

Survey of North Carolina Transitioning Military Service Members: Final Report, 2022



ACKNOWLEDGEMENTS

Sponsored by the North Carolina Military Affairs Commission of the North Carolina Department of Military and Veterans Affairs

Study Authors: Dr. Gregory DeLone and Gregory McElveen, Fayetteville State University

Special thanks to: General (Ret) Rodney Anderson, Chair, Economic Development Committee of the North Carolina Military Affairs Commission; Kelly Jackson, Executive Director, North Carolina Military Affairs Commission, William McMillian, Transition Services Manager, Fort Bragg; Bridgette Sleppy, Transition Assistance Program Manager, Seymour Johnson Air Force Base; B. J. Fitzpatrick Jr., Director, Marine and Family Programs Division, MCCA Lejeune-New River; and Jeanett Torrens, Transition Relocation Assistance Manager, US Coast Guard.

Contents

ACKNOWLEDGEMENTS	1
1. BACKGROUND	4
2. STUDY SITES/LOCATIONS	5
3. METHODOLOGY	6
4. FINDINGS	7
A. Demographics	7
B. Rank and Occupations While In Service.....	10
C. Level of Education.....	12
D. Reasons for Separation from Service	13
E. Plans After Separation from Service	14
F. Location Choice.	15
G. Decision Criteria.	21
H. Impact of North Carolina Legislation Exempting Military Retirement Pay from State Income Tax... 24	
5. FUTURE OPPORTUNITIES	25
6. CONCLUSION	26
References	28

Table of Figures

Figure 1: Survey Respondents by Branch of Service.....	6
Figure 2: Age of Transitioning Military Service Members.....	7
Figure 3: Gender of Survey Respondents	8
Figure 4: Ethnic Diversity	8
Figure 5: Marital Status.....	9
Figure 6: Families with Children.....	9
Figure 7: Years of Service of Transitioning Service Members.....	10
Figure 8: Military Rank of Respondents.....	11
Figure 9: Respondent Occupations.....	11
Figure 10: Educational Attainment--Enlisted Only	12
Figure 11: Educational Attainment—all Respondents.....	13
Figure 12: Reasons for Separating From Service	13
Figure 13: Plans After Separation from Service	14
Figure 14: Post-Retirement Plans	14
Figure 15: Preferred Occupations	15
Figure 16: Planned State of Residence	16
Figure 17: Plans to Stay in NC by Branch of Service.....	16
Figure 18: Location Choice by Branch of Service and Age	17
Figure 19: Demographic Comparisons of those Staying and Leaving NC After Separation from Service ..	18
Figure 20: Retirees Plans to Stay in NC.....	18
Figure 21: Reason for leaving Service by Choice of Staying in NC	19
Figure 22: Post-Service Plans by Choice of Staying in NC	19
Figure 23: Occupational Preferences by Choice of Staying in NC.....	20
Figure 24: Future Education Plans	20
Figure 25: Top Location Choice Factors	22
Figure 26: Secondary Location Choice Factors	23
Figure 27: Impact of Occupational Licensing Policies on Location Choice	24
Figure 28: Impact of Military Retirement Tax Exemption Among those Otherwise Planning to Leave NC	25
Figure 29: Impact of Military Retirement Pay Tax Exemption Among Retirees Otherwise Planning to Leave NC	25
Figure 30: Knowledge of Special Benefits Available to NC Veterans	26

1. BACKGROUND

In North Carolina, each year more than 20,000 active-duty military personnel stationed in the state transition from military service to civilian status. The North Carolina Military Affairs Commission (NCMAC), a unit of the North Carolina Department of Military and Veterans Affairs, awarded a grant to Fayetteville State University to survey a sample of these soon-to-be veterans. The primary survey goal was to: (1) provide data to help identify opportunities to further increase the appeal of the state to those deciding where to live after completing their military service in the state of North Carolina; (2) to gain insights into the skills and talents represented by North Carolina military personnel transitioning to civilian service; and (3) to better understand the interests and priorities of those leaving military service. Growth in this highly capable workforce can further strengthen the state's economic foundation through the skills they bring, the workforce gaps they help fill, the resourceful, creative entrepreneurship they represent, and through the ongoing income streams they generate from retirement, medical care, and other benefits.

The survey gathered information on issues of importance to the Department of Defense and to the state of North Carolina. The survey sought to gain clarity into the decisions that transitioning service members make regarding where to reside after exiting the service and to learn what the state and local communities could do better to assist transitioning services members. More specifically, service members leaving active-duty military service in North Carolina were surveyed to: (a) understand key attributes of this important segment; (b) determine where they plan to reside after exiting the service; (c) identify the factors influencing their location decisions, (d) get service member perspectives on the extent to which changes in North Carolina attributes may be likely to change post-service location decisions and (e) obtain feedback on the military transition process itself.

With over 100,000 active-duty personnel stationed in the state of North Carolina¹, military presence is one of the most significant economic drivers in the state-- as well as a source of heartfelt appreciation for the sacrificial services rendered for our nation. Major installations in North Carolina include:

- Fort Bragg, the largest military installation in the nation by population, with over 50,000 active-duty personnel
- Camp Lejeune with over 40,000 active-duty Marines
- Seymour Johnson Air Force Base, with over 4,000 active-duty personnel
- U.S. Coast Guard Aviation Logistics Center

In addition to those on active duty, there were over 718,000 veterans living in North Carolina as of 2018--comprising an important element of the economic engine associated with major military presence. Among veterans who retired in FY 2020 the average income from military retirement alone was approximately \$44,000² —not including the value of education and medical benefits. This retirement compensation represents a significant influx of new dollars into the economy. The 2015 NC MAC report on *The Economic Impact of the Military on North Carolina*³ indicated that in 2014 the 775,000 military

¹ Defense Manpower Data Center, Number of Military and DoD Appropriated Fund (APF) Civilian Personnel Permanently Assigned as of September 2021. [DMDC Web \(osd.mil\)](https://dmdc.osd.mil)

² Statistical Report of the Military Retirement Service, FY 2020, Office of the Actuary, U.S. Department of Defense, [MRS StatRpt 2020 \(PBD draft 1\).pdf \(defense.gov\)](#)

³ The Economic Impact of the Military on North Carolina. Joshua Levy, North Carolina Department of Commerce,

veterans in North Carolina received a total of \$8.2 billion in retirement income, disability income, medical care, and educational benefits. The report estimated that veterans' pensions alone supported 47,000 jobs in the state.

Beyond the military retirement dollars flowing into the economy, veterans and their families constitute an important source of talent. As one indication of the value of that talent, average household income for all veterans—most of whom are not retired—is estimated at over \$60,000⁴. Many defense contractors place a particularly high value on the special expertise that veterans can offer, and the security clearances they may have. Significant increases in the number of highly qualified veterans can be a draw for defense contractors, who could use the local employment pool to more effectively win and perform defense contracts in North Carolina. Veterans also often start new businesses—often leveraging their unique insights to serve the needs of the defense sector.

The contribution of veterans and their families to local economies is thus clearly significant. By better understanding the factors considered important by veterans in deciding where to live, policy makers will be in a better position to make decisions that optimize the regional economic returns that can accrue with increased veteran presence.

2. STUDY SITES/LOCATIONS

The sites/locations for the personnel surveyed included military installations throughout North Carolina.⁵

Ft. Bragg: With approximately 50,000 active-duty personnel, and another 14,000 civilian employees of the federal government, Fort Bragg is the largest military installation in the U.S. by population. The post is located in Cumberland County, North Carolina, which has an approximate population of 335,000. The closest large city to Ft. Bragg is Fayetteville (approximate population 209,000). Ft. Bragg is also the largest employer in the area.

Marine Corps Base Camp Lejeune: With approximately 40,000 active-duty personnel, Camp Lejeune is located in Onslow County, North Carolina, which has an approximate population of 205,000. The closest city is Jacksonville (approximate population 73,000).

Seymour Johnson Air Force Base: With approximately 4,000 active-duty personnel, Seymour Johnson is in Wayne County, North Carolina, which has an approximate population of 117,000. The closest large city to Seymour Johnson is Goldsboro (approximate population 34,000).

Marine Corps Air Station New River: MCAS New River is in Onslow County, North Carolina. The closest city is Jacksonville.

Labor & Economic Analysis Division (LEAD), 2015. <https://connect.ncdot.gov/resources/BUILD2020-FB/Documents/Economic%20Impact%20of%20the%20Military%20on%20North%20Carolina.pdf>

⁴ (Profile of Veterans, 2017, 2019).

⁵ Population figures for the study sites were gathered from (Census, n.d.)

US Coast Guard Sector North Carolina: USCG Sector North Carolina is in New Hanover County, North Carolina, which has approximate population of 226,000. The closest city is Wilmington (approximate population 1150,000).

Marine Corps Air Station Cherry Point: MCAS Cherry Point is in Craven County, North Carolina, which has an approximate population of 101,000. The closest city is Havelock (approximate population 17,000).

US Coast Guard Elizabeth City: USCG Elizabeth City is in Pasquotank County, North Carolina, which has an approximate population of 41,000. The nearest city in Pasquotank County is Elizabeth City (approximate population 19,000).

3. METHODOLOGY

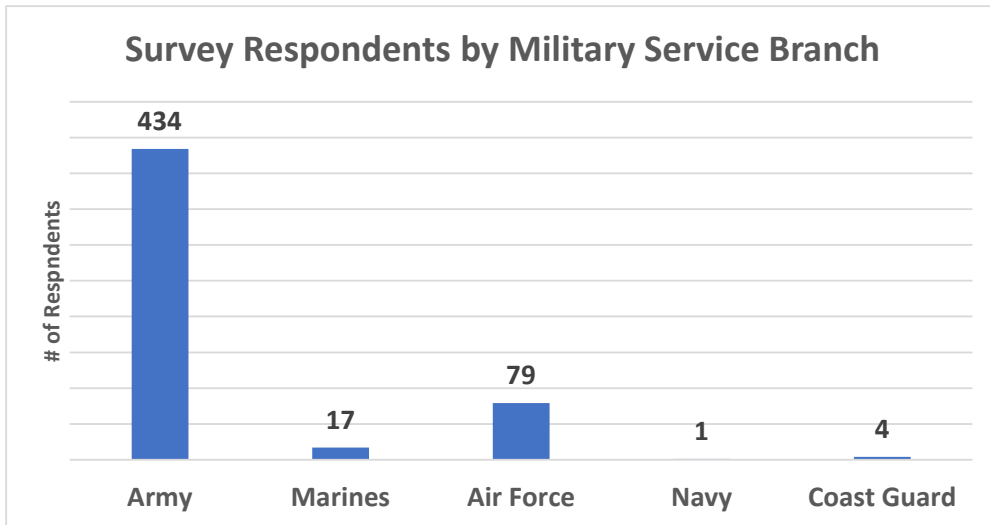
The survey instrument was developed by the authors in collaboration with members of the North Carolina Military Affairs Commission Economic Development Committee. After receiving approval from the Fayetteville State University Institutional Review Board (IRB), the survey was pilot tested in the Spring of 2021 and was fully deployed in the Fall of 2021. Survey distribution was coordinated through the Transition offices at each major installation in North Carolina. While 95 percent of the survey responses were completed by January 2022, the survey instrument remained open through April 2022 to be able to capture supplementary data anticipated to be potentially forthcoming from service branches that initially experienced survey implementation delays.

