

Early Evidence from the My Career Advancement Account Scholarship for Military Spouses

Work, Earnings, and Retention

The U.S. Department of Defense established the My Career Advancement Account (MyCAA) Scholarship to help mitigate the impact of the demands of military life on the education and employment of military spouses. Promoting spouse education and employment in a portable career are the immediate goals of the MyCAA Scholarship. Longer-term outcomes of interest include increasing family financial stability, satisfaction with military life, and retention of military personnel, which can increase overall readiness.

Scholarship eligibility focuses on spouses of early career service members who are on active-duty Title 10 orders (i.e., full-time federal service) in the pay grades of E-1 to E-5 (enlisted), W-1 to W-2 (warrant officer), and O-1 to O-2 (officer). The scholarship provides up to \$4,000 in tuition assistance for spouses pursuing associate's degrees, occupational certificates, or licenses in portable career fields.

The RAND Corporation conducted an early evaluation of the potential for the MyCAA Scholarship to improve the employability and earnings of eligible military spouses. To assess the scholarship, RAND researchers examined the 2007–2013 employment and earnings of spouses who were eligible for the scholarship when the current version of the MyCAA Scholarship began (between October 2010 and December 2011). Focusing on early users allowed adequate time for at least some of these early recipients to complete their education or training program and find employment—thereby allowing researchers to observe changes in employment and earnings before and after receiving the scholarship and to compare MyCAA Scholarship users with nonusers.

More than 380,000 military spouses were eligible for the scholarship between October 2010 and December 2011, of whom 91 percent were women, 93 percent were married to an enlisted service member, and 74 percent were under the age of 30. The authors' analyses showed that in December 2011, MyCAA applicants were more likely than eligible nonapplicants to (1) live in the South, (2) live in states with higher unemployment rates, (3) have two or more dependent minor children in the household, (4) be married to enlisted noncommissioned officers in the pay grade of E-5,

Key findings:

- Among military spouses eligible for the My Career Advancement Account (MyCAA) Scholarship in 2010–2011, the number who worked declined over time (2007–2013).
- MyCAA appears to be reaching the intended population of military spouses who want or need to work.
- MyCAA users' average annual earnings began to decline prior to the 2010–2011 application window, but MyCAA nonusers' earnings did not.
- From 2011 to 2013, the average earnings of working MyCAA users grew relatively more rapidly than working nonusers' earnings but did not match or exceed them. This may reflect that some users were still in school.
- By 2014, service members whose spouses were MyCAA users were more likely to still be on active-duty than service members whose spouses were MyCAA-eligible nonusers.

(5) be married to Army personnel rather than personnel from other services, (6) be married to personnel who had at least one geographic relocation since 2007 and during their marriage, and (7) be married to personnel who had been deployed since 2007 and during their marriage.

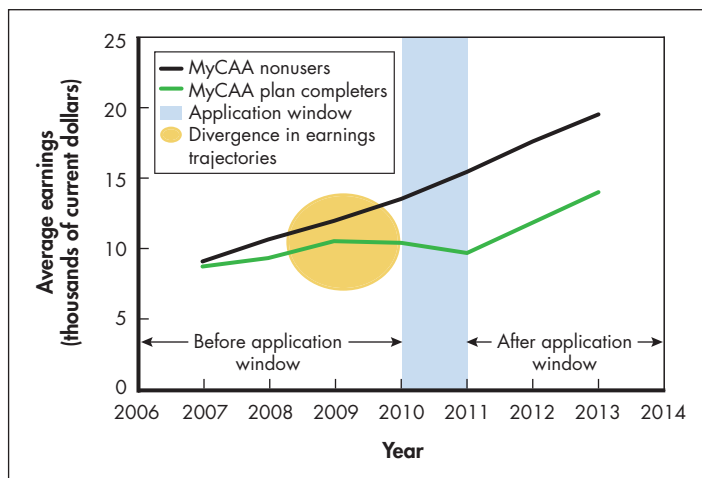
Spouse Employment and Earnings

In the U.S. married civilian population, the percentage of working adults typically rises between the ages of 18 and 30. For spouses of military personnel, however, frequent moves, deployment cycles, and other aspects of military life can disrupt their education and employment. RAND researchers studied employment among the pool of military spouses eligible for the MyCAA Scholarship by examining whether

they had any earnings reported to the Social Security Administration in a given year. These unique data are particularly valuable as objective measures of spouse income over time. The analyses revealed that employment among spouses who did not use the scholarship declined from 70 percent in 2007 to 53 percent in 2013. For MyCAA Scholarship users known to have completed their education plans no later than December 2014, employment declined from 74 percent in 2007 to 58 percent in 2013. This period coincides with the Great Recession that began in December 2007.

RAND researchers developed earnings models focusing on the working MyCAA-eligible spouses who were ages 24 to 26 in 2011. This population represents 26 percent of the military spouses in the analytic sample. The researchers compared the average annual earnings patterns for MyCAA-eligible working spouses who used the scholarship and were known to have completed their educational plan by December 2014 with those of MyCAA-eligible working spouses who did not use the scholarship (Figure 1). Generally, in the U.S. population, earnings growth is significant over the first two decades that an individual is in the labor force, consistent with nonusers' earnings in the figure. It is not unexpected, however, to see earnings declines among populations prior to their entry into job training or education programs, as such declines are often a motivating factor for seeking additional training. Indeed, the research team found that working MyCAA users known to have completed an educational or training plan experienced average earnings that had stagnated for several years or even declined prior to October 2010, when the current version of the MyCAA Scholarship became available.

