



INSTITUTE FOR DEFENSE ANALYSES

Financial Impacts of the COVID-19 Pandemic on Military Families

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Executive Summary

Since the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) issued the Department of Defense (DoD) initial Force Health Protection Guidance for COVID-19 on January 30, 2020,¹ the COVID-19 crisis has significantly affected military service members and their families. Stop movement orders stranded some service members who were returning to their permanent duty stations from temporary duty assignments. Other members and their families were unable to execute planned permanent change of station (PCS) moves, perhaps leading to complications with rental housing agreements at their new duty stations. Members of the Reserve and National Guard may not have been able to complete the minimal mandated drill and annual training days, leading to concerns about continuation of their Servicemembers' Group Life Insurance and, for those who chose to enroll, the TRICARE Reserve Select family health plan. Meanwhile, military families were facing many broader economic stresses during the COVID-19 pandemic, such as high unemployment rates and school closures.

The potential financial hardships imposed by the pandemic on service members led to a great deal of public discourse and congressional interest. Section 597 of the Fiscal Year (FY) 2021 National Defense Authorization Act mandated that

The Secretary of Defense shall conduct a study on the financial hardships experienced by members of the Armed Forces (including the reserve components) as a result of the Coronavirus Disease 2019 (COVID-19) pandemic.²

¹ Under Secretary of Defense for Personnel and Readiness, "Force Health Protection Guidance for the Novel Coronavirus Outbreak," January 30, 2020, https://media.defense.gov/2020/Jan/31/2002242035/-1/-1/1/FORCE_HEALTH_PROTECTION_GUIDANCE_FOR_THE_NOVEL_CORONAVIRUS_OUTBREAK_JAN_30_2020.PDF. There have been numerous supplements since that release, documented at DoD's Coronavirus Timeline, www.defense.gov/Explore/Spotlight/Coronavirus-DOD-Response/Timeline/.

² Section 597 of Public Law 116-283, enacted January 1, 2021.

In response to this tasking, the USD (P&R) asked IDA to examine the financial effects of the COVID-19 pandemic on service members and their families, including assessing the impact of

- the effects of stop movement orders,
- loss of spousal income,
- loss of hazardous duty incentive pay,
- school closures,
- loss of childcare,
- loss of educational benefits, and
- loss of drill and exercise pay.

In addition, USD (P&R) asked us to identify DoD, state, and local policies that financially affected service members, to review any work on best practices on DoD policy, and to assess the effectiveness of DoD policies.

On the whole, we observe that active duty families were more insulated from financial strain than the general U.S. population during the COVID-19 pandemic. By definition, active duty service members remained employed throughout the pandemic, and their take-home compensation appeared to be largely unaffected. In addition, active duty service members would have benefitted from federal aid, including stimulus checks, increased spousal unemployment benefits, and eviction moratoriums. Compared to the broader U.S. population, active duty families that responded to the U.S. Census Pulse survey were less likely to report difficulties paying for household expenses, although they were also more likely to report both an interruption to childcare and losing or leaving a job to care for children whose childcare was interrupted.

Reserve component families were less insulated than active component families. Unlike full-time members of the military, traditional drilling reservists who hold civilian jobs are vulnerable to economic downturns. However, it is unclear how well reserve component families fared financially in comparison to the broader U.S. population. Reserve pay files from the Defense Manpower Data Center show that aggregate pay levels to reservists did not change substantially in 2020. DoD's budget books show that drill pay declined for several components from FY 2019 to FY 2020 and then largely rebounded in FY 2021. Unfortunately, we do not directly observe reserve pay due to state activations or civilian employment. As a result, while we observe a large increase in the number of state activations in FY 2020, it is ultimately unclear what the net effect of these state activations were on members' total income from all employment sources.

In addition to preexisting financial protections for service members, we identified 19 new and existing policies or types of policies across five broad categories³ that could impact service members financially. On the whole, the numerous laws and policies put into place appear to have mitigated many potential financial impacts of the COVID-19 pandemic.

Recommendation #1: We recommend that DoD identify and record the policies put into place during this pandemic. Doing so will improve responsiveness in the event of a similar crisis in the future.

In considering how DoD could mitigate the financial impact of the COVID-19 pandemic on service members, we examined the literature to determine whether any “best practices” exist. We found a small but growing literature on best practices for employers during the COVID-19 pandemic. One important theme in this literature is the critical importance of communication in crisis management. The benefits of these numerous laws and policies are limited to the extent that service members are aware and can take advantage of them. Management should communicate early and often. In addition, the messages should be direct and transparent and disseminated through multiple media channels.

Recommendation #2: We recommend that for this and future crises, DoD consider how best to communicate available policies and supports to service members, with a particular focus on communicating “early and often” about changing policies.

It is possible that the pandemic could still cause financial stresses for service members in ways that currently available data does not permit us to observe at the household level. For example, many relevant surveys have not yet made 2020 data available. Similarly, the pandemic may have had long-term effects on service members that may not be apparent yet. For example, some service members and their families may have relied more on savings during the pandemic to meet household needs, and may therefore be more vulnerable to other sources of financial stress in the future.

Recommendation #3: We recommend that DoD continue to monitor long-term trends in the financial health and readiness of the military workforce as new data sources become available.

³ The policy categories include DoD/service policies within existing legislative authorities; general U.S. COVID-19 relief policies; policies related to National Guard and Reserve issues; legislative enhancement of existing federal statutes; and White House policies specific to DoD.

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1. Introduction

A. Background

The Department of Defense (DoD) began to acknowledge the COVID-19 crisis during the months of January through March of 2020. The Under Secretary of Defense for Personnel and Readiness (USD (P&R)) issued DoD's initial Force Health Protection Guidance for COVID-19 on January 30, 2020.¹ On February 26, 2020, U.S. Forces Korea confirmed the first COVID-19 infection of a U.S. service member. DoD established its COVID-19 Task Force 2 days later on February 28th. The first 3 of what would become 1,271 cases of COVID-19 were confirmed aboard the aircraft carrier *Theodore Roosevelt* (CVN-71) on March 24th.

The COVID-19 crisis has significantly affected military service members and their families. Stop movement orders stranded some service members who were returning to their permanent duty stations from temporary duty assignments. Other members and their families were unable to execute planned permanent change of station (PCS) moves, perhaps leading to complications with rental housing agreements at their new duty stations. Members of the Reserve and National Guard may not have been able to complete their minimal mandated drill and annual training days, leading to concerns about continuation of their Servicemembers' Group Life Insurance (SGLI) and, for those who chose to enroll, the TRICARE Reserve Select (TRS) family health plan.

Other effects were felt by military families more broadly, and particularly by military spouses. Many schools on military bases and in the surrounding communities had sporadic or sustained closures, requiring one or more of the adults in the household to supervise remote learning or to provide home schooling. Childcare generally became more difficult to obtain, again requiring a reduction or rearrangement of working hours by at least one of the household adults.

Military spouses who were available to work faced a major downturn in the U.S. economy. Unemployment rates for 20- to 24-year-old men and women began at 6.6 percent

¹ Under Secretary of Defense for Personnel and Readiness, "Force Health Protection Guidance for the Novel Coronavirus Outbreak," January 30, 2020, https://media.defense.gov/2020/Jan/31/2002242035/-1/-1/1/FORCE_HEALTH_PROTECTION_GUIDANCE_FOR_THE_NOVEL_CORONAVIRUS_OUTBREAK_JAN_30_2020.PDF. There have been numerous supplements since that release, documented at DoD's Coronavirus Timeline, www.defense.gov/Explore/Spotlight/Coronavirus-DOD-Response/Timeline/.

and 6.7, respectively, in January 2020 and peaked at 23.3 percent and 27.9 percent, respectively, in April 2020.²

Labor force participation rates fell at the same time that unemployment rates rose. Individuals are considered in the labor force if they are either working or actively seeking work; the participation rate is the percentage of all individuals (often in a defined demographic group) who are in the labor force at a point in time. Home schooling, difficulties in finding childcare, or discouragement with the process of seeking work are among the reasons labor force participation rates can fall. Of course, all service members on active duty are working and therefore in the labor force. Military spouses, however, are a different matter. Labor force participation rates for 20- to 24-year-old men began at 74.6 percent in January 2020 and then dropped by more than 9 percentage points to 65.4 percent in April 2020. Labor force participation rates for 20- to 24-year-old women began at 70.5 percent in January 2020 and then dropped by nearly 7 percentage points to 63.6 percent in April 2020.³

B. Congressional Tasking

The factors and statistics described in the preceding section led to a great deal of public discourse and congressional interest. As a result, the USD (P&R) asked the Institute for Defense Analyses (IDA) to conduct an analysis that would inform DoD's response to Section 597 of the Fiscal Year (FY) 2021 National Defense Authorization Act (NDAA). The NDAA language mandates that

*The Secretary of Defense shall conduct a study on the financial hardships experienced by members of the Armed Forces (including the reserve components) as a result of the Coronavirus Disease 2019 (COVID-19) pandemic.*⁴

The NDAA language further specifies a list of potential financial hardships for consideration in DoD's study including

- the effects of stop movement orders,
- loss of spousal income,
- loss of hazardous duty incentive pay,
- school closures,

² "Unemployment Rates During the COVID-19 Pandemic," Congressional Research Service (CRS), Report R46554, August 20, 2021, <https://crsreports.congress.gov/product/details?prodcode=R46554>.

³ CRS Report R46554.

⁴ Section 597 of Public Law 116-283, enacted January 1, 2021.

- loss of childcare,
- loss of educational benefits,
- loss of drill and exercise pay, and
- cancelled deployments.⁵

The language defines “financial hardship” to mean “a loss of income or an unforeseen expense as a result of closures and changes in operations in response to the COVID-19 pandemic.”

The NDAA language goes on to require that DoD’s study

Identify best practices to provide assistance for members of the Armed Forces experiencing the financial hardships listed [above]; and

Identify actions that can be taken by the Secretary to prevent financial hardships listed [above] from occurring in the future.

The final relevant section of the NDAA language requires that as part of DoD’s study, the Secretary of Defense may:

Consult with the Director of the Consumer Financial Protection Bureau [CFPB]; and

With respect to members of the Coast Guard, coordinate with the Secretary of Homeland Security.

Although the U.S. Coast Guard is one of the Nation’s Armed Forces, this IDA document does not address the Coast Guard directly.

C. Plan of This Document

We begin in Chapter 2 by summarizing existing provisions of federal law that protect service members against some of the potential financial impacts discussed thus far. One such piece of legislation, the Servicemembers Civil Relief Act (SCRA), was amended in 2020 to extend existing protections to service members who have to break their housing leases because they cannot execute planned PCS moves while under stop movement orders. Another provision, the Uniformed Services Employment and Reemployment Rights Act (USERRA), was extended in 2021 to cover members of the National Guard serving on State Active Duty (as opposed to federal activation orders) under certain specified conditions. We also discuss the ability of members of the Reserve and National Guard to

⁵ IDA was unable to obtain deployment data.

continue their SGLI and TRS coverage during periods when they are not receiving sufficient reserve pay to meet premium requirements.

In Chapter 3, we assess changes in compensation, educational benefits, and financial health of service members and their families. This chapter relies on various surveys either of military populations directly (such as DoD's Active Duty and Reserve Spouse Surveys), or of the general U.S. population that can be matched to the military population (such as the U.S. Census Pulse Survey). We estimated the changes in military compensation attributable to the COVID-19 crisis in two different ways. First, we formed top-down estimates by examining the military services' recent annual budget submissions. Alternatively, we built up estimates of compensation as well as the frequency of PCS moves and promotions using data from the Defense Manpower Data Center (DMDC).

In Chapter 4, we review related work on best practices for COVID-19 response in the commercial sector that might have some applicability to DoD. Then, we assess the effectiveness of DoD policies intended to mitigate the financial effects of COVID-19 on military families. Finally, we provide our recommendations for how to improve the effectiveness of the policy response to future crises.

2. Summary of Relevant Statutes and Policies

Our primary source for new policies relating to COVID-19 was DoD’s Coronavirus Timeline.⁶ DoD also posted fact sheets during the early days of the pandemic to inform service members of their existing, new, and enhanced benefits for coping with the evolving situation.⁷ In addition, in early 2021, the Department of Labor posted two fact sheets on the legislated extension of USERRA to cover State Active Duty days.⁸

We identified other legislative actions—such as the 2020 extension of SCRA to protect service members who have to break their housing leases because they cannot execute planned PCS moves—by reviewing the actions of the House and Senate Committees on Armed Services and on Veterans’ Affairs over the past 2 years.

We augmented those sources with searches for existing and new DoD programs that may affect the financial health of service members and their families. When searching for such programs, we considered how they might interact with eligibility for non-DoD programs, such as unemployment insurance or eviction protections. Overall, we identified 19 policies (or types of policies) that we discuss in further detail in the remainder of this chapter. In Appendix A, we provide summary tables of these policies organized into five broad categories.⁹ Finally, we consulted with subject matter experts in the Office of the Secretary of Defense (OSD) and the Military Services.¹⁰

⁶ U.S. Department of Defense (2021): Coronavirus: Timeline, <https://www.defense.gov/Explore/Spotlight/Coronavirus-DOD-Response/Timeline/>, updated 9/16/2021, checked on 9/16/2021.

⁷ “Fact Sheet: COVID 19 Military Personnel, Pay, and Benefits Policy,” March 26, 2020, www.defense.gov/Newsroom/Releases/Release/Article/2127448/fact-sheet-covid-19-military-personnel-pay-and-benefits-policy/,” and “Fact Sheet: COVID 19 Military Personnel, Pay, and Benefits Policy – Supplement 1,” April 9, 2020, <https://media.defense.gov/2020/Apr/09/2002278146/-1/-1/1/PAY-PERSONNEL-BENEFITS-FAQ-SUP-1.PDF>.”

⁸ “COVID-19 Impact: Uniformed Services Employment and Reemployment Rights,” www.dol.gov/sites/dolgov/files/VETS/files/USERRA-COVID-19-Impact.pdf; and “New Coverage for Certain State Active Duty under the Uniformed Services Employment and Reemployment Rights,” www.dol.gov/sites/dolgov/files/VETS/files/USERRA-State-Active-Duty-Coverage.pdf.

⁹ The policy categories include DoD/Service policies within existing legislative authorities; general U.S. COVID-19 relief policies; policies related to National Guard and Reserve issues; legislative enhancement of existing federal statutes; and White House policies specific to DoD.

¹⁰ Specifically, we consulted with or received information from representatives from Military Community and Family Policy, the Soldier and Family Readiness Division of Army G-9, and Navy Military Pay and Compensation Policy at OPNAV Staff.

A. Existing Statutory Protections for Renters and Home Owners

When the COVID-19 crisis emerged in March 2020, several protections were already in place in federal statute that eased the financial burdens on some military families that were either renting housing or had purchased housing in the community.

The Servicemembers Civil Relief Act already gave service members the right to terminate a lease on rental property when the member receives orders for a PCS move or certain types of deployments. SCRA was amended in 2020 to extend those protections to members whose scheduled PCS moves or deployments were suspended by stop movement orders.

DoD's Homeowners Assistance Program (HAP) was established in 2009, primarily to compensate service members who had distress sales of residential properties during the housing crisis of that period. Although that portion of the HAP expired at the end of FY 2012, a residual benefit applies to members who were wounded during a deployment; were determined by DoD to have been at least 30 percent disabled; and were reassigned to receive medical treatment or rehabilitation at a different duty location. Members who satisfied all of those conditions, and who made distress sales, could apply for payments under HAP. However, it appears that the number of members eligible for those payments is likely to be quite small.

1. Servicemembers Civil Relief Act

Congress passed the SCRA (Public Law 108-89) in 2003. This act updated the earlier Soldiers' and Sailors' Civil Relief Act of 1940 (Public Law 76-961). SCRA has been amended several times since its initial enactment. This description of SCRA is partly based on a report by the Congressional Research Service.¹¹

SCRA was motivated by congressional concern over deployments to the conflicts in Afghanistan and Iraq, particularly among members of the Reserve and National Guard. The accompanying Senate report stated:

Today's military relies heavily on reserve forces. Indeed, since September 2001, about 300,000 reservists have been called to active duty to support various operations. This year, the General Accounting Office reported that a 2002 DOD survey had found that self-employed reservists reported an average income loss of \$6,500 when mobilized or deployed. According to DOD, self-employed physicians and

¹¹ Jennifer K. Elsea, "The Servicemembers Civil Relief Act (SCRA): Section-by-Section Summary," Congressional Research Service (CSR), R45283, updated February 9, 2021.

*registered nurses were particularly hurt; they reported an average loss of income of \$25,600.*¹²

Among other protections, SCRA grants service members the right to terminate a lease on rental property when they receive orders for PCS moves, or orders to deploy with a military unit or as an individual in support of a military operation, for a period of at least 90 days. Some service members experienced difficulties after learning that stop movement orders in the early days of COVID-19 did not qualify as PCS moves. At least one of the Services proposed that the Defense Travel Management Office (DTMO) modify the Joint Travel Regulations to treat stop movement as a form of PCS, but DTMO determined that it did not have that legal authority.

Congressional interest culminated in an August 2020 amendment to SCRA (Public Law 116-158), which extended service members' protections on leases of premises in the following situation:

(C) the servicemember, while in military service—

(i) executes a lease upon receipt of military orders for a permanent change of station or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days; and

*(ii) thereafter receives a stop movement order issued by the Secretary concerned in response to a local, national, or global emergency, effective for an indefinite period or for a period of not less than 30 days, which prevents the servicemember or servicemember's dependents from occupying the lease for a residential, professional, business, agricultural, or similar purpose.*¹³

¹² Senate Committee on Veterans' Affairs, Senate Report 108-197, "Servicemembers Civil Relief Act," November 17, 2003.

¹³ "An Act to Amend the Servicemembers Civil Relief Act to Extend Lease Protections for Servicemembers under Stop Movement Orders in Response to a Local, National, or Global Emergency, and for Other Purposes" (Public Law 116-158), enacted August 14, 2020; codified at 50 U.S.C. §3955 (Termination of Residential or Motor Vehicle Leases). The specific language is from 50 U.S.C. §3955(b)(1)(C). Interestingly, the legislation was not incorporated into the annual NDAA, nor did it amend a previous NDAA. Instead, it was introduced in the Senate Committee on Veterans' Affairs by Senator Jon Tester.

If a service member in that situation signs a new lease of premises in anticipation of a PCS move—but is prevented from occupying the premises because of a stop movement order—the member may terminate the lease and may not be charged an early termination fee for doing so.

Importantly, although the measure was enacted on August 14, 2020, it applies retroactively to stop movement orders issued on or after March 1, 2020 (Public Law 116-158, Section 1(e)). Some military members may have been penalized, or may still be in a financial dispute, if they were affected by a stop movement order between those dates. Members who were in a financial dispute with a landlord may be able to obtain relief through this amendment.¹⁴ The law also specifies criminal penalties for landlords who knowingly violate the provisions of SCRA (as amended) that apply to termination of residential leases. Finally, a Department of the Navy representative reported that both the Navy and the Marine Corps issued a large number of waivers, enabling sailors and Marines to complete their scheduled PCS moves despite standing stop movement orders.

2. DoD Homeowners Assistance Program

The Homeowners Assistance Program was established as part of the American Recovery and Reinvestment Act of 2009 (ARRA, Public Law 111-5). That law provided a fund of \$550 million to remain available until expended (so-called “no-year money”). Further, Section 1001(a)(3) opened up eligibility for claims against that fund to compensate service members for losses incurred during the then-ongoing mortgage crisis, subject to a long list of stipulations that were codified at 42 U.S. Code §3374(a)(3). With the U.S. recovery from the housing crisis that first stimulated that subsection of law, the eligibility for claims expired on September 30, 2012 (the end of fiscal year 2012).