The survey was distributed to transitioning service members through transition assistance classes required of those preparing to leave active military service. Participation in the survey was voluntary. Service members took the survey electronically (computer or smartphone) and it were took approximately 15 minutes to complete. The survey was anonymous and confidential, with no incentives provided to participants. The online survey method was selected as the most cost-efficient and effective method of obtain data the required data.⁶ The target population was active-duty military stationed at North Carolina military installations. While Marine Corps participation was limited due to survey approval delays, a total of 535 usable responses were received, representing Army, Air Force, Marine Corps, and Coast Guard (see Figure 1). Due to differences in service branch procedures with respect to survey implementation in required transition classes, the Marine Corps installations were underrepresented in the sample. Only Army and Air Force survey responses were received in sufficient numbers to be able to support military branch specific findings.

The survey contained 41 questions, including demographic questions. The survey is included with this report as an attachment.

Figure 1: Survey Respondents by Branch of Service

⁶ (Carrie A. Miller)

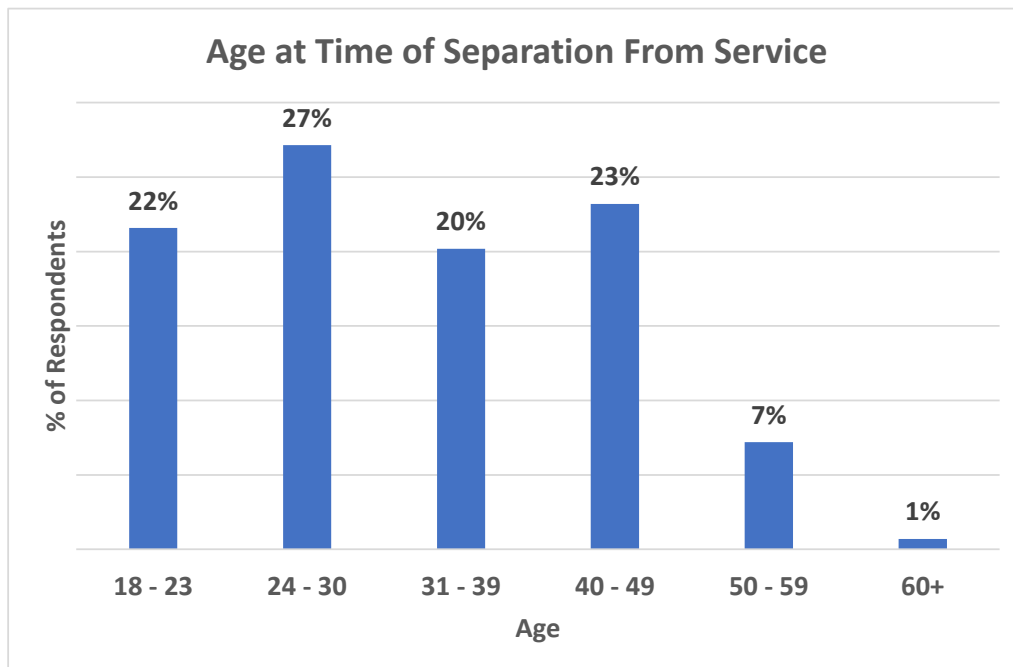


4. FINDINGS

A. Demographics

The demographics of those completing this survey were comparable to the demographics of those in military service. As shown in Figure 2, survey respondents separating from service were typically prime working age adults, with prime working age generally considered age 25-54. Approximately 50 percent of the respondents were 30 years of age or less, and 92 percent are less than 50 years of age.

Figure 2: Age of Transitioning Military Service Members



As noted in Figure 3, approximately 80 percent of the respondents were male and 20 percent female. This is comparable to the average across all military services of 83% male, 17% female.

Figure 3: Gender of Survey Respondents

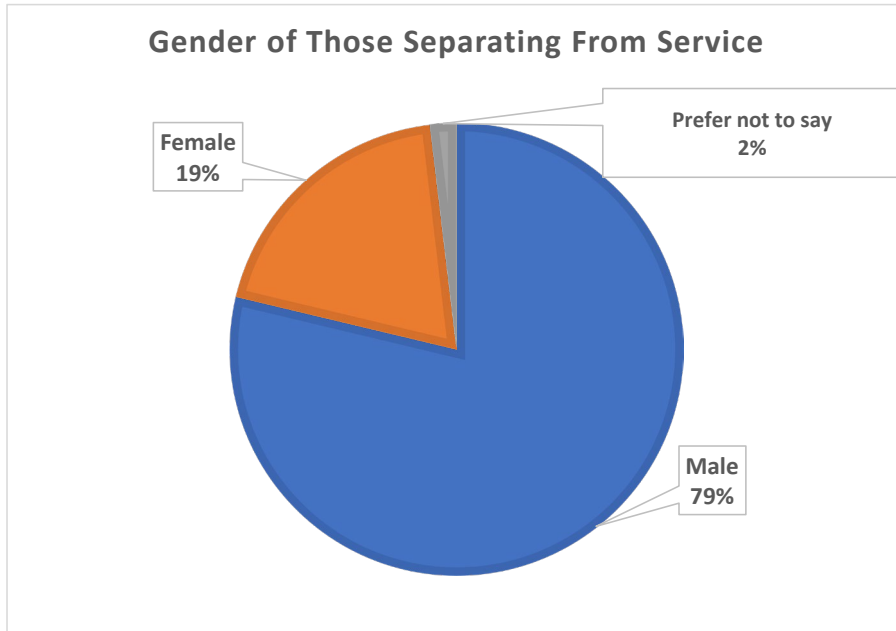
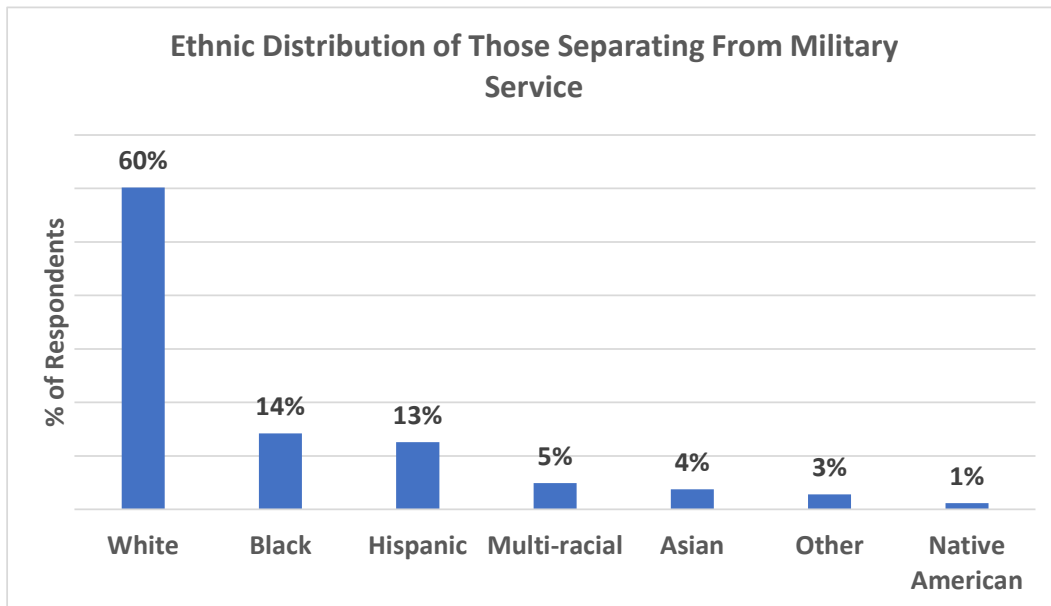


Figure 4 points to the high degree of ethnic diversity among those leaving military service in North Carolina, comparable to the diversity in military services overall.

Figure 4: Ethnic Diversity



As indicated by Figures 5 and 6, most of those surveyed are married with children. Military-affiliated families tend to be associated with spousal workforce participation, education requirements for children, increased demand for goods and services, and community ties across multiple domains—multiplying the economic and community impacts of the veterans choosing to reside in the state.

