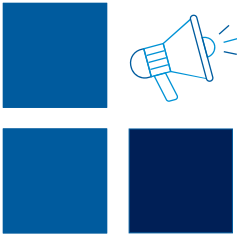


October 2024

Student Debt Impacts on Public and Private Sector Employees





Acknowledgements

This report was prepared by Gerald Young (MissionSquare Research Institute).

The author gratefully acknowledges the insights and expertise of his collaborators on this research: Zhikun Liu, PhD, John Saeli, and Rivka Liss-Levinson, PhD (MissionSquare Research Institute).

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Executive Summary

Student debt affects a large proportion of the state and local workforce, but it is often overlooked as being 'just a federal issue.' Rather, it is an essential consideration for public employers and closely related to employee financial wellbeing, staff development, and retention.

In February 2024 the MissionSquare Research Institute released a report entitled [Student Debt in State and Local Government: Impacts on Select Occupations](#).

As a follow-up to that effort, the Institute enlisted Greenwald Research to survey workers aged 18-49 regarding their education, occupation, job tenure, level of student debt, disposition of that debt, and how it has impacted or is continuing to impact their career, morale, and personal finances. For comparison purposes, this survey with 2,036 respondents included both those working in state and local government (1,001 respondents) and the those in the private sector (1,035 respondents). Data was collected between April 30 and May 21, 2024.

The final data was weighted by gender, income, race, and industry type to reflect the distribution as found in the U.S. Census Bureau's Current Population Survey and the U.S. Census of Governments. Sample quotas were also utilized during fielding to ensure an appropriate distribution of respondents by race and industry.

Taken together, these studies inform efforts to build effective employee recruitment, retention, and development programs so that public employees can chart a pathway to career advancement and see their employer as a partner in helping to realize those plans, whether through training, tuition reimbursement, loan repayment assistance, informational campaigns around federal Public Service Loan Forgiveness (PSLF) programs, or other initiatives.

This report focuses on the topline data from that survey, including comparisons between the public and private sectors and major occupational categories, such as education and public safety. As noted below, student debt impacts both employee financial wellbeing and the ability of employers to retain talented staff.

Among the Findings:



Personal finances are the biggest source of **stress** across both the public and private sectors (Figure 11).



Credit card balances are the most common form of debt, but employees **worry more about paying off student loans** (Figures 15, 16).



Student debt is considered a major problem by 44% of those who have that debt, compared to 32% of all respondents who consider their overall debt to be a major problem (Figures 17, 18).



Thirty-one percent of respondents feel that student loan debt is **too personal** a topic to discuss with their co-workers (Figure 28).



While most student debt payments were remitted on time, at least 15% across both the public and private sectors **missed their student debt payments** three or more times in the past six months (Figure 23).



Regarding current student debt, 15% project repayment to take **more than 20 years** (Figure 25B).



About one-quarter of respondents (24% of public sector employees and 29% of private sector employees) feel that their employer should **not offer assistance** with student loans since not all employees have student loan debt (Figure 39).



While public and private sector employees tend to think of their own sector being more generous with benefits generally, regarding student debt assistance, they tend to think that the other sector is more generous (Figures 57, 58).



Most respondents meet the educational requirements (if any) for their positions, but some are **continuing their education** in order to meet them (Figure 6).



Public sector staff are more likely to view student loan debt as a major factor in considering whether to **seek other employment** (38%) compared to private sector staff (25%; Figure 67).

Discussion

Background on Student Debt

As discussed in MissionSquare Research Institute's 2024 report [Student Debt in State and Local Government: Impacts on Select Occupations](#), total student debt nationwide amounts to more than \$1.7 trillion, with individuals in fields like nursing, engineering, teaching, and other fields often attempting to balance their career plans and other financial obligations with the need to pay off loans related to their education. Across the 15 hard-to-fill occupations and related degree tracks that were part of that analysis, the average student loan debt was estimated to be \$12,785 for associate's degree holders, \$23,052 for bachelor's degree holders, and \$37,598 for master's degree holders.¹

The federal Public Service Loan Forgiveness (PSLF) program forgives debts of applicants who have 10 years of both qualifying public sector work experience and loan payments.

Over the past few years, there have been various initiatives to suspend or forgive student debt, whether tied to COVID-response measures, issues around for-profit colleges, or perceived issues with the PSLF program.² Although some of these efforts have been reversed by the courts or are subject to ongoing litigation or debate, other approaches continue to be proposed.

The focus of this report is not on the merits of any of those existing or proposed federal actions, but rather on the ways in which employees in the public and private sectors may be impacted by their student debt and how, in turn, that affects the employers' ability to recruit and retain a talented workforce.

Research Focus

Using the earlier Research Institute report as a starting point, the goal of this follow-up research is to move from those general findings to the opinions of actual employees – with and without student debt.

This report is intended to help guide state and local governments in their consideration of whether student debt assistance or other education-related benefits may be appropriate as part of their efforts to recruit and retain a talented workforce.

The graphs and analysis that follow focus on the public and private sectors. Where sufficient data is available, breakouts are also provided for key occupational subgroups, such as public safety, education, and health care. To facilitate comparisons, where private sector data is graphed separately, it is shown in green.

In general, the number responding on each question is 2,036, split between the public sector (1,001) and private sector (1,035). In some cases, questions are only asked of a smaller subgroup, or those who responded a particular way to a preceding question. Response totals are shown at the top of each graph.

Table 1 **Comparing findings by sector, public sector employees were more likely to report the following:**

	Public sector	Private sector	Figure
Higher education attainment	71% with a bachelor's degree	54%	7
Having current or prior student loan debt	62%	52%	19A, 19B
Student loan balance exceeding \$50,000	31%	23%	21
Having taken 10 or more years to pay off their prior student loans	43%	23%	25A
Received prior loan forgiveness	24%	17%	30
Expect they would eventually qualify for loan forgiveness	63%	40%	31
Their employer provides tuition assistance	52%	43%	36
Student debt is a major factor in considering whether to seek other employment	38%	25%	67
Private sector employees were more likely to report... Feeling financially secure	18% extremely or very secure	26%	12

Table 2 **Sample Demographics**

Sector*					
Public sector	1,001	Retail sales	8%	Total Annual Personal Income	
Private sector	1,035	Other	16%	Less than \$25,000	5%
		Refused	1%	\$25,000 to \$49,999	38%
Industry (public sector)				\$50,000 to \$74,999	22%
Education: K-12	41%	Gender		\$75,000 to \$99,999	15%
Education other than K-12	10%	Male	52%	\$100,000 to \$124,999	9%
Public safety	16%	Female	47%	\$125,000 to \$149,999	4%
Health care: Nursing	2%	Prefer to self - describe	1%	\$150,000 or more	7%
Health care: Other	8%			Don't know	0%
Law	4%	Age			
Management/administration	3%	18-25	11%	Total Annual Household Income	
Human and social services	3%	26-29	13%	Less than \$25,000	4%
Information technology	3%	30-35	31%	\$25,000 to \$49,999	28%
Libraries	2%	36-39	12%	\$50,000 to \$74,999	22%
Planning	1%	40-45	21%	\$75,000 to \$99,999	16%
Engineering	1%	46-49	11%	\$100,000 to \$124,999	12%
Finance	1%			\$125,000 to \$149,999	7%
Other	5%	Education		\$150,000 or more	11%
		Less than a high school diploma	1%	Don't know	1%
Industry (private sector)		Graduated high school	15%		
Education: K-12	4%	Some college (no degree)	14%	Number of Years Working with Current Employer	
Education: Other than K-12	5%	Associate's degree or completion of technical or vocational school	14%	Less than 6	58%
Health care: Nursing	3%	Bachelor's degree	38%	6-10	27%
Health care: Other	11%	Graduate/professional degree	18%	11-15	8%
Information technology	15%			16-20	5%
Management/administration	10%	Race/Ethnicity		21-25	2%
Finance	6%	White or Caucasian	64%	More than 25	0%
Engineering	6%	Hispanic/Latino/Spanish descent	21%		
Operations, HR and insurance	3%	Black or African American	16%		
Law	2%	Asian or Pacific Islander	9%		
Human and social services	1%	Native American	1%		
Construction, manufacturing and logistics	11%	Other	0%		

*In further breakouts, public and private sector responses are weighted by their relative share of the overall workforce.
 NOTE: Some tables do not sum to 100% due to rounding or to dual responses selected for racial/ethnic identification.

Current and Previous Employment

Total respondents by sector are shown in Figures 1 and 2.

Secondary employment was most common in the private sector (21%; see Figure 3). Among government K-12 and public safety employees, 19% of each group indicated that they were working a second job.