The remaining sections of 42 U.S. Code §3374 detail two other circumstances that are potentially germane to this report, providing eligibility “to receive a cash payment as compensation for losses which may be or have been sustained in a private sale of, ... or foreclosure against, any property improved with a one- or two-family dwelling.”

The first circumstance applies to

Any member of the Armed Forces in medical transition who—

(i) incurred a wound, injury, or illness in the line of duty during a deployment in support of the Armed Forces;

¹⁴ “Relief Act Amendment Provides More Protections to Service Members with Stop Movement Orders,” www.army.mil/article/238817/relief_act_amendment_provides_more_protections_to_service_members_with_stop_movement_orders, September 4, 2020.

(ii) is disabled to a degree of 30 percent or more as a result of such wound, injury, or illness, as determined by the Secretary of Defense; and

(iii) is reassigned in furtherance of medical treatment or rehabilitation, or due to medical retirement in connection with such disability.

These stipulations are linked by “and” conjunctions so that *all of them must be satisfied* to establish program eligibility. Consider either a diagnosis of COVID-19 itself, or a mental health diagnosis triggered by the COVID-19 crisis. Subsection (i), “... in the line of duty during a deployment in support of the Armed Forces” seems to make eligibility problematic. Deployments were, if anything, curtailed during the COVID-19 crisis, because of both stop movement orders and the extant, policy-driven reductions in the U.S. military presence in Central Command’s area of responsibility.¹⁵

Further, determination of “line of duty” (ILD) for mental health diagnoses is a complex area of the law. For example, Army Regulation 600-8-4 provides guidance on whether a suicide or attempted suicide should be considered in the line of duty, depending on

*if the Soldier was unable to comprehend the nature and quality or wrongfulness of his or her actions as a result of mental defect or disease. Self-inflicted injuries or death arising from a Soldier’s actions during such time that the Soldier lacked the mental capacity to appreciate the nature and quality or wrongfulness of the Soldier’s self-inflicted injury or death is considered “ILD.”*¹⁶

Finally, subsection iii limits eligibility to cases in which the service member is “reassigned in furtherance of medical treatment or rehabilitation, or due to medical retirement in connection with such disability” *and* suffers a financial loss in selling his or her property. Implementing guidance states that “the member must need to market the primary residence for sale due to the wound, injury, or illness (for example, the need to be

¹⁵ DoD, “Overseas Stop Movement Order in Response to COVID-19,” March 25, 2020, makes reference to, “the continued drawdown of U.S. forces from Afghanistan, which is scheduled to be complete within 135 days following the signed agreement.” The agreement in question appears to be “Joint Declaration between the Islamic Republic of Afghanistan and the United States of America for Bringing Peace to Afghanistan,” February 29, 2020, available at www.state.gov/wp-content/uploads/2020/02/02.29.20-US-Afghanistan-Joint-Declaration.pdf. The 135-day window would have ended on July 13, 2020, though the actual withdrawal of remaining U.S. forces did not begin in earnest until August 2021.

¹⁶ Army Regulation 600-8-4, “Line of Duty Policy, Procedures, and Investigations,” November 12, 2020, Section 4-12. See also Major Aaron L. Lancaster, “Line of Duty Investigations: Battered, Broken and in Need of Reform,” *The Army Lawyer*, vol. 225, issue 3, 2017, <https://tjaglcspublic.army.mil/line-of-duty-investigations>.

closer to a hospital or a family member caregiver or the need to find work more accommodating to the disability).”¹⁷ The confluence of those event seems possible but probably rare.

The second and final circumstance applies to:

The spouse of a member of the Armed Forces or a civilian employee of the Department of Defense or the United States Coast Guard if—

(i) the member or employee was killed in the line of duty or in the performance of his or her duties during a deployment on or after September 11, 2001, in support of the Armed Forces or died from a wound, injury, or illness incurred in the line of duty during such a deployment; and

(ii) the spouse relocates from such residence within 2 years after the death of such member or employee.

As of May 2021, applications are being accepted only in the latter two circumstances. The U.S. Army is the Executive Agent for administering the HAP for all DoD, and the U.S. Army Corps of Engineers implements the program for the Army.¹⁸ However, with the likely low frequency of these series of circumstances, the applicability of ARRA to military families during the COVID-19 crisis appears quite limited.

B. Miscellaneous New or Sustained Benefits

In FY 2020, DoD instituted Hardship Duty Pay-Restriction of Movement (HDP-ROM) to compensate service members who were stranded in a location away from their permanent duty station, and at which government housing (such as bachelor enlisted quarters or bachelor officer quarters) was not available.

Particular issues arose with Reserve Component (RC) members who were unable to drill or perform their 15 days of annual training during the COVID-19 crisis. RC members who were enrolled in SGLI did not receive drill pay and, consequently, could not make their SGLI premium payments through the usual mechanism of payroll deductions. However, DoD policy was to retain SGLI coverage for those members, with missed premiums deducted at a later date.

¹⁷ From a U.S. Army Corps of Engineers website, www.usace.army.mil/Missions/Military-Missions/Real-Estate/HAP/HAP-FAQ/.

¹⁸ “DoD Homeowners Assistance Program (HAP),” [https://myarmybenefits.us.army.mil/Benefit-Library/Federal-Benefits/DoD-Homeowners-Assistance-Program-\(HAP\);](https://myarmybenefits.us.army.mil/Benefit-Library/Federal-Benefits/DoD-Homeowners-Assistance-Program-(HAP);) and “Homeowners Assistance Program (HAP),” www.usace.army.mil/Missions/Military-Missions/Real-Estate/HAP/.

RC members who are enrolled in the TRICARE Reserve Select health plan make their premium payments directly from their bank or credit cards, rather than through payroll deductions. DoD policy was to retain TRS coverage as well, even if reduced drill pay and limited other income caused some RC members to fall behind in their premium payments.

The Uniformed Services Employment and Reemployment Rights Act, among other provisions, prohibits employers from discriminating against reservists and guarantees reservists the right to be reemployed (subject to certain limitations) at the end of their period of active service. USERRA protections traditionally applied only to federal activations, but were extended on January 5, 2021, to also cover State Active Duty days.

Finally, on September 24, 2021, DoD announced a temporary increase in basic allowance for housing (BAH) rates in 56 of about 340 military housing areas. This increase was to acknowledge COVID-related tightening of rental housing markets in those 56 areas. The temporary increase would remain in effect only for the fourth calendar quarter, October through December of 2021.

1. Hardship Duty Pay—Restriction of Movement

HDP-ROM is designed for service members ordered by their command to restriction of movement due to exposure or suspected exposure to COVID-19.¹⁹ Effective March 13, 2020, HDP-ROM is paid at the rate of \$100 per day, not to exceed \$1,500 per month. Eligibility requires that the members be ordered by their command

- to restriction of movement for self-monitoring due to exposure or expected exposure to COVID-19 or for self-monitoring due to travel to, from, or through a Center for Disease Control and Prevention Level 3 Travel Notice country,
- are directed to do so at a facility that is neither provided by the U.S. Government nor is their personal residence at the member's permanent duty station, and
- are required to pay for the cost of their lodging without full or partial reimbursement.

The active Navy (excluding the Marine Corps) paid for 3,350 hardship days among officers in FY 2020 and 36,500 hardship days among enlisted sailors. The budgeted numbers of hardship days in FY 2021 were 1,860 for officers and 90,630 for enlisted sailors.²⁰ For perspective, officer end strength in FY 2020 was about 55,000; enlisted end strength was about 285,000. The recent (through FY 2022) budget books of the other active

¹⁹ See Fact Sheet: COVID-19 Military Personnel, Pay, and Benefits Policy, March 26, 2020, www.defense.gov/Newsroom/Releases/Release/Article/2127448/fact-sheet-covid-19-military-personnel-pay-and-benefits-policy/.

²⁰ Department of the Navy, Fiscal Year 2022 Budget Materials, "Military Personnel, Navy," www.secnave.navy.mil/fmc/fmb/Pages/Fiscal-Year-2022.aspx.

components (including the newly established Space Force) provide no transparency into their HDP-ROM payments.

2. Servicemembers' Group Life Insurance

SGLI makes group life insurance available to members of the following groups:

- active duty members of the Army, Navy, Air Force, Marines, or Coast Guard,
- commissioned members of the National Oceanic and Atmospheric Administration (NOAA) or the U.S. Public Health Service (USPHS),
- cadets or midshipman of the U.S. military academies,
- members, cadets, or midshipmen of the Reserve Officers Training Corps (ROTC) engaged in authorized training and practice cruises,
- members of the Ready Reserve or National Guard assigned to a unit and scheduled to perform at least 12 periods of inactive training per year, and
- volunteers in an Individual Ready Reserve mobilization category.

Service members are automatically enrolled at enlistment for the maximum SGLI coverage of \$400,000. However, they can choose to reduce their coverage level in increments of \$50,000 or opt out entirely. Either action will reduce their premiums in proportion to the amount of coverage they elect.²¹

SGLI premiums are deducted from a service member's military pay. RC members who are unable to drill or perform their 15 days of annual training do not receive pay and, thus, their SGLI premium payments are not made over the corresponding period of time. DoD policy is that SGLI coverage will continue even when RC members are unable to drill, but missed premiums will later be deducted in a lump sum when they return to pay status.²²

3. TRICARE Reserve Select

TRS is a premium-based health plan available for purchase by qualified members of the Selected Reserve. Current qualifications to enroll in TRS were enacted in Section 706 of the FY 2007 NDAA (Public Law 109-364). Enrollees pay 28 percent of "the total ... amount determined on an appropriate actuarial basis as being reasonable for that

²¹ See <https://militarypay.defense.gov/Benefits/Servicemembers-Group-Life-Insurance/>; or www.va.gov/life-insurance/options-eligibility/sgli/.

²² See <https://media.defense.gov/2020/Apr/09/2002278146/-1/-1/1/PAY-PERSONNEL-BENEFITS-FAQ-SUP-1.PDF>.

coverage.”²³ DoD absorbs the remaining 72 percent share, but the costs of so doing are not easily identifiable in the budget of the Defense Health Program (DHP).²⁴ TRS included 111,000 plans with 390,000 covered beneficiaries at the end of FY 2020.²⁵

Unlike SGLI, TRS premiums are not deducted from an RC member’s drill pay but are rather paid from the member’s bank or credit card. However, some RC members may have had difficulty paying their premiums if they did not participate in regular drills and if they had limited other sources of income. DoD relaxed its policies so that TRS coverage continued even if RC members fell behind in their premium payments.²⁶

4. Service Credit for Non-Regular Retirement

The reserve retirement points system is a uniform procedure used to determine eligibility for retirement pay for non-regular service for the reserve components in DoD and the Coast Guard. Qualifying criteria determine what is considered a satisfactory year, and reserve members must accumulate 20 satisfactory years to be eligible to draw a non-regular retirement at age 60. In a satisfactory year, the service member accumulates at least 50 retirement points.

Reservists earn retirement points by attending Unit Training Assemblies, Annual Training days, and by being called to active duty. DoD Instruction (DoDI) 1215.07 establishes the policy and procedures for reserve component members to earn their credits. The instruction was changed in May 2021 to allow the award of up to 35 retirement points in a 1-year period if the reserve component member was prevented from performing duties due to travel or duty restrictions imposed by the President or Secretary of Defense.²⁷

²³ See Section 701 of the FY 2005 NDAA (Public Law 108-375), codified at 10 U.S.C. §1076d.

²⁴ In the DHP budget book, the administrative, management, and health-care costs for TRS are pooled with those of several other programs in the category Miscellaneous Purchased Health Care. The total Operation and Maintenance appropriation for that broader category was \$1.2 billion in FY 2021. See Defense Health Program, Operation and Maintenance, Fiscal Year (FY) 2022 Budget Estimates, Private Sector Care OP-5 Exhibit (Volume I, section 6B), at <https://comptroller.defense.gov/Budget-Materials/FY2022BudgetJustification/>.

²⁵ “Evaluation of the TRICARE Program: Fiscal Year 2021 Report to Congress – Access, Cost, and Quality Data through Fiscal Year 2020,” July 2021, www.health.mil/Military-Health-Topics/Access-Cost-Quality-and-Safety/Health-Care-Program-Evaluation/Annual-Evaluation-of-the-TRICARE-Program, 175.

²⁶ See <https://media.defense.gov/2020/Apr/09/2002278146/-1/-1/1/PAY-PERSONNEL-BENEFITS-FAQ-SUP-1.PDF>.

²⁷ DoD Instruction (DoDI) 1215.07, “Service Credit for Non-Regular Retirement,” Section 3.6.

5. Uniformed Services Employment and Reemployment Rights Act

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), among various other provisions, prohibits employers from discriminating against reservists and guarantees reservists the right to be reemployed (subject to certain limitations) at the end of their period of active service.²⁸ Although USERRA traditionally applied only to federal (Title 10 or Title 32) activations, it was extended on January 5, 2021, to also cover members of the National Guard serving on State Active Duty under the following conditions:

- for service on or after January 5, 2021,
- for 14 days or more,
- in support of a national emergency declared by the President under the National Emergencies Act (50 U.S.C., Chapter 34, National Emergencies), and
- in support of a major disaster declared by the President under Section 401 of the Stafford Act (42 U.S.C., Chapter 68, Disaster Relief).²⁹

An earlier IDA report analyzed data from the Employer Support of the Guard and Reserve (ESGR), an office that reports to the USD (P&R).³⁰ ESGR is the DoD office that

informs and educates Service members and civilian employers regarding their rights and responsibilities under the Uniformed Services Employment and Reemployment Rights Act (USERRA). ESGR does not enforce USERRA, but serves as a free resource for Service members and employers.

²⁸ USERRA (Public Law 103-353) is codified at 38 U.S.C. §§4301–4335. The act was amended by the Veterans’ Benefits Improvement Act of 2004 (Public Law 108-454), sections 201–204; and further by the Veterans’ Benefits Improvement Act of 2008 (Public Law 110-389), sections 311–313. Traditional USERRA benefits incorporating those two amendments are described at various websites, including Department of Labor (DOL), “Your Rights under USERRA,” www.dol.gov/sites/dolgov/files/VETS/legacy/files/USERRA_Private.pdf.

²⁹ 38 U.S.C. §4303 was amended by the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act (Public Law 116-315), Section 7004, “Extension of Certain Employment and Reemployment Rights to Members of the National Guard Who Perform State Active Duty.” The extension to State Active Duty is described in two fact sheets that DOL issued in 2021: “COVID-19 Impact: Uniformed Services Employment and Reemployment Rights,” www.dol.gov/sites/dolgov/files/VETS/files/USERRA-COVID-19-Impact.pdf; and “New Coverage for Certain State Active Duty under the Uniformed Services Employment and Reemployment Rights,” www.dol.gov/sites/dolgov/files/VETS/files/USERRA-State-Active-Duty-Coverage.pdf.

³⁰ Timothy J. Wojtecki and Matthew S. Goldberg, “Impact of the Operational Reserve on National Guard Recruiting, Retention, Employers, and Families (Presentation),” IDA Document NS D-21573 (Alexandria, VA: Institute for Defense Analyses, March 2021), draft final version.

*ESGR's Customer Service Center is available to answer USERRA questions, or to refer cases to a trained Ombudsman for mediation assistance. ESGR Ombudsmen are volunteers located throughout the United States and its territories. They are available to assist members of the Guard and Reserve in resolving disputes with their civilian employers related to their military service through neutral and impartial mediation.*³¹

The earlier IDA report found significant correlations between total federal duty days and USERRA reemployment cases for both the Army National Guard and the Air National Guard. Among the various types of federal duty days, the strongest correlations with numbers of reemployment cases were for deployments to Overseas Contingency Operations (OCO). The OCO deployments in the latter part of the 2010s consisted mostly of Operation Freedom's Sentinel in Afghanistan and Operation Inherent Resolve in Iraq and Syria.³² IDA's earlier report was completed in early 2021 and so did not measure any effects for the extension of USERRA protections to State Active Duty days that had just been enacted.

6. Temporary Increase in BAH Rates

On September 24, 2021, DoD announced a temporary increase in BAH rates in 56 of about 340 military housing areas. DoD's announcement explicitly tied this policy change to the effect of the COVID-19 pandemic on rental costs:

*Rental housing market data collected by the Department of Defense from March-August 2021 indicates that the COVID-19 pandemic has had a significant impact on rental housing costs in the 56 affected markets. Notably, low availability and turnover of rental housing stock during the spring and summer months led to rental cost increases in many locations.*³³

The temporary increase would remain in effect only for the fourth calendar quarter, October 1 through December 31, 2021. Further, to apply for the higher BAH rates, service members would have to certify that they incurred housing costs above their baseline BAH

³¹ See "About ESGR, Who is ESGR?" www.esgr.mil/About-ESGR/Who-is-ESGR; and "USERRA Contact: ESGR Services," www.esgr.mil/USERRA/USERRA-Contact.

³² Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, "Fiscal Year 2021 Defense Budget Overview," February 2020, Chapter 6, <https://comptroller.defense.gov/Budget-Materials/Budget2021/>.

³³ "DoD Authorizes a Temporary Increase to 2021 Basic Allowance for Housing Rates for Certain Locations," Sept. 24, 2021, www.defense.gov/News/Releases/Release/Article/2788871/dod-authorizes-a-temporary-increase-to-2021-basic-allowance-for-housing-rates-f/.

rates for calendar year 2021. A normal annual adjustment to BAH rates will occur on January 1, 2022.

C. Other Policies

In response to the COVID-19 pandemic, the U.S. Government, as well as state and local governments, created several new programs and policies that affected the financial health of service members. Additionally, many existing programs became a source of much-needed aid for service members and their families. Of note were the stimulus checks; unemployment insurance (UI) and its expansion; the Supplemental Nutrition Assistance Program (SNAP); the Nutrition Program for Women, Infants, and Children (WIC); school closures; and the eviction moratorium.

The government had three rounds of stimulus checks as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136); the Consolidated Appropriations Act, 2021 (Public L. No: 116-260); and the American Rescue Plan Act of 2021 (Public Law No 117-2). Table 1 shows the date, amount, and eligibility details for the stimulus checks. Given the standard deduction for 2019 was \$12,200 for single filers, \$18,350 for heads of households, and \$24,400 for married filing jointly, most service members qualified for the full amount.

Table 1. COVID-19 Stimulus Check Summary

Stimulus Check Detail	Check 1	Check 2	Check 3
Time frame for most recipients	March to April 2020	December to January 2020	March to April 2021
Amount for individuals and heads of households	\$1,200	\$600	\$1,400
Amount for married couples filing jointly	\$2,400	\$1,200	\$2,800
Amount per dependent child	\$500	\$600	\$1,400
Individual phase-out income range	\$75,000 to \$99,000	\$75,000 to \$87,000	\$75,000 to \$80,000
Head of household phase-out income range	\$112,500 to \$146,500	\$112,500 to \$124,500	\$112,500 to \$120,000
Married filing jointly phase-out income range	\$150,000 to \$198,000	\$150,000 to \$174,000	\$150,000 to \$160,000

Note: The time frame for check recipients is when most checks were sent out as many checks were claimed several months after that point. For the third stimulus check, the definition of dependent child was expanded to include dependents over 18, such as college students. The income phase-out range uses adjusted gross income from past federal income tax returns. Married filing separately had the same amounts and phase-out ranges as individuals.