Figure 5: Marital Status

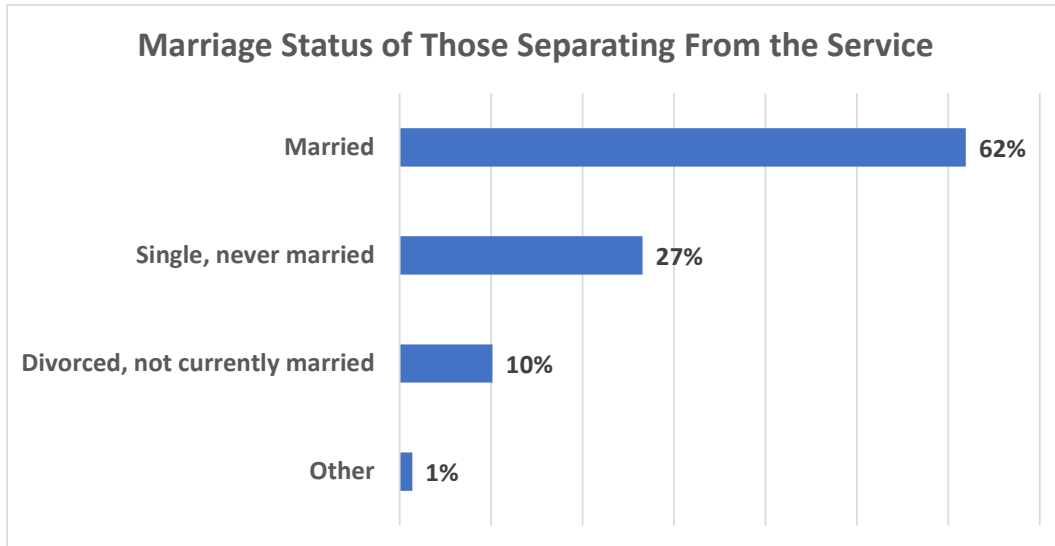
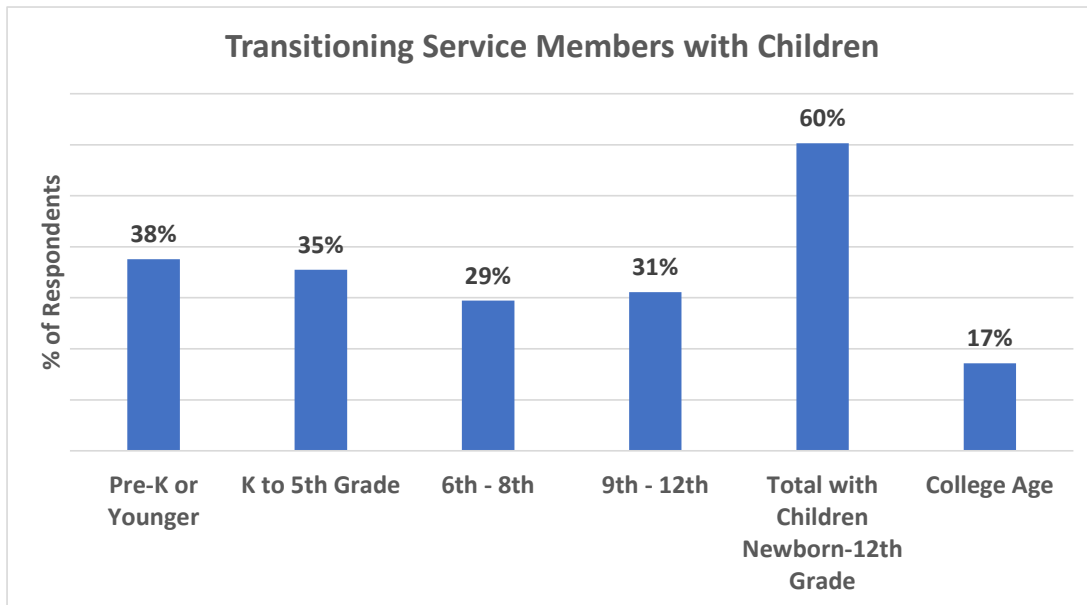


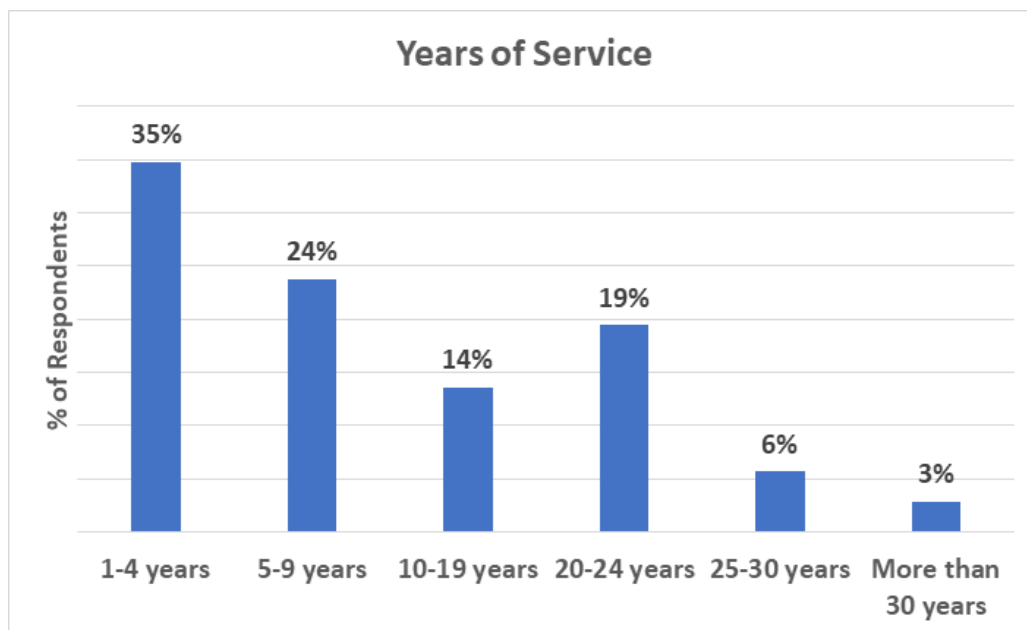
Figure 6: Families with Children



In addition to age, gender, and ethnic diversity, survey respondents indicate a very broad range of backgrounds and experiences. Most (65%) of those transitioning from active duty military service have

served five years or more, and 28 percent have served 20 years or more (see Figure 7). Those with service longevity of at least 5 years bring to their communities the benefit of significant training in their fields.

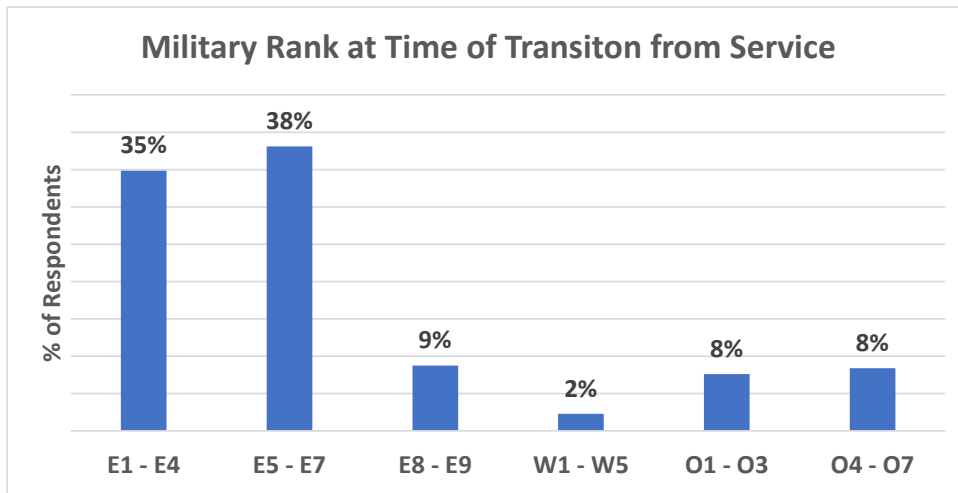
Figure 7: Years of Service of Transitioning Service Members



B. Rank and Occupations While In Service

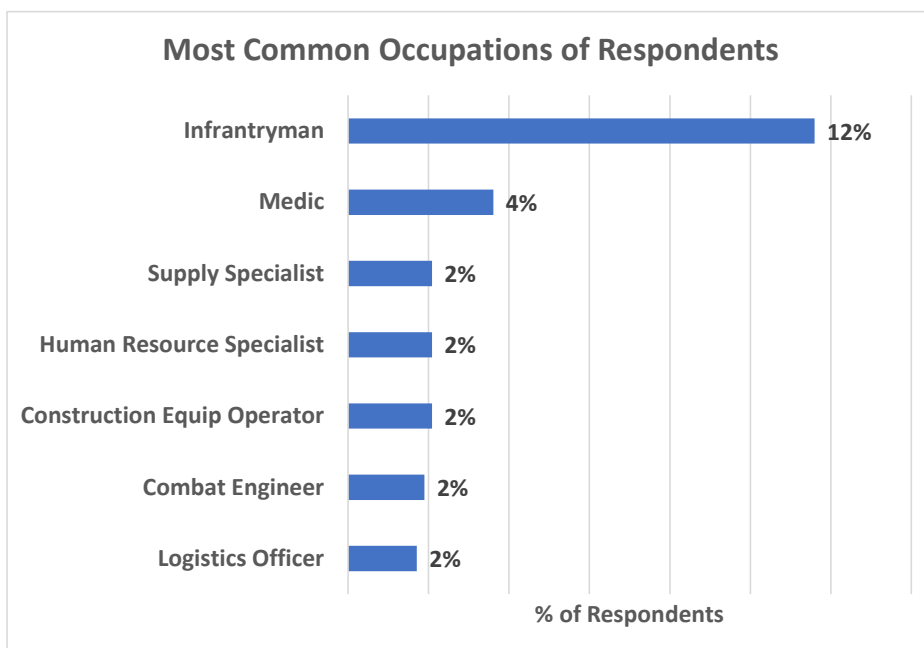
Another indication of level of expertise achieved is military rank at the time of transition from active duty service. The ranks of E1 – E4 are entry-level enlisted personnel (Private to Corporal in the Army); E5 -E7 are non-commissioned officers with greater supervisory responsibilities; E8-E9 are senior level non-commissioned officers with significant leadership responsibilities; W1-W5 are warrant officers who became commissioned officers after achieving significant as non-commissioned officers, O1-O3 refers to junior officers (such as Lieutenants and Captains in the Army), while O4-O7 are the most senior officers (Majors, Colonels, and Generals in the Army). As noted in Figure 8, 35 percent of the respondents leave the military as junior enlisted personnel. Many of these individuals leave seeking further educational opportunities. Most of the remaining 65 percent of transitioning personnel have earned ranks of significant responsibility and are likely to be particularly well-positioned to contribute occupational skills as well as leadership skills to the civilian workforce. Of course, many of those who have achieved more senior ranks may also be interested in further education as well. More details on plans after service will be provided below.

Figure 8: Military Rank of Respondents



The jobs performed by those in military service are exceptionally wide-ranging. There are over 260 Military Occupational Specialties (MOS) in the Army alone. Figure 9 below provides a summary of the most common occupations among those who completed the Transitioning Military Personnel Survey. Many military occupations are directly comparable to civilian jobs, such as medic, supply specialist, logistics officer, human resource specialist, and construction equipment operator. Other military jobs, such as infantryman and combat engineer, while not having direct civilian counterparts, include critical, directly transferable skills—particularly around leadership, communication, innovation, and teamwork.

