

STUDENT DEBT IMPACTS ON PUBLIC SECTOR EMPLOYEES (AND EMPLOYERS)

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Institute

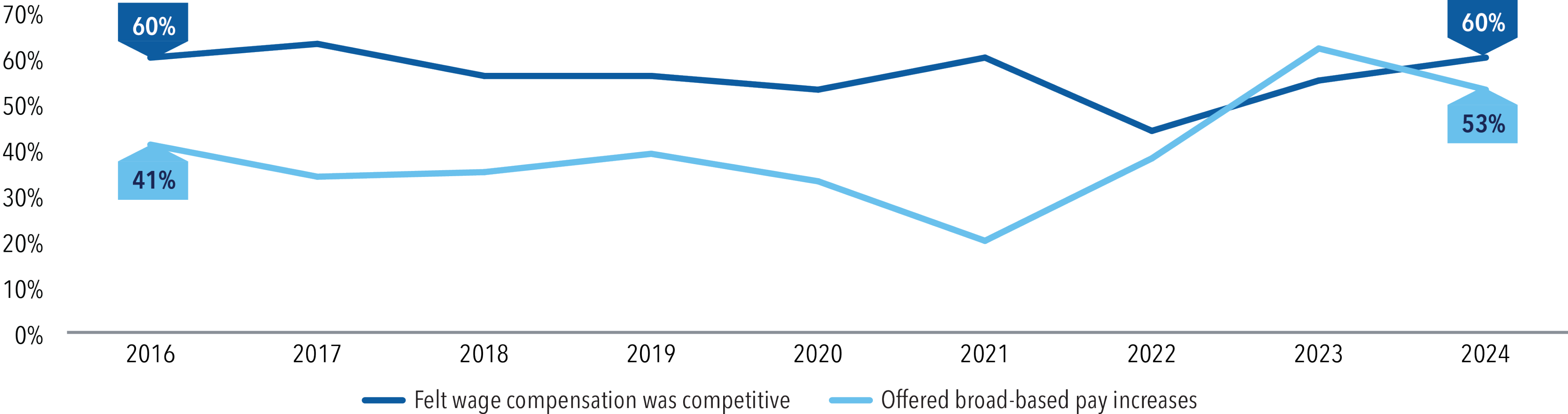


LOCAL GOVERNMENT
**HISPANIC
NETWORK**

LGHN
Conference
January 27 – 29, 2025

Mesa Convention Center
MESA, ARIZONA

Trends in Competitiveness, Pay, and Burnout



2021:

52%

Considering leaving their public sector job

2023:

60%

Those 35 and under considering leaving

Sources: [State and Local Workforce: 2024 Survey Findings](#), [The Great Resignation and COVID-19](#), and [35 and Under in the Public Sector: Why Younger Employees Stay \(and Why They Don't\)](#)

Key Questions

- What is the impact of student loans on personal and financial **stress**?
- How does that influence employee **retention**?
- **How much** student debt do public sector workers have?
- Differences by:
 - Gender
 - Race/ethnicity
 - Public vs. private sector?
- What can **employers** do?



Student Loans:

**Won't the federal
government
take care of that?**

Stress: Personal and Financial

34%

**Very or extremely
difficult to pay all
monthly bills**

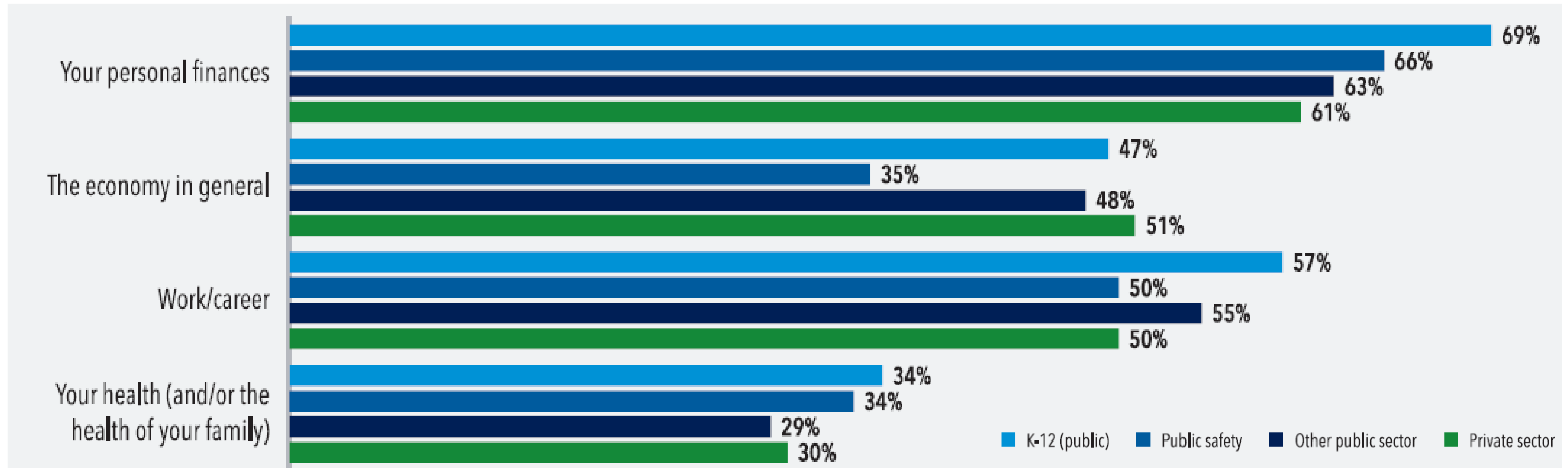
20%

**Have secondary
paid employment**

77%

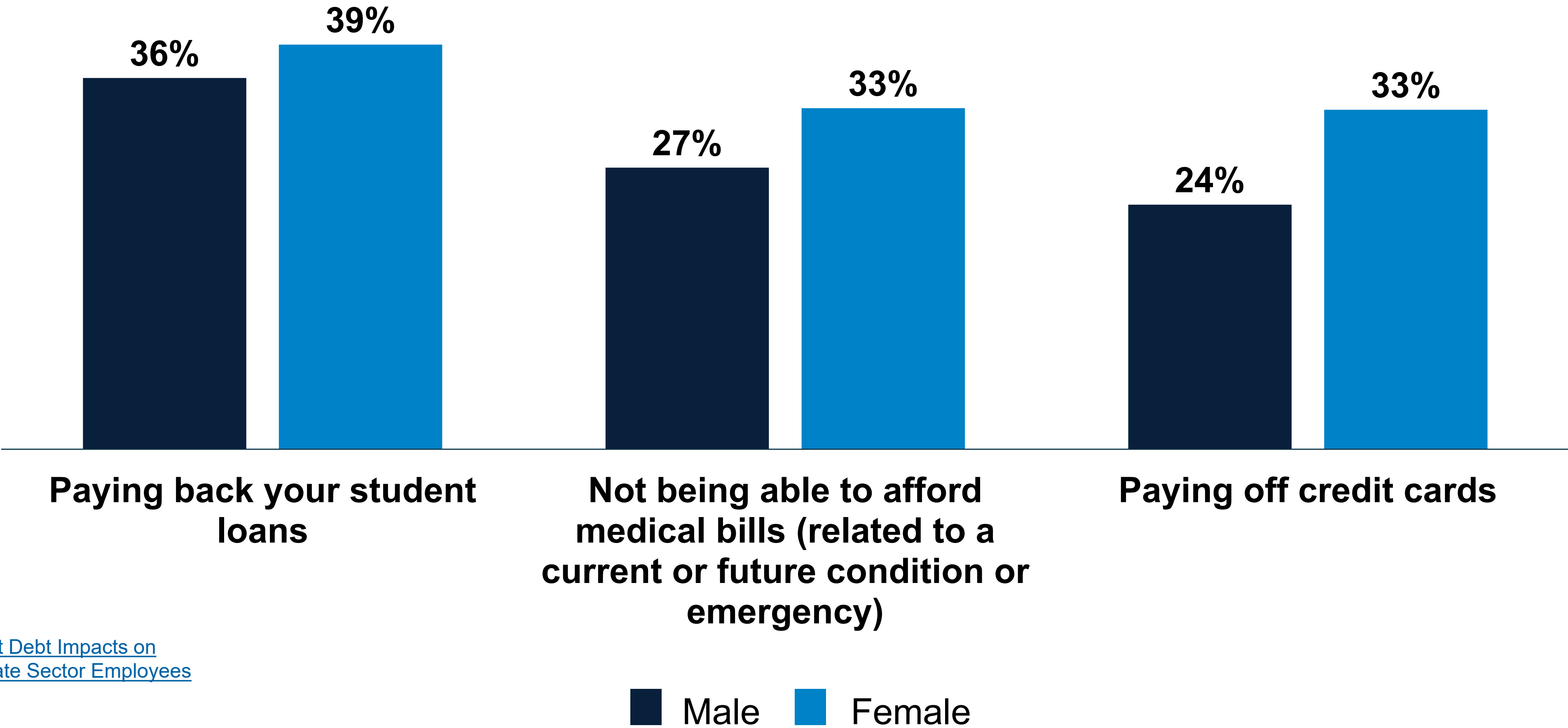
**Report strain on
their workload
from coworkers
leaving**