Among those currently working in the private sector, 17% indicated that they had ever worked in the public sector (including federal, state, and/or local government). This subset of private sector workers is included in Figure 4 alongside those currently working in the public sector. This shows most (59%) worked in the public sector less than 6 years. Those currently in the public sector had a longer tenure, with 56% working in the field for up to 10 years.

Figure 1 **Public sector respondents: Which of the following best describes your primary employer?** (n = 1,001)

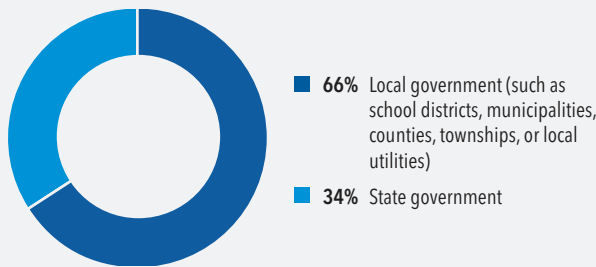


Figure 2 **Private sector respondents: Which of the following best describes your primary employer?** (n = 1,035)

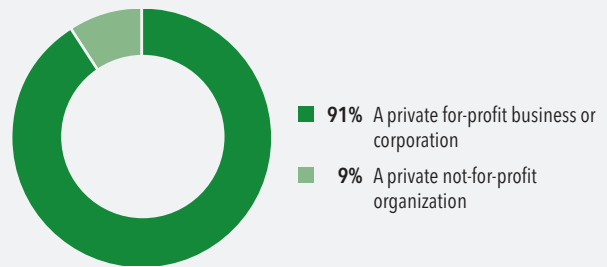
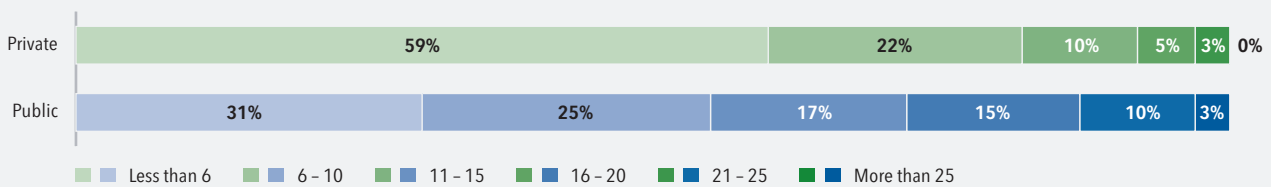


Figure 3 **Are you also currently being paid for any secondary employment, either full-time or part-time?** (n = 2,036)



Figure 4 **How many years have you worked (or did you work) in the public sector?** (n = 1,210)



Looking solely at the respondents' current jobs, the majority of both private and public sector employees have been with their employer for less than 6 years (see Figure 5).

Education

Figure 6 shows the education requirements of the respondents' current positions, with 75% or more meeting those standards.

Perhaps the most meaningful response to this question is the middle datapoint on each bar, showing the percentage who are continuing to work toward the position's education requirements. This is the case for very few in K-12 public education or other public sector jobs (4% each), but was reported by 11% of those working in public safety. Beyond that, private sector employees are much more likely to indicate that their position either does not have an education requirement or allows for broader consideration of education, skills, and experience (20%).



11% of those in public safety are continuing to work toward their position's education requirements.

Flexibility in the consideration of education, skills, and experience is a growing practice in the public sector, with half of the respondents to MissionSquare Research Institute's annual survey of HR managers indicating that they have dropped degree requirements for some positions, and 21% saying they have hired staff in the past year below minimum qualifications for post-hiring upskilling.³

Regarding the highest level of education completed – regardless of whether it was required for a particular job – those in the public sector are more likely

Figure 5 **How many years have you worked for your current employer?** (n = 2,036)

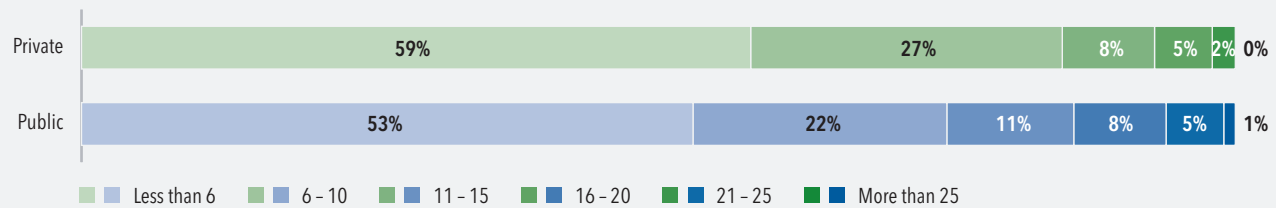


Figure 6 **Education requirements for your current position** (n = 2,036)

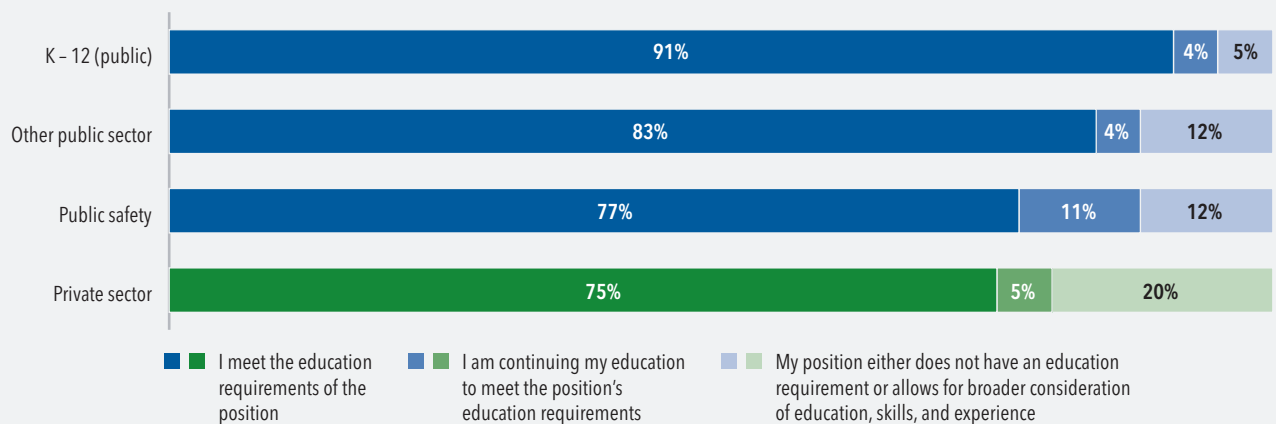


Figure 7 **What is the highest level of education you have completed?** (n = 2,036)

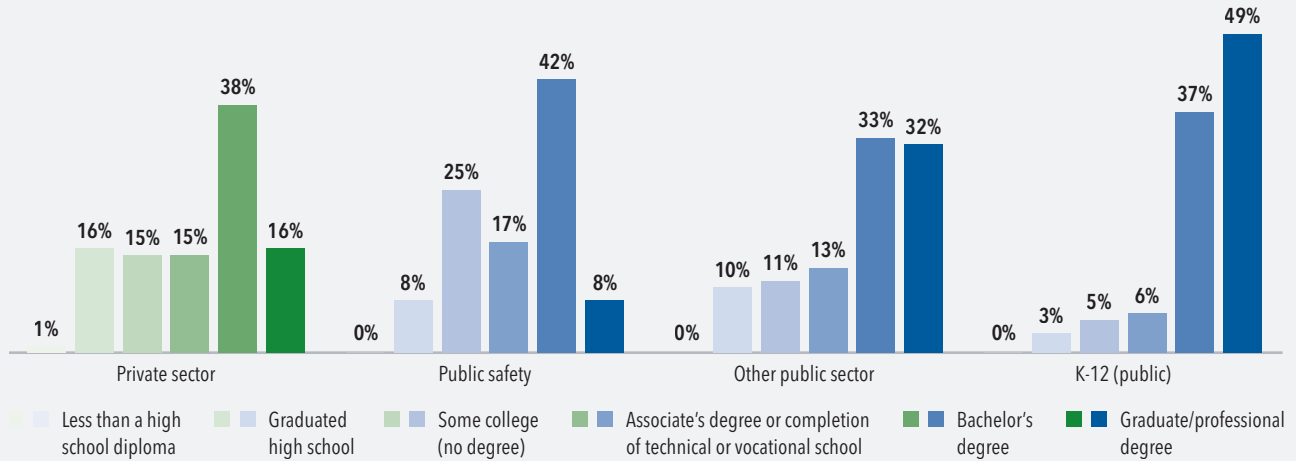
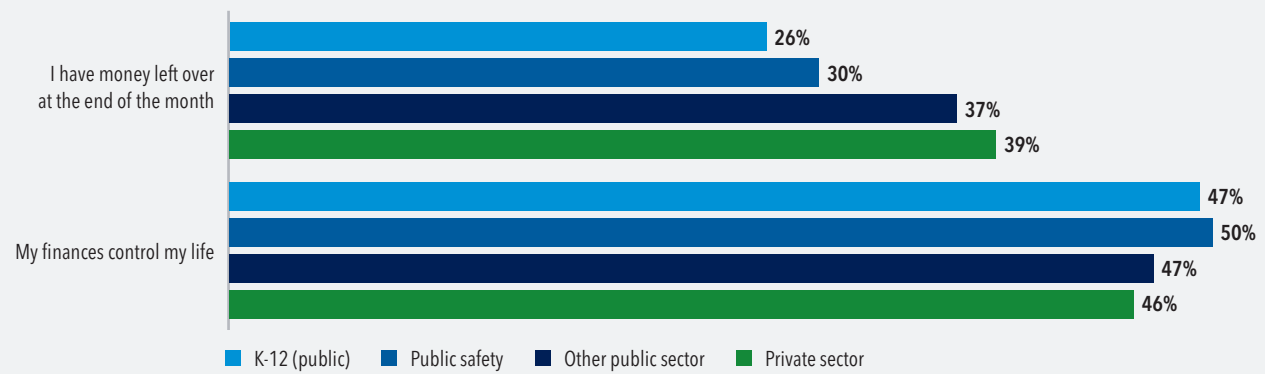