Figure 9: Respondent Occupations

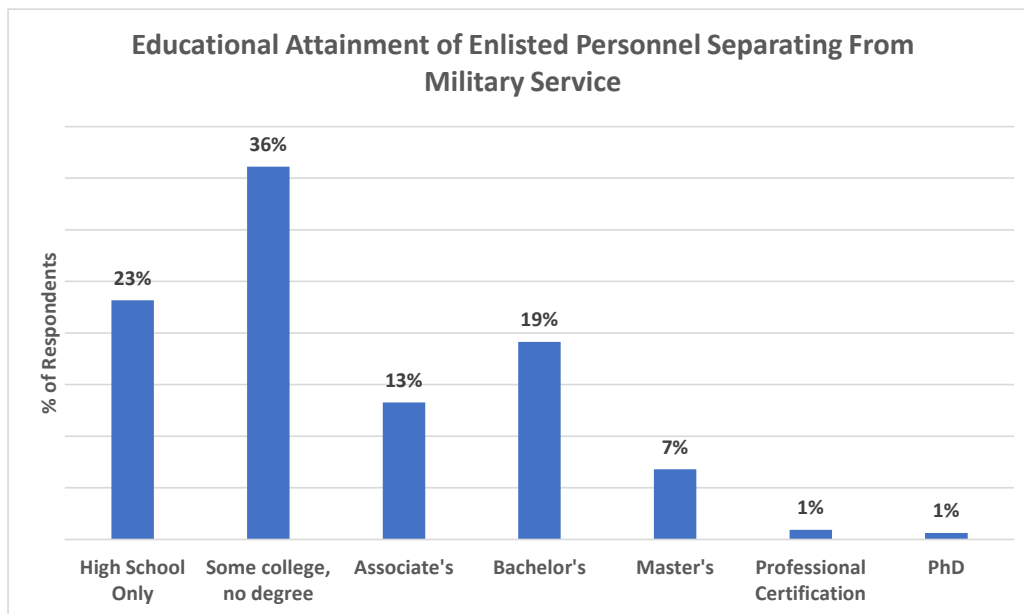


C. Level of Education

One important benefit highly valued by many who serve in the military is access to education. According to data from the US Army Recruiting Command, only about 10% of 2021 Regular Army recruits and 19% of Army Reserve recruits had at least one semester of college before joining⁷. However, data from survey respondents shows a dramatic increase in educational attainment while in service. As shown in Figure 10, at the time of separation from service, 41% of enlisted personnel reported an Associate's Degree or higher, and another 36% had some college courses, but no degree. Including officers, 54% of those separating from service reported having an Associate's Degree or higher level of education. Across all military ranks, 29% reported having some college but no degree (see Figure 11).

North Carolina leaders in government, education, and industry have recognized the critical importance of a well-educated workforce to fuel competitive success in an economy that increasingly relies on digital tools and continuous innovation. Working through the MyFutureNC non-profit organization, an aggressive goal was established of ensuring that by 2030 2 million North Carolina residents will have a high quality credential or post-secondary degree⁸. In support of this goal of increasing access to higher education—particularly among working adults who have some college but no degree—the UNC System and the Community College system are doing much to try to facilitate access. These strategies to continue to enhance information and access are likely to be particularly valued by the motivated veterans transitioning from service with some college but no degree. One example of such a strategy is Fayetteville State University's offering of free tuition for military-affiliated personnel in need of additional financial assistance.

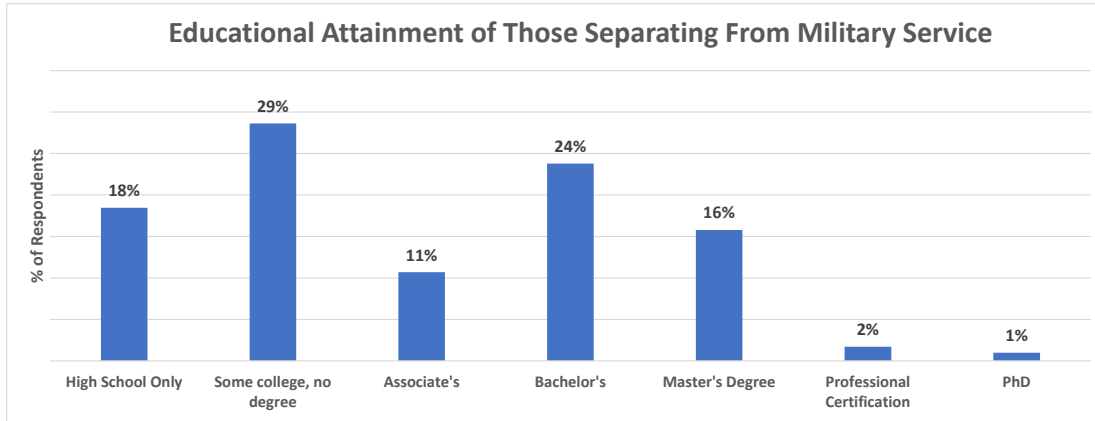
Figure 10: Educational Attainment--Enlisted Only



⁷ As noted on the US Army website: recruiting.army.mil, September, 2022

⁸ As published on the website: [Home - myFutureNC](https://myfuturenc.org), September 2022

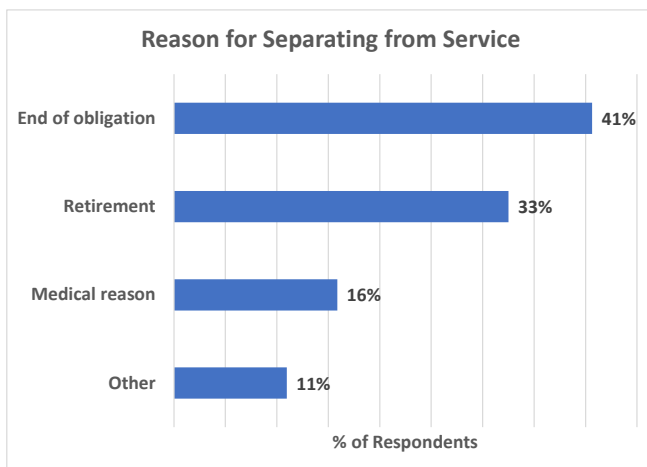
Figure 11: Educational Attainment—all Respondents



D. Reasons for Separation from Service

As shown in Figure 12, one-third of survey respondents indicate that they are leaving military service through retirement. Another 16 percent indicate that they are leaving due to medical reasons, often with full disability compensation. Just over half indicate that they are leaving either due to the end of their service obligation or other personal reason (e.g. family reasons, or did not want to get vaccinated). Those who are retiring or who are leaving with medical disability compensation bring with them substantial inflow of federal benefits to the state. As noted above, for veterans who retired in FY 2020 the average income from military retirement alone was approximately \$44,000⁹ —not including the value of education and medical benefits.

Figure 12: Reasons for Separating From Service

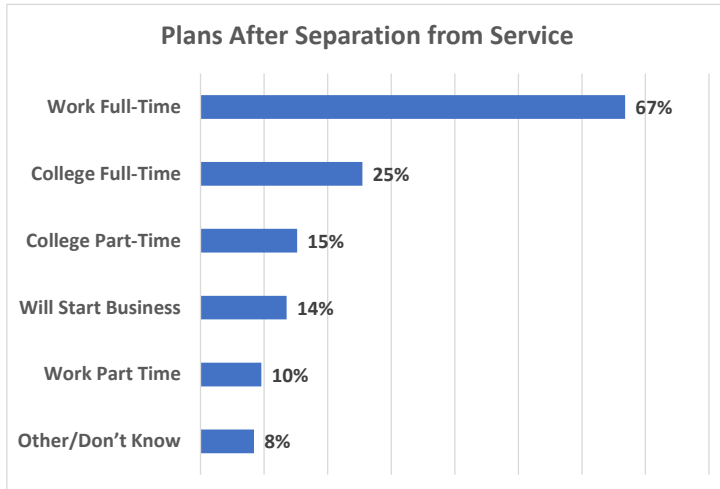


⁹ Statistical Report of the Military Retirement Service, FY 2020, Office of the Actuary, U.S. Department of Defense, [MRS_StatRpt_2020 \(PBD draft 1\).pdf \(defense.gov\)](#)

E. Plans After Separation from Service

As noted in the Introductory Background, veterans are typically very active participants in the workforce. Figure 13 highlights the fact that two-thirds of respondents indicated that they plan to work full time and another 25 percent plan to attend college full time. Many plan a combination—attending college while working full time or part time.. Another 11 percent intend to start new businesses.

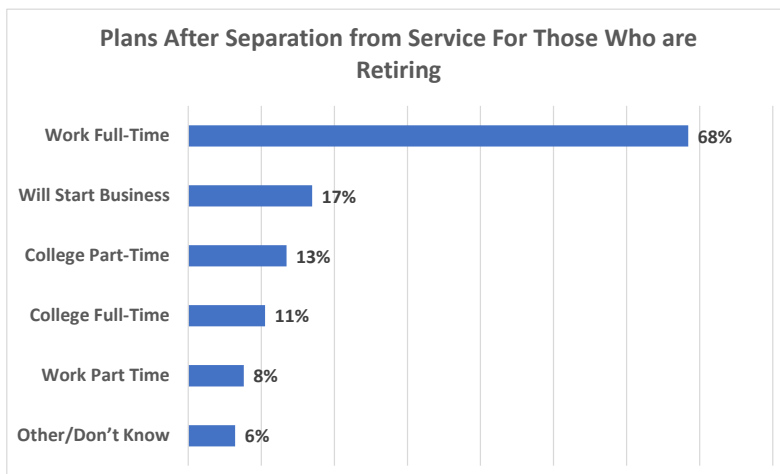
Figure 13: Plans After Separation from Service



(note: respondents could choose multiple responses)