Sources of Stress



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

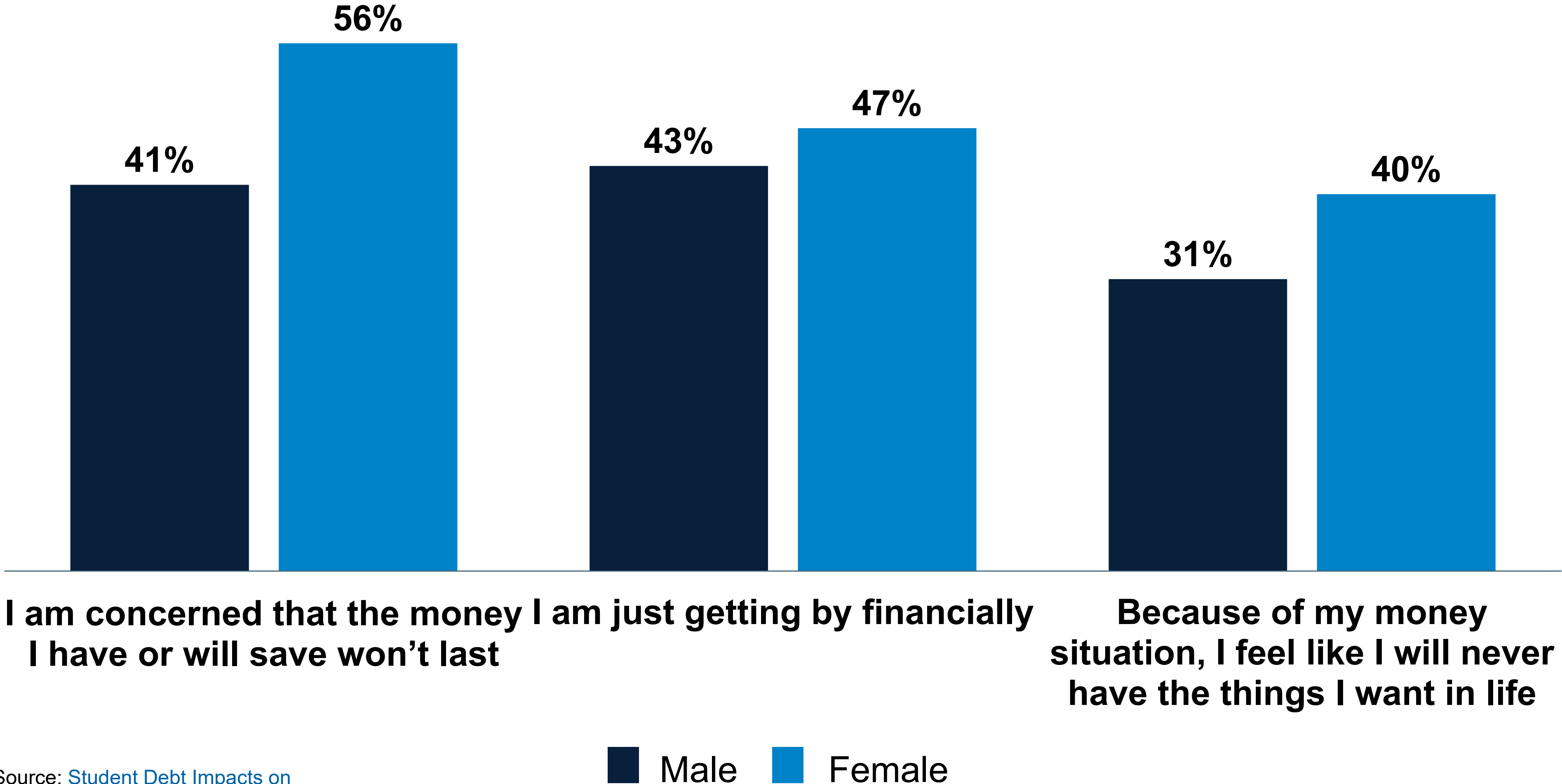
Financial Stress: By Gender



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Financial Stress: By Gender

Describes you or your situation completely/very well



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Financial Stress: By Gender

Women tend to be more financially **risk-averse**:

- Among those with bachelor's degrees, women were only 1/3 as likely to feel comfortable investing

Within state and local government, women face **other challenges**:

- Earn less than their male counterparts
- Are less likely to have a defined benefit pension
- Are likely to have less in overall retirement savings

Financial Stress: By Race/Ethnicity

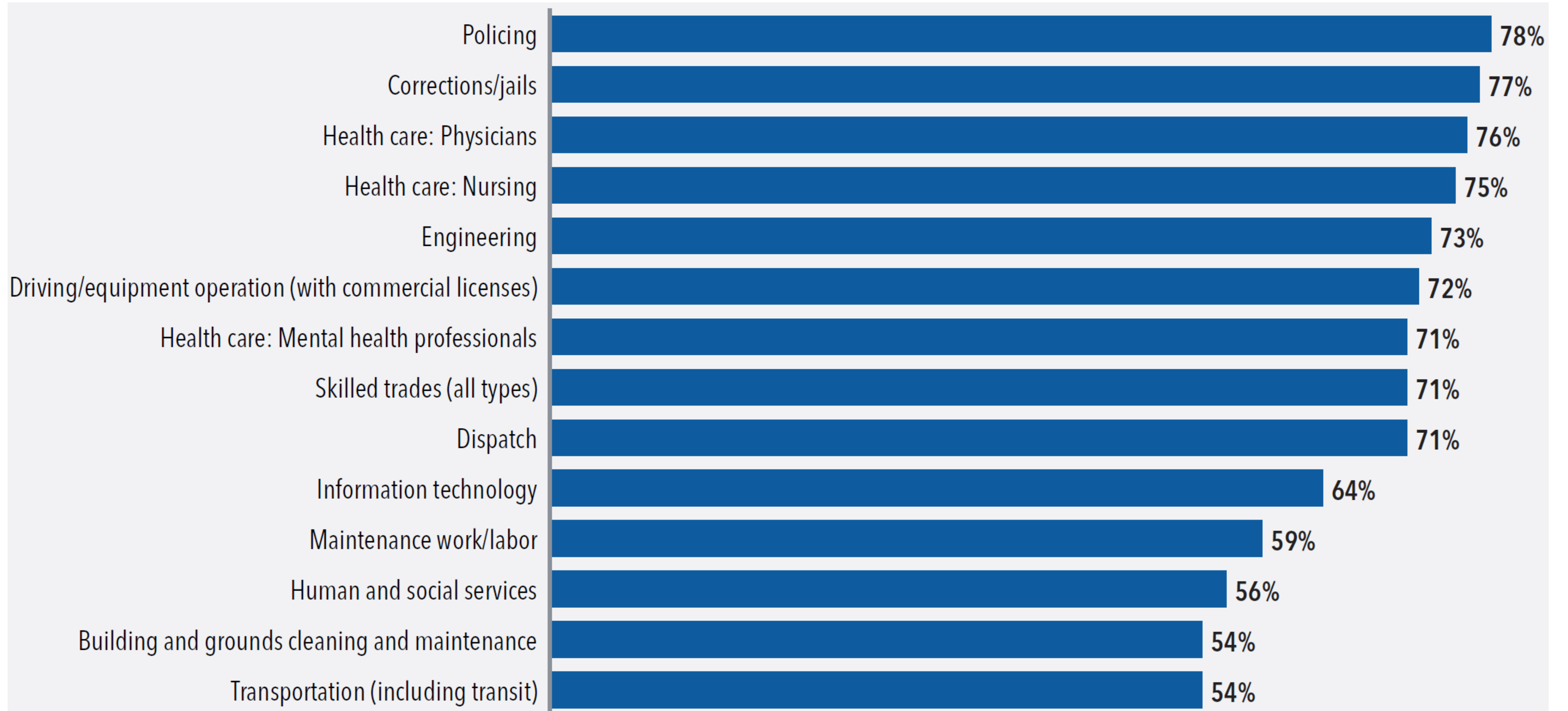
Describes you or your situation completely/very well