Figure 8 **How often do the following statements apply to you?** (Always/often; n = 2,036)



to have a bachelor's degree or higher (71% public vs. 54% private). Within Figure 7's breakout categories,⁴ K-12 public school employees are most likely to have obtained a master's degree (49%). In public safety, 50% have a bachelor's degree or higher.⁵

Financial Wellbeing and Concerns

Regarding financial wellbeing, the most significant difference is whether respondents indicate that they have money left over at the end of the month, to which 39% of private sector respondents said yes, compared to just 26% of public sector K-12 employees (Figure 8). On the question of whether their finances control their lives, responses were much more closely aligned, with 46-50% agreeing.

On another list of financial wellness questions, responses from the public and private sector were again very close, with five percentage points separation among those concerned that the money they have or will save won't last (53% of public sector respondents vs. 48% of private sector respondents; Figure 9).

Stress is a concern, both in financial terms and in other aspects of work/life balance. Overall, stress levels are highest among K-12 public school respondents (74% very or somewhat stressed) and lowest among private sector employees (68% very or somewhat stressed).

The consensus top three sources of stress are all at least partially economic – personal finances, the economy in general, and work/career (Figure 11). While the survey also asked about several other potential sources of stress (global

Figure 9 **How well do the following statements describe you or your situation?** (Completely/very well; n = 2,036)

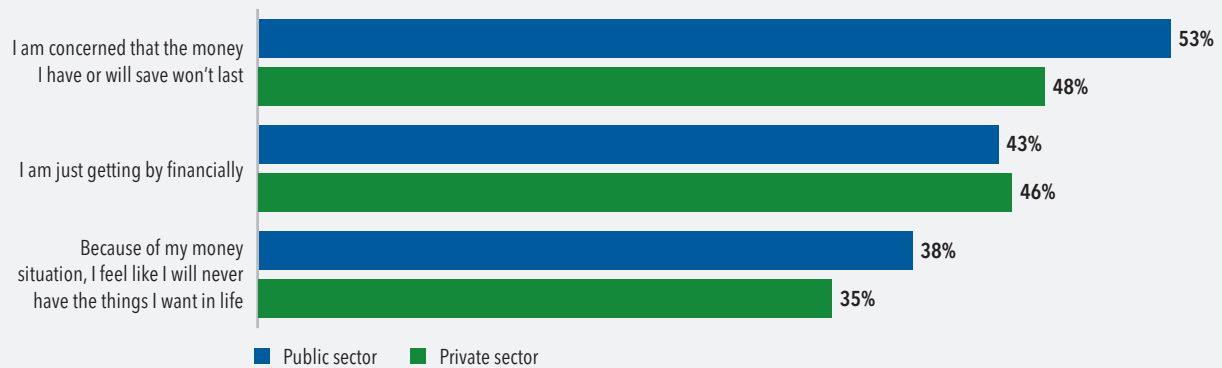


Figure 10 **How would you describe your level of overall stress over the last six months?** (n = 2,036)

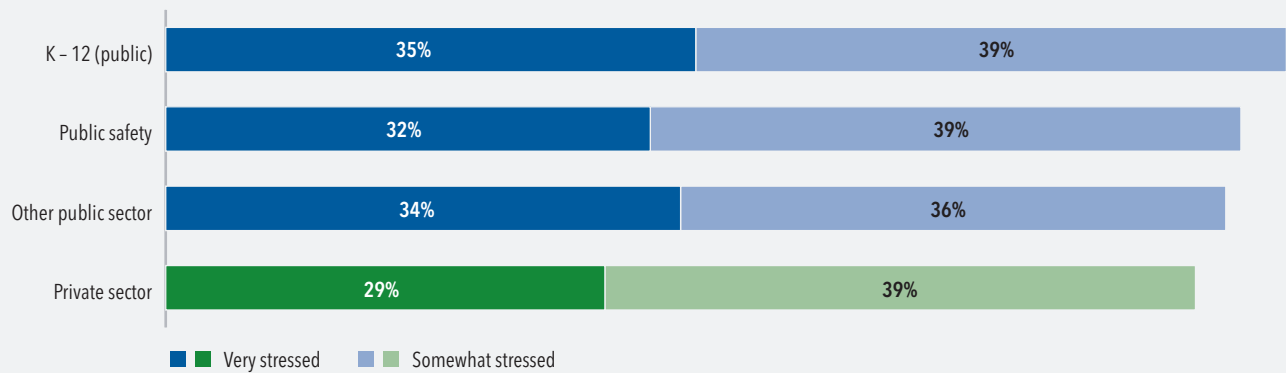
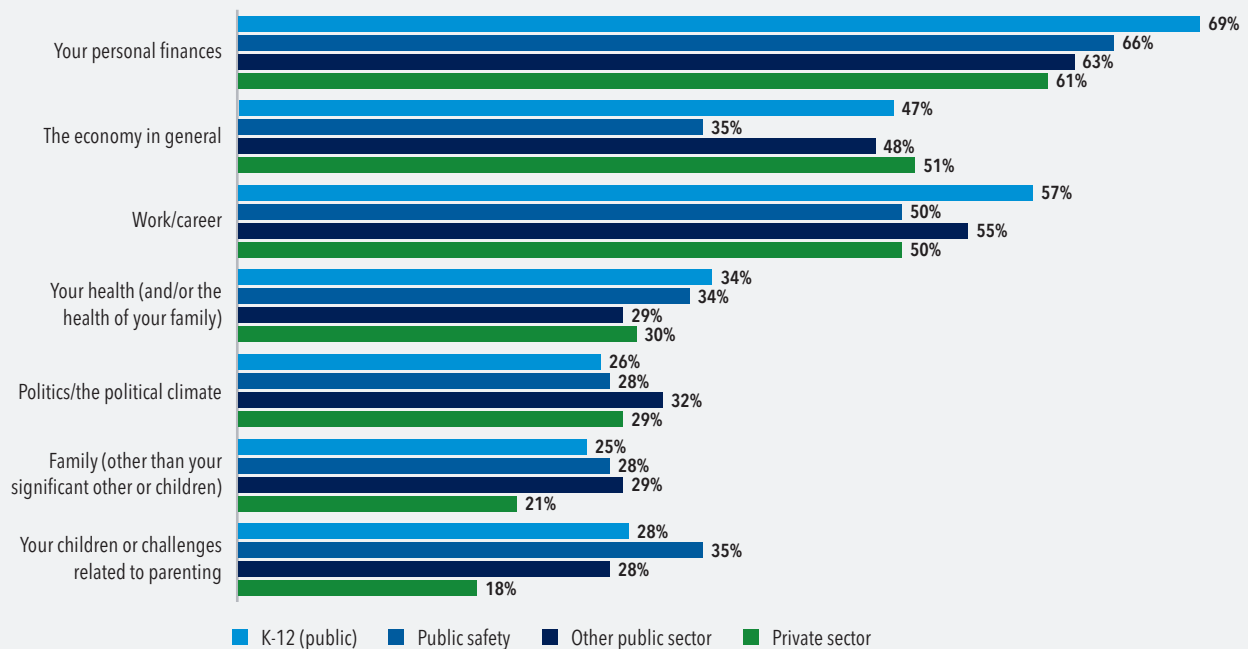


Figure 11 **Of those experiencing stress, what are your biggest sources of stress right now?**

Please select all that apply. (n = 1,935). See text regarding other sources of stress.



crises, your spouse/partner, dating/romantic relationships, the pandemic, something else, or none of the above), none of these was identified as being among the biggest sources of stress by 20% or more of respondents across any of these employment groups.