Figure 1. Annual earnings of working spouses who used a MyCAA Scholarship stagnated before the selected MyCAA application window and grew after the application window



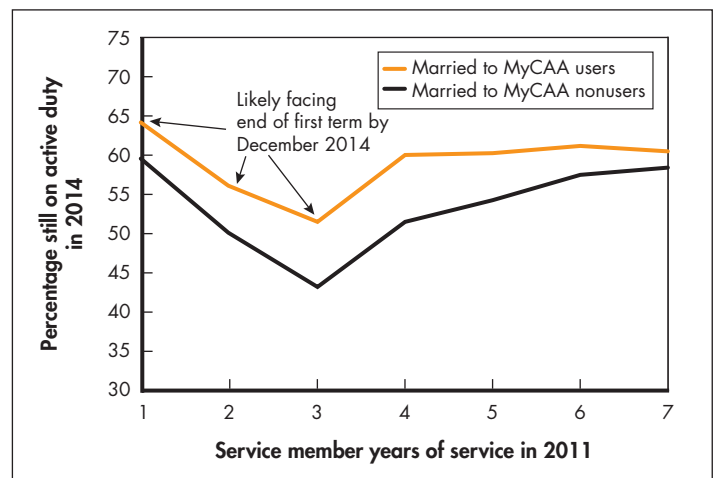
Declining earnings among working spouses prior to MyCAA application could reflect a career interruption caused by a family move or layoff. They could also reflect a voluntary or involuntary reduction from full-time to part-time employment or the decision or need to seek a new career or additional schooling. While the authors do not know the reason for the stagnation or decline in average earnings among working spouses, they did observe that earnings for this group of scholarship users grew after December 2011. After 2011, earnings grew relatively more rapidly for known MyCAA plan completers than for nonusers. Separate analyses using the entire age range of MyCAA-eligible spouses resemble those shown here.

The authors also explored through statistical models whether other observed factors could explain the difference between these two populations (such as sponsor pay grade, deployments, number of children, and geographic relocations). Even after controlling for such factors, working MyCAA users' earnings began to rise and converge with working nonusers' after 2011.

Service Member Retention

The research team examined the likelihood that married active-duty service members in the MyCAA-eligible pay grades as of December 2011 were still members of the active component at the end of 2014. They compared the active-duty status of service members whose spouses were MyCAA Scholarship users (whether the spouses were known to have completed some or all of their education plans) with the active-duty status of those whose spouses were MyCAA-eligible nonusers (Figure 2).

Figure 2. Service members whose spouses used MyCAA were more likely to be on active-duty military service three years later when compared with service members whose spouses were MyCAA-eligible nonusers



Because most enlistment contracts last three to four years, the continuation rates of members with two to four years of service at the end of 2011 are of particular interest because they most would have likely faced a reenlistment decision by the end of 2014.

As Figure 2 indicates, early-career service members whose spouses used the MyCAA Scholarship were more likely to stay in the military than service members whose spouses did not use the scholarship. The RAND team examined whether other factors—such as number of children, deployments experienced before and after 2011, or family moves before and after 2011—might explain the difference in continuation decisions between these two groups. The findings consistently showed that active-duty service members with two to four years of service in 2011 and whose spouses used a MyCAA Scholarship were 6 to 8 percentage points more likely than similar personnel to remain in the active component three years later. This finding could reflect some combination of MyCAA having a positive impact on spouses' and service members' preference to remain in the military, as well as the MyCAA Scholarship supporting spouses of service members who already have a greater preference for or compatibility with military service.

Conclusions

These analyses suggest that MyCAA Scholarships are reaching the intended population—including spouses who are more likely to want or need work, who are likely to be early

in their careers, and who face military moves and deployments. Statistical models have ruled out many factors other than MyCAA, such as moves, deployments, and number of children, that could explain the differences between MyCAA users and nonusers in employment, earnings, and service member retention.

MyCAA users were less likely than similar nonusers to be employed in 2011 during the initial scholarship period when many were in school, but by 2013 they were more likely than nonusers to be working. In addition, working scholarship users known to have completed their MyCAA plans saw their annual earnings grow faster than those of working nonusers from 2011 to 2013. Additional years of data would be necessary to observe whether MyCAA users' earnings caught up to nonusers' after more MyCAA users returned from school to work. These results suggest that MyCAA is associated with employment and increased earnings. The relationship is not necessarily causal, however. It may be that scholarship recipients had a greater need or desire to work and therefore sought out the scholarship. But without the scholarship, these spouses might not have worked at as high of a rate in 2013 or might not have been able to improve their 2013 earnings to the degree that was observed. Either way, these results reflect positively on the MyCAA Scholarship. Finally, these analyses suggest that service members whose spouses were MyCAA Scholarship users were more likely than similar married service members to be on active duty three years after their spouse was awarded the scholarship.

This brief describes research conducted in the RAND National Security Research Division and documented in Laura L. Miller, David Knapp, Katharina Ley Best, Esther M. Friedman, Gabriella C. Gonzalez, Mark E. Totten, Jennie W. Wenger, Thomas E. Trail, Marek N. Posard, and Ernesto F. L. Amaral, *An Early Evaluation of the My Career Advancement Account Scholarship for Military Spouses*, Santa Monica, Calif.: RAND Corporation, RR-2093-OSD, 2018 (www.rand.org/t/RR2093). To view this brief online, visit www.rand.org/t/RB9965. The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND®** is a registered trademark. © RAND 2018

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