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

■ White ■ African American ■ Hispanic

Hard-to-Fill Positions



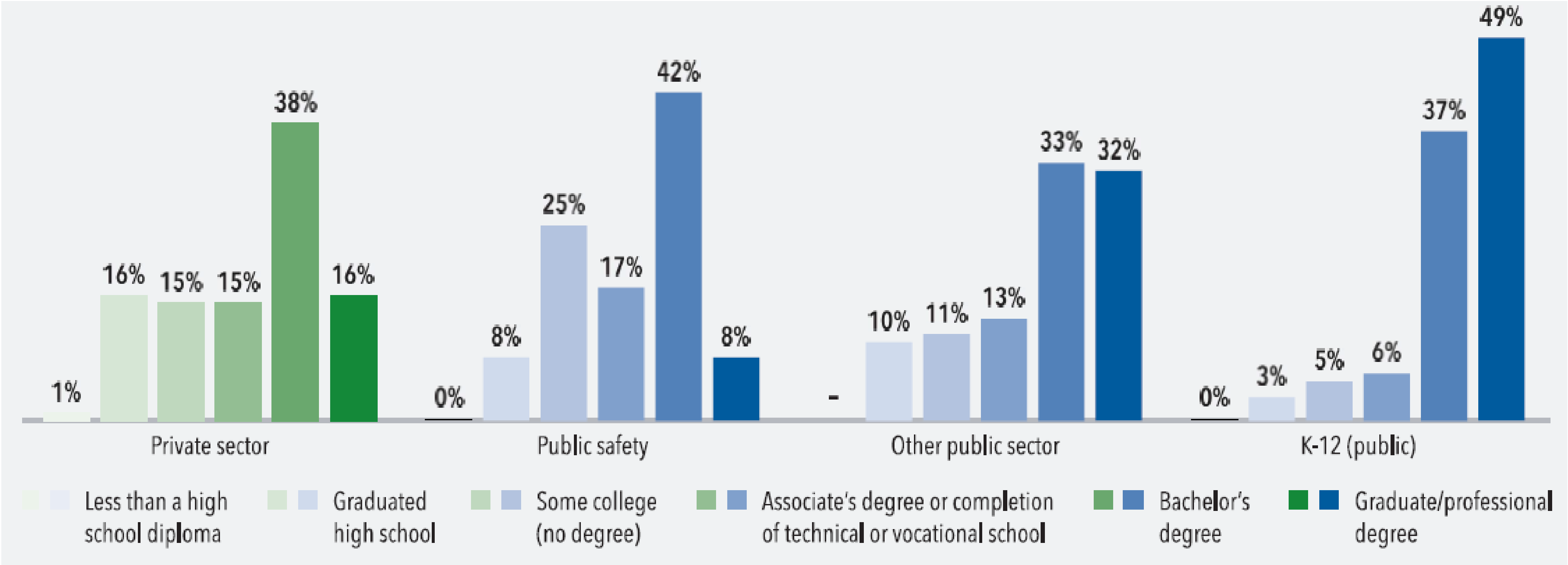
Source: [Student Debt in State and Local Government: Impacts on Select Occupations](#)

Student Debt by Careers

- **Entry-level education**
- **Degrees conferred**
- **Level of debt**

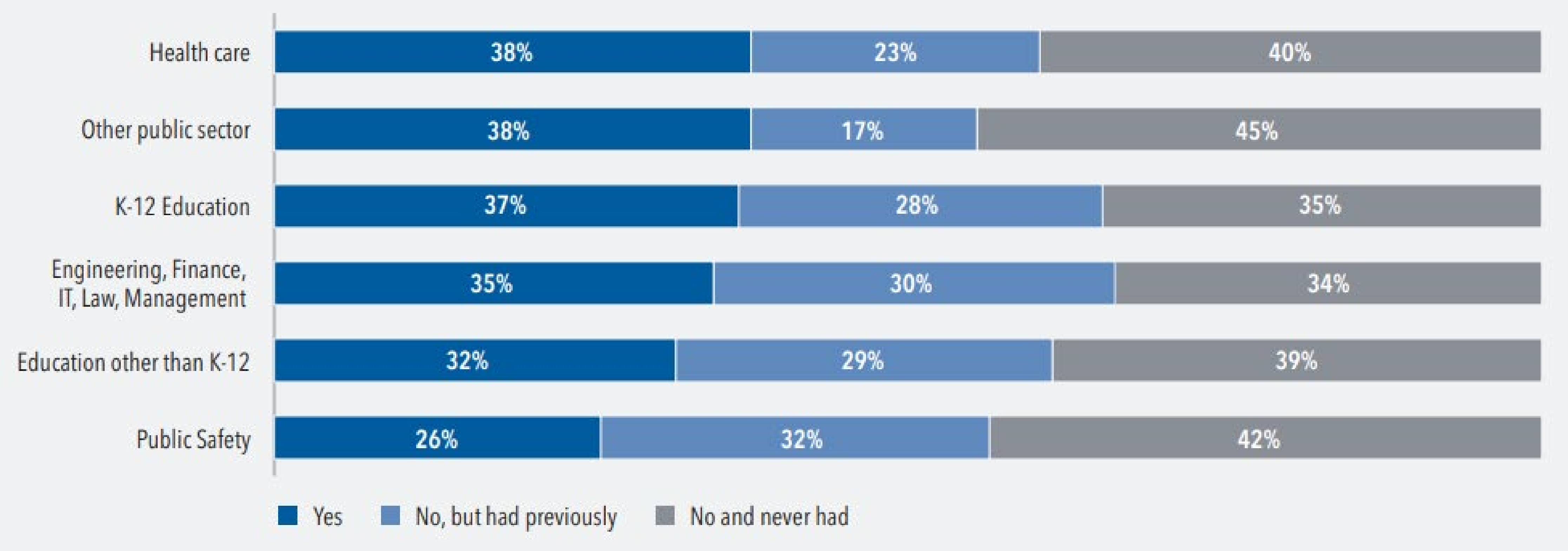
Civil Engineers			
Typical Entry-Level Education: Bachelor's degree			
High: \$32,669 Low: \$22,451			
Bachelor's		Master's	
Degree Program	\$, (N)	Degree Program	\$, (N)
Civil Engineering	\$22,451 (30,353)	Civil Engineering	\$25,377 (9,926)
Engineering, General	\$23,625 (5,597)	Engineering, General	\$32,669 (5,795)
Architectural Engineering	\$25,379 (1,453)	Construction Engineering	Privacy suppressed (540)
Construction Engineering	\$23,093 (1,118)	Architectural Engineering	Privacy suppressed (340)
Surveying Engineering	Privacy suppressed (68)	Surveying Engineering	Privacy suppressed (19)