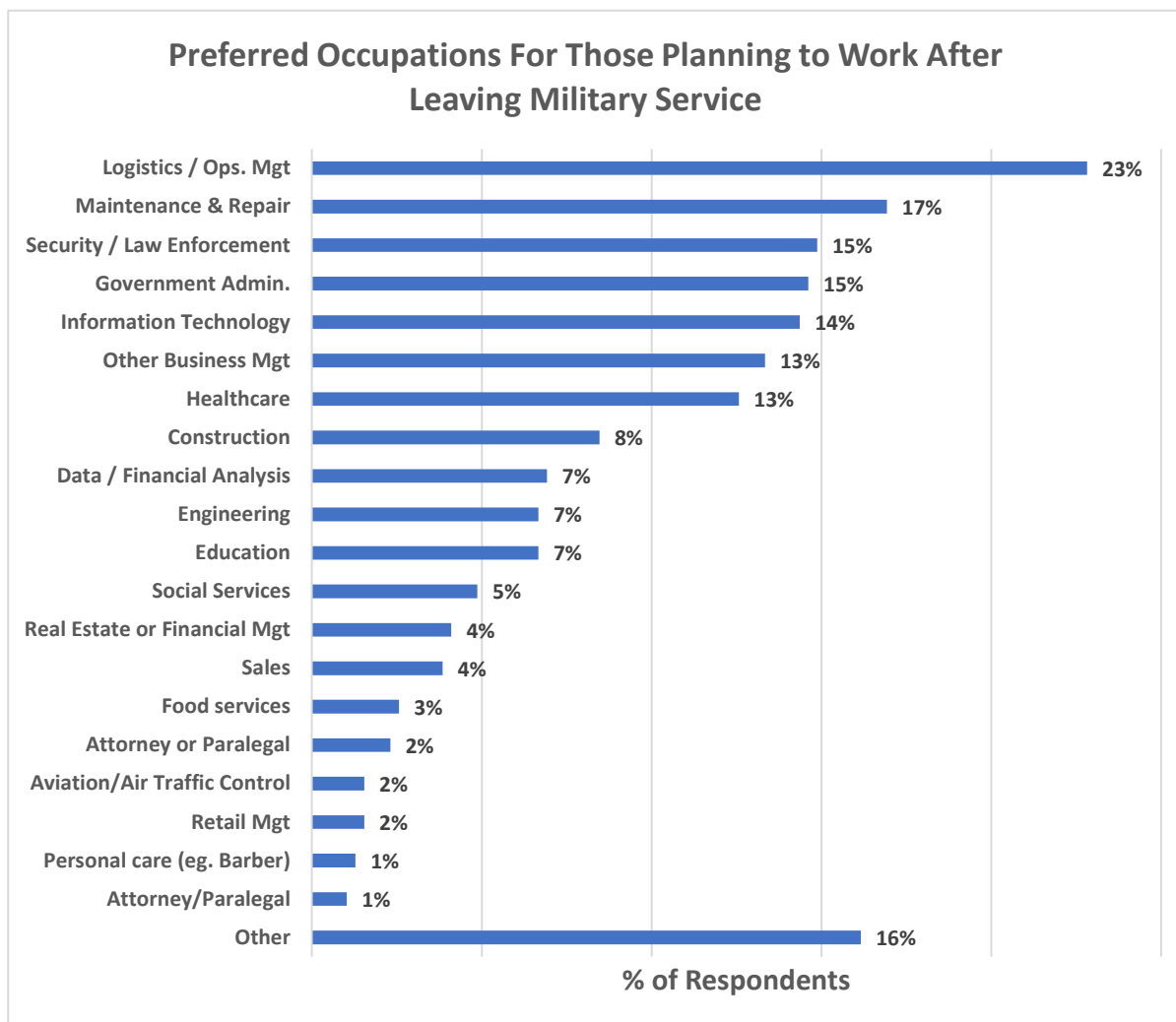
Because military personnel can retire after 20 years of service with significant compensation and benefits, many are less than 50 years of age at retirement, and expect to be active participants in the workforce after retirement. As noted in Figure 14 below, the proportion of those planning to work full time after retiring from military service (68%) is almost identical to the overall proportion of all personnel transitioning from the military who plan to work full time (67%). While relatively few of those retiring intend to pursue college full time, 24% do expect to attend college on either a part-time or full-time basis.

Figure 14: Post-Retirement Plans



Going forward after leaving military service, most of the respondent’s occupational plans appear to leverage and build upon skills learned in the military—including general organizational leadership skills as well as job-specific content knowledge. Figure 15 shows that the top 3 preferred occupations for those planning to work after separation from active duty military service are logistics management, vehicle maintenance and repair, and law enforcement.

Figure 15: Preferred Occupations



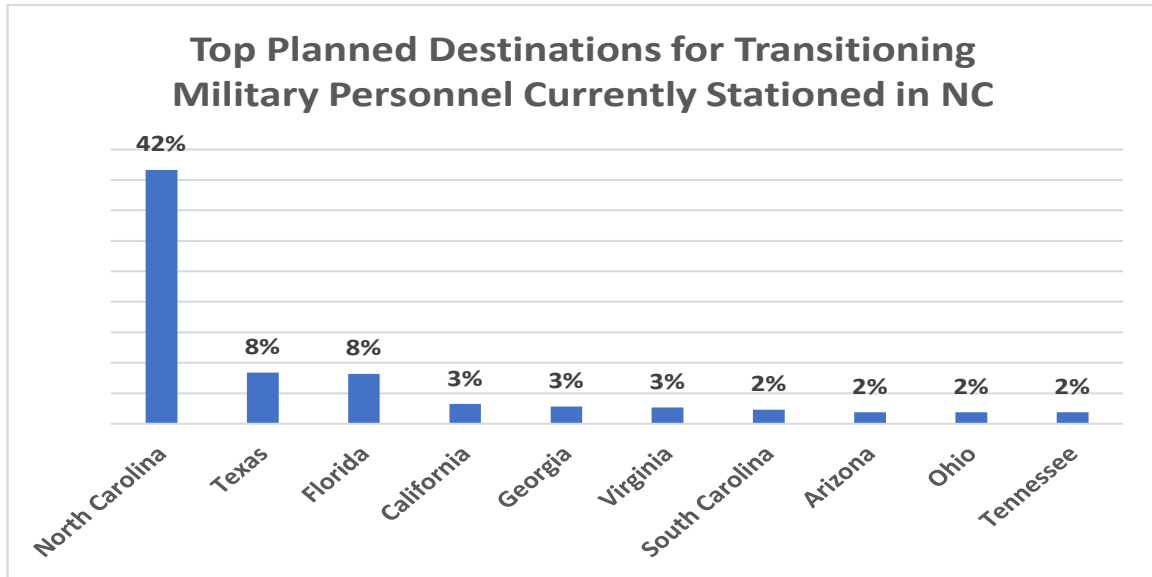
F. Location Choice.

This study had two key objectives with respect to location choice: (1) determine what percentage of those separating from service were planning to stay in North Carolina, and (2) improve understanding of service member interests and priorities with respect to location choice to enable state and local policy makers to enhance responsiveness to their needs.

When asked where they plan to live after completing active duty service, 42 percent of the respondents planned to stay in North Carolina and 58 percent planned to move to another state or country (see Figure 16). After North Carolina, the two most favored states were Texas and Florida, with

each being the planned destination for 8 percent of respondents. The distribution of destination states tends to be aligned with overall relative population in those states, as among those who are leaving North Carolina, 52 percent indicated that they plan to go back to the state in which they lived prior to starting their military service. However, of those staying in North Carolina, only 20 percent lived in the state prior to starting military service. Thus, the overwhelming majority of those locating in North Carolina represent net new talent and new income flows.

Figure 16: Planned State of Residence

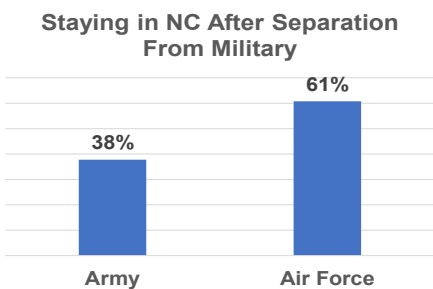


3

Another factor in location choice is state exemption of military retirement pay from income taxes. Neither Texas nor Florida have state income taxes, which may be a factor in their popularity. Among other states which serve as a destination for transitioning North Carolina military personnel, Virginia does tax military retirement pay. Georgia exempts most military retirement pay from state income tax, South Carolina levies a partial tax, and Tennessee has no state income tax at all.

However, location choice tended to vary by branch of service. Over 60% of Air Force personnel stationed in North Carolina who were separating from active-duty service planned to stay in North Carolina while only 38% of separating Army personnel planned to stay in the State.

Figure 17: Plans to Stay in NC by Branch of Service



One hypothesis that has been expressed to help explain the apparently greater interest of Air Force

personnel to stay in North Carolina is the fact that Air Force Transition processes may be more intentional with respect to thoroughly informing those who are transitioning about resources and opportunities and facilitating connections with those resources.

For those who are planning to live in North Carolina, the specific cities in which they planned to live tended to be near military installations. Families tend to live in locations with which they are familiar. But there may also be an opportunity to increase interest in staying in the state through strategies which expose more of those transitioning from the military to a greater variety of North Carolina communities.

We compared the age of those planning to stay in North Carolina after military service with the ages of those who planned to depart the state. Among those in both the Army and the Air Force leaving the state after military service is concluded, the majority are between the ages of 18 and 30. More specifically, 55% of Army personnel leaving the state are in the 18-30 age bracket and 73% of the Air Force personnel leaving the state are between 18 and 30. On the other hand, for those Army personnel staying in North Carolina, 54% are 31- 50 years of age; 49% of Air Force personnel staying in the state are in that 30-50 age bracket. However, unlike the Army, the 18-30 years of age bracket also accounts for about 49% of those staying in the state. Particularly for Army personnel, it appears that the younger individuals transitioning from active duty service may disproportionately plan to return to their home state. This may be influenced by a lack of information about attributes and offerings available in the state of North Carolina.

Figure 18: Location Choice by Branch of Service and Age

Age	Army		Air Force		All Service Branches		
	Staying in NC (% of Total)	Leaving NC (% of Total)	Staying in NC (% of Total)	Leaving NC (% of Total)	Staying in NC (% of Total)	Leaving NC (% of Total)	Total (% of Total)
Age 18-30	34%	55%	49%	73%	37%	57%	49%
Age 31-50	54%	37%	49%	27%	53%	36%	43%
Age 51+	12%	8%	2%	2%	10%	7%	8%
Total	100%	100%	100%	100%	100%	100%	100%

Other demographic factors were examined as well. While there were no absolutes, Figure 19 shows that military personnel separating from active duty service tended to stay in North Carolina in greater proportions if they had 10+ years of service, and were married. 56 percent of those staying had at least 10 years of military service, and 72 percent of those staying were married. Consistent with the higher average age of Army personnel who elect to stay in North Carolina compared to those who leave, almost half of Army personnel staying in the state had earned a bachelor’s degree or higher. A somewhat higher proportion of African-American personnel tended to want to stay in North Carolina (especially among Air Force respondents) while a higher proportion of Hispanic personnel tended to be more interested in locating elsewhere.