Given that predominance of economic/employment stress, it is understandable that only 26% of private employees and 18% of public sector employees feel extremely or very financially secure (Figure 12).

Relatedly, 40% or more of respondents indicate that they constantly or regularly experience stress about their personal finances while at work (Figure 13).

This stress may be reflected in a relatively short time horizon for planning their finances. Across all industries, 40% or more are focused just on the next few months or the next year (Figure 14). The largest contingent planning 5 or more years out is in public safety, and that amounts to just 31% of respondents.

Figure 12 **How financially secure do you feel right now?** (n = 2,036)

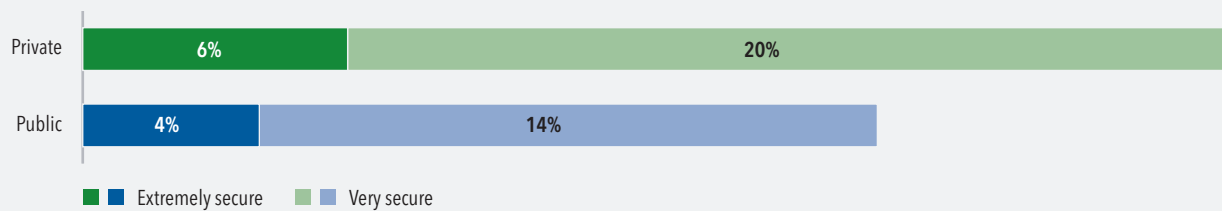
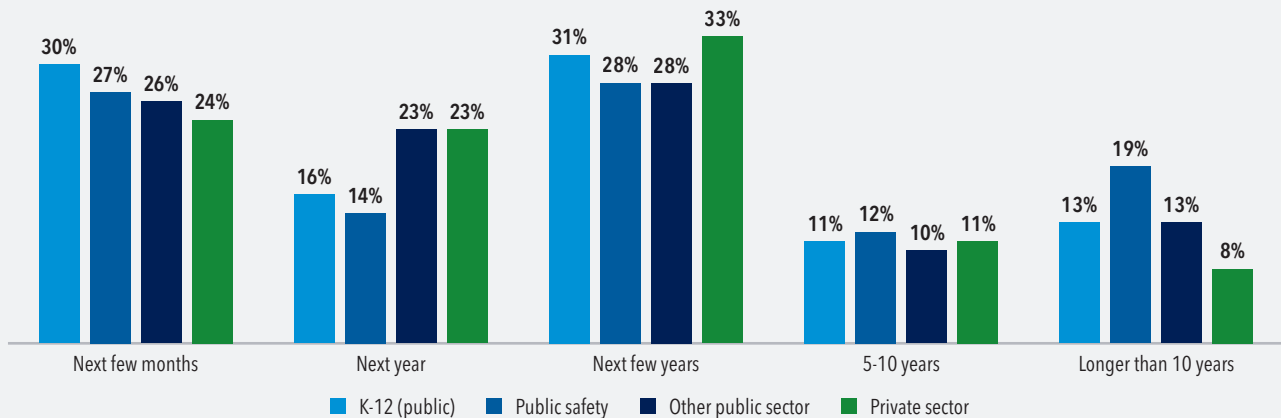


Figure 13 **How often do you stress about issues related to your personal finances in the average week while you are working/at work specifically?** (constantly or regularly; n = 2,036)



Figure 14 **When it comes to personal finances, which of the following time periods best describe your financial planning horizon?** (n = 2,036)



NOTE: Industries may not sum to 100% due to rounding.

General Debt

Breaking down the various types of financial burdens shows that the most common type is credit card debt, carried by 61% of all respondents (Figure 15). Student loan debt is spread across three different categories in this graph, including loans for the employee themselves, their spouse or partner, and for other family members.⁶

As for what financial issues are the greatest cause of concern, however, public and private sector employees agreed that while paying off credit cards and medical debt were on the list, they were not nearly as much of a concern as paying back their student loans (Figure 16).

Overall debt levels are a major or minor problem for 85% of respondents, with public safety staff somewhat more likely to identify debt as a major problem (40%; Figure 17).



Major problems:

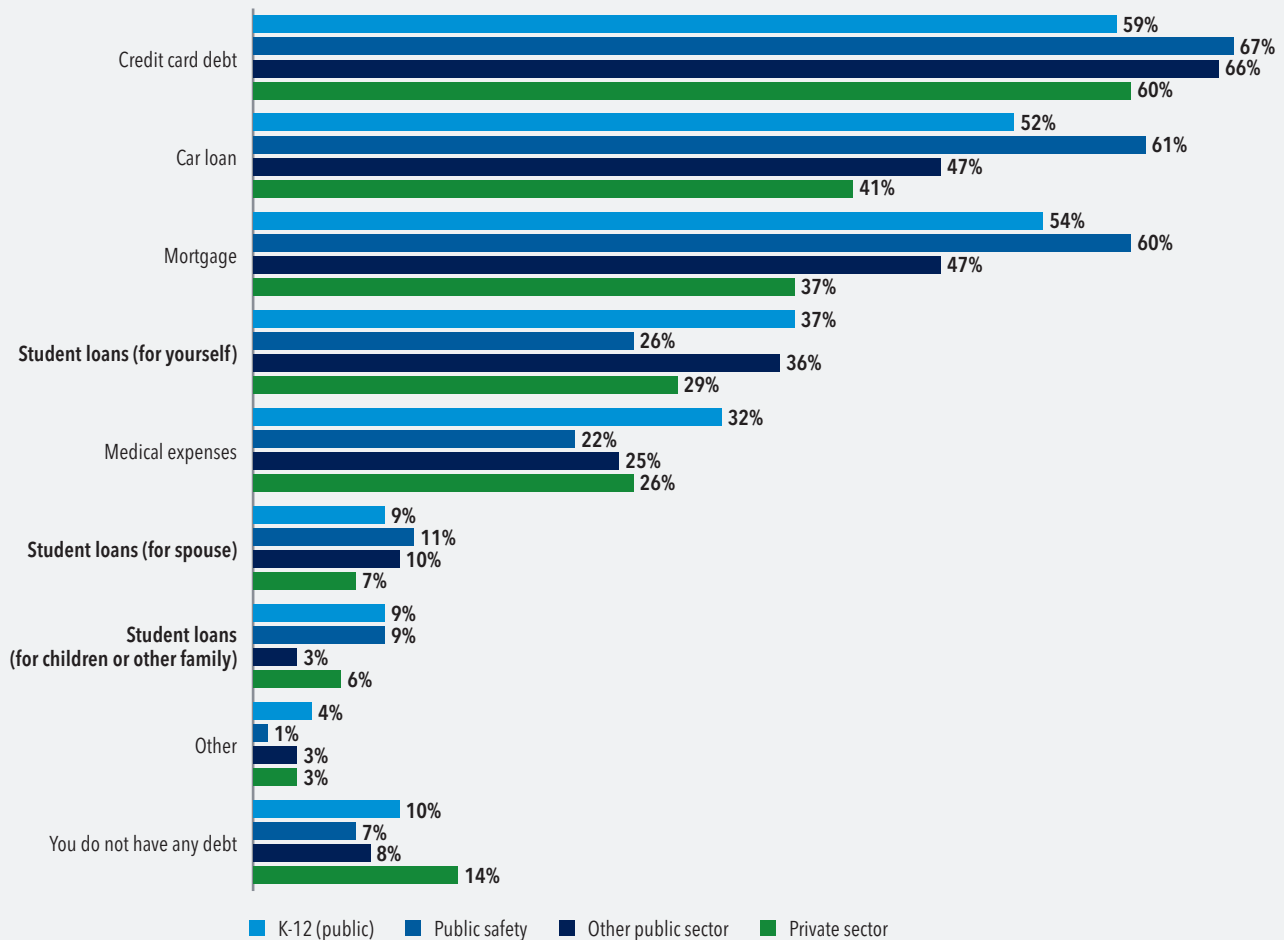
32% say overall debt

44% say student debt

(Among all respondents and among those who have student debt; See Figures 17, 18).

This perception of debt as a problem has been growing. In MissionSquare Research Institute’s prior surveys on public employee financial wellness, 55% saw it as a major or minor problem in 2019, and 63% saw it that way in 2022.⁷ In those same years, only 19% and 22%, respectively, saw debt as a major problem.

Figure 15 **Which of the following types of debt do you currently have?** Please select all that apply. (n = 2,036)



Student Debt

Among respondents who have student debt, 93% of private sector respondents see it as a major or minor problem, compared to 89% of public sector respondents (Figure 18).