Educational Attainment



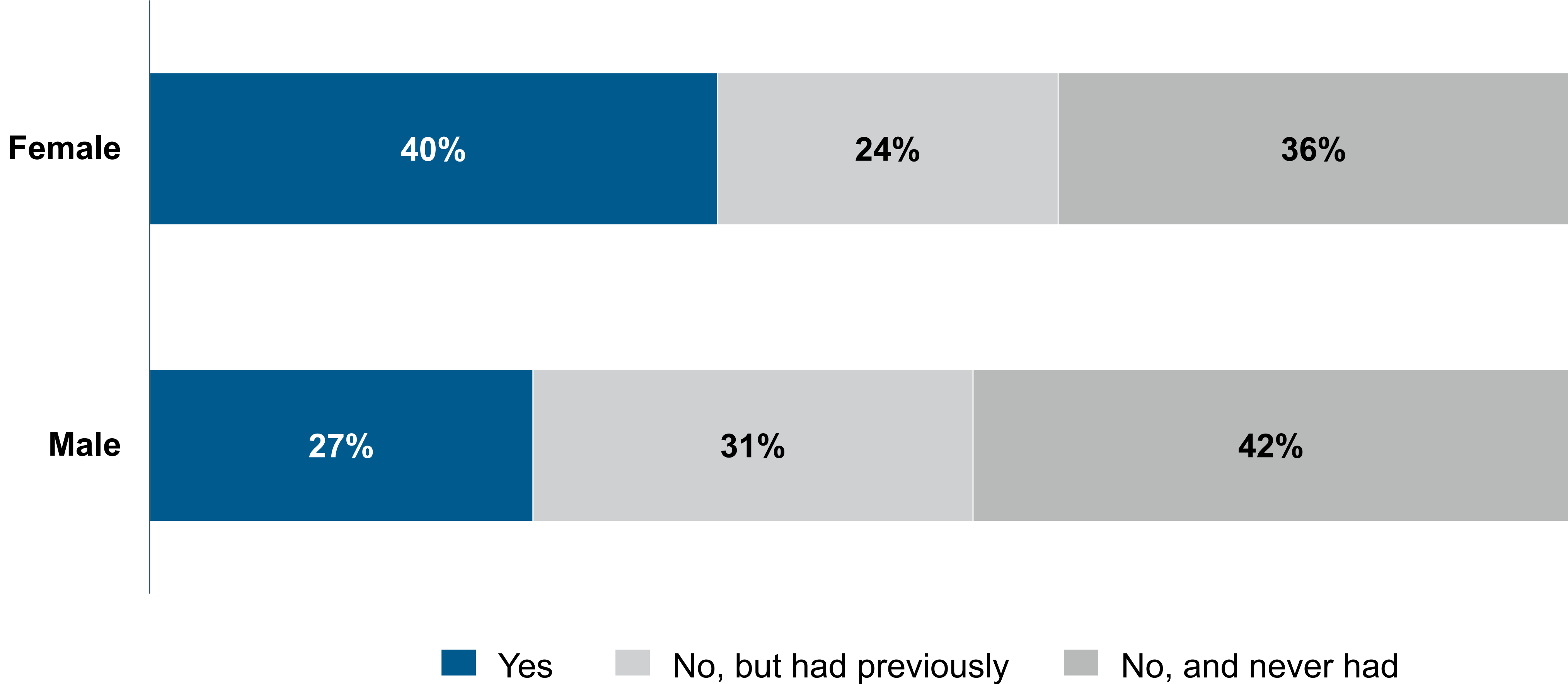
Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Public Sector Student Debt: By Occupation



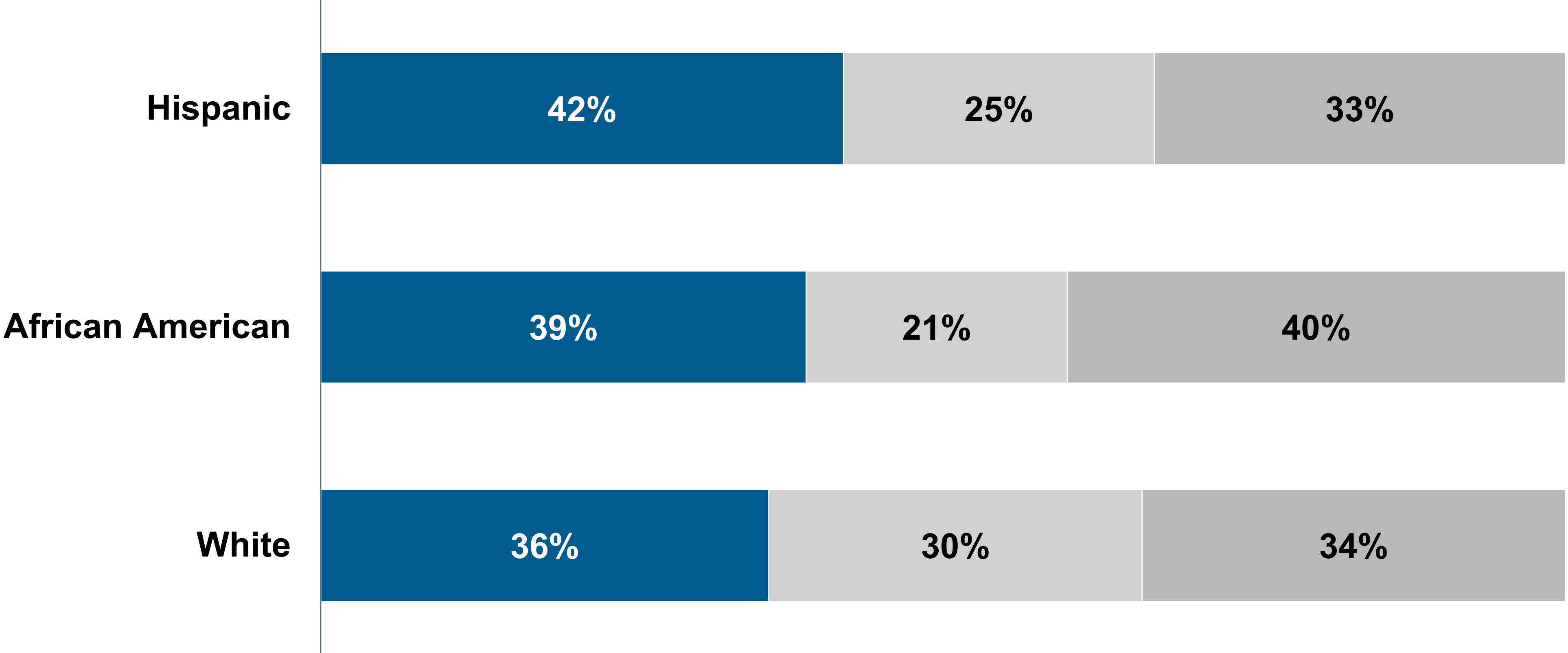
Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Public Sector Student Debt: By Gender