Although it is not possible to confidently make a causal statement due to potential confounding variables, data from the Census Pulse Survey show the percent of the population with difficulties meeting expenses decreased significantly after the majority of the second and third stimulus checks were received.³⁴

In addition to the stimulus checks, the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act of 2021 contained other elements that affected the financial health of service members and their families. Of note were expansion of the Child Tax Credit to \$3,000 for children under 18 and \$3,600 for children under 6 in the American Rescue Plan Act of 2021, and the expansion of UI benefits in all three. The changes to the Child Tax Credit were an increase of \$1,000 or \$1,600 over the previous limit, and the credit was made refundable for people for which it was not previously refundable. The Child Tax Credit was also changed so that the amount is distributed evenly each month of the year. The UI effects varied across the three bills, but generally had three components:

- **Additional amount.** The amount given at the state level was supplemented at the federal level.
 - **Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136).** The supplemented amount was \$600 per week through July 26, 2020, after which it was reduced to \$300 per week.³⁵
 - **Consolidated Appropriations Act, 2021 (Public L. No: 116-260).** The \$300 weekly amount was maintained.
 - **American Rescue Plan Act of 2021 (Public Law No 117-2).** The \$300 weekly amount was maintained until September 6, 2021.
- **Extended eligibility period.** The amount of time people could receive benefits was extended.
 - **Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136).** UI benefits were extended for 13 weeks to those who would have otherwise exhausted such benefits.
 - **Consolidated Appropriations Act, 2021 (Public L. No: 116-260).** The act maintains the 13-week extension for UI benefits.
 - **American Rescue Plan Act of 2021 (Public Law No 117-2).** The act maintains the 13-week extension for UI benefits.

³⁴ See Figure 16 on page 48.

³⁵ Lost Wages Supplemental Payment Assistance Guidelines (2021). Available online at <https://www.fema.gov/disaster/coronavirus/governments/supplemental-payments-lost-wages-guidelines>, updated on 9/16/2021, checked on 9/16/2021.

- **Broader eligibility guidelines.** The eligibility requirements were softened as noted next:
 - **Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136).** Gig, self-employed, and contract workers became eligible for benefits. Job tenure requirements were eliminated.
 - **Consolidated Appropriations Act, 2021 (Public L. No: 116-260).** The act extends the eligibility changes from the CARES Act.
 - **American Rescue Plan Act of 2021 (Public Law No 117-2).** The act extends the eligibility changes from the CARES Act.

Additionally, for 2020 and 2021 taxes, the first \$10,200 of UI payments will not be counted as taxable income at the federal level.³⁶ All the aforementioned changes will help military spouses and reserve component members, as well as the general population. However, the change in eligibility for those who lost their jobs while having less than their respective state's required tenure will likely have a more positive impact on service member spouses. According to interviews with Soldier & Family Readiness Division and Military Community and Family Policy representatives, military spouses usually change jobs after or during a PCS, making them less likely to be eligible for UI under the more restrictive eligibility requirements. It is important to note that on June 12, 2021, five states opted to end the \$300 federal benefit supplement. By July 10, 2021, an additional 20 states had either ended or attempted to end the supplement.³⁷

The representative from the Soldier and Family Readiness Division of Army G-9 (Office of the Deputy Chief of Staff, Installations) indicated that although there were financial concerns during the pandemic, financial health actually improved for most spouses during the pandemic. The interviewee indicated that the stimulus checks and greater availability of remote work were the main contributors to this improvement. An interview with a Military Community and Family Policy representative revealed that multiple virtual job fairs took place with over 150 employer partners for military spouses, one of which had 900 spouses in attendance.

The federal, state, and local responses to the COVID-19 pandemic also included eviction moratoriums. The CARES Act provided an eviction moratorium for federally backed rental properties until July 24, 2020. Early in the pandemic, many states also

³⁶ This was only in the American Rescue Plan Act of 2021 (Public Law No 117-2), but it applies retroactively to the 2020 tax year.

³⁷ Coral Murphy, "Here Are the States Eliminating Coronavirus Pandemic Unemployment Benefits," *New York Times*, June 15, 2021, <https://www.nytimes.com/2021/06/15/business/unemployment-benefits-end-date.html>, checked on 9/16/2021.

assembled their own eviction protections.³⁸ On September 4, 2020, the CDC issued the Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19, which provided an eviction moratorium for those economically hurt by the pandemic until December 31, 2020.³⁹ This moratorium was extended and then ultimately allowed to expire on July 31, 2021. Figure 1 shows the eligibility requirements for eviction protections.⁴⁰ On August 3, 2021, the CDC issued a new eviction moratorium that applied to counties with substantial and high transmissibility,⁴¹ but otherwise preserved the same eligibility requirements. Given that the majority of U.S. counties were averaging more than 7 new cases per day per 100,000 residents, the majority of renters were still covered by the eviction moratorium. On August 26, 2021, the Supreme Court ruled the eviction moratorium was unconstitutional.⁴²

³⁸ ProPublica, “Can I Be Evicted During Coronavirus?” <https://projects.propublica.org/covid-evictions/>, updated 9/16/2020 and accessed 9/16/2021.

³⁹ Federal Register, “Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19,” <https://www.federalregister.gov/documents/2020/09/04/2020-19654/temporary-halt-in-residential-evictions-to-prevent-the-further-spread-of-covid-19>, updated 9/16/2021 and checked 9/16/2021.

⁴⁰ Office of Management and Budget (OMB), “0920-1303 CDC Eviction Protection Declaration 07APR2021 - OMB 0920-1303,” available online at <https://omb.report/icr/202104-0920-001/doc/110647600>, updated 9/16/2021 and, accessed 9/16/2021.

⁴¹ Defined as averaging 7.14 to 14.29 and more than 14.29 new cases per day per 100,000, respectively.

⁴² Alabama Association of Realtors, et al., Applicants v. Department of Health and Human Services, et al. (2021), <https://www.supremecourt.gov/search.aspx?filename=/docket/docketfiles/html/public/20a169.html>, updated on 6/30/2021, checked on 9/16/2021.

1. Do I qualify?

If you can check at least one box in each column, you qualify.

Column A

- ☐ I received a stimulus check (Economic Impact Payment) in 2020 or 2021
- ☐ I was not required to report any income to the IRS in 2020
- ☐ In 2020 or 2021, I earned (or expect to earn) **less than \$99,000** as an individual or **less than \$198,000** as a joint filer

You are likely to have earned under **this amount if you receive any** of the following benefits:

- Supplemental Nutrition Assistance Program (SNAP)
- Temporary Assistance for Needy Families (TANF)
- Supplemental Security Income (SSI)
- Supplemental Security Disability Insurance (SSDI)

AND

Column B

I cannot pay my full rent or make a full housing payment because:

- ☐ My household income has gone down substantially
- ☐ I have been laid off from work
- ☐ My work hours or wages have been cut
- ☐ I have extraordinary out-of-pocket medical expenses¹

None of the above — You do not qualify.

None of the above — You do not qualify.

Source: This is part of OMB Control No. 1920-1303 from April 7, 2021. In addition to the above information, individuals must declare that they would have to move into close quarters with others or become homeless; that they have done their best to make timely partial payments and receive government assistance in making rent or housing payments; and that they comply with the conditions of their leases. Extraordinary out-of-pocket medical expenses are defined as 7.5 percent or more of adjusted gross income.

Figure 1. Eligibility for Eviction Protections

In 2020, over 92 percent of U.S. households were below the joint filer limit, and over 71 percent of U.S. households were below the individual filer income limit.⁴³ Given the broad eligibility of eviction protections, it is likely that reserve component members and their families that experienced full or partial job loss, either voluntarily or involuntarily, qualified for eviction protections. SCRA already gave considerable protection to active component members, who could not be evicted from a rented home if the rent was less than a stipulated amount.⁴⁴ That amount was set at \$2,400 per month in 2003, then adjusted annually to inflation and standing at \$4,090 in 2021.⁴⁵ For comparison, the BAH for an

⁴³ These percentages are calculated assuming that only the standard deduction is used by everyone. Actual numbers are likely larger. The income distribution was retrieved from <https://dqydj.com/average-median-top-household-income-percentiles/> on August 31, 2021.

⁴⁴ Jennifer K. Elsea, “The Servicemembers Civil Relief Act (SCRA): Section-by-Section Summary,” Congressional Research Service, R45283, updated February 9, 2021, 14–15.

⁴⁵ SCRA Rental and Eviction Protection, www.military.com/benefits/military-legal-matters/scra-rental-and-eviction-protection.html.

E-6 with dependents stationed in Los Angeles (a benchmark reflecting the market rent for a 3-bedroom townhouse or duplex in that very expensive city) was \$3,483 in 2021.

Interviews with the Soldier & Family Readiness Division of Army G-9 indicate that financial education for soldiers emphasizes that using financial resources, such as the eviction moratorium, would not affect security clearances.

Our interview with a Military Community and Family Policy representative also revealed two additional federal programs that military families in need often utilize, the Supplemental Nutrition Assistance Program (SNAP) and the Nutrition Program for Women, Infants, and Children (WIC). Both programs were expanded slightly with the Consolidated Appropriations Act, 2021 (Public L. No: 116-260), with the former having benefits increased by 15 percent. Our interviews with Military Community and Family Policy and Soldier & Family Readiness Division representatives indicated that after a PCS, service members that utilize these programs often encounter challenges applying for these benefits in their new home states. Even with the help of financial counselors, these challenges can lead to gaps in benefits. Although motivated by other reasons, the reduction in PCSs helped service members that relied on these benefits maintain constant support.

Additional financial assistance is available to active duty and reserve service members and their qualifying dependents via the DoD Financial Readiness website.⁴⁶ That resource provides access to private appointments with personal financial counselors and personal financial managers. The website summarizes the protections available to military families under the Servicemembers Civil Relief Act discussed above, as well as the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, and the Military Lending Act. It also provides links to the following organizations that provide financial relief and assistance:

- Army Emergency Relief,
- Air Force Aid Society,
- Coast Guard Mutual Assistance, and
- Navy-Marine Corps Relief Society.

The military Services maintain their own financial readiness websites in accordance with 10 U.S. Code §992 (Financial Literacy Training: Financial Services). The Services provide financial-literacy training at personal and professional training points throughout service members' careers.

⁴⁶ DoD Office of Financial Readiness, <https://finred.usalearning.gov/>.

3. Observed Effects of the Pandemic on Service Members

In the previous chapter, we identified many policies and statutes implemented during the COVID-19 pandemic that were intended to mitigate the financial impacts of the pandemic. In this chapter, we examine how active and reserve service members' compensation from DoD was affected by the pandemic. Then, we assess the effects of the stop movement order on PCS rates and promotions. Finally, we examine recent surveys to investigate how the pandemic could have impacted the broader financial health of military families.

We begin this analysis by examining administrative personnel data from the DMDC, which IDA receives regularly as part of an institutional data-sharing agreement and maintains in IDA's Personally Identifiable Information (PII) Enclave. IDA's data holdings span January 2000 to April 2021. We used data from FY 2017 through FY 2020 from the following datasets:

- Active Duty and Reserve Master files, which contain personnel information such as demographic data, and data on individuals' relation to the military, such as duty location, occupation, and unit identification code (UIC).
- Active Duty and Reserve Pay files, which contain data on pay amounts and justifications, such as bonuses or language skills.

The DMDC data provides information on all service members, including Reserve and National Guard. We used this data to compare service members' earnings before and during the COVID-19 pandemic. However, the data do not provide detailed information on which special pays an individual member receives. Instead, the special and incentive pays are combined.

To gain insight into special pays due to the COVID-19 pandemic, we also examined budget data for the four military services (excluding the newly established Space Force) over the 3-year period from FY 2019 to FY 2021. In contrast to the individual-level administrative personnel data, the budget data provide an aggregate view of total spending on military compensation. However, the data do provide a detailed view of outlays on specific types of special and incentive pays.

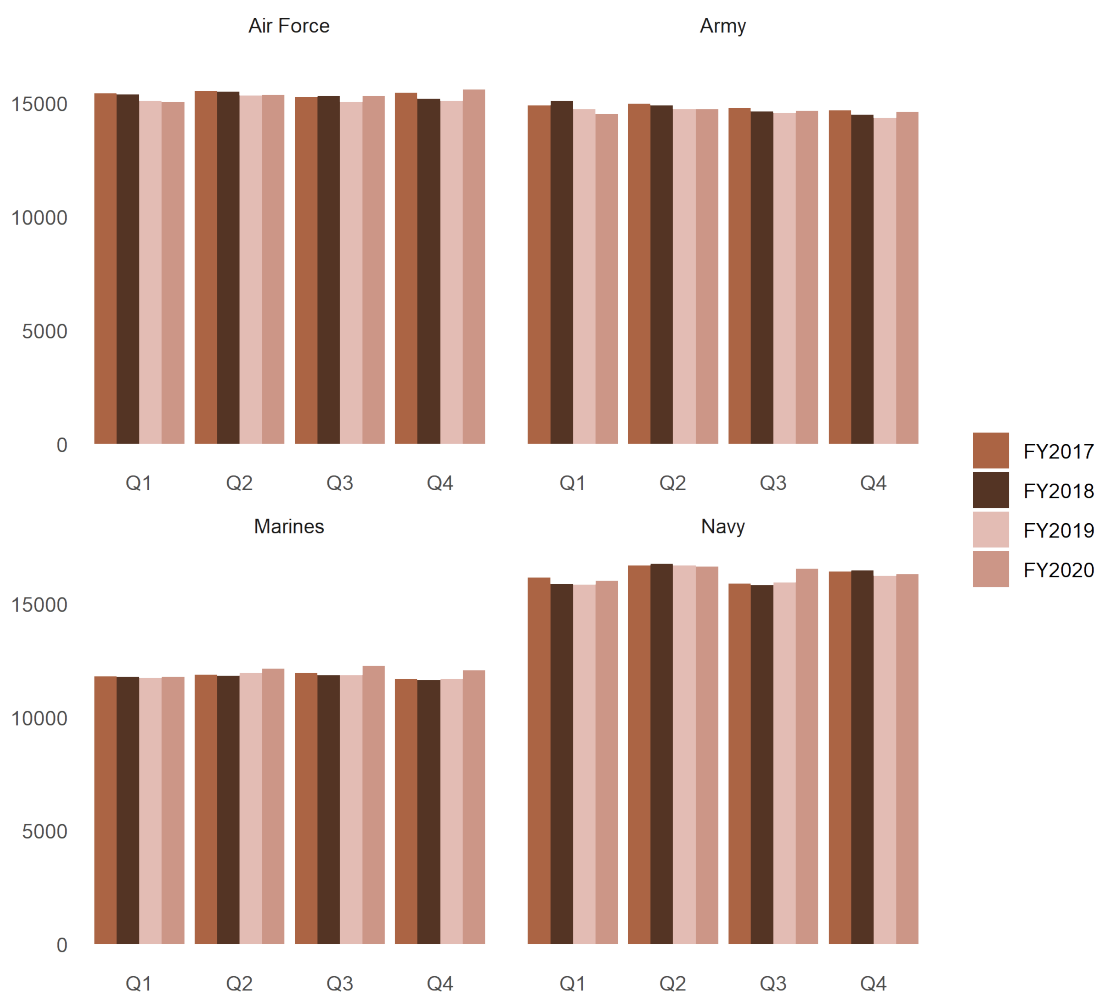
We also used the DMDC data to examine the effects of stop movement orders. However, the data do not directly measure PCS orders. Instead, we must infer a PCS took

place by reviewing changes in service members' duty locations and Unit Identification Codes (UICs).⁴⁷

A. Active Duty Service Member Compensation

We looked at service member compensation from two angles. First, we looked at average individual pays; second, we looked at budget-level data. This dual approach provides a broader view of overall compensation. The DMDC Active Duty Pay files for FY 2017 through FY 2020 contain individual-level data on each service member's pay. We used several years to establish a baseline for the FY 2020 data of primary interest. As shown in Figure 2, average active duty compensation in FY 2020 does not differ significantly from prior years. This result is not surprising as active duty service members did not lose their jobs and were not furloughed due to the COVID-19 pandemic.

⁴⁷ Stop movement orders may have also affected deployments. Unfortunately, we were unable to obtain the deployment data from DMDC.



Source: DMDC Active Duty Pay Files.

Figure 2. Average Active Duty Compensation by Quarter, FY 2017–2020 (inflation-adjusted 2020 Dollars)

Special and incentive (S&I) pays are two types of pay beyond the military basic pay that all service members receive, with the latter type based solely on pay grade and years of military service. Some S&I pays are permanently authorized by law, but others are reauthorized each year in the NDAA. For example, the FY 2021 NDAA reauthorized

- special pay relating to the nurse officer candidate accession program,
- special pay relating to repayment of education loans for certain health professionals who serve in the Selected Reserve,
- special pay for nuclear-trained officers,
- special aviation incentive pay,

- special bonus and incentive pay for officers in health professions,
- hazardous duty pay,
- assignment pay or special duty pay,
- skill incentive pay or proficiency bonus, and
- retention incentives for members qualified in critical military skills or assigned to high-priority units.⁴⁸

The number of distinct types of S&I pay varies among the Service branches. For example, the active Navy included 34 types of special pay and 10 types of incentive pay in its budget request for FY 2022.⁴⁹ The Marine Corps had somewhat fewer types, notably excluding submarine duty pay and Navy special warfare skills incentive pay.

While some of the S&I pays are intended to be paid for skills and qualification (e.g., special pay for nuclear-trained officers), others are intended to be paid only when those skills are actually performed. Examples of the latter type include special pay for diving and incentive pay for flying duty and for parachute jumping. Shortly after the COVID-19 crisis was acknowledged, DoD gave the service secretaries the authority to waive the performance requirements for service members who were otherwise eligible to receive those S&I pays. That policy remains in place as of this writing and applies to members of both the active and reserve components.⁵⁰

We examined budget data for the four military services (excluding the newly established Space Force) over the 3-year period from FY 2019 to FY 2021. FY 2019 was the last full pre-COVID year. FY 2020 was a partial COVID year (starting March 2020) and the last year of budget “actuals” at the time of this analysis. The FY 2022 budget was submitted to Congress in May 2021, so the FY 2021 columns in that budget contained part-year estimates that the service comptrollers had extrapolated to the end of that fiscal year. Although not shown here, we also looked back at budget data for 2 earlier years, FY 2017 and FY 2018, in order to get a rough sense of the typical year-to-year variability in the military personnel accounts.

The budget data show mixed evidence of the effectiveness of performance requirement waivers. For example, the number of enlisted Marines receiving parachute-

⁴⁸ William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year 2021 (Public Law 116-283), Section 611, “One-Year Extension of Certain Expiring Bonus and Special Pay Authorities.”

⁴⁹ Department of the Navy, Fiscal Year 2022 Budget Materials, “Military Personnel, Navy,” www.secnav.navy.mil/fmc/fmb/Pages/Fiscal-Year-2022.aspx.

⁵⁰ See Fact Sheet “COVID-19 Military Personnel, Pay, and Benefits Policy – Supplement 1,” April 9, 2020, <https://media.defense.gov/2020/Apr/09/2002278146/-1/-1/1/PAY-PERSONNEL-BENEFITS-FAQ-SUP-1.PDF>.

jumping pay declined from 706 in FY 2019 to 505 in FY 2020 and FY 2021, but the monthly pay among recipients remained at the nominal value of \$150. The numbers of enlisted sailors receiving parachute-jumping pay also declined, from about 3,400 in FY 2019 to about 1,800 in FY 2020 and about 1,500 projected for FY 2021. However, the monthly pay per recipient hovered very close to a nominal value of \$225. The Navy's nominal rate is higher than that for the Marine Corps because the former includes an add-on for High Altitude Low Opening jumps.⁵¹

We determined that most of the noteworthy changes in S&I pays from FY 2019 to FY 2021 involved enlistment and reenlistment bonuses, as well as the loan repayment program that complements enlistment bonuses as a recruiting incentive.⁵² We found the largest magnitude and the most interesting patterns for the Marine Corps and the Navy, as shown in Table 2. Because the U.S. economy was very weak during FY 2020, we hypothesized a U-shaped pattern in which the numbers of enlistment and reenlistment bonuses paid—and the average amounts per recipient—would decline from FY 2019 to FY 2020 as civilian alternatives diminished. Then, those awards would return to roughly FY 2019 levels by FY 2021, when an economic recovery was expected. The signs of the year-to-year differences for the Marine Corps in Table 2 conform to the hypothesized pattern. The Marine Corps did not fund its loan repayment program during the period studied.