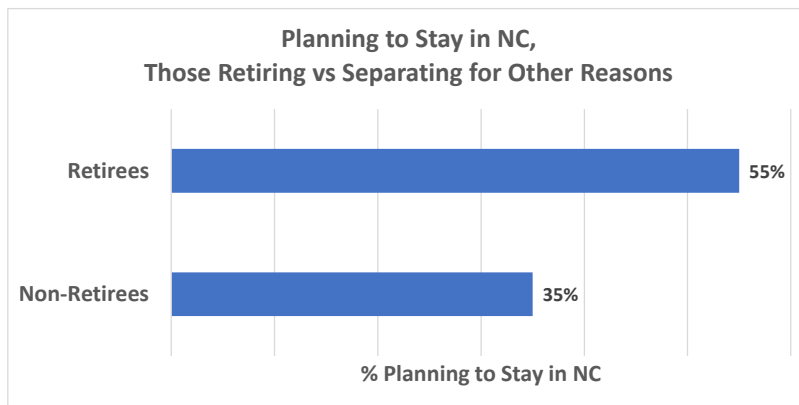
Figure 19: Demographic Comparisons of those Staying and Leaving NC After Separation from Service

(Percent of Respondents in Each Category Who Report The Indicated Demographic Attribute)

Demographic Attribute	Army		Air Force		All Service Branches		
	Among Those Staying in NC, % Reporting Attribute	Among Those Leaving NC, % Reporting Attribute	Among Those Staying in NC, % Reporting Attribute	Among Those Leaving NC, % Reporting Attribute	Among Those Staying in NC, % Reporting Attribute	Among Those Leaving NC, % Reporting Attribute	Total
In Service 10 yrs +	57%	32%	50%	32%	56%	31%	41%
Retiring	44%	26%	38%	16%	44%	25%	33%
Male	75%	83%	69%	69%	75%	82%	79%
Married	76%	57%	58%	42%	72%	54%	62%
Attained BA/BS Degree or higher	48%	40%	27%	27%	43%	38%	41%
Ethnicity: White/Cauc.	58%	58%	64%	68%	61%	60%	60%
Ethnicity: Black/Afr Am.	17%	13%	18%	8%	17%	12%	14%
Ethnicity: Hispanic	12%	14%	9%	20%	11%	14%	13%

As noted previously, one-third of survey respondents indicated that they are separating from active duty military service due to retirement. Of those in the process of retiring, Figure 20 shows that 55 percent indicated that they plan to stay in North Carolina. For those separating for other reasons (end of obligation, medical, or other reasons), only about 35% plan to stay in the state of North Carolina after separation from the service.

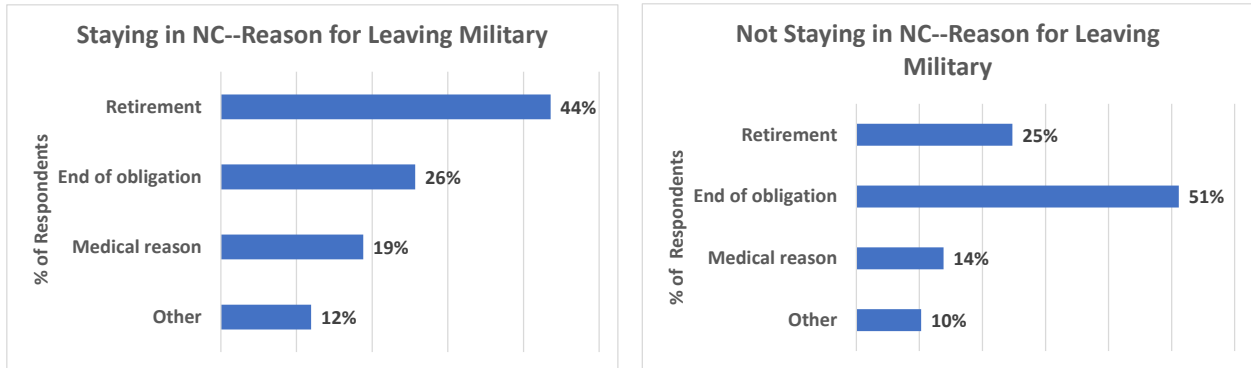
Figure 20: Retirees Plans to Stay in NC



Viewed from another perspective, Figure 21 shows that among those staying in North Carolina

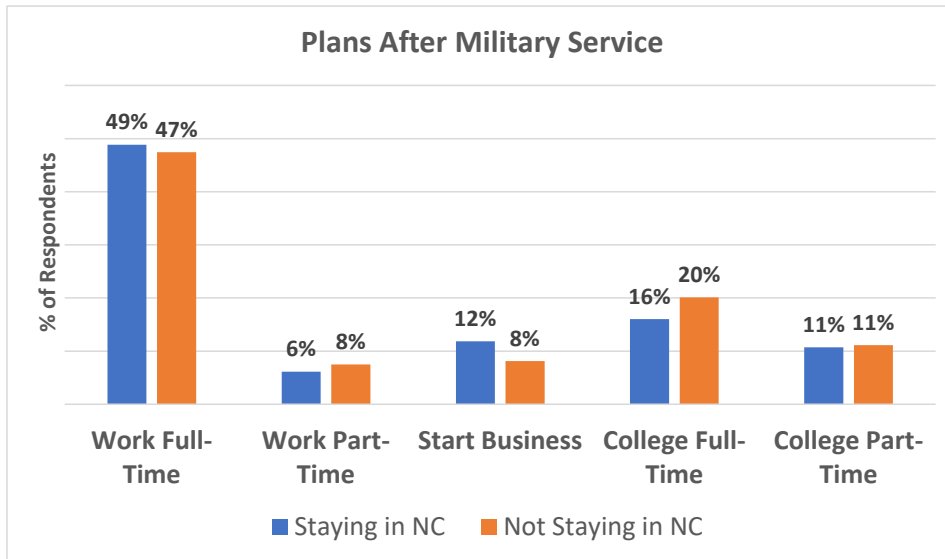
the most common reason for separating from active duty military service is retirement. On the other hand, among those leaving the state of North Carolina the most common reason for separating from active duty service is simply the end of their committed obligation to serve.

Figure 21: Reason for leaving Service by Choice of Staying in NC



However, as Figure 22 shows, whether staying in the state of North Carolina or leaving, the plans for work and higher education are similar.

Figure 22: Post-Service Plans by Choice of Staying in NC

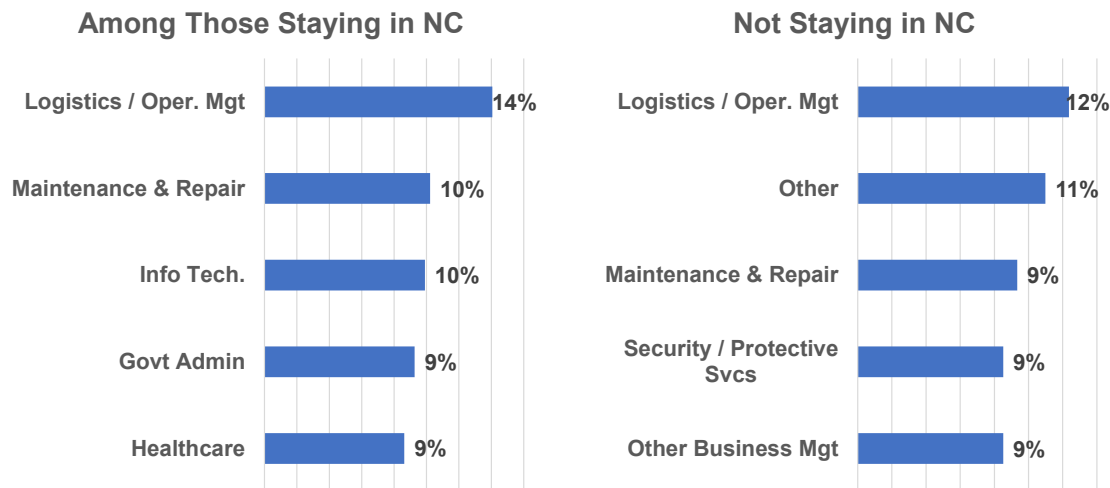


As shown in Figure 23, among those staying in North Carolina, the most commonly cited occupational preferences tended to be somewhat more heavily skewed to opportunities requiring advanced levels of education than the preferred opportunities for those leaving North Carolina after completing their military service. One possible factor is that those leaving North Carolina—who tend to be younger—may

not be fully aware of the potential for them to access higher levels of occupational attainment in North Carolina through education options closely linked to high potential career pathways. Additional resources to proactively match transitioning personnel with job possibilities that fit interests and goals could be useful.

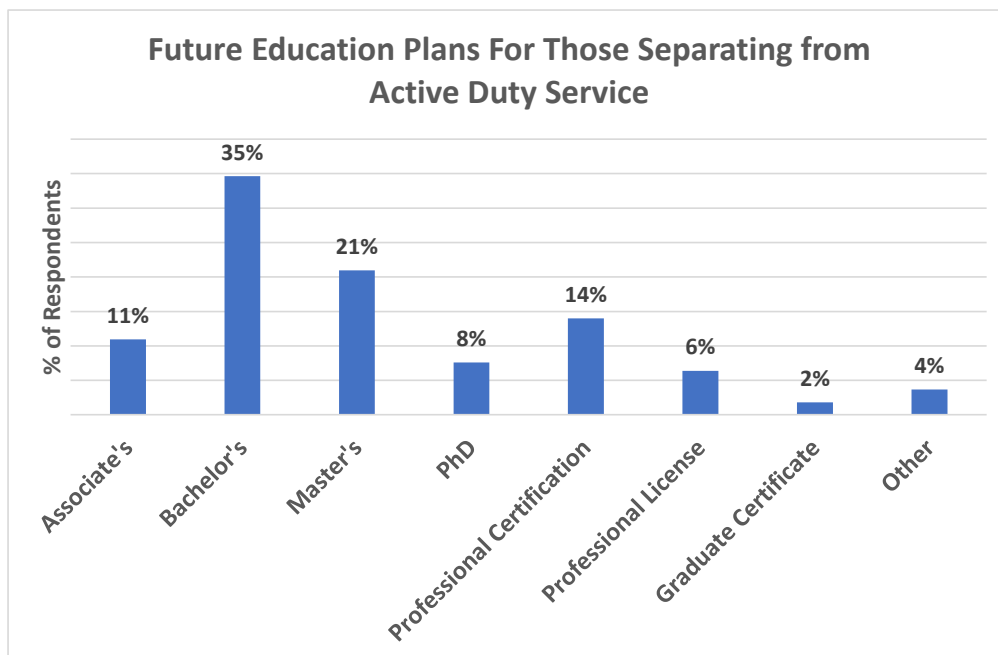
Figure 23: Occupational Preferences by Choice of Staying in NC

Top Occupational Preferences Among Those Separating From Service



As noted above, pursuit of higher education appears to be a priority among those entering the service—particularly among those entering as enlisted personnel, typically with little or no college prior to joining the service. Pursuit of a Bachelor’s degree is the most commonly reported educational goal, cited by approximately 35% of survey respondents. (Figure 24).