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

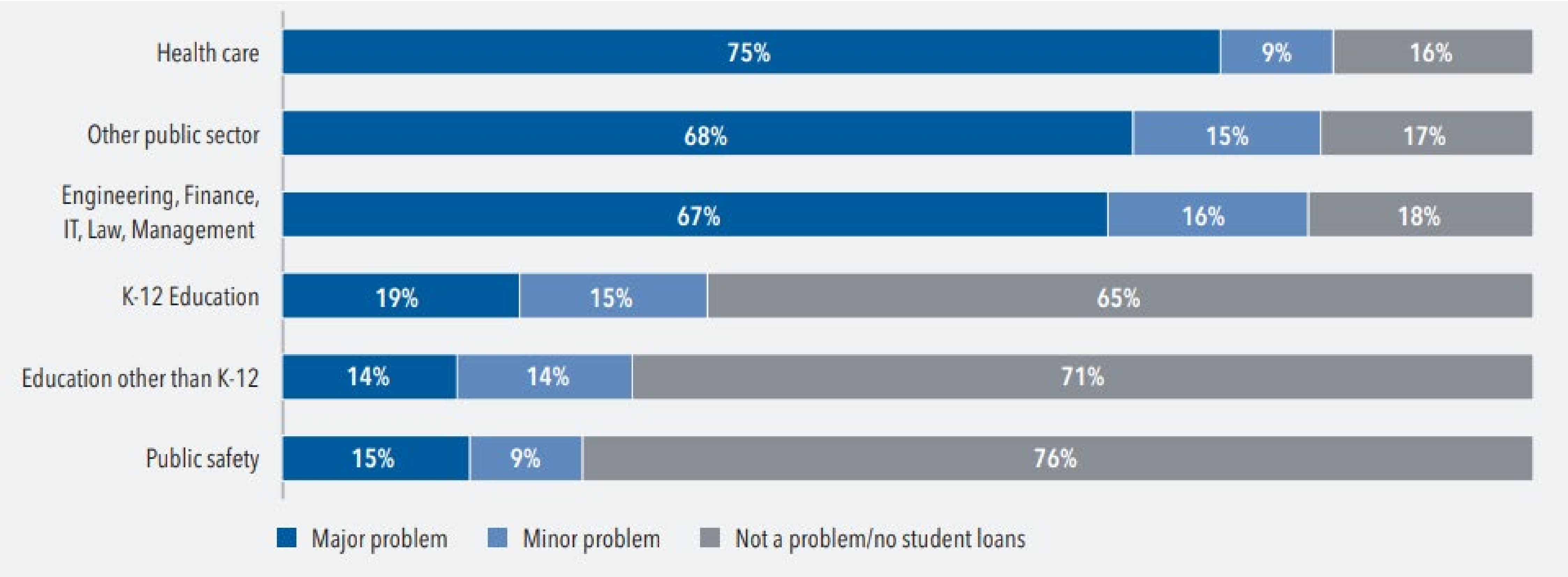
Public Sector Student Debt: By Race/Ethnicity



■ Yes ■ No, but had previously ■ No, and never had

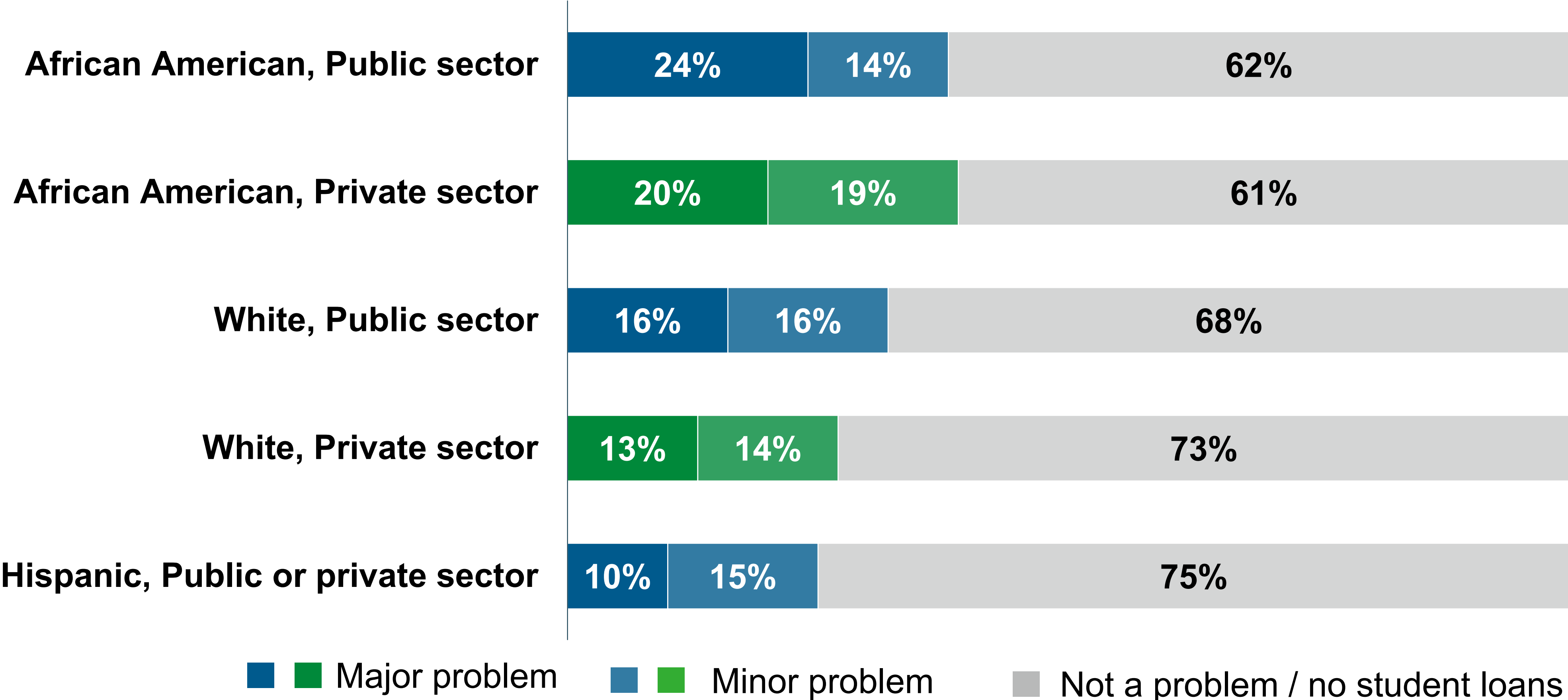
Source: [Student Debt Impacts on Public and Private Sector Employees](#)

By occupation: Major or minor problem



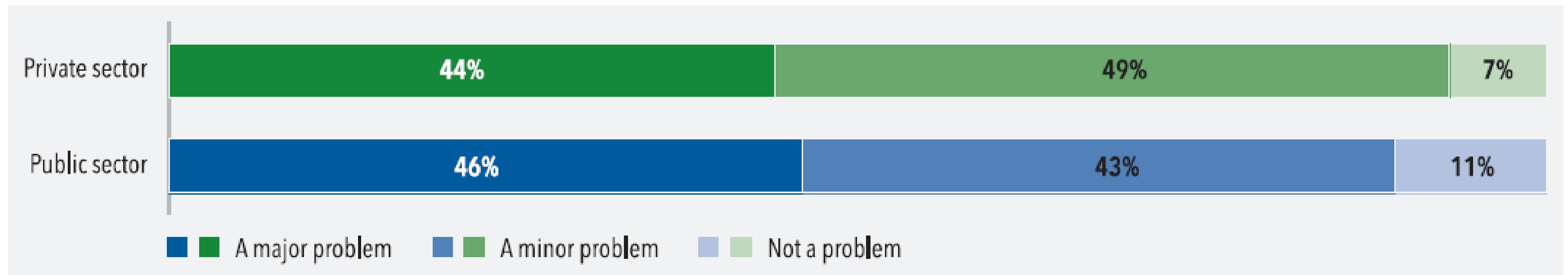
Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Extent to Which Student Debt is a Problem



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Among Those with Student Loans, 46% In The Public Sector See Their Student Debt as a Major Problem