The pattern for the Navy was quite different. Regarding enlistment bonuses, the Navy increased the number of recipients from 23,060 in FY 2019 to 28,656 in FY 2020, and the average award from \$4,114 to \$5,203 (only the respective year-to-year differences are shown in Table 2). The Navy made fewer initial payments on reenlistment bonuses (neglecting installment payments on earlier years' awards), but increased the average award from \$14,155 to \$18,382. The pattern of increasing awards generally continued from FY 2020 to FY 2021.

⁵¹ Department of Defense (DoD), "Military Compensation: Special and Incentive Pay Index," <https://militarypay.defense.gov/Pay/Special-and-Incentive-Pays/Index/>.

⁵² For example, the Navy Student Loan Repayment Program is described at a Navy Recruiting Command website, www.cnrc.navy.mil/pages-nrc-links/navy-student-loan-repayment-program.htm.

Table 2. Annual Changes in Selected Special Pays for Active Duty Personnel

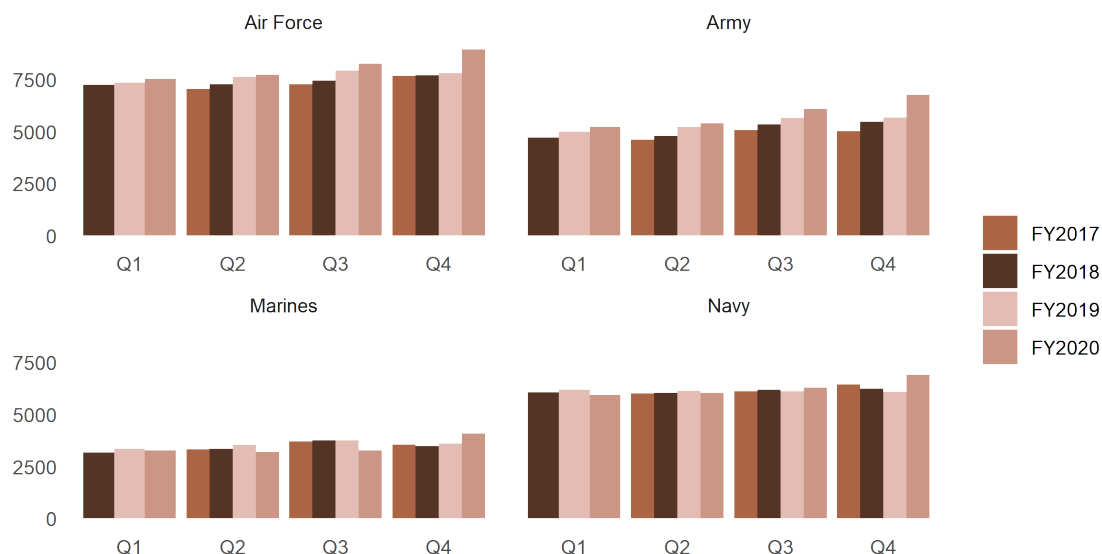
Service branch	Type of pay	FY 2019 to FY 2020		FY 2020 to FY 2021	
		Change in number of enlisted recipients	Change in annual payment per enlisted recipient	Change in number of enlisted recipients	Change in annual payment per enlisted recipient
Marine Corps	Enlistment bonuses	-1,409	-\$320	1,463	\$453
	Reenlistment bonuses	-1,686	-\$2,833	1,265	\$3,070
	Loan repayment program	not funded during period		not funded during period	
Navy	Enlistment bonuses	5,596	\$1,089	728	\$529
	Reenlistment bonuses (initial payments)	-4,846	\$4,227	1,768	-\$465
	Loan repayment program	10	-\$4,022	223	\$822

Source: Department of the Navy, Fiscal Year 2022 Budget Materials, "Military Personnel, Navy" and "Military Personnel, Marine Corps," www.secnnav.navy.mil/fmc/fmb/Pages/Fiscal-Year-2022.aspx.

B. Reserve Component Service Member Compensation

When not on active duty, National Guard and Reserve service members drill and train on a part-time basis. Many reserve members hold full- or part-time civilian sector jobs. Military compensation thus represents only a portion of reserve service member's total income. The financial impact of COVID-19 on reserve service members is likely to be very different compared to active duty service members. Reserve service members may or may not have kept their civilian sector jobs. Members may have been activated for deployment or natural disasters, which can also affect their finances.

Using the DMDC Reserve Pay files, Figure 3 shows that in FY 2020, average personnel compensation of members of the Selected Reserve from DoD is generally equal to or slightly greater than prior years.



Source: DMDC Reserve Duty Pay Files.

Figure 3. Average Compensation of Members of the Selected Reserve by Quarter, FY 2017–2020 (real 2020 dollars)

Federal drill pay for members of the National Guard and Reserve components falls into four pay groups:

- Pay Group A Training—covering at least the minimum statutory requirements of 48 annual drill periods over 24 days (i.e., one weekend per month), plus one 15-day consecutive block,⁵³
- Pay Group B Training (Backfill for Active Duty),
- Pay Group C Training (Recruits), and
- Pay Group D Training (Pipeline Recruits).

The vast majority of federal drill pay falls into Pay Group A. The patterns of annual payments of that type per enlisted recipient are shown for each of the six Guard and Reserve components in Table 3. Annual payments behaved differently for each of the components, with the largest declines between FY 2019 and FY 2020 being observed for the Navy Reserve (-\$1,356) and the Air National Guard (-\$1,182). Projected annual payments increased in FY 2021, restoring the FY 2019 levels for the Navy Reserve (1-year increase of \$2,366 for a net increase between FY 2019 and FY 2021 of \$1,010) and nearly so for the Air National Guard (1-year increase of \$1,017 for a net decrease of merely \$165). No

⁵³ The minimum statutory requirements are stated in 32 U.S.C. §502, Required Drills and Field Exercises. Pay Group A also includes school days required for training and certification.

other component experienced a net decrease between the endpoints of FY 2019 and FY 2021.

Table 3. Annual Changes in Pay Group A Training Payments for Reserve and National Guard Personnel

Service Branch	Component	Annual Payment per Enlisted Recipient	
		FY 2019 to FY 2020	FY 2020 to FY 2021
Army	Reserve	\$158	\$713
	National Guard	–\$715	\$1,190
Navy	Reserve	–\$1,356	\$2,366
Air Force	Reserve	\$404	\$369
	National Guard	–\$1,182	\$1,017
Marine Corps	Reserve	–\$646	\$1,460

Note: Pay Group A Training includes the minimum mandated 48 annual drill periods (over 24 days) plus one 15-day consecutive block.

Source: Department of Defense, Office of the Comptroller, “Defense Budget Materials – FY2022: Military Personnel Programs (M-1),” <https://comptroller.defense.gov/Budget-Materials/>.

Several factors contributed to these patterns. Effective March 27, 2020, President Trump activated the National Guard under Title 10 authority, whereby the federal government (rather than the states and territories) would pick up all of the associated costs.^{54,55} At that time, the governors of all 50 states as well as Guam, Puerto Rico, the U.S. Virgin Islands, and Washington, D.C. (the so-called “54”) had already mobilized elements of their Army and Air National Guard under state orders.⁵⁶ The latter contrasts to the more typical state activations through FY 2019, which were dominated by counter-drug

⁵⁴ “National Emergency Authority to Order the Selected Reserve and Certain Members of the Individual Ready Reserve of the Armed Forces to Active Duty,” Executive Order 13912, March 27, 2020, as reported in the *Federal Register*, www.federalregister.gov/documents/2020/04/01/2020-06985/national-emergency-authority-to-order-the-selected-reserve-and-certain-members-of-the-individual. Implementation guidance was issued a few days later in a Memorandum from then-Secretary of Defense Mark T. Esper, “Guidance on Activating the National Guard, Reserve, and Individual Ready Reserve for Coronavirus Disease Response,” April 2, 2020, <https://prhome.defense.gov/Portals/52/Guidance%20on%20Activating%20the%20National%20Guard%20Reserve%20and%20IRR%20for%20COVID-19%20OSD003539-20%20RES%20Final%201.pdf>.

⁵⁵ President Trump invoked various statutory authorities, including 10 U.S.C. §12302, Ready Reserve; and §2127, 2308, 2314, and 3735 of 14 U.S.C., which pertain to the U.S. Coast Guard. Additional statutory authority under 32 U.S.C. §502(f), [National Guard] Required Drills and Field Exercises was implicit though apparently not stated explicitly.

⁵⁶ Howard Altman and Leo Shane III, “Trump Provides Federal Funds for National Guard in Three States; They Keep Control, Federal Government Foots Bill as COVID-19 Cases Rise,” *Military Times*, March 22, 2020.

efforts and deployments to the southwest border.⁵⁷ President Biden extended the federal missions of the 54 states and territories, again with federal funding, on January 21, 2021 (i.e., immediately after taking office and nearly 10 months after President Trump’s initial announcement).⁵⁸

By standing law, Guard and Reserve members who are activated for more than 30 days—and their family members—become eligible for full TRICARE health benefits.⁵⁹ Further, active service for more than 30 days may trigger eligibility for the Transitional Assistance Management Program (TAMP), which provides an additional 180 days of family health care after regular TRICARE benefits end. Deactivated RC members are eligible for TAMP if they participated in

- a preplanned mission,
- support of a contingency operation, or
- support of the government coronavirus (COVID-19) response.⁶⁰

On the other hand, among the various circumstances that trigger eligibility for the Post-9/11 GI Bill, the most salient for the current discussion requires “[service of] at least 90 days on active duty (either all at once or with breaks in service) on or after September 11, 2001.”⁶¹ The initial activation order covered the period from March 27 through June 23, 2020, a total of only 89 days (including both endpoints). The 1-day shortfall was widely reported,⁶² and whatever its motivation, the activation period was

⁵⁷ Timothy J. Wojtecki and Matthew S. Goldberg, “Impact of the Operational Reserve on National Guard Recruiting, Retention, Employers, and Families (Presentation),” IDA Document NS D-21573 (Alexandria, VA: Institute for Defense Analyses, March 2021), draft final version.

⁵⁸ The White House, “Memorandum to Extend Federal Support to Governors’ Use of the National Guard to Respond to COVID-19 and to Increase Reimbursement and Other Assistance Provided to States,” January 21, 2021, www.whitehouse.gov/briefing-room/presidential-actions/2021/01/21/extend-federal-support-to-governors-use-of-national-guard-to-respond-to-covid-19-and-to-increase-reimbursement-and-other-assistance-provided-to-states/. President Biden explicitly invoked 32 U.S.C. §502(f), [National Guard] Required Drills and Field Exercises.

⁵⁹ TRICARE Eligibility – National Guard or Reserve Members, <https://tricare.mil/Plans/New/NewNGRM>.

⁶⁰ Transitional Assistance Management Program (TAMP), <https://tricare.mil/Plans/SpecialPrograms/TAMP>.

⁶¹ The Post-9/11 GI Bill was originally enacted as Title V of the Supplemental Appropriations Act, 2008, codified at 38 U.S.C. §§3301–3327. The act was amended by the Harry W. Colmery Veterans Educational Assistance Act of 2017 (Public Law 115-48). The eligibility criteria are described at www.va.gov/education/about-gi-bill-benefits/post-9-11/. The specific eligibility criteria relative to Reserve component activations stem from 38 U.S.C. §3311, subsections (b)(7) and (c)(3).

⁶² Leo Shane III, “Early end Date for Guard Coronavirus Deployment Draws Criticism from Veterans in Congress,” *Military Times*, May 20, 2020, www.militarytimes.com/news/pentagon-congress/2020/05/20/early-end-date-for-guard-coronavirus-deployment-draws-criticism-from-veterans-in-congress/.

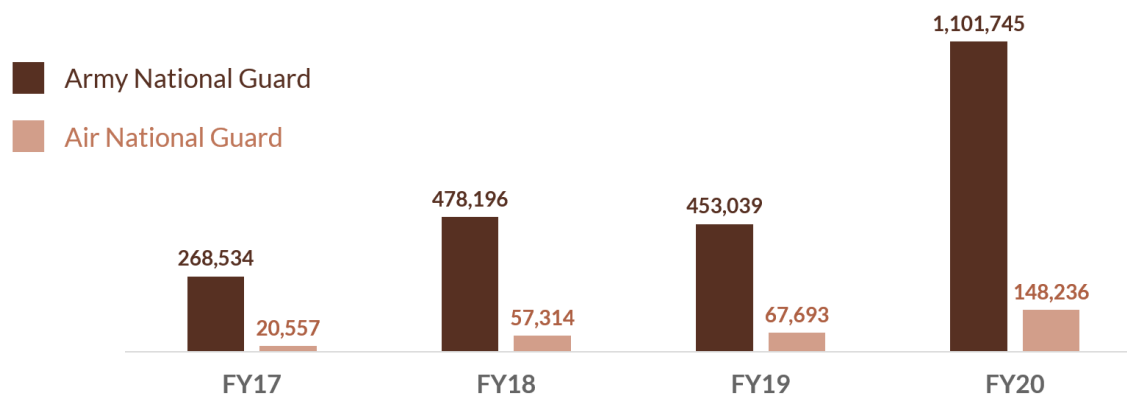
extended on May 28, 2020, within a month of the initial deadline.⁶³ With that extension in place, not only did activated Guard and Reserve members enjoy family TRICARE benefits, many who did not have prior eligibility for the Post-9/11 GI Bill now acquired it.

Considering the costs of the National Guard in responding to events at the United States Capitol Complex on January 6, 2021, the Army and Air National Guard reported that emergency activations had exhausted their FY 2021 budgets. Guard leaders informed the Congress that the components would not be able to complete their normal drilling events during the final 2 months of FY 2021 (August and September).⁶⁴ Make-up funding was provided on July 30, 2021, as part of the Emergency Security Supplemental Appropriations Act, 2021 (Public Law 117-31) on the rationale “to respond to the events at the United States Capitol Complex on January 6, 2021, and for related purposes.” The Army National Guard received \$231 million for military personnel and \$218.5 million for operation and maintenance (O&M) activities, a total of \$449.5 million. The Air National Guard received \$28.9 million for military personnel and \$42.5 million for O&M activities, a total of \$71.4 million. The grand total of supplemental appropriations to the two National Guard components was \$520.9 million. These increases are consistent with the notching up of average compensation for Army and Air Force members of the Selected Reserve, shown in the Q4 bars for the Army and the Air Force in Figure 3. The correspondence is not exact because the Selected Reserve also includes the Army Reserve (versus National Guard) and Air Force Reserve components.

Figure 4 shows that the total number of National Guard troops deployed under state activation orders increased substantially in FY 2020. (Individuals activated multiple times are counted multiple times.) The Army National Guard end strength in FY 2020 was 336,000. Thus, this chart shows that the average Army National Guardsman was activated more than 3 times in FY 2020 compared to less than 1.5 times in FY 2019.

⁶³ Shane, “Trump Extends Guard Coronavirus Missions until Mid-August,” *Military Times*, May 28, 2020, www.militarytimes.com/news/pentagon-congress/2020/05/28/trump-extends-guard-coronavirus-missions-until-mid-august/.

⁶⁴ Shane, “Guard Training Could Be Canceled as Political Fights Delay Reimbursement for Capitol Hill Mission,” *Military Times*, July 14, 2021, www.militarytimes.com/news/pentagon-congress/2021/07/14/guard-training-could-be-cancelled-as-political-fights-delay-reimbursement-for-capitol-hill-mission/.



Note: An individual deployed for multiple activations was counted multiple times.

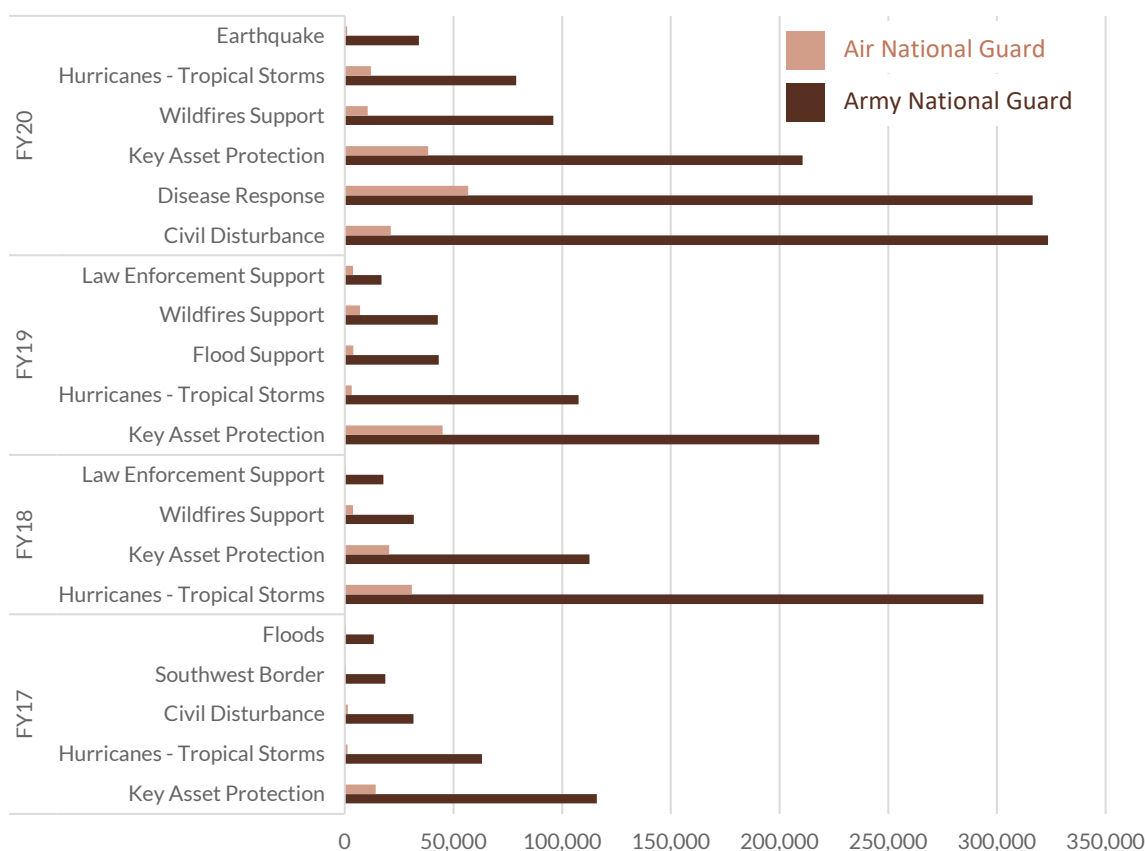
Source: NGB J35.