As discussed in the report on [Student Debt in State and Local Government: Impacts on Select Occupations](#), typical entry-level education and student debt burdens vary significantly. Health care is the field where respondents are

most likely to have current debt, whether in the public or private sector (Figures 19A and 19B).

Overall, state and local employees are more likely to have current or prior student loan debt (62%) than are private sector employees (52%). These Figures are broken down by occupational subgroups in Figures 19A and 19B.

Figure 16 **How worried are you about the following?** (extremely/very worried; n = 2,036)

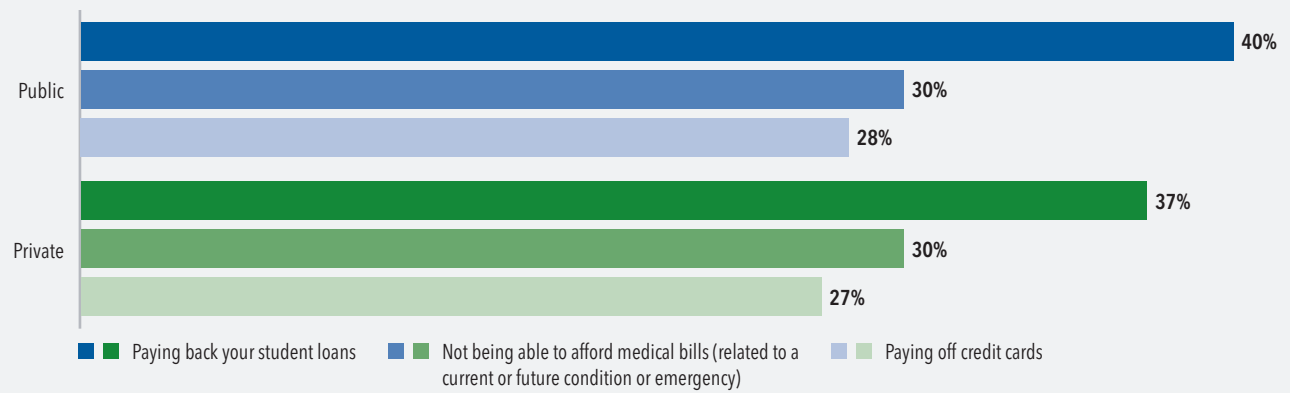


Figure 17 **Thinking about your current financial situation, how would you describe your overall level of debt?** (n = 1,851)

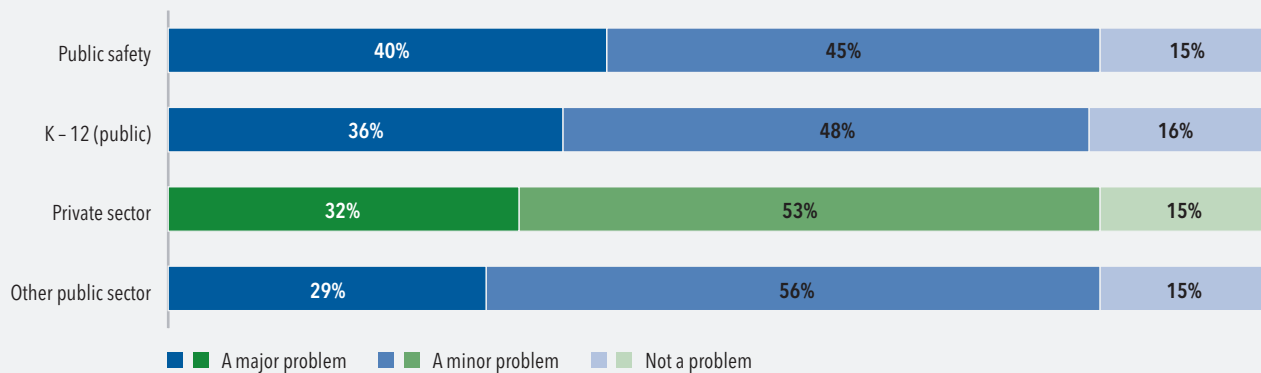
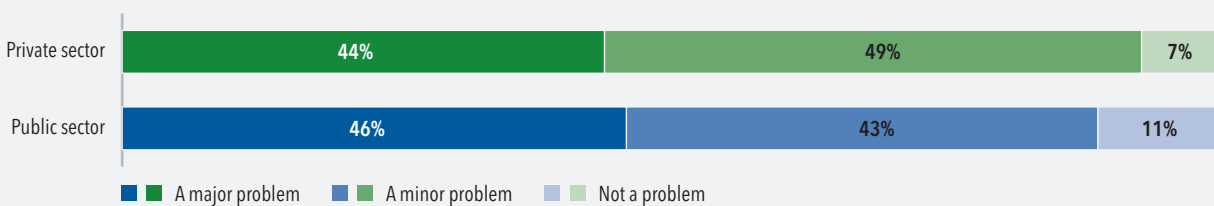


Figure 18 **How would you describe your level of student loan debt specifically?** (n = 627)



Among those in the public sector, while public safety employees are least likely to have current student debt (26%), 32% report having had prior student debt. Those never having had student debt may either have been able to finance their education in other ways (e.g., scholarships,

529 college savings plans, employer tuition assistance, parental contribution) or followed a career pathway that did not include a college education (e.g., apprenticeships, certificate programs, skill-based recruiting).

Figure 19A **Do you currently have (or have you previously had) student loan debt?** (by your field within state/local government; n = 1,001)

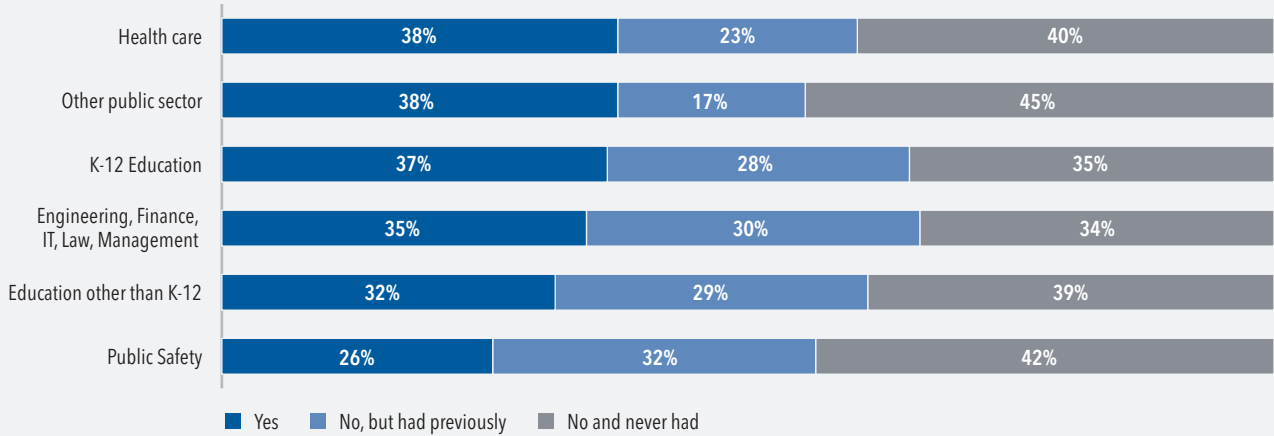
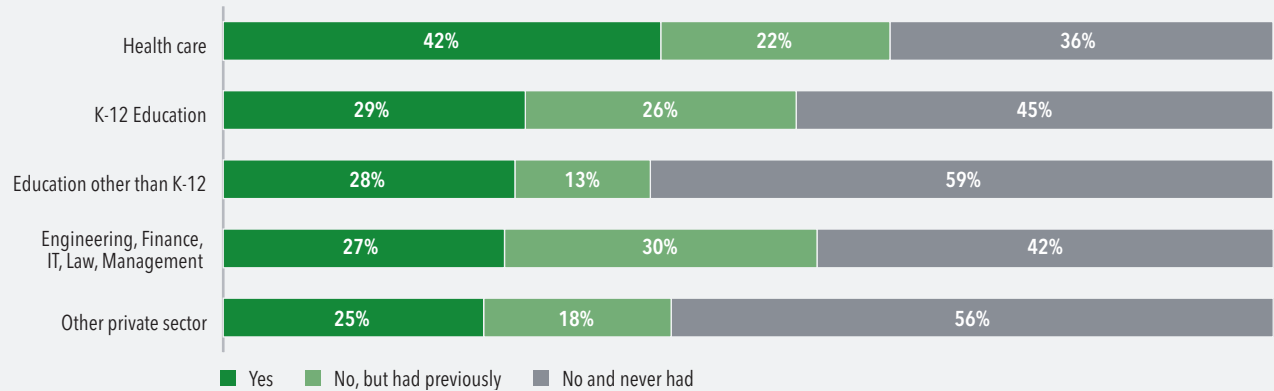


Figure 19B **Do you currently have (or have you previously had) student loan debt?** (by your field within the private sector; n = 1,035)



Figures 20A and 20B show the extent to which student debt is perceived as a major or minor problem by each of these occupational categories, with health care once again at the top of the both lists, although public sector respondents in health care are much more likely to view student debt as a problem (84%), compared to those in private sector health care (38%).