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

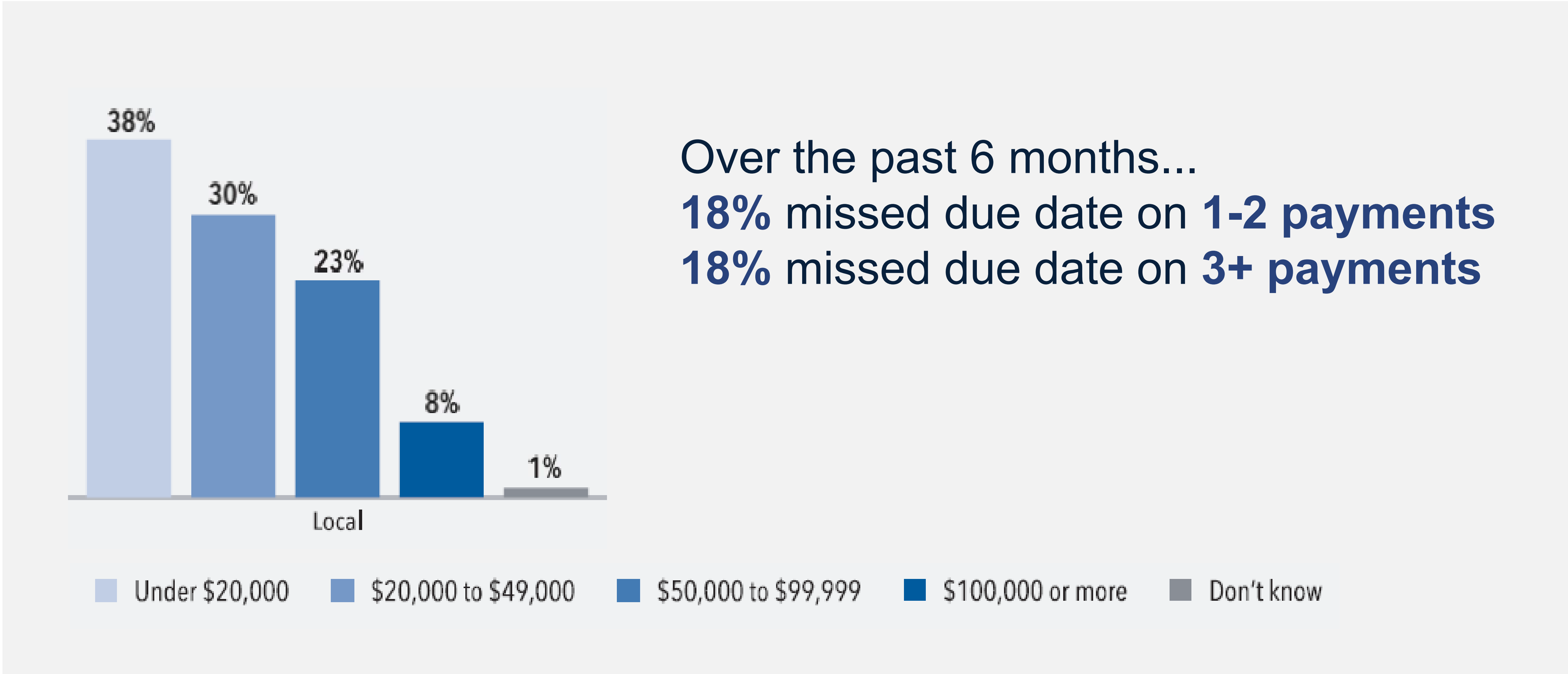
Whose Debt is It Anyway?

35% Student debt for themselves

9% Student debt for a spouse

7% Student debt for children or other family

Balance Owed; Missed Payments



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

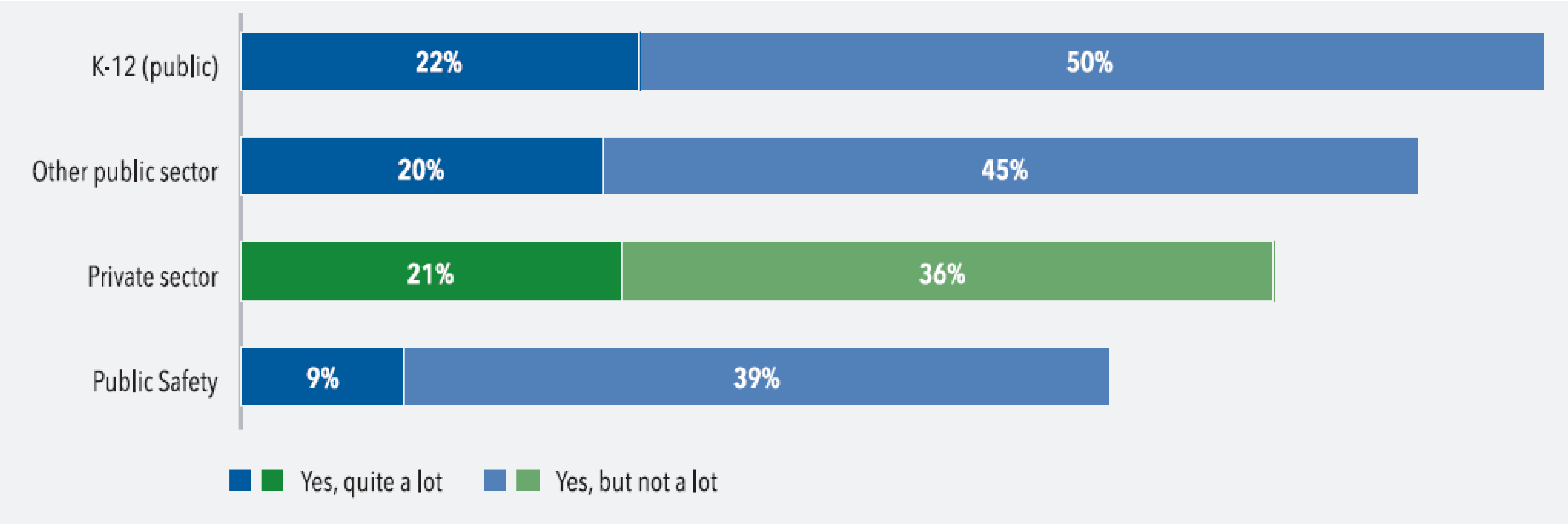
More Than 20 Years to Pay Off?

Among local government employees:

Prior Student Debt	4%
Current Student Debt (projected)	12%

**“We don’t talk about debt”
...but we have opinions**

Has Student Debt Come Up Among Coworkers?



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Too Personal?



Opinions

24%

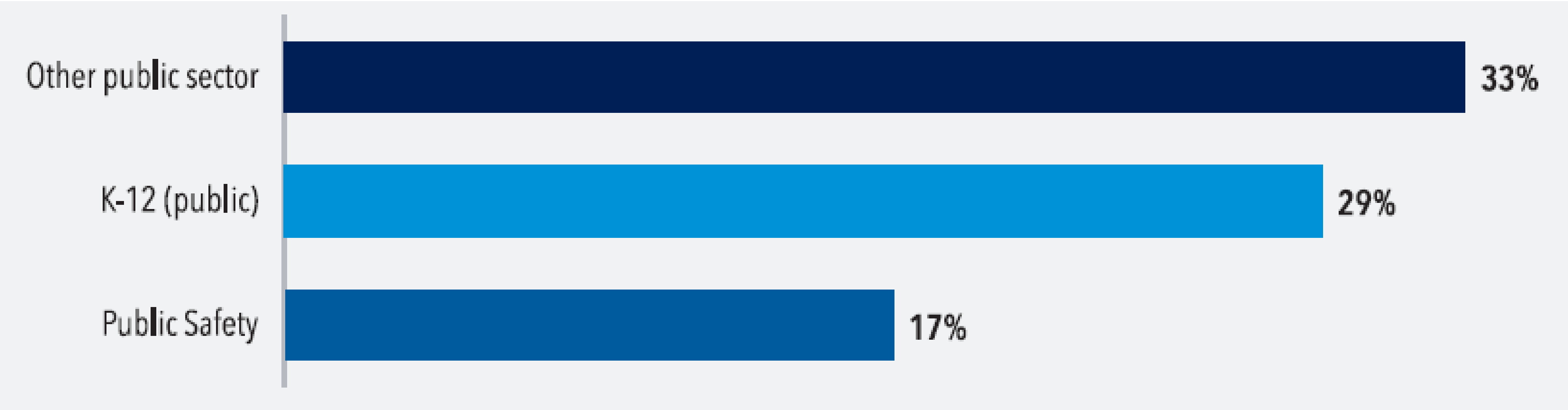
“Employers **should not offer assistance... since not all employees have student debt”**