Figure 24: Future Education Plans



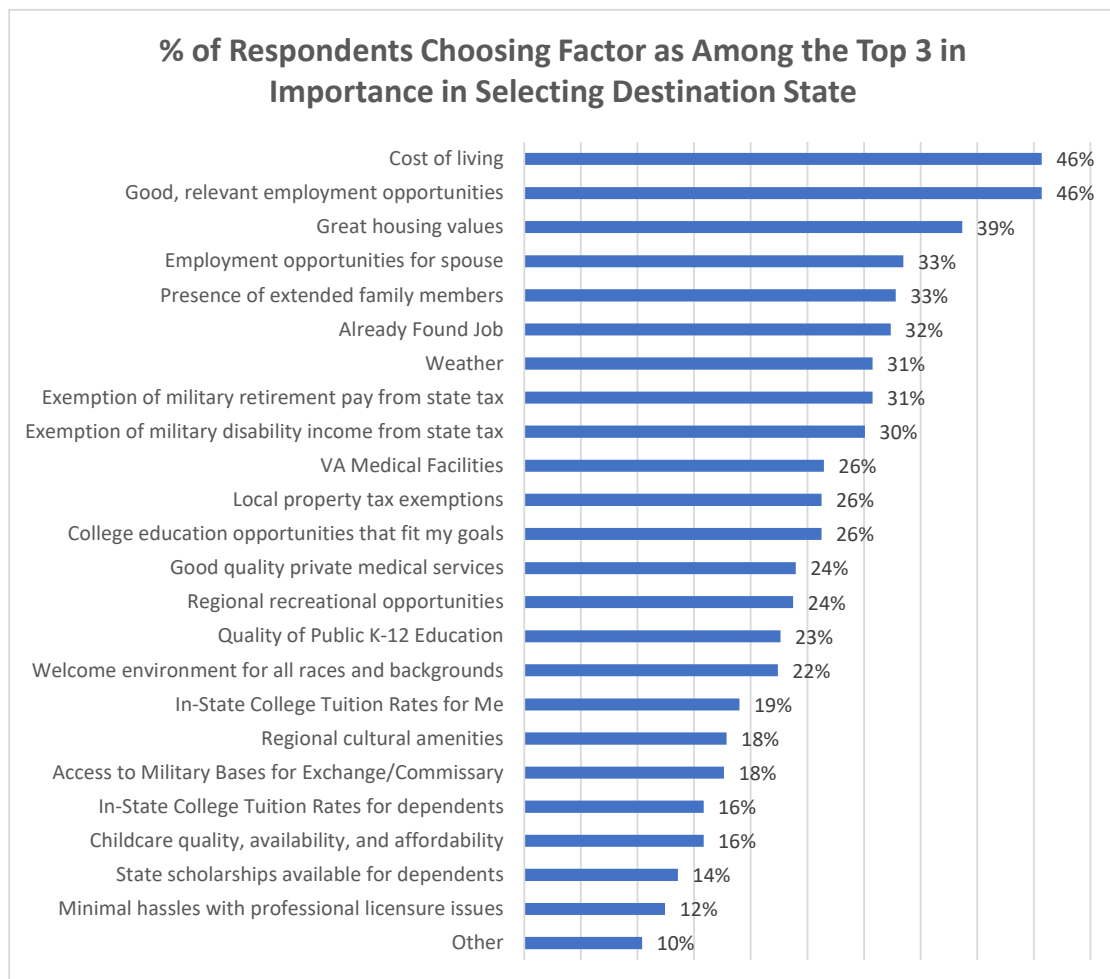
G. Decision Criteria.

In order to provide insight on the factors that most influence location choice decisions for personnel separating from military service, the survey asked respondents to indicate which of 24 criteria they considered among the top 3 most important, and which other factors were considered important, but not among the top 3. The decision criteria options provided were as follows:

- 1 High likelihood of working at one specific job opportunity already identified
- 2 Availability of multiple employment opportunities that fit my goals
- 3 College education opportunities that best fit my goals
- 4 State scholarships available for my dependents
- 5 Exemption of military retirement pay from state income taxes
- 6 Exemption of military disability income from state income taxes
- 7 Employment opportunities for spouse
- 8 Presence of extended family members in the state
- 9 Regional recreational opportunities
- 10 Weather
- 11 Great housing values---Attractive housing and neighborhoods at affordable costs
- 12 Quality of Public K-12 Education
- 13 Childcare quality, availability, and affordability
- 14 General cost of living
- 15 Access to Military Bases for Exchange/Commissary
- 16 Access to VA Medical Facilities
- 17 Access to good quality private medical services
- 18 Regional cultural amenities (such as professional sports, performing arts, museums, etc)
- 19 Local property tax exemptions
- 20 Welcome environment for people of all races and backgrounds
- 21 Minimal or no hassles with professional licensure issues
- 22 In-State College Tuition Rates for Me
- 23 In-State College Tuition Rates for my spouse or dependents

The three most commonly cited factors said to be most important in deciding where to live after leaving military service were cost of living, employment opportunities, and housing values (see Figure 25). While increasing property values and prices currently put North Carolina in the middle of the pack with respect to cost of living (#22 when ranked from low to high according to one study¹⁰), the state’s employment growth outlook is strong, particularly with the many announcements over the past few years of major corporations bringing many thousands of new jobs to the state. Given the interest commonly expressed by employers in hiring veterans, keeping transitioning veterans informed of prospective new employment opportunities in the pipeline could be useful. The reciprocal is also true. Part of the state’s value proposition for employers is the presence of high numbers of veterans in North Carolina—particularly in the Eastern segment of the state, where housing values are likely to be attractive, a well-educated workforce is available and cost of living is somewhat lower than in the major metropolitan areas.

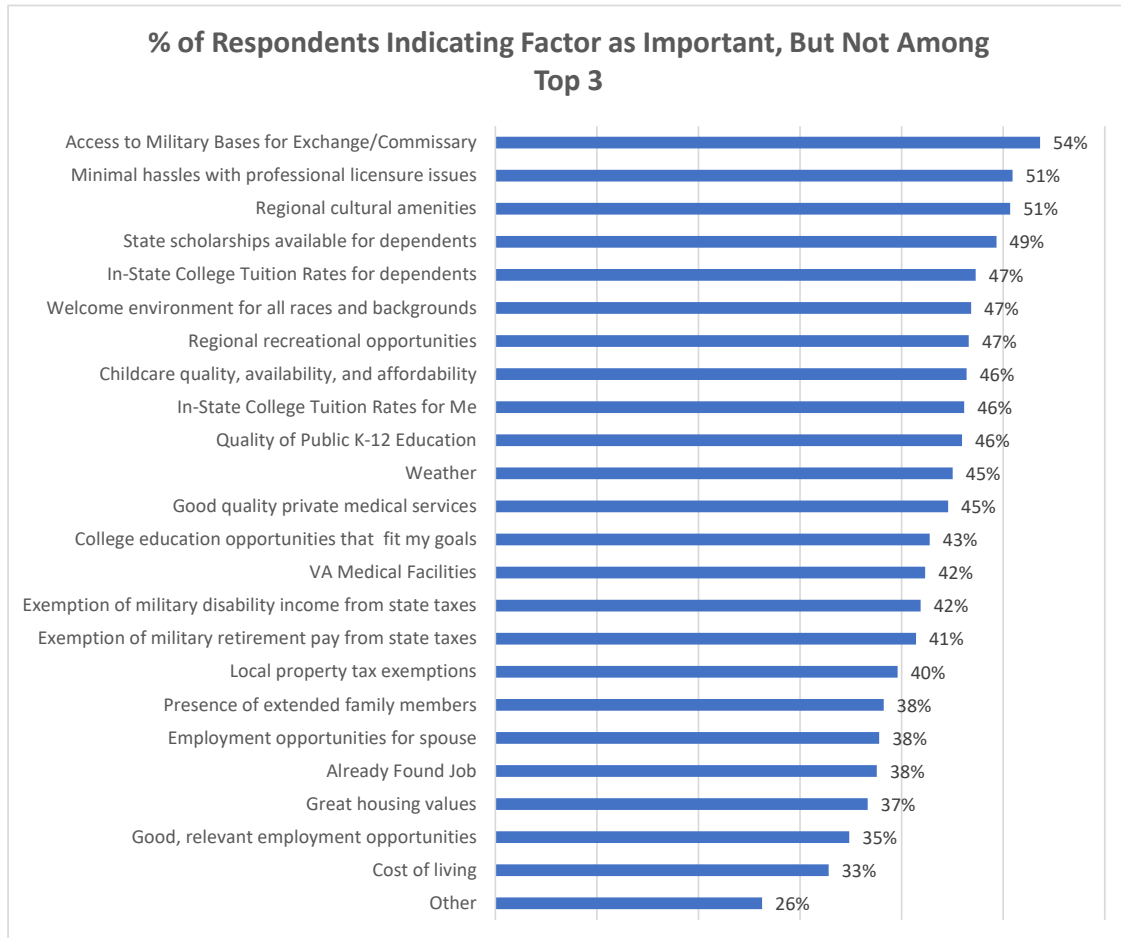
Figure 25: Top Location Choice Factors



¹⁰ Source: [Cost of Living Data Series | Missouri Economic Research and Information Center \(mo.gov\)](#)

As detailed in Figure 26, the location factors cited most commonly as being ‘important, but not in the top 3’ were access to military shopping options, minimal hassles with professional licensure issues (such as North Carolina recognizing occupational licenses previously granted in other states), and regional cultural amenities (such as museums and performing arts).

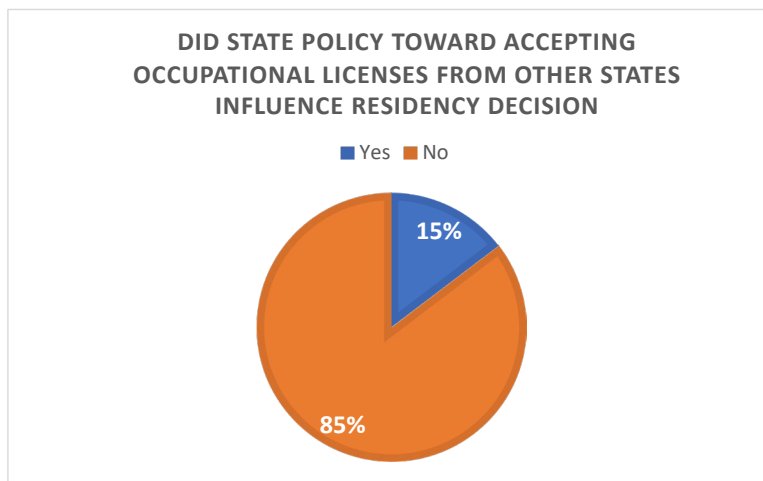
Figure 26: Secondary Location Choice Factors



The study also examined the extent to which North Carolina's limited acceptance of professional occupational licenses granted in other states was a determinant of location choice after service obligations were completed. While the state has begun to simplify the process of accepting certain out of state licenses, there is still no “Universal License Recognition.”¹¹ Fifteen percent of those planning to leave North Carolina after separation from service reported that issues with professional licensing was a factor.