Figure 4. Total Number of National Guard Members Deployed under State Activation Orders by Service and Fiscal Year

Figure 5 shows the total number of National Guard deployed under state activation orders by Service, fiscal year, and event type. Disease response to COVID-19, along with civil unrest, were the major drivers of increased state activations of the National Guard. While it is apparent that the large increase in state activations in FY 2020 would have a substantial financial impact on many reserve component members, the direction of the impact (positive or negative) and the magnitude are unclear because we do not directly observe their civilian employment rates or civilian salaries. The specific effects are likely to vary based on individual circumstances. For example, state activations would result in financial losses for reserve members, whose civilian earnings are steady and higher than their deployed pay. For other reserve members, earnings while on state activations may have been a valuable supplement if the members were laid off or furloughed due to the pandemic. A 2005 IDA study by Doyle and Gotz looked at median earnings of activated reservists compared to the median earnings of the reservists' reported civilian occupations. Doyle and Gotz found that income losses due to activation were not widespread, and any that did occur were largely concentrated in a few occupations such as physicians, lawyers, engineers, and other professionals.⁶⁵ A 2011 study by RAND researchers Klerman and Loughran matched the pay records of activated reservists to their civilian earnings subject to Medicare taxes as recorded by the Social Security Administration. They, too, found a pattern in which most reservists earned more when activated than they did in their civilian employment.⁶⁶

⁶⁵ Colin M. Doyle and Glenn A. Gotz, "Income Gains and Losses of Mobilized Reservists," IDA Paper P-4013 (Alexandria, VA: Institute for Defense Analyses, August 2005).

⁶⁶ Jacob A. Klerman and David S. Loughran, "What Happens to the Earnings of Military Reservists When They Are Activated? Evidence from Administrative Data," *Defense and Peace Economics* 22, no. 1, 2011, <https://doi.org/10.1080/10242694.2010.491685>.



Note: Top Event Types include events where personnel counts were greater than 10,000.

Source: NGB J35.

Figure 5. Total Number of NG Deployed for State Activation by Service, FY, and Top Event Types

C. Effects of Stop Movement Orders

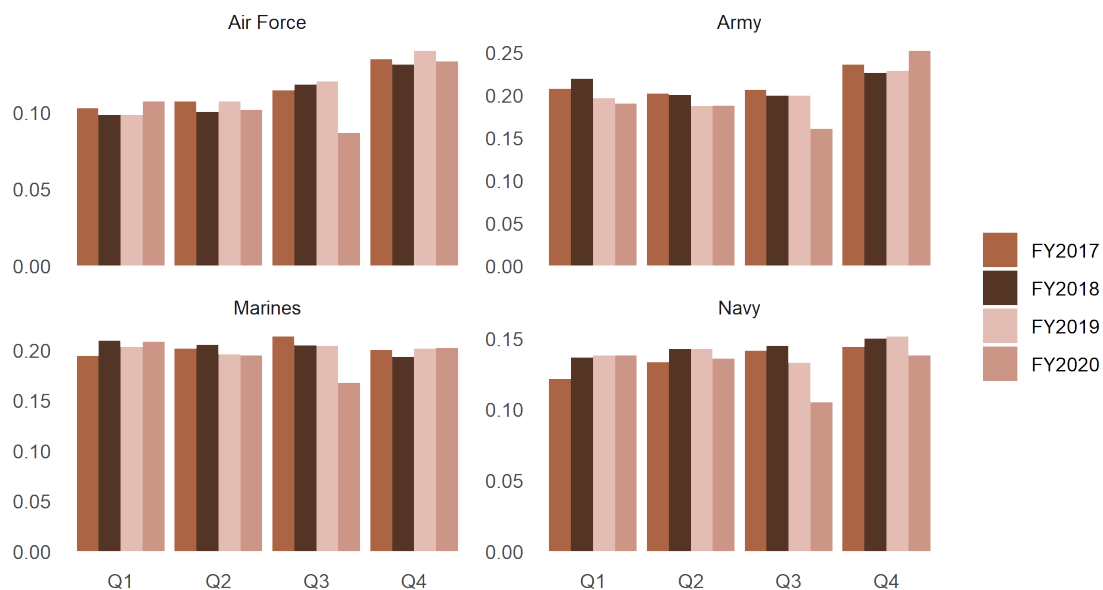
1. Active Duty

Direct military compensation is not the only way COVID-19 could impact service members' finances. In March 2020, DoD ordered a stop movement, which prevented service members from making a PCS move. Figure 6 shows that the stop movement order had a large impact on active duty PCS moves in the second quarter of FY 2020. The number of moves recovered in quarters three and four.

The stop movement order could have resulted in service members paying rent on two units—one at their old location and one at the new location. The SCRA August 2020 amendment (Public Law 116-158) is intended to mitigate the impact of the stop movement order on service members and their families. In addition, the Navy and Marine Corps issued

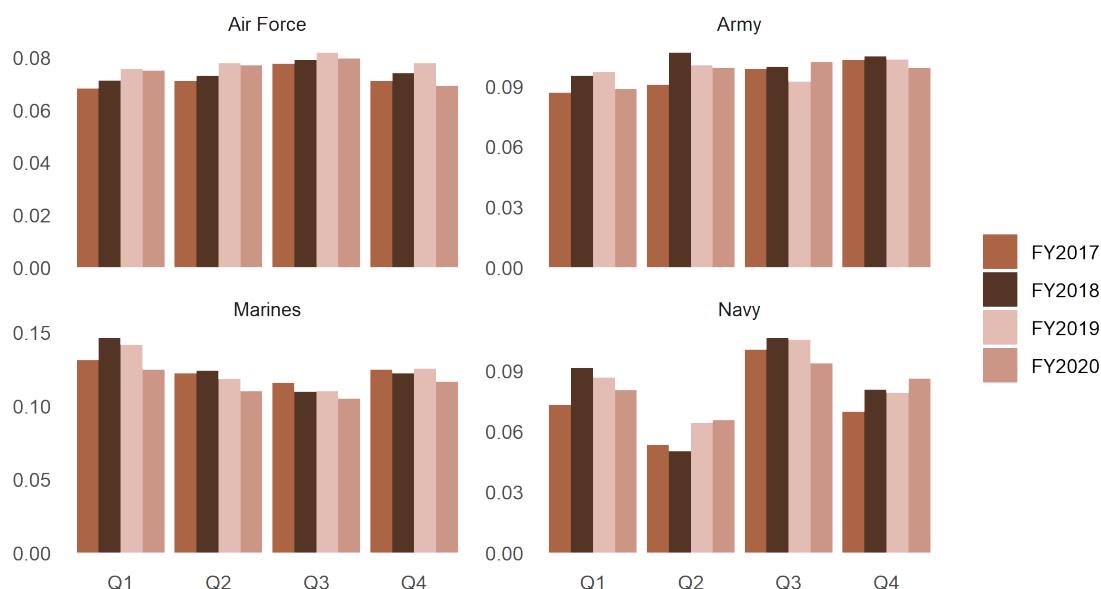
hardship waivers to allow service members to complete their PCSs when faced with paying rent on two locations. A Navy official in the office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs (ASN M&RA) told us that members did not always know that asking for a waiver was an option, particularly early in the pandemic. While the SCRA provides some protection against paying two rents, it does not require landlords to allow a service member who had terminated a lease to move back in. Thus, some service members were forced to look for new housing, sometimes at a higher rent. Unfortunately, we do not have data on how often service members were faced with these situations.

The stop movement order could also have a longer-term impact on service member finances. PCS moves occur when service members attend training or change jobs within the military. Learning jobs across the military department is an important part of a service member's career progression. The stop movement order could have caused some service members to miss training opportunities, which could result in delayed or foregone promotions and the resulting raises. We measured promotions as occurring when a service member's rank changed in the DMDC pay files. Figure 7 shows that promotion rates in FY 2020 were consistent with promotion rates in prior years. However, any impact on promotions may not be realized until several years have passed. Note that we do not restrict the charts to have the same axis because our intent is not to compare rates across services, just within the Services.



Source: DMDC Active Duty Master Files.

Figure 6. Active Duty Quarterly PCS Rates by Service

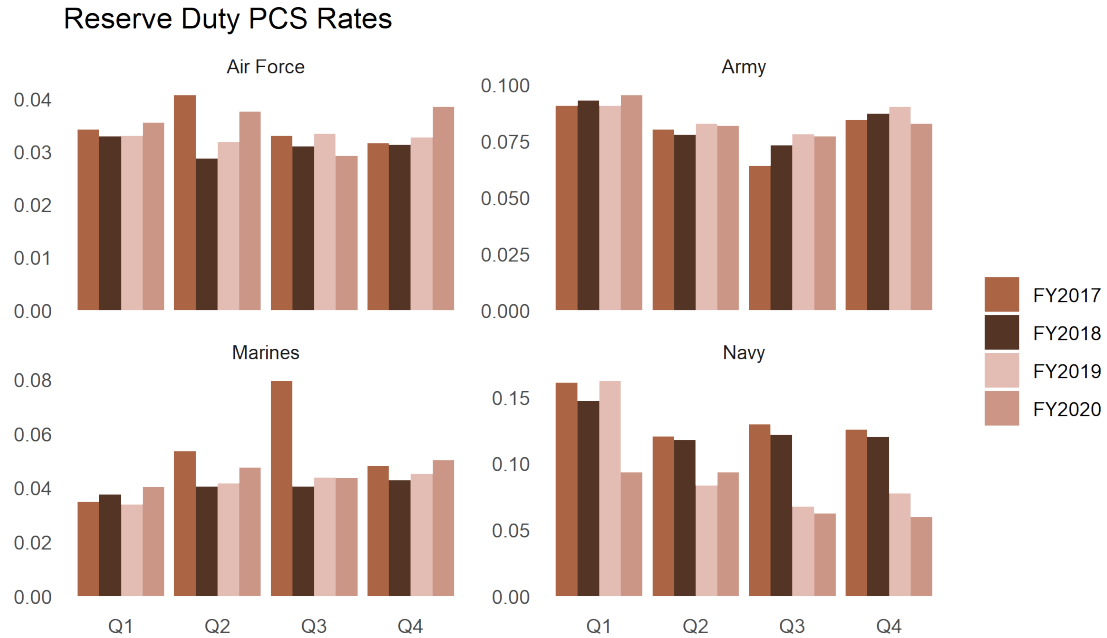


Source: DMDC Active Duty Master Files.

Figure 7. Active Duty Quarterly Promotion Rates by Service

2. Reserves

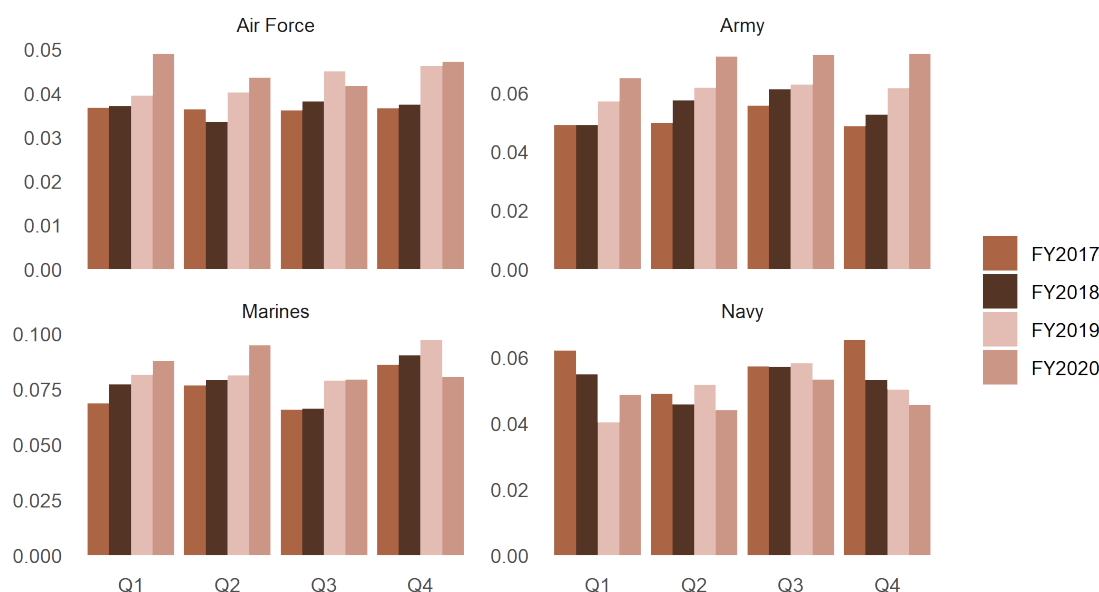
Reserve forces were also subject to the stop movement orders. However, a PCS has a somewhat different meaning for reserve forces. As reported in Armbruster et al. (2019), a move is considered a PCS in the reserve forces only when a member travels for a long school assignment (140 days or more) or for an active duty assignment (181 days or more). Unlike the active duty forces, the reserve member and his or her family do not generally move permanently to the new location as they typically return to their prior duty station upon completion of the assignment. As shown in Figure 8, the PCS rates for the reserve forces are low. The rates are more volatile than the active duty rates because the number of Reserve members is much lower than active duty members. Overall, we do not observe a significant change in the PCS rate of reserve members in FY 2020 compared to prior years.



Source: DMDC Reserve Duty Master Files.

Figure 8. Reserve Component Quarterly PCS Rates

As with the active duty forces, the stop movement order may affect promotion rates, but the effect is not likely to be observable until more time has passed. Figure 9 shows promotion rates for the reserve forces from FY 2017 to FY 2020. We again measured by noting when a service member's rank changed in the DMDC pay files. As with PCSs, the rates are more volatile than for the active duty. Again, we did not restrict the charts to the same scale as we are comparing within services and not across services.



Source: DMDC Reserve Duty Master Files.

Figure 9. Reserve Component Quarterly Promotion Rates

D. Educational Benefits

The Post-9/11 GI bill provides educational benefits to service members who served on active duty after September 11, 2001. The bill covers tuition and fees, housing, and other related education expenses for 36 months of education or training. However, the amount the Department of Veterans Affairs (VA) pays depends on the amount of active duty time served by the member. National Guard and Reserve members may receive partial benefits (40 percent coverage) after 90 days of active duty service. Those members who have served 36 months of active duty receive 100 percent of the available benefits. Note that drills and annual training do not count toward the active duty requirements for the Post-9/11 GI Bill.⁶⁷

During the COVID-19 pandemic, many colleges and universities shut down or switched to online education. The monthly housing allowance (MHA) provided by the bill applies only while attending school. Thus, some beneficiaries could have lost their housing allowance. To mitigate this loss, a series of laws were passed including the Student Veteran Coronavirus Response Act of 2020 (Public Law 116-140) and the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (Public Law 116-315),⁶⁸ allowing the VA to continue making MHA and tuition payments through

⁶⁷ Elizabeth Bass, “Use of the Post-9/11 GI Bill by the National Guard and Reserves,” Congressional Budget Office (CBO), December 2019, 3.

⁶⁸ “School Certifying Officials COVID-19 FAQs,” <https://benefits.va.gov/gibill/covid19faqs.asp>, accessed August 31, 2021.

December 2021.⁶⁹ These laws mean that if a school converted in-person classes to online classes, the students could still receive their MHA. In addition, if a school closed due to COVID-19, students could continue receiving MHA for up to 4 weeks. We were unable to obtain data on usage of the Post-9/11 GI Bill from DMDC. However, it appears that Congress and the VA have taken steps to mitigate potential impacts from COVID-19.

E. Other Financial Effects on Military Households

1. Sources of Survey Data

In addition to this administrative data, we also employed survey data to better understand the impact of the pandemic on the finances of service members' households. We use four main survey sources:

- Active Duty and Reserve Spouse Surveys,
- Current Population Survey,
- Census Household Pulse Survey, and
- American Time Use Survey.

The Office of People Analytics (OPA) conducts surveys of spouses of active duty and reserve service members every 2 years. At the time of this study, the most recently available survey sample is from 2019, before the start of the pandemic. While the surveys cannot provide direct insight into the financial impacts of the COVID-19 pandemic, they can provide some useful comparison points for the financial health of military families before the pandemic began.

The U.S. Census Bureau and the U.S. Bureau of Labor Statistics jointly sponsor the Current Population Survey (CPS) to track social and economic trends in the United States, including the Bureau of Labor Statistics official monthly estimates of unemployment rates. Because the CPS is focused primarily on employment and economic trends in the civilian labor market, the survey design intentionally excludes military members except for the Annual Social and Economic Supplement (ASEC) conducted every March. The ASEC does not sample from the full population of military personnel, but it does include “military personnel who live in households with at least one other civilian adult.”⁷⁰ In this report, we examine economic indicators for these families with military members in the CPS ASEC each March from 2015 to 2021 using data compiled by the Integrated Public Use Microdata

⁶⁹ “Student FAQs: COVID-19 Information Affecting Education Benefits for Students,” <https://www.benefits.va.gov/GIBILL/COVID19EducationBenefits.asp>, accessed August 31, 2021.

⁷⁰ “Limitations of the Data,” <https://www.census.gov/topics/population/veterans/guidance/data-limitations.html>.

Series (IPUMS).⁷¹ The number of active duty service members included in each sample year ranges from 546 to 704, with an average of 622 active duty service members included each year. In each sample year, between 80 and 84 percent of those active duty service members in the ASEC are listed as married.

While the CPS ASEC is labeled as a March supplement, the U.S. Census actually conducts the survey over a 3-month period in February, March, and April, with “most of the data collection occurring in the month of March.”⁷² As a result, the 2020 survey data includes a mix of responses both before the World Health Organization declared a COVID-19 pandemic on March 11, 2020, and during the early weeks of the COVID-19 pandemic when many shelter-in-place orders were put into effect.

The Census Household Pulse Survey is a survey created in response to the COVID-19 pandemic. To quickly get the survey to Americans and allow for the ability to change questions over time, the survey was emailed to Americans based on the addresses the census had. The survey started in late April 2020 and runs through the present. With the exception of a few households sampled repeatedly early on, the Pulse Survey is cross-sectional (households are sampled only once). For each round, the Census randomly selects addresses and requests the corresponding households to complete an approximately 20-minute online survey of social and economic factors. The response rate for the Pulse Survey has varied over time, but is usually between 6 and 10 percent.⁷³

During the COVID-19 pandemic, the Pulse Survey has evolved to better analyze the social and economic status of Americans. Questions have disappeared, been altered, or added. Therefore, some statistics will not cover the entire timeline of the survey. Of note, starting April 14, 2021, a question was added identifying whether the respondent was active duty, in the reserve component, the spouse of an active duty member, or the spouse of a reserve member. Prior to April 14, 2021, military families were approximated using information on VA status, TRICARE/MHS status, and age. Table 4 uses data from survey rounds with actual military status (April 14 to July 5, 2021) to see how many actual military families were excluded and how many non-military families were included. Of the 3,274 families identified as “likely military” in these survey rounds, 1,954 (or 60 percent) reported that they were actually military. These military families correctly identified as

⁷¹ Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren, “Integrated Public Use Microdata Series, Current Population Survey,” Version 8.0 (dataset), Minneapolis, MN: IPUMS, 2020, <https://doi.org/10.18128/D030.V8.0>.

⁷² 2020 ASEC documentation, <https://cps.ipums.org/cps/resources/codebooks/cpsmar20.pdf>.

⁷³ U.S. Census Bureau, Household Pulse Survey Technical Documentation, 2021, <https://census.gov>. Available at <https://www.census.gov/programs-surveys/household-pulse-survey/technical-documentation.html#nonresp>, updated 9/16/2021 and accessed 9/16/2021.

likely military represent 51 percent of the 3,870 self-identified military families in these survey rounds.

Table 4. Efficacy of Estimating Military Families in the Census Pulse Survey

	Non-Military Households (actual/self-report)	Military Households (actual/self- report)	Total
Not Likely Military Households (estimated)	420,270	1,916	422,186
Likely Military Households (estimated)	1,320	1,954	3,274
Total	421,590	3,870	425,460

Note: This figure was created using data from the U.S. Census Pulse Survey, April 14 to July 5, 2021. Likely military households are those where the respondent has TRICARE/MHS coverage, is under 50, and does not have VA coverage.