Opinions

39%

**“Employers have a
responsibility to assist
with student debt”**

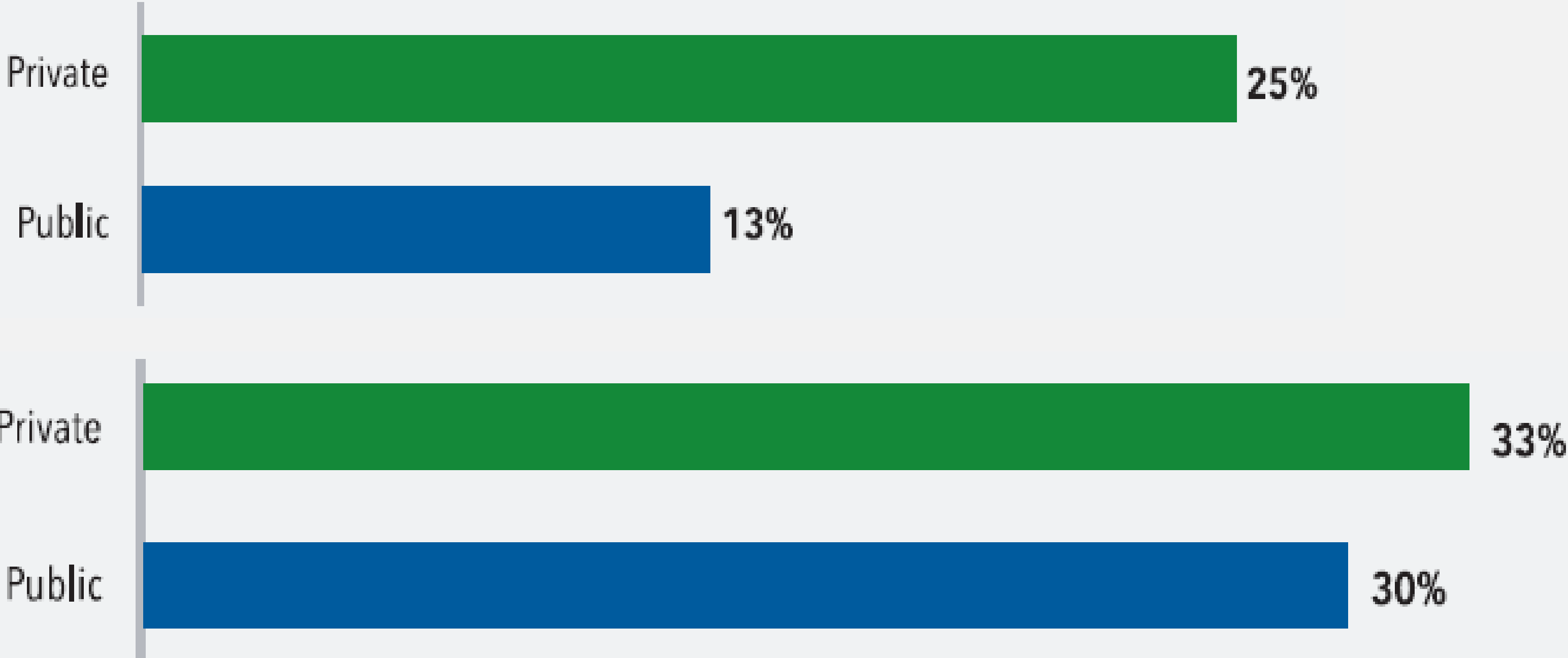
Has Your Employer Ever Talked About PSLF?



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Private Sector Does More:

Matching funds
(retirement/student loans)



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Public Sector Does More:



Source: [Student Debt Impacts on Public and Private Sector Employees](#)



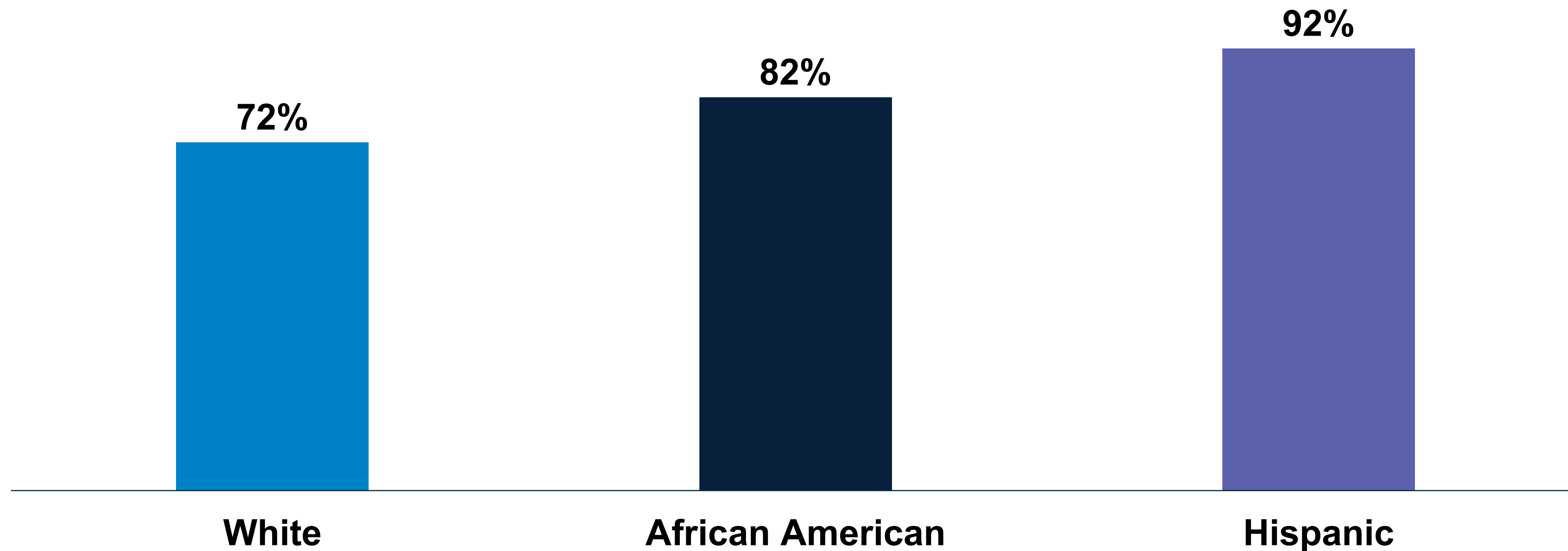
On student debt assistance, the grass is always greener elsewhere:

Private sector employees are more likely to **view the public sector as being more generous**, and public sector employees are more likely to **view the private sector as being more generous**.

Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Employer Match

If your employer was willing to match your contributions to an educational savings plan, how likely would you be to continue your education?



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Retirement Survey - Employees Want Financial Education On:



Key Findings from MissionSquare Research Institute Survey | October 2024

Public Service Employees' Financial and Retirement Security

Public sector employees across the nation are worried about their financial security in retirement. Results of a new MissionSquare Research Institute nationally representative survey of state and local government workers conducted in collaboration with Greenwald Research offer insights into workers' worries and how to shore up workers' retirement confidence.

Retirement Security Concerns: Employees Worry About...

81%	78%	73%	73%
having enough money to last throughout retirement.	having enough money to live comfortably in retirement.	being able to retire on time.	having sufficient emergency savings.