Similar issues are present with the summary category of Engineering, Finance, IT, Law, and Management – a collection of professional activities common in both the

public and private sector. This grouping was much more likely to view their level of student debt as a problem within the public sector (83%) than in the private sector (24%).

While assessments of student debt in K-12 education are more similar, again public sector employees are more likely to rate this as a problem (34%) than are private sector employees (28%).

Figure 20A **To what extent is student loan debt a problem?** (by your field within state/local government; n = 1,001)

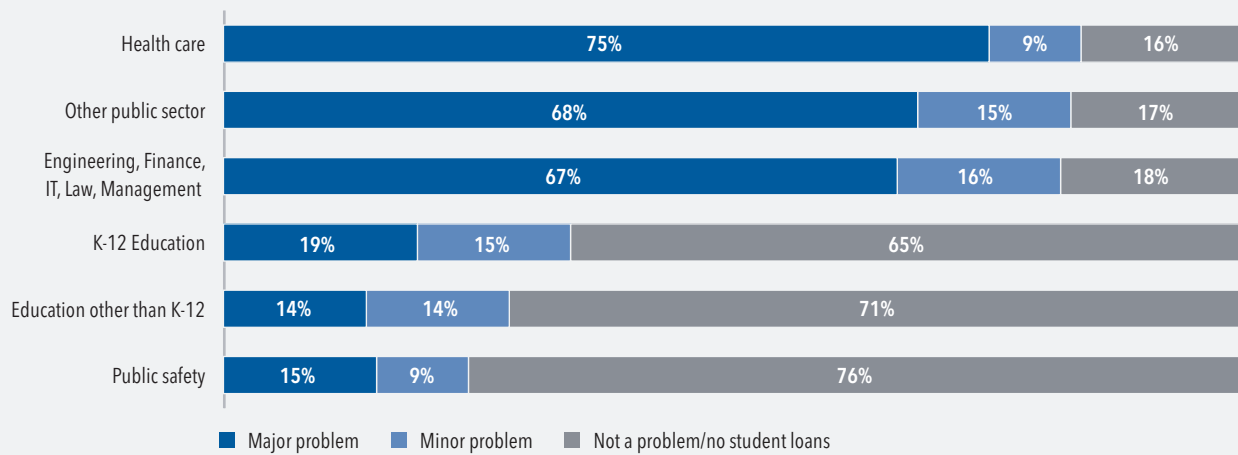
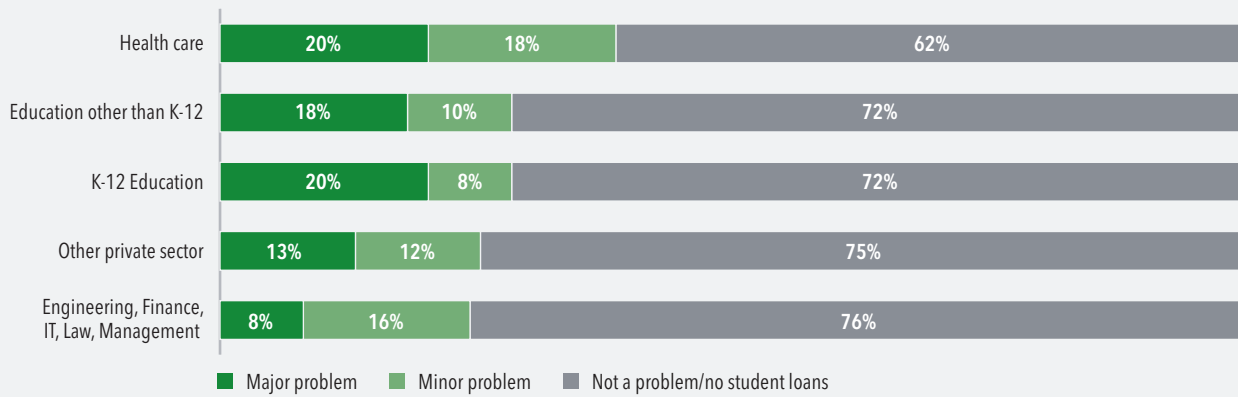


Figure 20B **To what extent is student loan debt a problem?** (by your field within the private sector; n = 1,035)



More than 60% of respondents with student debt reported that the amount still outstanding on their student loans was under \$50,000, but those in the public sector are more likely to have a balance over \$50,000 (31%) than those in the private sector (23%; Figure 21). Within this last segment, 8% in the public sector and 6% in the private sector owe more than \$100,000.

For at least three-quarters of respondents, their student debt was incurred prior to joining their current employer

(Figure 22). For those in the public sector, it was more common to have either accrued that debt since that time or to have accrued it both before and since (this is the case for 15% in the private sector vs. 22% in the public sector).

While most student debt payments were remitted on time, at least 15% across both the public and private sectors missed their due date three or more times in the past six months (Figure 23).

Figure 21 **How much do you still owe on your student loans (in total)?** (n = 627)

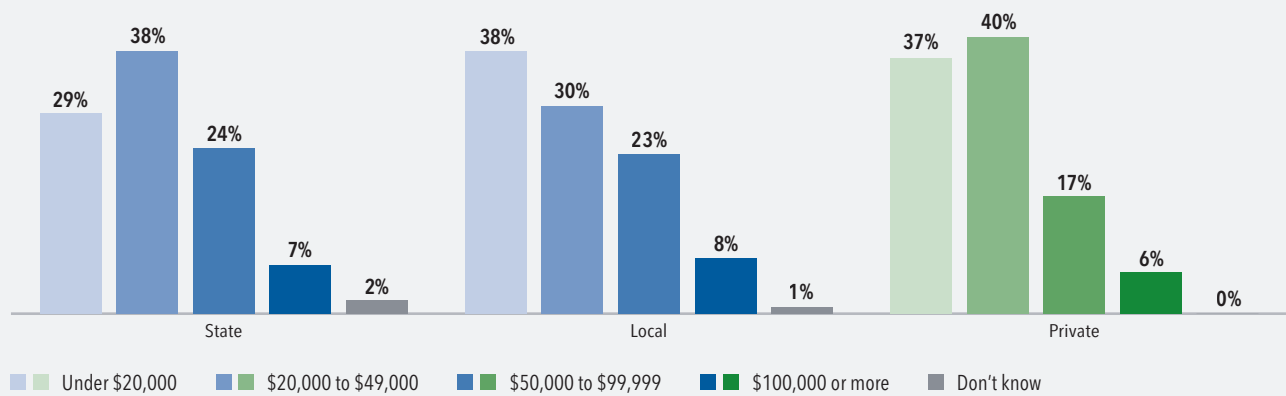


Figure 22 **When did you incur your student loan debt (or student debt that you had previously)?** (n = 1,225)

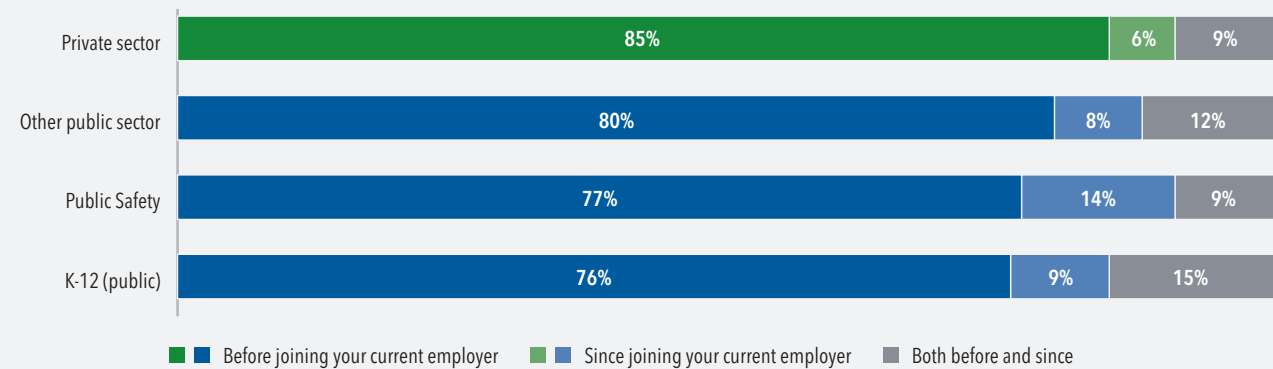
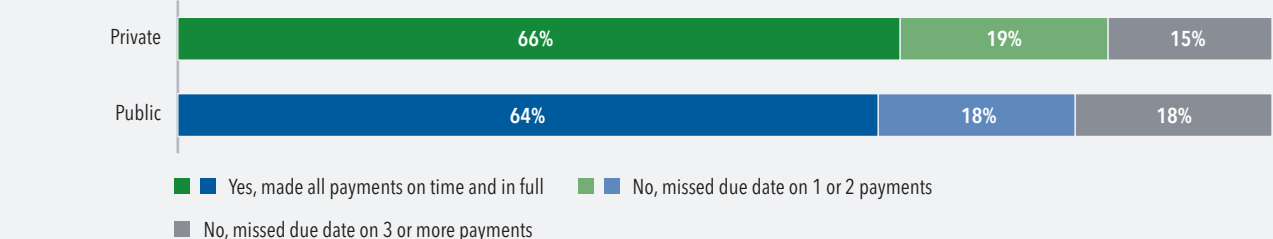