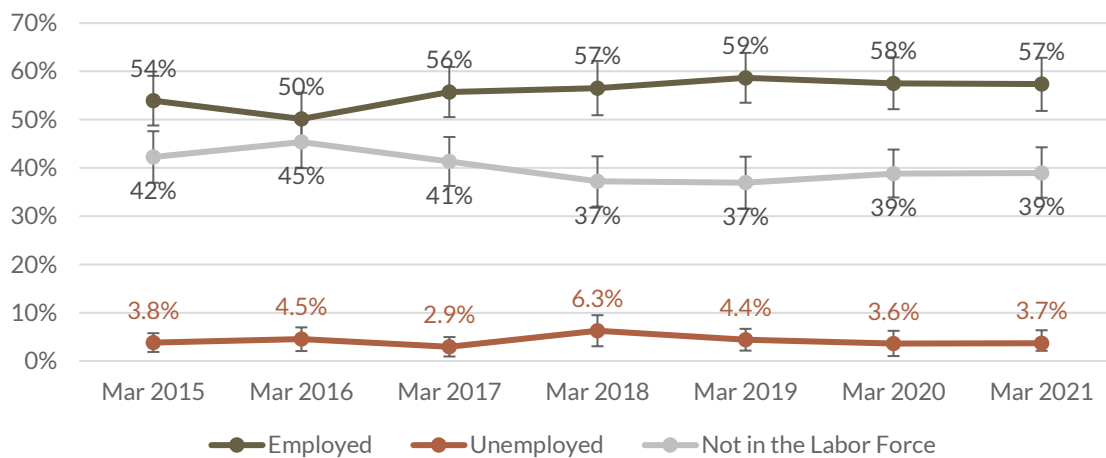
It should be noted that Table 4 shows the raw number of respondents. Figures created using the Census Pulse data will use weights that adjust for demographic characteristics and location. The imperfect identification of military families prior to April 14, 2021, may lead to bias in figures. The “Likely Military Household” population is not a random sample of the true military household population. Compared to those that we correctly identified as military households, the true military household population had a higher proportion of male, reserve component, and respondents over 50 years of age. The latter two are due to estimating military households through TRICARE/MHS beneficiary status and the age limit used to increase precision. As a result, our estimates of what military households experienced will be slightly biased towards what active duty, younger, and female members experienced. Those that were incorrectly estimated as military households were still TRICARE/MHS beneficiaries. Therefore, our estimated military households will be slightly biased towards non-military households that are TRICARE/MHS beneficiaries. Nonetheless, we believe that the “Likely Military Household” group will provide important insight due to our inability to directly identify military households for months when the pandemic was most disruptive, and when the Pulse Survey was asking many questions that later disappeared from the survey.

Another census survey we use is the American Time Use Survey (ATUS). The ATUS samples Americans regarding how they spend their time and identifies Armed Forces families. Having time-use data for Armed Forces families will give insight into childcare burdens during the COVID-19 pandemic.

Both the Pulse Survey and the ATUS are designed to sample the entire U.S. population. As a result, the number of military families is limited, and thus there is limited precision of estimates for military families. Error bands will be added to figures using these surveys to communicate this uncertainty. With both surveys, the sample of military members and their families will be limited to those living in the United States.

2. Observations from Survey Data

The stability of military service limits the exposure military families have to employment instability during economic downturns. Figure 10 shows the employment status of spouses of active duty military in the CPS ASEC from March 2015 to March 2020. Between 37 and 45 percent of surveyed spouses were not in the labor force⁷⁴ during this period. Of those that were in the labor force, between 3 and 6 percent reported being unemployed during this period. (For comparison, 32 percent of respondents to the 2019 Active Duty Spouse Survey were not in the labor force, and 12 percent were unemployed.) Neither the labor force participation rate nor the unemployment rate of surveyed military spouses had changed substantially in March 2020 or March 2021 compared to previous years.



Note: The error bands reflect 95 percent confidence intervals calculated using the CPS ASEC survey weights.

Source: IPUMS-CPS, University of Minnesota, www.ipums.org.

Figure 10. Employment Status of Military Spouses in CPS ASEC, March 2015–March 2021

While employment rates of military spouses did not show a significant change in March 2020 or March 2021, it is possible that spouses may still have been financially

⁷⁴ People who are not in the labor force are not working or actively looking for jobs. These include retired persons, students, and individuals who are taking care of children or other family members. See “Labor Force Statistics from the Current Population Survey,” <https://www.bls.gov/cps/lfcharacteristics.htm>.

impacted if they had to be absent from work due to layoffs, childcare needs, health concerns, or any other reason. However, as Figure 11 shows, active duty military spouses surveyed in the CPS ASEC did not report substantial increases in absenteeism in March 2020 or March 2021 compared to previous years.

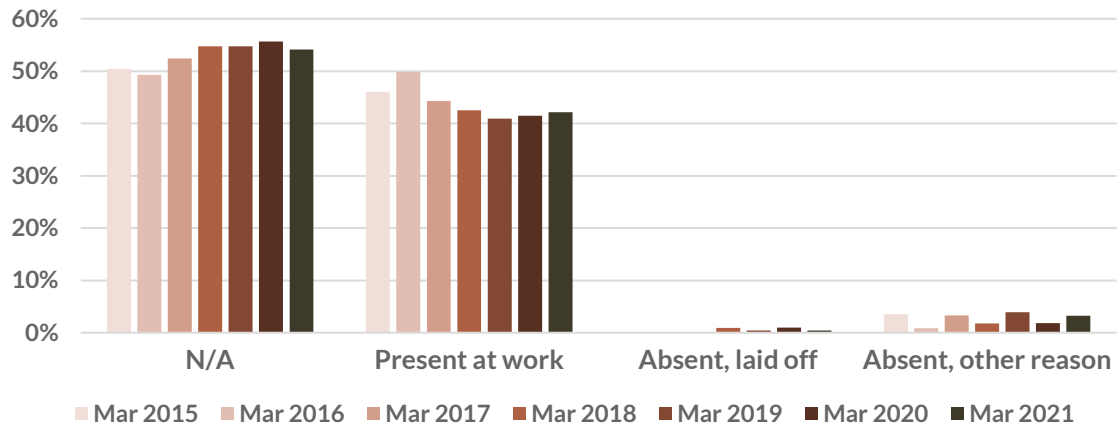
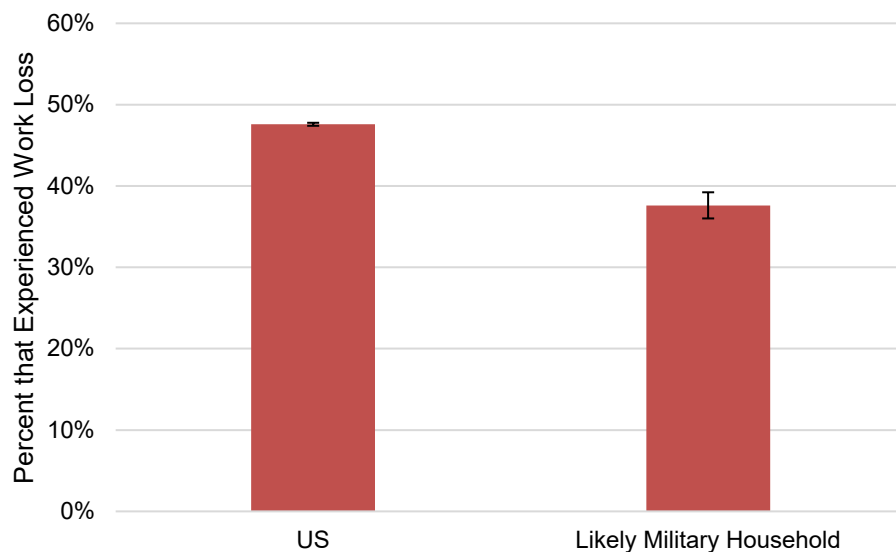


Figure 11. Military Spouses Absent from Work in the Previous Week in CPS ASEC, March 2015–March 2021

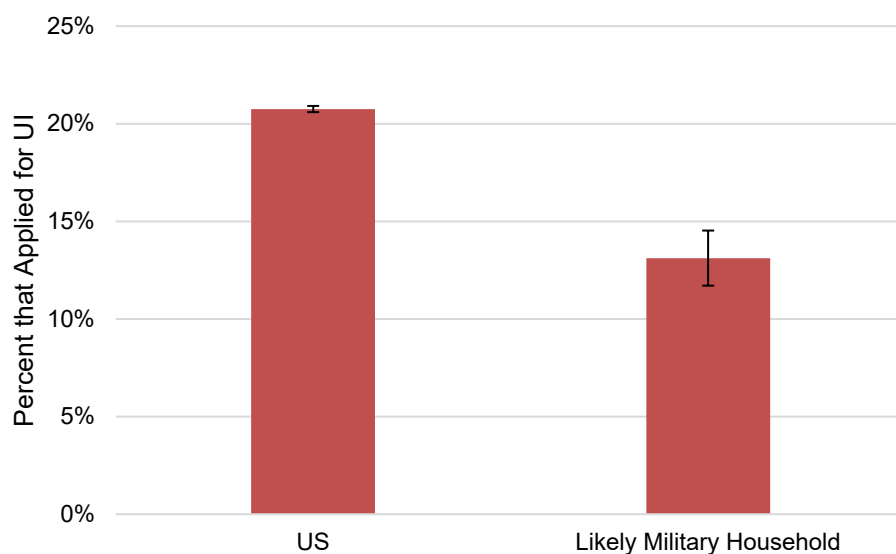
Figure 12 shows the percent of households that experienced work loss, either full or partial, during the pandemic according to the Census Pulse survey. This work loss can be involuntary or voluntary. Voluntary work loss can be in response to COVID-19 pandemic factors, such as closures of schools and daycare facilities. As mentioned in Section 3.E.1, the “Likely Military Household” estimate is a combination of TRICARE/MHS beneficiaries incorrectly identified as military households and true military households. For the latter, younger, female, active duty respondents are slightly overrepresented. It should be noted that those who responded to not having work loss during the pandemic in early rounds of the Pulse Survey may have experienced work loss later in the pandemic.



Note: This figure was created using data from the U.S. Census Pulse Survey. Work loss is based on the survey question asking “Have you, or has anyone in your household, experienced a loss of employment income since March 13, 2020?”. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 12. Household Work Loss, August 9, 2020 to March 29, 2021

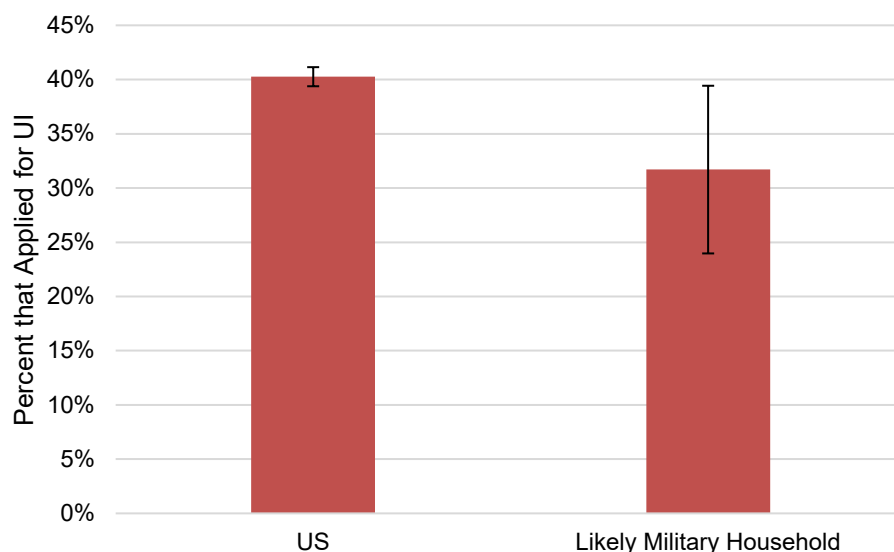
Much of the federal economic support has been distributed to families through unemployment insurance (UI). Figure 13 examines the percent of households that applied for UI. Likely Military Households apply for UI at a much lower rate than the general U.S. population. Much of this difference is driven by the economic stability afforded to service members.



Note: This figure was created using data from the U.S. Census Pulse Survey. Applications for UI are based on the survey question asking “Since March 13, 2020, have you applied for Unemployment Insurance (UI) benefits?”. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 13. Applications for Unemployment Insurance, August 9, 2020 to March 29, 2021

However, UI is limited to those that have involuntary work loss. Therefore, quitting work for childcare reasons would not qualify for UI unless the child required ongoing and constant attention. If military spouses or members of the reserve component left jobs or reduced hours for childcare reasons in response to COVID-19 interruptions, they would not qualify for UI despite having work loss. Figure 14 shows the percent of households that applied for UI conditional on having work loss. The high degree of imprecision for the Likely Military Households makes it impossible to say that they had a lower rate of applying for UI at the 95 percent confidence level. However, at lower confidence levels, they do have a statistically lower rate of applying for UI.



Note: This figure was created using data from the U.S. Census Pulse Survey. Applications for UI are based on the survey question asking “Since March 13, 2020, have you applied for Unemployment Insurance (UI) benefits?”. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

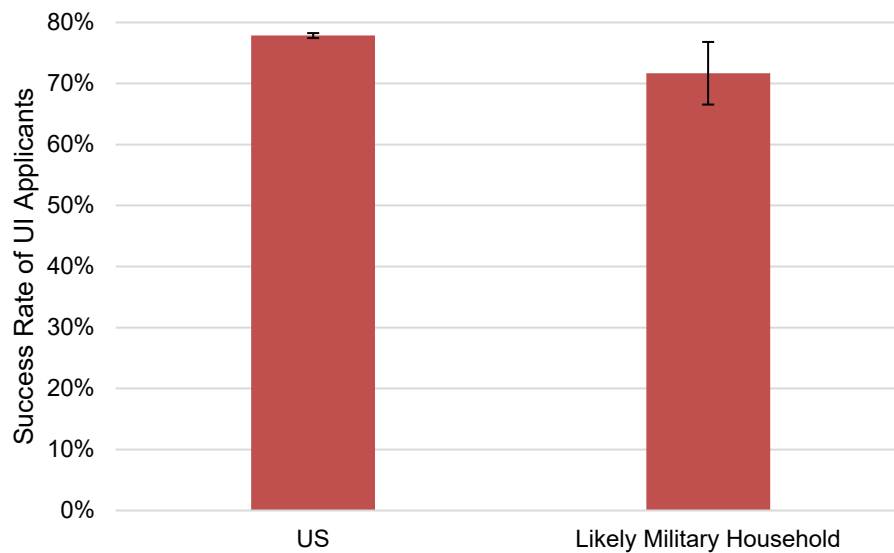
Figure 14. Applications for Unemployment Insurance for Households Reporting Work Loss, August 9, 2020 to March 29, 2021

Prior to the pandemic, eligibility for UI often depended on tenure at a job. Given that most jobs would require a spouse to leave after a PCS, military spouses had lower job tenure than they otherwise would have. The CARES Act changed eligibility requirements not to require a certain job tenure. If spouses with limited tenure were not aware of this change, they would not know to apply for UI.

Figure 15 examines the success rate of receiving UI for those that applied. The lower success rate for Likely Military Households can indicate that they are less likely to be eligible, they are more likely to apply, or both. If states made it difficult for those not ordinarily eligible to apply for UI, it would likely have impacted military spouses more than the general population.⁷⁵ It is also possible that military spouses uncertain of their eligibility after changing rules were more likely to apply than their general population counterparts. If true, this pattern would lead to a lower success rate for those spouses that applied, but it would also lead to a higher percentage of those that are eligible for receiving aid compared to the broader U.S. population. Given the limitations in the Census Pulse data, it is impossible to say which of the aforementioned effects are driving the difference in the UI application success rate of the two populations. It should be noted that geographic

⁷⁵ Anecdotal evidence suggests it may have been more difficult for those who would not have qualified for UI without the CARES Act changes to apply for and receive UI. (Matthew Haag (2020): “They Filed for Unemployment Last Month. They Haven’t Seen a Dime,” *The New York Times*, 4/17/2020.)

differences in the propensity to approve UI applications are not driving the difference in the success rate for UI applications.⁷⁶

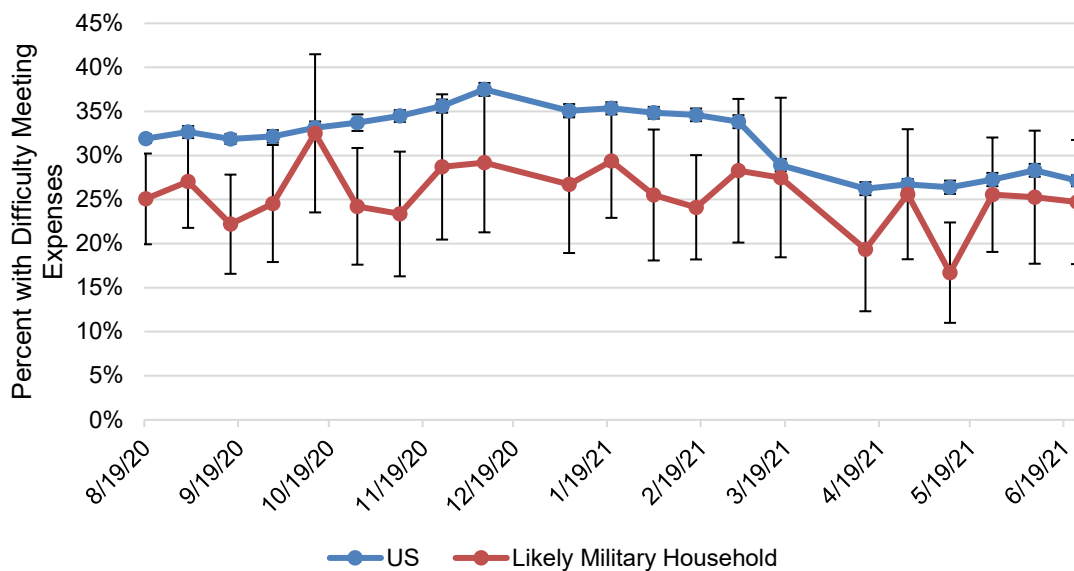


Note: This figure was created using data from the U.S. Census Pulse Survey. Applications for UI are based on the survey question asking “Since March 13, 2020, did you receive Unemployment Insurance (UI) benefits?”. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 15. Success Rate for Unemployment Insurance Applications, August 9, 2020 to March 29, 2021

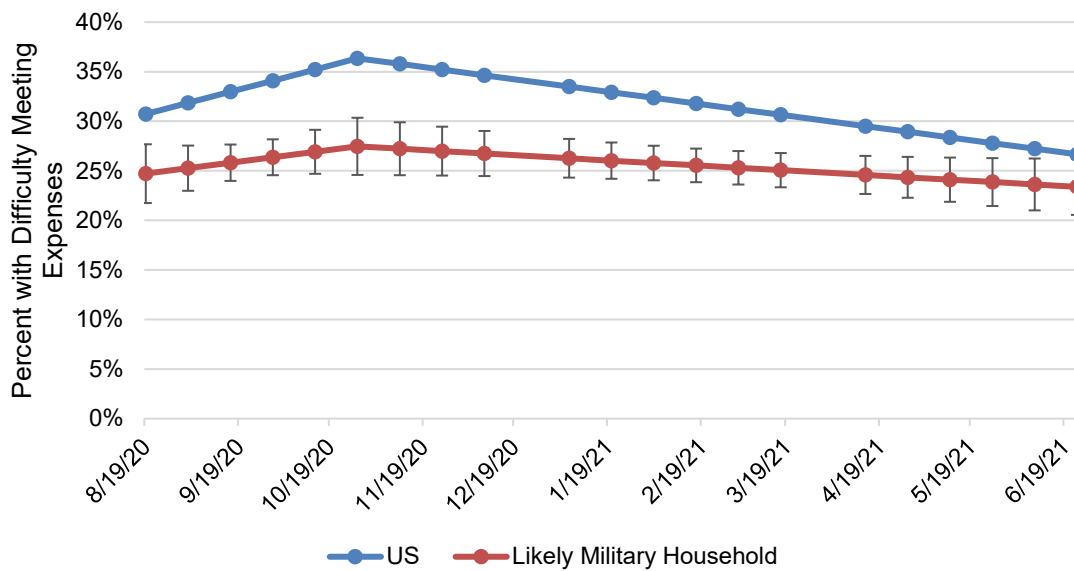
The lower rate of work loss among Likely Military Households, as shown in Figure 12, contributed to the relative economic stability these households experienced. Figure 16 shows the percent of households that had difficulty meeting expenses throughout the pandemic. Treating each survey round of the Census Pulse as independent decreased precision, leading to large error bounds for the Likely Military Household population given their small sample size. Figure 17 shows the percent of households that had difficulty meeting expenses with a linear time trend imposed to increase precision. This trend highlights how much more capable the Likely Military Household population was at meeting expenses. Nonetheless, over 20 percent of Likely Military Households surveyed in the Census Pulse Survey reported that they struggled to meet expenses. Because this survey began after the start of the COVID-19 pandemic, it is unclear how much of the reported difficulty with expenses can be attributed directly to the pandemic.