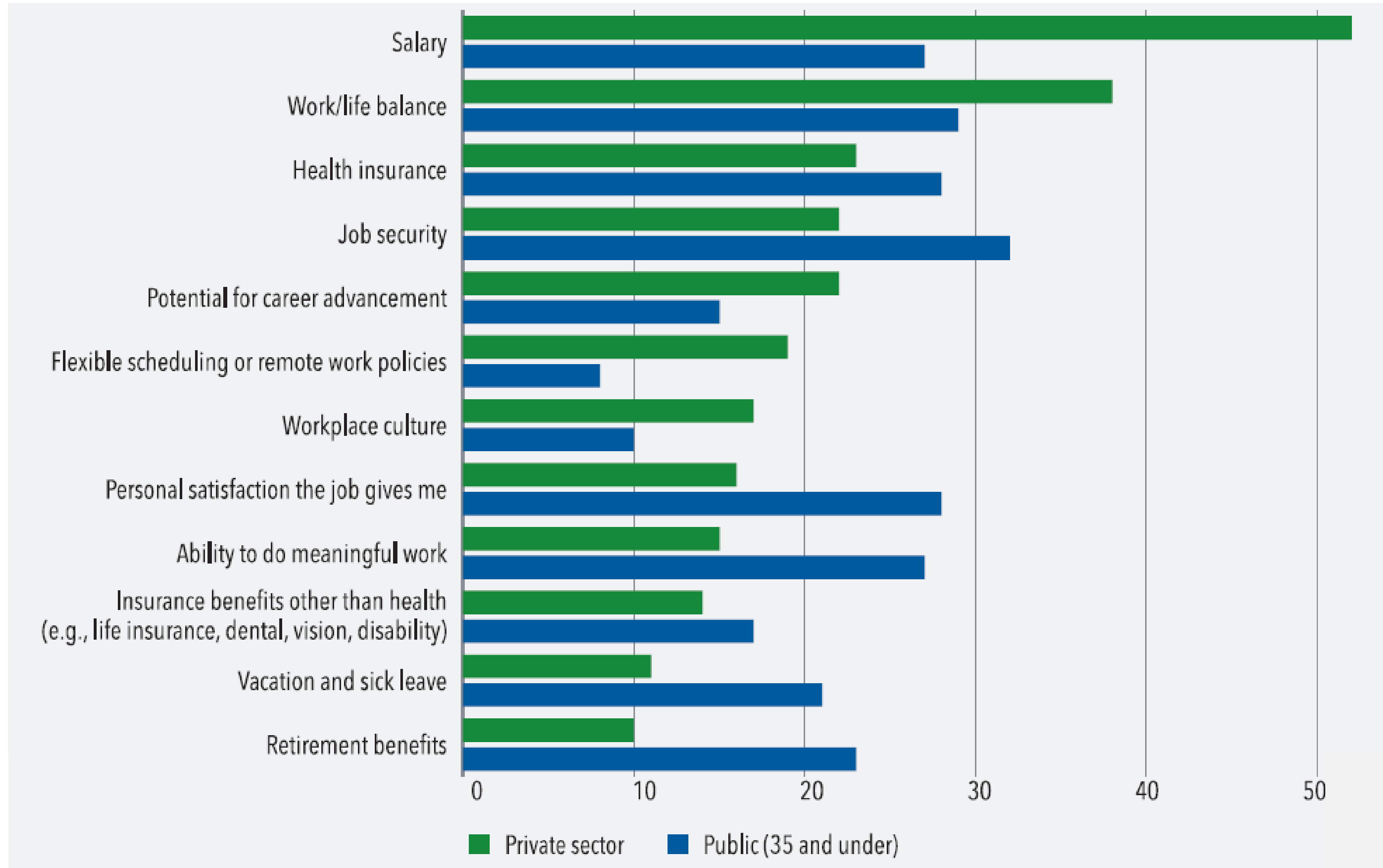
Factor Most Influencing the Amount You Save for Retirement

48%	15%
cite current living expenses (housing, food, etc.) as a major concern affecting their financial stability.	reference their level of debt impacting their financial security and retirement readiness.

Source: [Public Service Employees' Financial and Retirement Security](#)

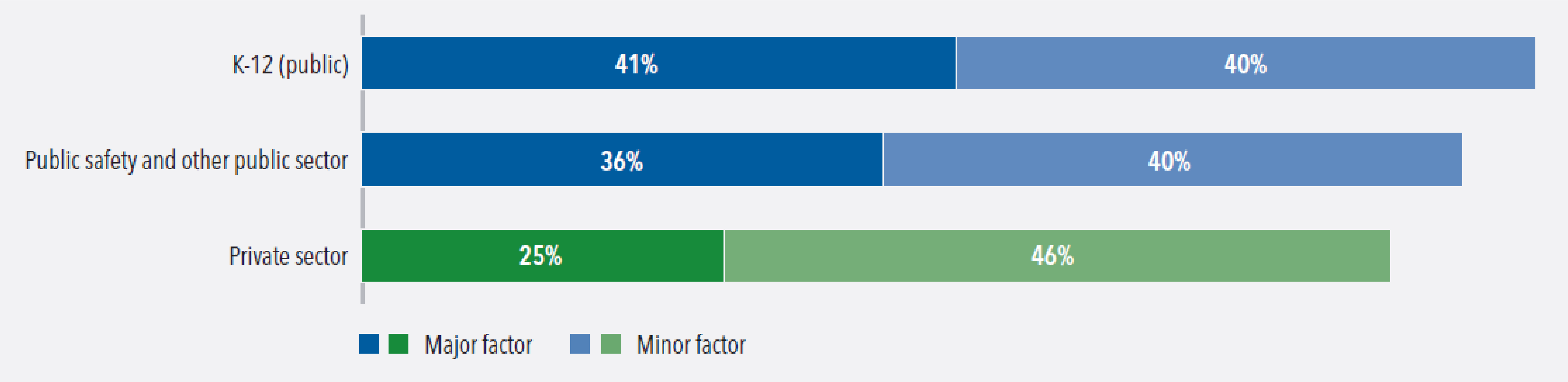
Recruitment and Retention

Motivation: Public vs. Private Sector



Sources: [Student Debt Impacts on Public and Private Sector Employees](#); 35 and Under data from: [35 and Under in the Public Sector: Why Younger Employees Stay \(and Why They Don't\)](#), MiissionSquare Research Institute, 2023

Does your student debt factor into consideration of other employment?



Source: [Student Debt Impacts on Public and Private Sector Employees](#)

Retirement Survey



Public Sector Employees Value Their Retirement Benefits...

44%

of those in public service believe their **retirement benefits are better** than those offered in the private sector (while only 13% believe the private sector offers better retirement benefits)

60%

say **retirement benefits make them more inclined to stay** in their job.

61%

feel that **other benefits** like healthcare, insurance, and time off also contribute to **job retention**.

Retirement Survey

Top 3 Actions Employers Could Take to Bolster Retirement Readiness

1

78%

suggest **higher wages** would improve their retirement readiness.

2

54%

advocate for **better retirement benefits**.

3

50%

recommend **better healthcare benefits** in retirement.

Factors Attracted Public Sector Workers

By Age Cohorts

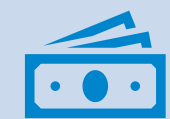
	Most cited as among the top three factors		Most cited as a major factor	
	18-26	27-35	36-59	60+
#1	Personal satisfaction the job gives me	Job security	Job security	Health insurance
#2	Salary	Work/life balance	Health insurance	Retirement benefits
#3	Health insurance	Health insurance	Retirement benefits	Job security
#4	Work/life balance	Ability to serve my community/do meaningful work	Personal satisfaction the job gives me	Other insurance
#5	Ability to serve my community/do meaningful work	Personal satisfaction the job gives me	Vacation and sick leave	Vacation and sick leave

Potential Employer Actions

What actions are you taking to assist employee financial well-being?



Value continuing education



Create incentives



Provide financial wellness resources



Lean into motivation



Talk openly (debt is not an off-limits topic)

Potential employer actions

What are your strategies for recruiting and retaining talents?



Become familiar with typical educational pathways



Provide information on available support



Dispel misconceptions



Discuss fairness



Consider skill-based recruitment

Thank You

MissionSquare

RESEARCH INSTITUTE



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Thank You Panelists, Attendees and Sponsors