Figure 23 **Over the last six months, were you able to make all of the required payments on your student loan debt?** (n = 627)

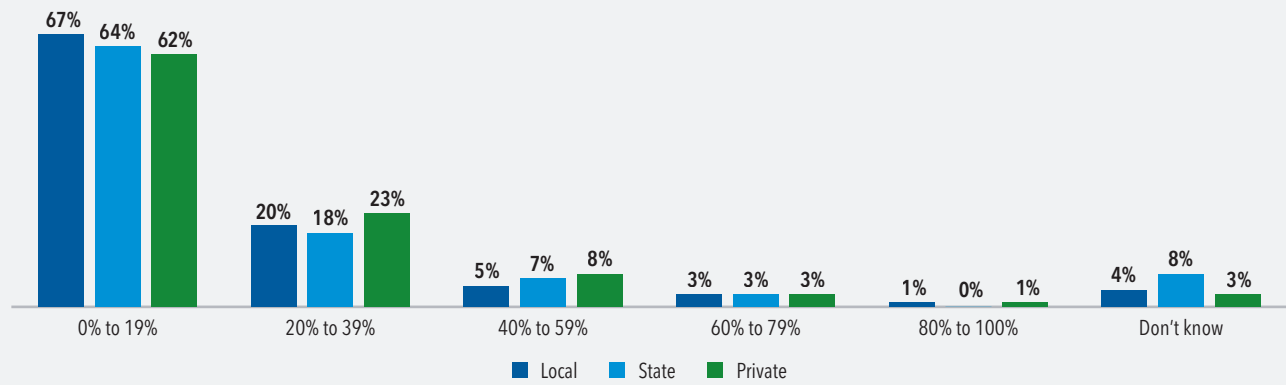


The frequency of payment delinquencies may also relate to the right side of Figure 24, where 4% of all respondents indicated that the amount of their monthly payment represents 60% or more of their monthly budget. Of those individuals, two-thirds have debt totaling more than \$50,000, and more than half have a debt balance that exceeds their household income.⁸ When both the regular

loan payment and one or more delinquent payments are due, they may easily view their debt as overwhelming the rest of their monthly budget.

It can take considerable time for them to pay off that debt. Among those who have already repaid that debt, those who took 10 or more years to do so included 46% of state

Figure 24 **What percentage of your monthly budget does your student debt repayment represent?** (n = 627)

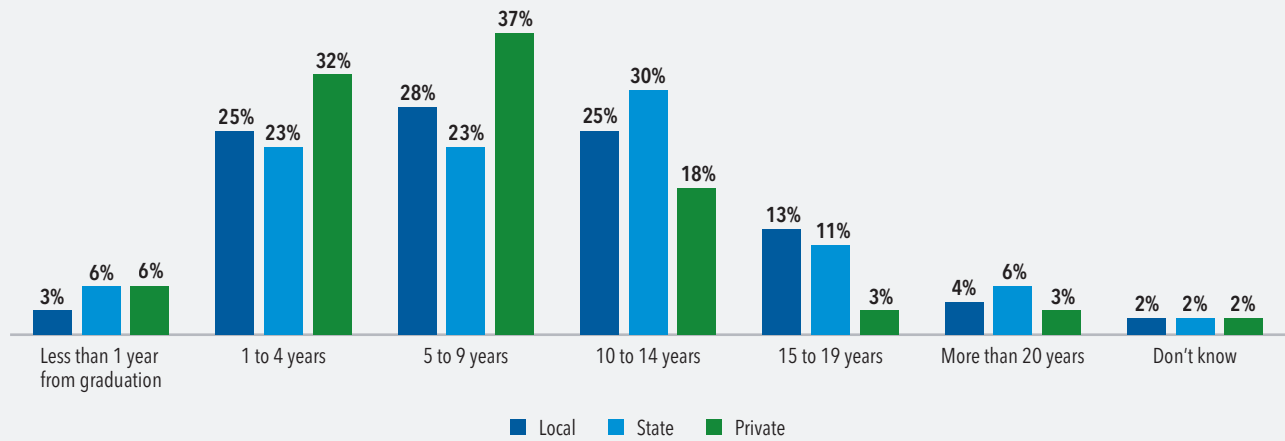


government respondents and 41% of local government respondents. By contrast, only 23% of private sector respondents took 10 or more years to complete their repayment (Figure 25A).

Among those who have a current student loan debt, regardless of when that debt was incurred, a remaining payback period of 10 or more years is projected by 46%

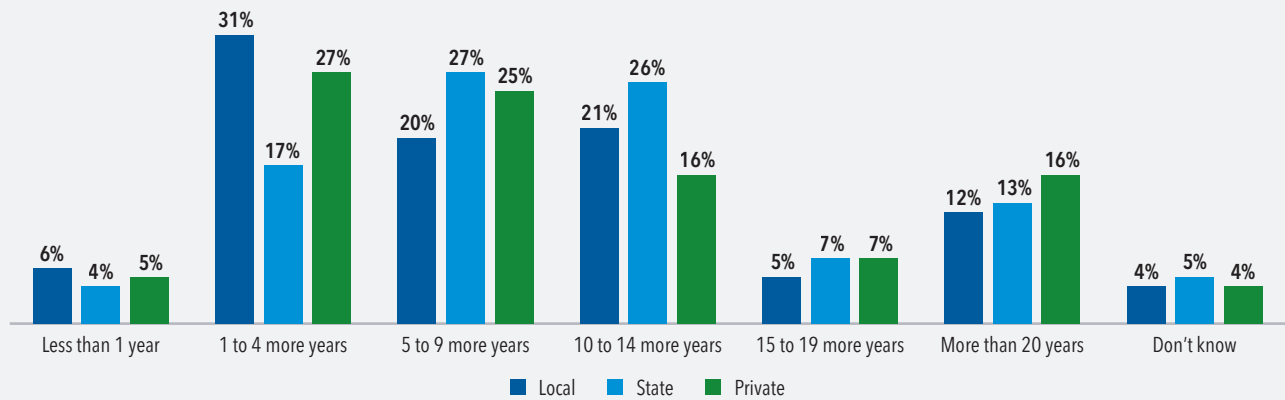
of state government respondents and 39% of both local government and private sector respondents (Figure 25B). The larger percentage taking longer for repayment of current debt may relate to the rising cost of tuition (compared to when those with previous loans would have been in school), the impacts of inflation on cost of living, the combination of personal and family member student debt, or other factors.

Figure 25A (Among those with prior student loans): How long from graduation did it take for you to fully pay off your student loan debt? (n = 598)



NOTE: Industry data may not sum to 100% due to rounding.

Figure 25B (Among those with current student loans): How much longer (from now) do you anticipate having to make payments toward your student loan debt until it is paid off? (n = 627)



NOTE: Industry data may not sum to 100% due to rounding.

Perhaps most concerning is that the shares of those taking 20 or more years to pay off their loans are higher across all employment groups (Table 3).