⁷⁶ The difference between the U.S. and the Likely Military Household populations observed in the Census Pulse data persists even when using UI data demeaned at the state level.



Note: This figure was created using data from the U.S. Census Pulse Survey from August 9, 2020 to July 5, 2021. Difficulty meeting expenses uses the survey question asking “In the last 7 days, how difficult has it been for your household to pay for usual household expenses, including but not limited to food, rent or mortgage, car payments, medical expenses, student loans, and so on?”. For increased precision, those that responded “a somewhat difficult” or “a very difficult” time were classified as having difficulties. Those that responded with “not at all difficult” or “a little difficult” were classified as not having difficulties. Each survey round was plotted based on the beginning of the survey round. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 16. Expense Difficulties over Time



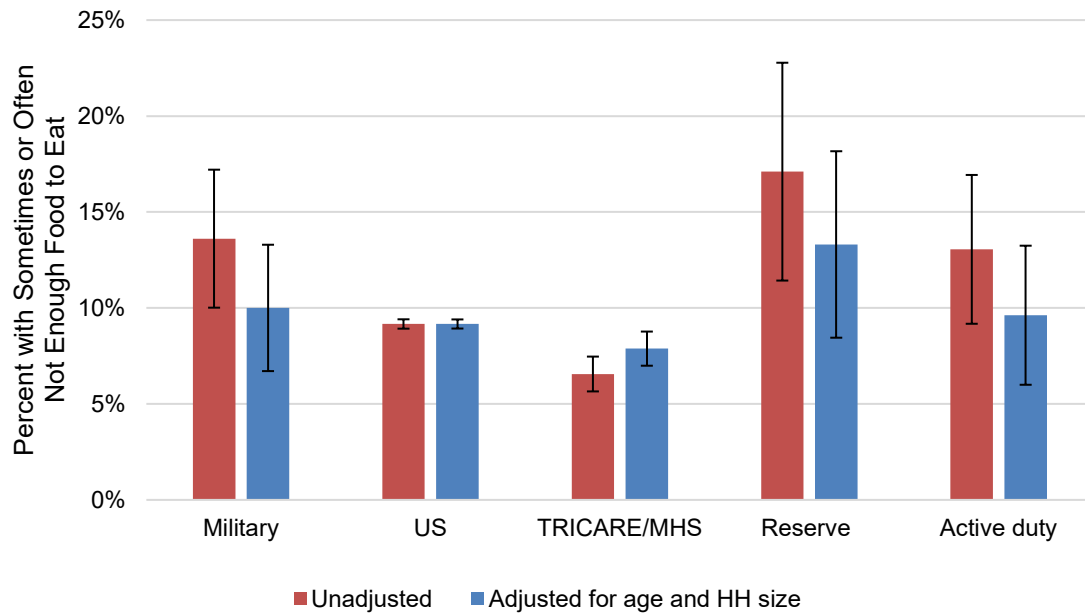
Note: This figure was created using data from the U.S. Census Pulse Survey from August 9, 2020 to July 5, 2021. Difficulty meeting expenses uses the survey question asking “In the last 7 days, how difficult has it been for your household to pay for usual household expenses, including but not limited to food, rent or mortgage, car payments, medical expenses, student loans, and so on?”. For increased precision, those that responded “a somewhat difficult” or “a very difficult” time were classified as having difficulties. Those that responded with “not at all difficult” or “a little difficult” were classified as not having difficulties. The figure imposes a linear trend on the percent with difficulties meeting expenses. A change in slope is allowed on November 11, 2020. This date was chosen because it was the start of a new Pulse Survey round. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 17. Expense Difficulties over Time—Linear Spline

Although the Likely Military Households were more capable of meeting expenses than the general U.S. population, surveyed military households reported more difficulty with food insecurity than the U.S. population during the summer of 2021. Figure 18 shows the percent of households that reported food insecurity from April 14, 2021 to July 5, 2021. During this period, the Pulse Survey had an indicator for military membership. The higher rate of food insecurity of military households may be driven by demographics. Larger households and younger households both tend to have higher rates of food insecurity. When adjusted for the age of the respondent and household size, we observe no significant difference in food insecurity for the military population and the general population.

Even so, a lack of a statistically significant difference in adjusted food insecurity rates does not mean there was no problem. About 14 percent of military households reported food insecurity. Additionally, by having a population that would otherwise be at greater risk of food insecurity, it is of greater importance to address food insecurity for military families. This question regarding food insecurity was a late addition to the Pulse Survey,

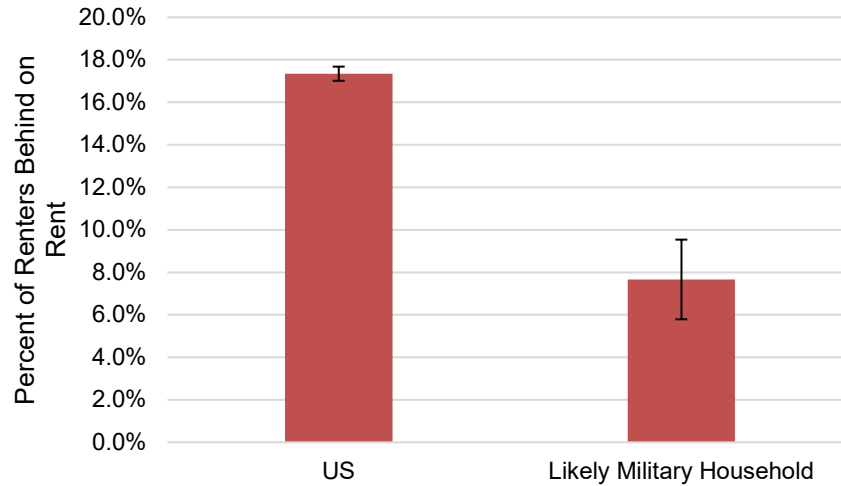
so the extent of food insecurity in 2020 is still uncertain. In addition, it is unclear how much of the reported food insecurity is due to the COVID-19 pandemic specifically.



Note: This figure was created using data from the U.S. Census Pulse Survey. Food insecurity is based on the Pulse Survey question asking “In the last 7 days, which of these statements best describes the food eaten in your household?”. Those that responded with “1) Enough of the kinds of food (I/we) wanted to eat” and “2) Enough, but not always the kinds of food (I/we) wanted to eat” are grouped together as not having food insufficiency; answers of “3) Sometimes not enough to eat” and “4) Often not enough to eat” are grouped together as food insufficiency. To adjust for household age and size, the indicator was regressed on quadratics of household size and age of respondent. The residual of the regression was then shifted such that the U.S. mean would remain the same. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

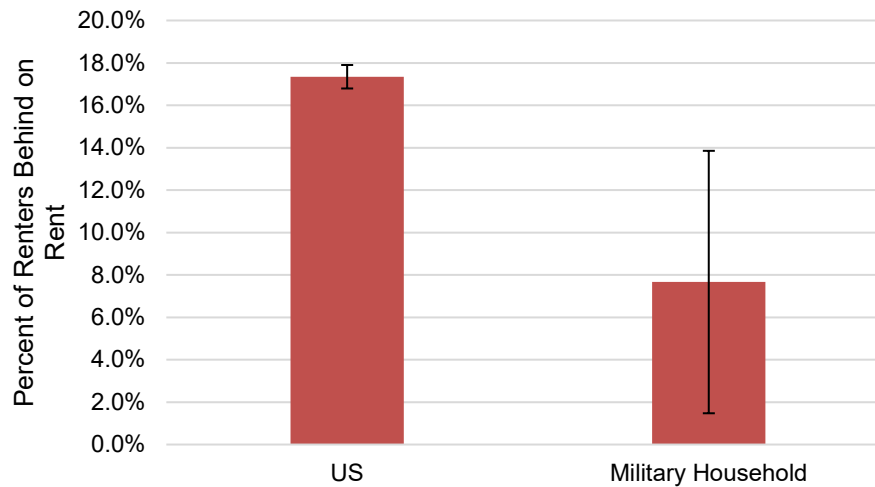
Figure 18. Household Food Insecurity, April 14, 2021 to July 5, 2021

Another way COVID-19 has been shown to affect the economic stability of Americans is through an inability to pay rent. Figure 19 and Figure 20 show the share of respondents who are behind on rent from August 9, 2020 to March 29, 2021 and April 14, 2021 to July 5, 2021, respectively. For both figures, the likely-military or actual-military households are less than half as likely to be behind on rent than the general population of renters. Nonetheless, nearly 8 percent of military households reported that they were behind on rent, a condition that could have implications for financial readiness. The higher share of renters among military families, as shown by Figure 21, amplifies the risks of being unable to pay rent.



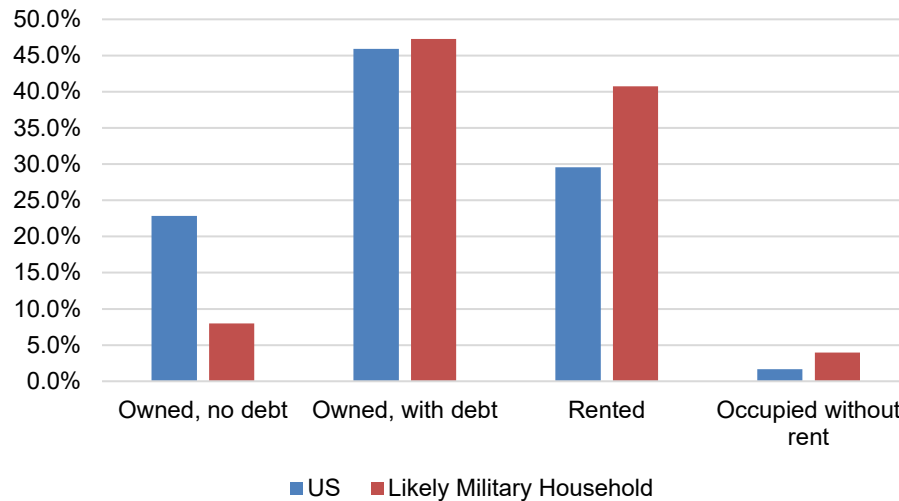
Note: This figure was created using data from the U.S. Census Pulse Survey. Being behind on rent is defined by the Pulse Survey question asking “Is this household currently caught up on rent payments?”. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 19. Renters Behind on Rent—Estimated Military Households, August 9, 2020 to March 29, 2021



Note: This figure was created using data from the U.S. Census Pulse Survey. Being behind on rent is defined by the Pulse Survey question asking “Is this household currently caught up on rent payments?”. The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 20. Renters Behind on Rent—Observed Military Households, April 14, 2021 to July 5, 2021

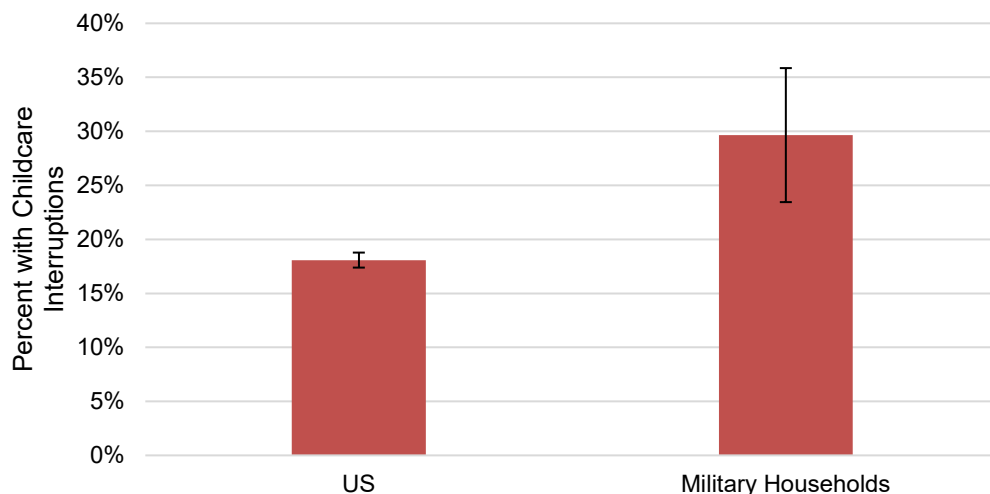


Note: This figure was created using data from the U.S. Census Pulse Survey. Respondents were asked “Is your house or apartment” and then given the four above options to select. Respondents that saw the question but did not answer are excluded from the analysis.

Figure 21. Type of Housing, August 9, 2020 to March 29, 2021

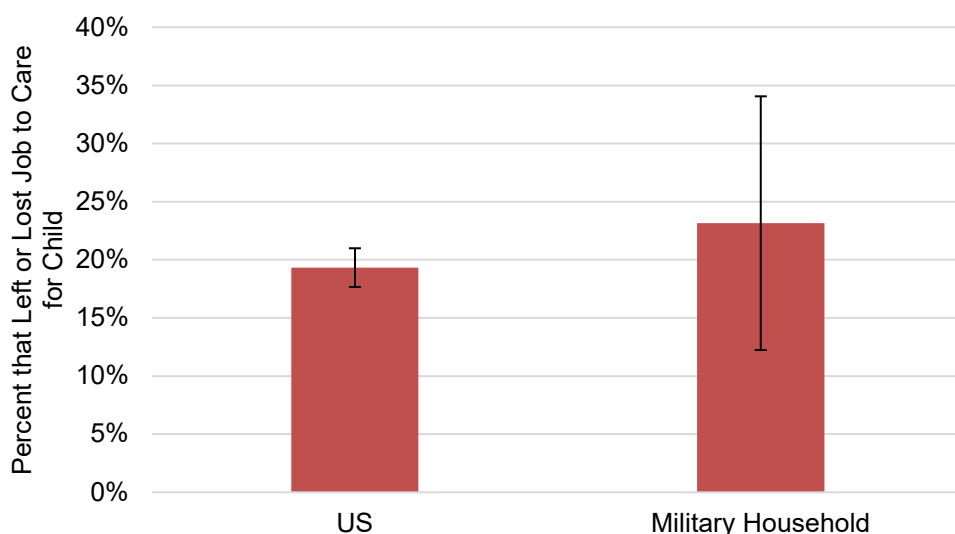
Figure 22 shows that between April 14, 2021 and July 5, 2021, almost 30 percent of surveyed military households with children in the household reported that their childcare was interrupted in the previous 4 weeks. The percent of households with interruptions was likely higher earlier in the pandemic as the percent of schools with in-person classes was lower earlier in the pandemic.⁷⁷ Figure 23 shows that around one-fifth of surveyed military households had an adult leave a job to compensate for the childcare interruptions.

⁷⁷ Laura Hallas et al., “Variation in U.S. States’ COVID-19 Policy Responses,” *Blavatnik School of Government*, Version 3.0, 2021, <https://www.bsg.ox.ac.uk/sites/default/files/2021-05/BSG-WP-2020-034-v3.pdf>.



Note: This figure was created using data from the U.S. Census Pulse Survey. Childcare interruptions were based on the question asking respondents “At any time in the last 4 weeks, were any children in the household unable to attend daycare or another childcare arrangement because of the coronavirus pandemic? Please include before school care, after school care, and all other forms of childcare that were unavailable.” The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 22. Childcare Interruptions Due to the COVID-19 Pandemic, April 14, 2021 to July 5, 2021



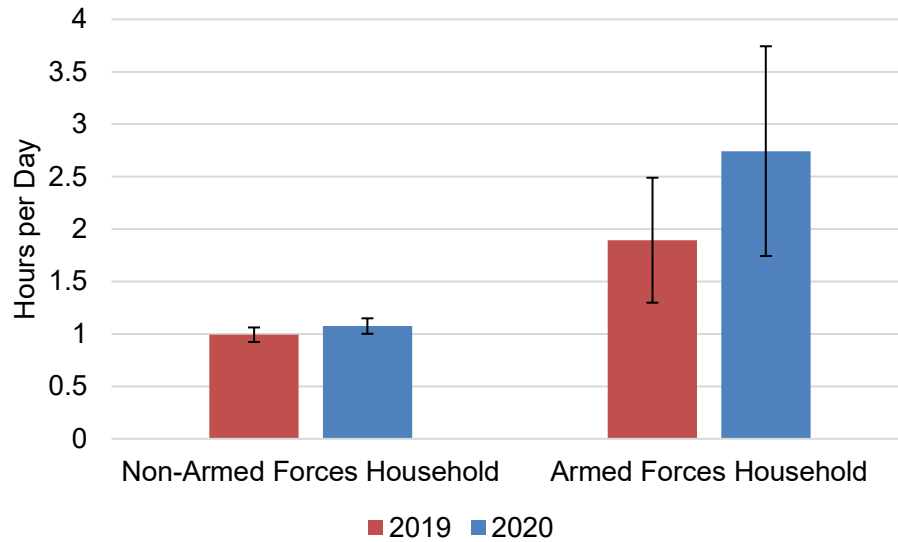
Note: This figure was created using data from the U.S. Census Pulse Survey. This question was limited to Pulse respondents that said yes to “At any time in the last 4 weeks, were any children in the household unable to attend daycare or another childcare arrangement because of the coronavirus pandemic? Please include before school care, after school care, and all other forms of childcare that were unavailable.” Those that were classified as losing jobs to care for children said yes to “You (or another adult) left a job in order to care for the children” or “You (or another adult) lost a job because of time away to care for the children.” The error bands reflect 95 percent confidence intervals calculated using the Census Pulse Survey weights.

Figure 23. Losing or Leaving Job to Care for Children with Interrupted Childcare, April 14, 2021 to July 5, 2021

In the 2019 Survey of Active Duty Spouses, 42 percent of respondents with children age 13 or younger answered that they routinely use childcare arrangements. Of those that routinely use childcare arrangements, 43 percent of surveyed active duty spouses reported that they used military-provided childcare (on- or off-base). A representative from the Soldier & Family Readiness Division indicated that many of the Army's Child Development Centers shut down during the pandemic, potentially affecting many of those service members that were relying on Army childcare. Those that remained open prioritized caring for the children of single service members or dual-military couples. The representative stated that the majority that were not able to have their children enrolled in Child Development Centers were able to care for their children themselves, but this does not preclude military spouses reducing hours or leaving a job to care for their children. Even after the Child Development Centers reopened, many parents chose not to send their children back due to concerns about COVID-19 and prior adjustments that made at-home childcare possible.

