation			✓
Modify federal hiring authority so that federal agencies can expedite the hiring of a military spouse			✓

**The two acts were not enacted and the NDAA was signed into law on August 13, 2018**

[www.nationalmilitaryspousenetwork.org](http://www.nationalmilitaryspousenetwork.org)



## **Status of Forces Agreements Make Working Overseas Much More Difficult**

Status of Forces Agreements (SOFA) can negatively impact the employment situation of military spouses who have accompanied their servicemembers overseas on permanent change of station orders. SOFAs are multilateral or bilateral peacetime agreements that define the legal status of DOD personnel, activities, and property in the territory of another nation. They also set forth rights and responsibilities between the United States and the respective host government.<sup>12</sup> Each of the more than 100 SOFAs that have been enacted differ in their specificity, complexity, and transparency, which makes it difficult and/or confusing for military spouses to seek and accept employment opportunities while living overseas.

More specifically, military spouses cannot easily determine how and when SOFA agreements apply to them because the agreements often contain unclear legal jargon, are not easily accessible, and do not always specifically address employment in the host country. In addition, there is no central point-of-contact or centralized clearinghouse where military spouses can find the information they need.

## **DOD Recently Addressed Some Restrictions That Affect Military Spouse Business Owners**

A September 2018 DOD memo clarified that military exchanges on military installations may be the “primary” resale activity on installations for certain items, but that doesn’t mean they’re the “exclusive” retailer. This memo addressed some restrictions that have affected military spouse business owners by allowing military installation commanders to use their discretion when determining whether a business can operate on base.

The memo also addressed some examples to clarify whether a business might “supplement” what’s offered on the base rather than “compete” with retail activities. More specifically, the memo gave two examples of how a small business might supplement (rather than compete with) retail activities on base:

- A small business operated out of a military spouse’s home on base that sells handmade or retail items to friends on base does not materially threaten the economic viability of their installation’s military exchange.

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<sup>12</sup> Specific information about SOFA agreements was adapted from the following publication: International Security Advisory Board (2015, January 16). Report on Status of Forces Agreements. Retrieved from: <https://www.state.gov/t/avc/isab/236234.htm>.

- A military spouse who offers services like piano lessons or art classes generally does not threaten the economic viability of their installation's Morale, Welfare, and Recreation (MWR) program.

In addition, DOD's memo provided more clarity on other business activities operated out of the home that may not fall under these guidelines:

- Businesses operated exclusively online (e.g., eBay or Etsy) out of a spouse's home on base are not to be considered as operating on the installation when base commanders are determining whether such businesses compete with on-base retail activities.
- Spouses who live on base and work remotely for businesses or organizations that operate exclusively through online and/or at physical locations outside the base are not considered to be a non-federal entity operating on the installation.

## Recommendations for Consideration



## **1. Collect Information**

To better understand the barriers and challenges to entrepreneurship among military spouses, steps should be taken to collect data and report out on difficulties, pain points, and lessons learned. The results of such an analysis could then be used to enhance existing guidance, services, and programs. Such an analysis could involve collaboration with various stakeholder organizations, including the National Military Spouse Network.

## **2. Act**

To reduce unemployment and underemployment among military spouses, reintroduce legislation to the 116<sup>th</sup> Congress that:

- incentivizes businesses to hire them by expanding the targeted groups under the Work Opportunity Tax Credit (WOTC) to include military spouses.
- calls for an assessment that includes information on small business activities of military spouses on installations.

## **3. Support**

To improve transparency and reduce the complexity of seeking employment while being stationed overseas, DOD should work with the U.S. Department of State to issue clarifying and location-specific guidance (e.g., specific actions and procedures to take to seek and accept employment; taxation implications, etc.). They should also consider designating a central point-of-contact (e.g., a Legal Officer on each installation) military spouses can reach out to when they have questions or concerns related to SOFAs and employment overseas.

## **4. Inform**

To ensure military spouses are aware of DOD's recent clarifications regarding the operation of small businesses on base so they can make informed decisions about where to live and how to supplement, rather than compete with, military exchanges, commissaries, and MWR activities:

- Identify and implement appropriate, cost-effective, and alternative outreach and education initiatives that actively engage and increase awareness of policies and procedures among military spouses regarding small business operation on each military installation. Such initiatives could include adding links to a webpage; posting information in central offices; briefing families when they arrive at a new duty station; emailing any information regarding new regulations, guidance, and tools available; and providing flyers or brochures in any sort of welcome materials.

- Provide examples of small businesses that it would be acceptable to operate on military installations and examples that would not be acceptable, along with the rationale behind the decision.
- Track webpage traffic and publication downloads to determine whether such initiatives are reaching their intended audiences.
- Review and revise, if necessary, any existing guidance or planning tools that do not clearly conform to DOD's recent clarifications.

## **5. Educate**

To enhance collaboration and better ensure consistency in the application of DOD's recent clarification on small business operation on military installations, require that all services provide installation commanders with the appropriate training to develop consistent guidance and compatible policies and procedures across services and installations.

## **Conclusion**

When military spouses choose to start their own businesses or engage in contract work from home, doing so can not only provide the emotional and financial benefits intrinsic with consistent employment, but it can also help ease the transition to civilian life by affording a spouse's veteran time to attend school, complete certifications, and sustain a period of unemployment without feeling the strain of total income loss.

Until the challenges identified in this paper are addressed, however, it will be unnecessarily burdensome for military spouses to start and operate their own businesses. The resulting gaps in employment can lead to a loss of income and financial security, incentivize servicemembers to leave the military altogether, and can make the transition back to civilian life more difficult than it would have been otherwise.

This white paper identifies and acknowledges the challenges military spouses face in starting and operating their own businesses or engaging in contract work from home. It is the goal of the National Military Spouse Network to outline such challenges and offer actionable solutions. Though no one entity alone is likely to implement all the recommendations outlined above, enlisting the help of the military spouse advocates, committed employers, members of the U.S. Congress, DOD, other federal agencies, and stakeholders is the most likely way to move closer to the desired change.