¹¹ See Senate Bill 545, Universal Licensure Recognition Act, April 6, 2021

Figure 27: Impact of Occupational Licensing Policies on Location Choice



H. Impact of North Carolina Legislation Exempting Military Retirement Pay from State Income Tax

One question that has been asked by many policy makers is the extent to which exemption of military retirement pay from state income taxes is likely to influence service member’s decisions to remain in North Carolina after separating from active duty. At the time the survey was initiated, a proposal was being considered in the North Carolina state legislature to enact legislation that would exempt military retirement pay from state income tax. To help inform policy decisions in North Carolina and elsewhere, the survey included the following question, asked only of those who indicated that they did not plan to stay in North Carolina after military service was completed: “The North Carolina legislature is considering a bill that would exempt military retirement pay from state income tax. Would such an exemption cause you to reconsider staying in North Carolina?” While the legislature did enact a bill to eliminate state taxation of military retirement pay, the answer to question helps enhance the understanding of the relative merits of policies such as this.

Among those across all age groups who had otherwise planned to leave the state, 17 percent indicated that exemption of military retirement income would cause them to reverse course and stay in North Carolina (see Figure 28). Another 31 percent indicated that the exemption would cause them to reconsider their decision about leaving. Among those who are retiring and otherwise planning to leave the state, 31 percent indicated that exemption of military retirement pay from state income tax would change their mind about leaving, and another 40 percent would strongly reconsider their location decision (see Figure 29). In sum, among active-duty military personnel who are retiring who were otherwise planning to leave North Carolina, over 70% cited exemption of military retirement pay as a key factor that changes their likelihood of remaining in the state. This policy change is thus likely to have a significant impact in the proportion of highly productive and skilled military personnel who remain in North Carolina after transitioning from active-duty service.

Figure 28: Impact of Military Retirement Tax Exemption Among those Otherwise Planning to Leave NC

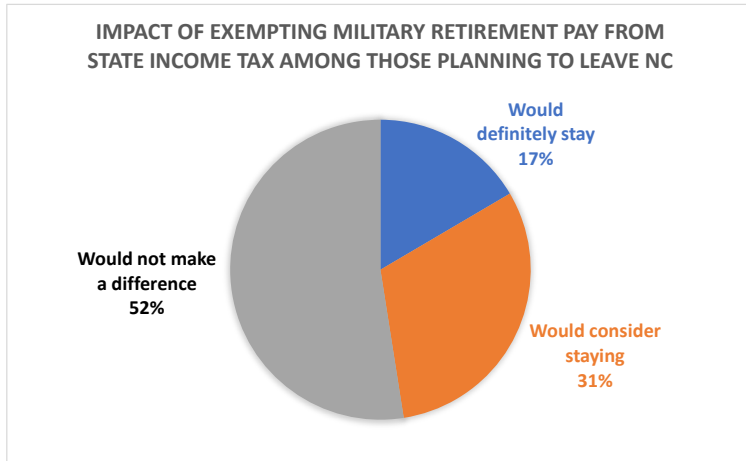
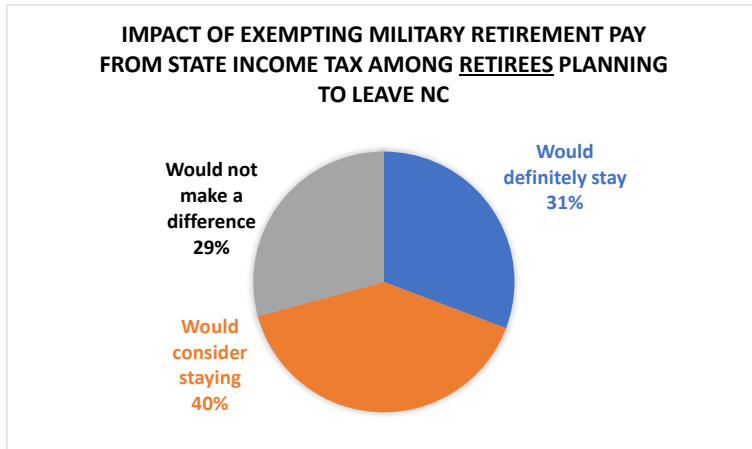


Figure 29: Impact of Military Retirement Pay Tax Exemption Among Retirees Otherwise Planning to Leave NC

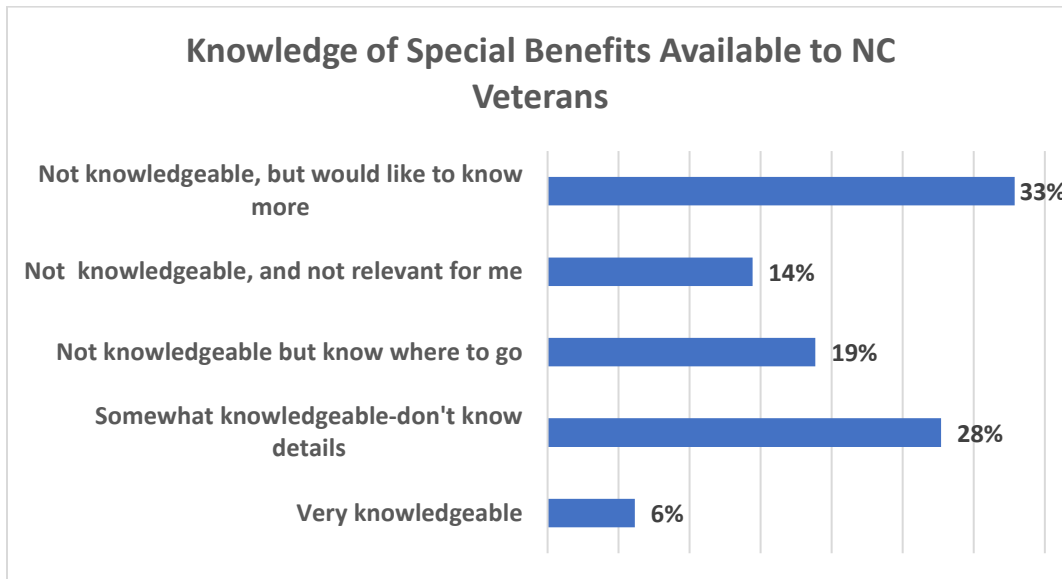


5. FUTURE OPPORTUNITIES

The data in the survey points to a wide array of future opportunities to better inform and attract transitioning military personnel.

For example, while there are a number of special benefits made available to veterans who reside in North Carolina—such as special employment preferences, contracting preferences for small business owners, and college scholarships—only about one-third of those transitioning from military service consider themselves at least somewhat knowledgeable about these benefits, and only 6% consider themselves very knowledgeable. On the other hand, one-third recognize that they are not knowledgeable, but would like to know more. This suggests significant value in enhancing the level of communication about all that the state of North Carolina can offer to our valued military-affiliated families.

Figure 30: Knowledge of Special Benefits Available to NC Veterans



Provided below are additional potential strategies suggested by the data:

- 1) To address cost of living and housing value priorities: Include in the transition assistance process tours of relatively attractive, relatively new, affordable neighborhoods in areas throughout the state, perhaps co-sponsored by firms in the real estate industry. One objective would be to help make sure that those transitioning have a more complete picture of the options available.
- 2) To address employment opportunities and college opportunity priorities: Identify expanded resources to help better connect transitioning service personnel with specific job and college opportunities within the state that fit their interests and backgrounds, leveraging software and drawing upon the assistance of college and career advisors
- 3) To help address the need for extended family: Help promote a sense of community connection for active-duty personnel and their families through making it easier for military-affiliated families to find others in their communities with similar activity interests or with similar support needs.

These strategies would, of course, be in addition to more general economic development initiatives designed to enable accelerated growth of existing businesses, empower entrepreneurial activity, and attract new employers.

6. CONCLUSION

The 20,000 active-duty military personnel exiting active duty military service each year in North Carolina represents a tremendous potential asset for the state. Not only have these individuals served their nation well, but in the process most have learned a variety of critical skills necessary for success across a wide spectrum of activities. Sixty-five percent have at least 5 years of military experience, and bring with them a wealth of knowledge and typically an attitude of disciplined innovation and resourcefulness. At their time of separation from the military 41% of enlisted personnel had earned an Associate's degree or higher to complement their on-the-job training and experience. Another 36% earned some college credit but had not attained a degree. But overall 35% of respondents indicated an interest in pursuing a bachelor's degree—a desire well supported by the goal of North Carolina's leaders to support and promote the achievement of 2 million high quality higher education credentials by 2030.

In choosing a place to reside after completing their military service, transitioning military personnel have a great deal of flexibility. Currently, survey results indicate that approximately 40% of transitioning service members stay in North Carolina. The state overall is highly competitive with respect to each of the top 3 selection criteria that guide location decisions: (1) Cost of Living; (2) Employment Opportunities; and (3) Housing Values. As more is done to communicate the breadth North Carolina's support for military-affiliated individuals and their families, accelerated growth in this influx of skilled personnel will serve as a critical workforce underpinning for accelerated growth in economic opportunities, jobs, and incomes—particularly for geographic areas near major military installations.

References

- Carrie A. Miller, J. P. (n.d.). *A Tale of Two Diverse Qualtrics Samples: Information for Online Survey Researchers*. Carrie A. Miller, Jeanine P.D. Guidry, Bassam Dahman and Maria D. Thomson. *Cancer Epidemiol Biomarkers DOI: 10.1158/1055-9965.EPI-19-08*.
- Census. (n.d.). Retrieved from <https://www.census.gov/quickfacts/northcarolina>
- Levy, J. (2015). *The Economic Impact of the Military on North Carolina*. Retrieved from North Carolina Dept of Commerce, Labor & Economic Analysis Division (LEAD), : <https://connect.ncdot.gov/resources/BUILD2020-FB/Documents/Economic%20Impact%20of%20the%20Military%20on%20North%20Carolina.pdf>
- Military and DoD Appropriated Fund Civilian Personnel Permanently Assigned as of Sept 2021*. (2022). Retrieved from Defense Manpower Data Center.
- Office of the Actuary, U. D. (2021). *Statistical Report of the Military Retirement Service--FY 2020*. https://media.defense.gov/2020/Aug/12/2002475697/-1/-1/0/MRS_STATRPT_2019_FINAL.PDF: U.S. Department of Defense.
- (2019). *Profile of Veterans, 2017*. National Center for Veterans Analysis and Statistics, U.S. Department of Veterans Affairs.
- Statistical Report of the Military Retirement Service, FY 2020, Office of the Actuary*, . (n.d.). Retrieved from U.S. Department of Defense, *MRS_StatRpt 2020 (PBD draft 1).pdf* (defense.gov).