The American Time Use Survey gives further insight into the childcare situation of military families during the COVID-19 pandemic. Figure 24 shows the average amount of time parents in armed forces households with children under 18 spend on primary childcare—i.e., time where care was the main activity—in 2019 and 2020. Parents in armed forces households spend almost 3 hours a day on primary childcare, compared to about an hour a day for their non-armed forces household counterparts. Some of this difference may be due to armed forces households with children under 18 having a younger distribution of children than the non-armed forces households with children under 18.⁷⁸

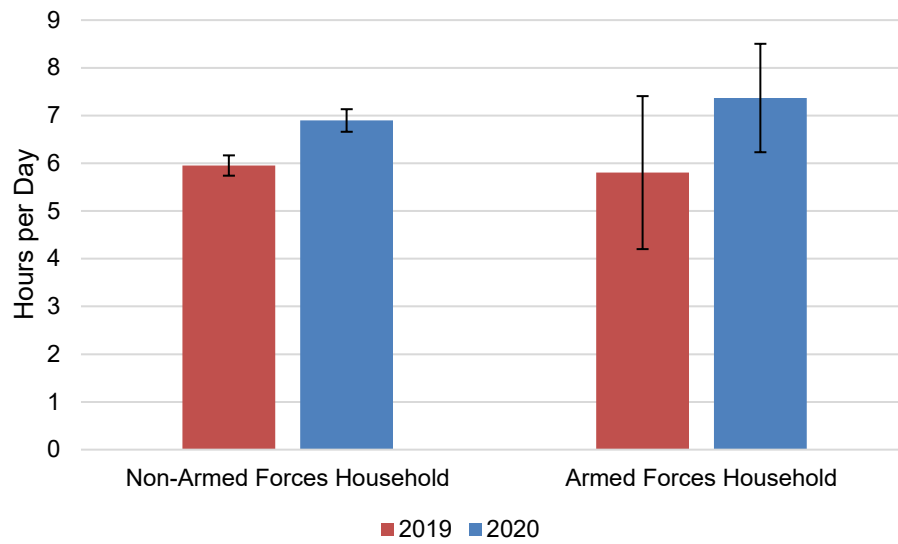
⁷⁸ Based on the authors' calculations using the 2020 ATUS data.



Note: This figure was created using data from the 2020 American Time Use Survey. Primary childcare is childcare that is done as a main activity, such as providing physical care or reading to children. The error bands reflect 95 percent confidence intervals calculated using the American Time Use Survey weights.

Figure 24. Time Spent on Primary Childcare for Parents with Children under 18

Regarding secondary childcare (i.e., time spent with children where care was not the primary activity), parents in armed forces households have a similar average as their non-armed forces counterparts. Figure 25 shows that armed forces households with children under 13 spend about 7 hours per day on secondary childcare activities.



Note: This figure was created using data from the 2019 and 2020 American Time Use Survey. Primary childcare is defined as occurring when the respondent had a child under age 13 in his or her care while doing other activities. The error bands reflect 95 percent confidence intervals calculated using the American Time Use Survey weights.

Figure 25. Time Spent on Secondary Childcare for Parents with Children under 13

4. Discussion

In considering how DoD could mitigate the financial impact of the COVID-19 pandemic on service members, we examined the literature to determine whether any “best practices” exist. We found a small but growing literature on best practices for employers during the COVID-19 pandemic. This literature can be divided into two strains—one aimed at management of business and employees and one aimed at preventing the spread of COVID-19. As this paper is focused on the financial impact of COVID-19 on service members, we do not discuss the best practices aimed at preventing the spread of COVID-19.

The literature aimed at management primarily follows the crisis management literature and is focused on communication. Management should communicate early and often. The messages should be direct and transparent and transmitted through multiple media channels. For example, management should host meetings, post information on websites and apps, and use social media to be sure employees receive important information (Dirani et al., 2020; Fernandez et al., 2020).^{79,80}

There is little information on best practices regarding employee finances. This may be because employers do not typically manage employees’ finances for them. However, government (including DoD) and private companies do offer benefits that are relevant to employee finances during COVID-19. The benefit that has received the most attention is sick leave. In March of 2020, the Families First Coronavirus Response Act (later amended by the CARES Act) required employers with fewer than 500 employees to provide paid sick time and paid leave for childcare needs. The National Employment Law Project (2020) has urged employers to extend these benefits to employees who are not covered by the legislation. The project also urges providing paid family and medical leave to employees and additional flexibility in general to cope with school closings and other impacts from the COVID-19 shutdowns.

Employee Assistance Programs (EAPs) are benefit packages intended to assist employees in resolving personal issues that could affect their work, such as mental health,

⁷⁹ Khalil Dirani et al., “Leadership Competencies and the Essential Role of Human Resource Development in Times of Crisis: A Response to the COVID-19 Pandemic,” *Human Resource Development International*, 23:4, 380–394.

⁸⁰ Antonio Arturo Fernandez et al., “Academic Leadership in a Time of Crisis: The Coronavirus and COVID-19,” *Journal of Leadership Studies*, Vol. 14, No. 1, 2020.

substance abuse, childcare, or relationship issues. These programs sometimes provide financial counseling for employees. However, we did not find best practices addressing the types of financial benefits that should be included in an EAP. Instead, the focus was on mental health (Beyer, 2020).⁸¹

In contrast to most private employers, DoD provides substantial support to service members beyond the paycheck, including housing, health care, childcare, and counseling through services such as Military OneSource. During the pandemic, numerous laws and policies were put into place to update or augment these types of support. As a result, we do not observe many direct impacts of the pandemic on service members' finances. In fact, a representative from Military Community and Family Policy told us that, compared to the 18 months prior to the start of the pandemic, Military OneSource received 6 percent fewer requests during the pandemic for financial counseling, and inquiries about budgeting and debt were stable. Similarly, a representative from the Soldier and Family Readiness Division of Army G-9 indicated that most spouses reported improved employment and financial statuses, largely due to stimulus checks and the availability of more employers with remote work options.

Active duty families were more insulated from financial strain than the general U.S. population during the COVID-19 pandemic. By definition, active duty service members remained employed throughout the pandemic, and their take-home compensation appeared to be largely unaffected. In addition, active duty service members would have benefitted from federal aid including stimulus checks, increased unemployment benefits, and the eviction moratorium. Compared to the broader U.S. population, active duty families were less likely to report difficulties paying for household expenses, although they were also more likely to report both an interruption to childcare and losing or leaving a job to care for children whose childcare was interrupted.

Reserve component families were less insulated than active component families. Unlike full-time members of the military, traditional drilling reservists who hold civilian jobs are vulnerable to economic downturns. However, it is unclear how well reserve component families fared financially in comparison to the broader U.S. population. Reserve pay files from DMDC show that aggregate pay levels to reservists did not change substantially in 2020. DoD's budget books show that drill pay declined for several components from FY 2019 to FY 2020, and then largely rebounded in FY 2021. Unfortunately, we do not observe reservists' total income because we have no direct visibility into income accruing from state activations or civilian employment. As a result, while we observe a large increase in the number of state activations in FY 2020, it is

⁸¹ Cal Beyer, Bob VanderPol, Bernard S. Dyme, and Anna Meiners, "EAP and COVID-19: Why Employee Assistance Programs are Valuable during and after COVID-19," *Construction Business Owner*, May 2020, <http://hdl.handle.net/10713/12703>.

ultimately unclear what the net effect of these state activations was on members' total income from all employment sources.

On the whole, the numerous laws and policies put into place appear to have mitigated many potential financial impacts of the COVID-19 pandemic.

Recommendation #1: We recommend that DoD identify and record the policies put into place during this pandemic. Doing so will improve responsiveness in the event of a similar crisis in the future.

The benefits of these laws and policies are limited to the extent that service members are aware and can take advantage of them.

Recommendation #2: We recommend that for this and future crises, DoD consider how best to communicate available policies and supports to service members, with a particular focus on communicating “early and often” about changing policies.

In this study, we assessed several new laws and statutes, but we did not fully evaluate how successfully these changes were communicated to service members. At a high level at the beginning of the pandemic, DoD and the Department of Labor both posted fact sheets to help keep service members informed of which benefits were available and how the benefits were changing during the pandemic. In addition, the representative from Military Community and Family Policy told us that Military OneSource communicates with service members through multiple avenues, including social media and presentations at installations. However, while service members are aware of Military OneSource, many do not understand the depth of services that Military OneSource can provide. DoD may want to investigate which modes of communication worked best to inform service members of the resources available to them—and how the resources changed—throughout the pandemic.

Of course, the pandemic could still cause financial stresses for service members in ways that our data does not permit us to observe at the household level. For example, the Office of People Analytics' Status of Forces surveys of Active Duty and Reserve personnel ask detailed financial questions, but responses for the 2020 survey were not yet available at the time of this study. Likewise, the Census's annual American Community Survey provides visibility into the employment levels and household income of both active duty and reserve component members. However, at the time of this study, the 2020 survey data was not yet available. Examining these and other data sources as they become available would provide more valuable insight on how service members' financial health changed as a result of the COVID-19 pandemic. Likewise, the pandemic may have had long-term effects on service members that may not be apparent yet. For example, some service members and their families may have relied more on savings during the pandemic to meet household needs, and may therefore be more vulnerable to other sources of financial stress in the future.

Recommendation #3: We recommend that DoD continue to monitor long-term trends in the financial health and readiness of the military workforce as new data sources become available.

Appendix A.

Summary of Policies and Statutes Enacted in Response to the COVID-19 Pandemic

This appendix contains Table A-1, Table A-2, Table A-3, Table A-4, and Table A-5, which summarize the policies and statutes enacted in response to the COVID-19 pandemic.

Table A-1. DoD/Service Policies within Existing Legislative Authorities

<i>Policy Name</i>	<i>Description</i>
<i>Military Child Care in Your Neighborhood (MCCYN)</i>	DoD fee-assistance program is available to qualifying families. This program offsets the cost of community childcare programs on behalf of families who are unable to access installation childcare. Predates COVID-19 pandemic Source: https://www.childcareaware.org/fee-assistancerespite/
<i>Army Community Services programs</i>	Help commanders provide support as well as maximize technology and resources, eliminate duplication in service delivery, and measure service effectiveness. Predates COVID-19 pandemic Source: https://myarmybenefits.us.army.mil/Benefit-Library/Federal-Benefits/Army-Community-Service-(ACS)?serv=120
<i>Maximum telework flexibilities</i>	DoD Components may allow civilian employees to telework during an emergency (e.g., continuity of operations event, office closure due to adverse or inclement weather, or pandemic health crisis) with a child or other persons requiring care or supervision present at home. Effective date: March 8, 2020, with multiple extensions through at least June 2021 Source: https://media.defense.gov/2020/Nov/30/2002543421/-1/-1/1/DOD-GUIDANCE-ON-EXTENSION-OF-MAXIMUM-TELEWORK-FLEXIBILITIES.PDF

<i>Policy Name</i>	<i>Description</i>
<i>Hardship Duty Pay-Restriction of Movement (HDP-ROM)</i>	Up to \$100/day (not to exceed \$1,500/month) to service members stranded in transit during period of stop movement Effective date: March 26, 2020 Source: www.defense.gov/Newsroom/Releases/Release/Article/2127448/fact-sheet-covid-19-military-personnel-pay-and-benefits-policy/
<i>Evacuation pay authority</i>	Officials may order an evacuation when Health Protection Condition (HPCON) Level is C or D. May not be used to place DoD civilian employees in a paid, nonduty status to meet caregiving responsibilities. Effective date: December 3, 2020 Source: https://media.defense.gov/2020/Dec/08/2002547987/-1/-1/0/EVACUATION-PAY-AUTHORITY-DURING-CORONAVIRUS-DISEASE-2019-PANDEMIC.PDF
<i>In-Home Child Care Fee Assistance Pilot</i>	The pilot program offers fee assistance for military families who have determined that full-time, in-home child care is the best solution to fit their needs. Effective date: July 6, 2021 Source: https://www.militaryonesource.mil/family-relationships/parenting-and-children/childcare/in-home-child-care-fee-assistance-program/
<i>Temporary boost to BAH rates in selected military housing areas</i>	Temporary boost to BAH rates, 4th quarter of CY 2021, in 56 of about 340 military housing areas Effective date: September 24, 2021 Source: www.defense.gov/News/Releases/Release/Article/2788871/dod-authorizes-a-temporary-increase-to-2021-basic-allowance-for-housing-rates-f/

Table A-2. General U.S. COVID-19 Relief Policies

Policy Name	Description
<i>Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)</i>	Assisted with some purchases relating to food security and nutrition. These programs grew during the COVID-19 pandemic. Predates COVID-19 pandemic Source: https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program
<i>Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</i>	Included providing stimulus checks to most Americans and service members, expanding unemployment eligibility and benefits, and providing aid to businesses Effective date: April 2, 2020 Source: Public Law 116-136
<i>Eviction moratorium</i>	Stopped evictions for most renters if the renter had their income reduced or had high medical expenses. This was later changed to apply to areas with "substantial" or "high" transmissibility, which at the time included most U.S. counties. Effective date: July 24, 2020 Source: Public Law 116-136, OMB: 0920-1303, CDC Eviction Protection Declaration, https://www.federalregister.gov/documents/2020/09/04/2020-19654/temporary-halt-in-residential-evictions-to-prevent-the-further-spread-of-covid-19, and various state laws.
<i>Consolidated Appropriations Act, 2021 (H.R. 133)</i>	Included providing stimulus checks to most Americans and service members, maintaining the changes to unemployment eligibility and providing supplemental benefits, and providing aid to businesses Effective date: December 27, 2020 Source: Public Law 116-260
<i>American Rescue Plan Act of 2021</i>	Included providing stimulus checks to most Americans and service members, maintaining the changes to unemployment eligibility and providing supplemental benefits, and providing aid to businesses Effective date: March 3, 2021 Source: Public Law No 117-2

Table A-3. Policies Related to National Guard and Reserve Issues

Policy Name	Description
<i>Premium relief for reservists, Servicemembers' Group Life Insurance</i>	For non-drilling months, coverage continues and missed premiums deducted at a later month Effective date: April 9, 2020 Source: https://media.defense.gov/2020/Apr/09/2002278146/-1/-1/1/PAY-PERSONNEL-BENEFITS-FAQ-SUP-1.PDF
<i>Premium relief for reservists, TRICARE Reserve Select</i>	For non-drilling months, coverage continues and missed premiums collected at a later month Effective date: April 9, 2020 Source: https://media.defense.gov/2020/Apr/09/2002278146/-1/-1/1/PAY-PERSONNEL-BENEFITS-FAQ-SUP-1.PDF
<i>Retirement points for missed drill days</i>	Award of retirement points for drill or training foregone due to emergency travel or duty restrictions Effective date: May 17, 2021, retroactive to March 1, 2020 Source: DOD Instruction 1215.07, Service Credit for Non-Regular Retirement

Table A-4. Legislative Enhancement of Existing Federal Statute

Policy Name	Description
<i>The Servicemembers Civil Relief Act (SCRA)</i>	Amended to give service members the right to terminate a lease on rental property when planned PCS move is suspended Effective date: August 14, 2020, retroactive to March 1, 2020 Source: Public Law 116-158, codified at 50 U.S.C. §3955
<i>Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) extension</i>	Extended from standing protections for Title 10 and Title 32 activations to also cover activations in support of a national emergency declared by the President under 42 U.S.C. Chapter 68 or 50 U.S.C. Chapter 34 Effective date: January 5, 2021 Source: "COVID 19 Impact: Uniformed Services Employment and Reemployment Rights," www.dol.gov/sites/dolgov/files/VETS/files/USERRA-COVID-19-Impact.pdf; and "New Coverage for Certain State Active Duty under the Uniformed Services Employment and Reemployment Rights," www.dol.gov/sites/dolgov/files/VETS/files/USERRA-State-Active-Duty-Coverage.pdf

Table A-5. White House Policies Specific to DoD

<i>Policy Name</i>	<i>Description</i>
<i>Mobilizing active and reserve forces to respond to pandemic</i>	Executive order to mobilize the active and reserve components to respond to the pandemic Effective date: March 27, 2020 Source: https://www.defense.gov/Explore/Spotlight/Coronavirus-DOD-Response/Timeline/
<i>Federal support of and cost sharing for National Guard use</i>	Provided financial support to states that activated the National Guard Effective date: March 22, 2020: CA, NY, WA; March 28, 2020: FL, MA, MD, NJ, Guam, and Puerto Rico; March 31, 2020: CT, IL, MI; April 2, 2020: GA, HI, IN, MO, NH, NM, OH, RI, TN, TX Source: https://www.defense.gov/Explore/Spotlight/Coronavirus-DOD-Response/Latest-DOD-Guidance/

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Abbreviations

ARRA	American Recovery and Reinvestment Act of 2009
ATUS	American Time Use Survey
BAH	Basic Allowance for Housing
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
COVID-19	Coronavirus Disease 2019
CPS ASEC	Current Population Survey Annual Social and Economic Supplement
DHP	Defense Health Program
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DoDI	Department of Defense Instruction
DOL	Department of Labor
EAP	Employee Assistance Program
ESGR	Employer Support of the Guard and Reserve
FY	Fiscal Year
HAP	Homeowners Assistance Program
HDP-ROM	Hardship Duty Pay-Restriction of Movement
HPCON	Health Protection Condition
IDA	Institute for Defense Analyses
ILD	Line of Duty
IPUMS	Integrated Public Use Microdata Series
MHA	Monthly Housing Allowance
NDAA	National Defense Authorization Act
NOAA	National Oceanic and Atmospheric Administration
O&M	Operation and Maintenance
OCO	Overseas Contingency Operations
OPA	Office of People Analytics
OSD	Office of the Secretary of Defense
PCS	Permanent Change of Station
PII	Personally Identifiable Information
RC	Reserve Component

ROTC	Reserve Officers Training Corps
S&I Pay	Special and Incentive Pay
SCRA	Servicemembers Civil Relief Act
SGLI	Servicemembers' Group Life Insurance
SNAP	Supplemental Nutrition Assistance Program
TAMP	Transitional Assistance Management Program
TRS	TRICARE Reserve Select
UI	Unemployment Insurance
UIC	Unit Identification Code
USD (P&R)	Undersecretary of Defense for Personnel and Readiness
USERRA	Uniformed Services Employment and Reemployment Rights Act
USPHS	U.S. Public Health Service
WIC	Nutrition Program for Women, Infants, and Children

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14. ABSTRACT The Undersecretary of Defense for Personnel and Readiness (USD (P&R)) asked the Institute for Defense Analyses to examine the financial impact of the COVID-19 pandemic on service members and their families. In general, we observe that active duty families were more insulated from financial strain than the general U.S. population during the COVID-19 pandemic. Compared to the broader U.S. population, active duty families were less likely to report difficulties paying for household expenses, although they were also more likely to report both an interruption to childcare and losing or leaving a job to care for children whose childcare was interrupted. Reserve members were likely affected by a substantial increase in state activations in 2020, but the net financial effect of these activations is unclear. In addition to preexisting financial protections for service members, we identified more than 70 new DoD and federal laws and policies that were enacted during the COVID-19 pandemic that could impact service members financially. On the whole, the numerous laws and policies enacted appear to have mitigated many potential financial impacts of the COVID-19 pandemic.					
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