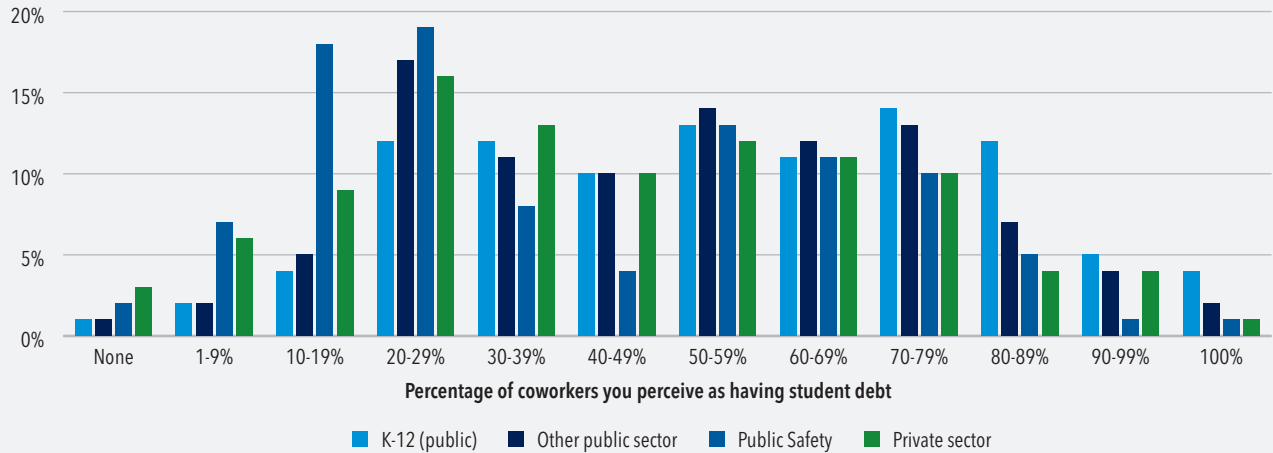
Actual balances and payoff schedules aside, the topic of student debt is also a matter of perceptions. When asked how many of their co-workers under the age of 50 have

student loan debt, the most frequent response was 20-29% (Figure 26). This is a fairly accurate assessment for the private sector (29%), but a bit below the actual total in the public sector (35%). Not included in either total is the percentage who have already paid off their student debt (27% in the public sector, 23% in the private sector).

Table 3 **Percentage of loans taking more than 20 years until fully paid off: Previous vs. Current debts**

	Local Government Employees	State Government Employees	Private Sector Employees
Previous loans (from graduation to fully paid off)	4%	6%	3%
Current loans (from date of survey to fully paid off)	12%	13%	16%

Figure 26 **If you had to guess, what percentage of your co-workers who are under the age of 50 have student loan debt?** (n = 2,036)



One reason employees may not have a good sense of their coworkers debt is that it is not a frequent topic of conversation. Only 21% indicated that the subject comes up quite a lot, while 37% say it comes up more infrequently (Figure 27). In addition, 31% feel that the topic is inappropriate or taboo for discussing with their co-workers (Figure 28). The group most comfortable discussing student debt with their co-workers was employees in public K-12 education.

For the most part, the form of debt reported by respondents is a federal student loan (Figure 29). The next largest cohort have both federal and private loans. While both may have their place in helping to finance the employees' education, federal loans are eligible for various assistance programs such as PSLF, as discussed further in the next section.

Figure 27 **Has the topic of student loan debt ever come up when talking with coworkers?** (n = 2,036)

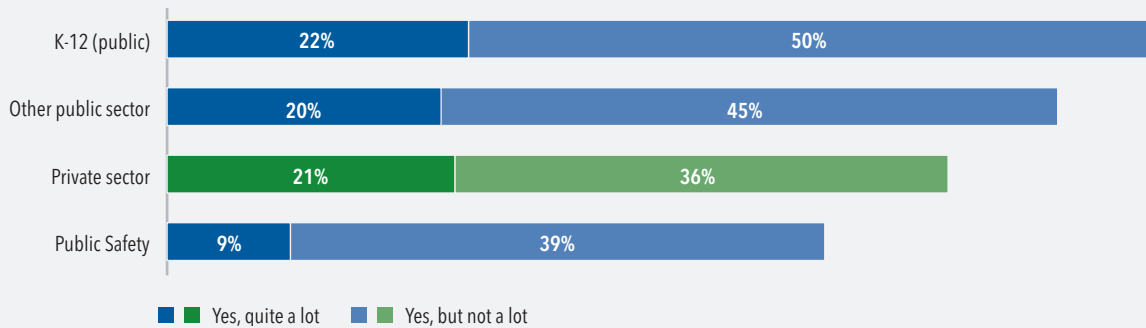
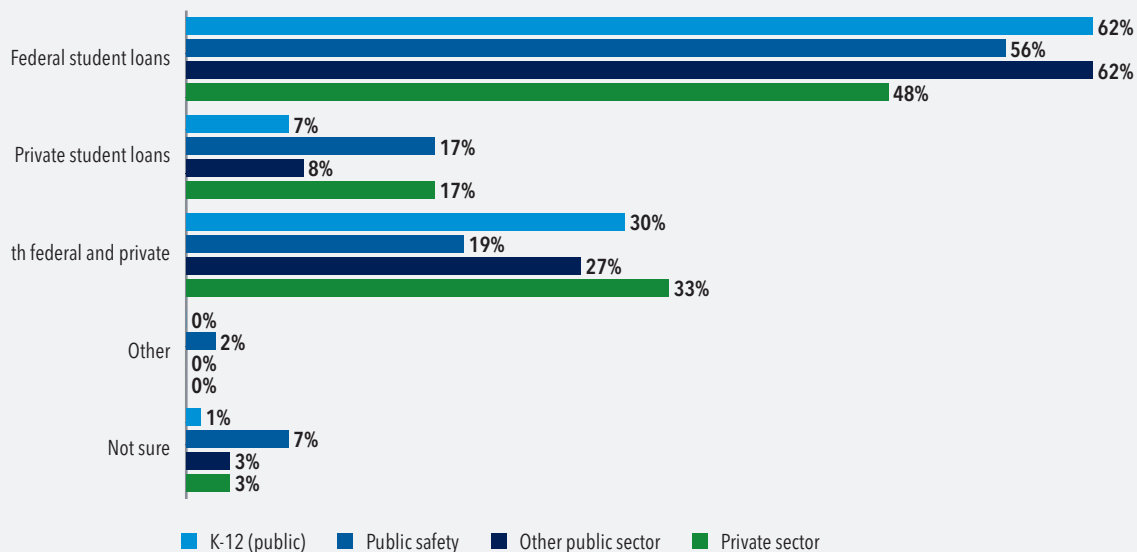


Figure 28 **Would you consider the topic of whether or not someone has student loan debt "too personal" or "taboo" to be discussed among coworkers?** (n = 2,036)



Figure 29 **Of what type are (were) your student loans?** (n = 1,225)



Student Debt Forgiveness or Other Assistance

Whether through PSLF or some other program, 25% of local government employees with current or prior student loans report having had some amount forgiven, compared to 22% of state employees and 17% of private sector employees (Figure 30).

A higher percentage of those with current loans, and who have not had any amount forgiven so far, anticipate that they will eventually qualify for some type of student loan

forgiveness, including 66% in local government, 58% in state government, and 40% in the private sector (Figure 31).

Those currently working in the public sector are those most likely to eventually meet the PSLF criteria of 10 years of qualifying public service and loan payments. In asking them how much longer they would need to continue working in the public sector before qualifying, 30% said 1-5 years, and 19% said 6-10 years (Figure 32). Another 34% don't know.

Figure 30 **Have you ever had any amount of your student loan debt forgiven, or was any amount of your previous student loan debt forgiven?** (n = 1,063)

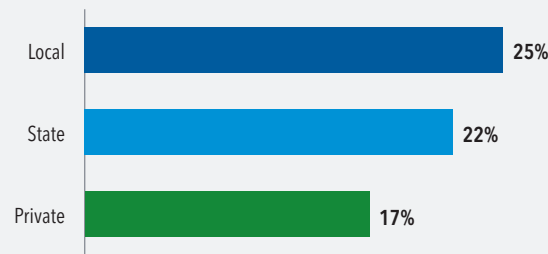
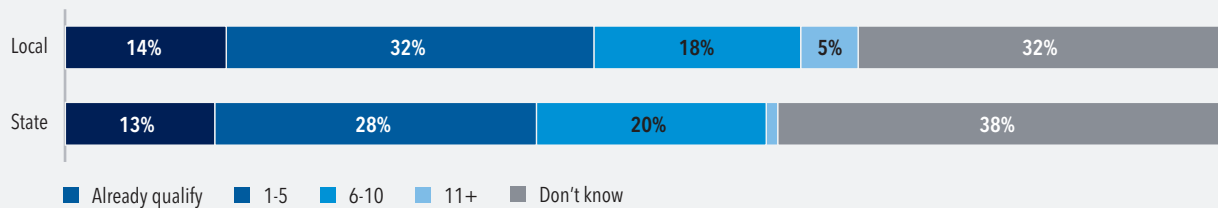


Figure 31 **Do you expect you'll eventually qualify for any sort of student loan forgiveness program?** (n = 466)



Figure 32 **How much longer do you think you'd need to work in the public sector in order to qualify for the Public Service Student Loan Forgiveness program? Your best guess is fine.** (n = 314)



NOTE: Industry data may not sum to 100% due to rounding.

This large share saying they don't know whether they would qualify for federal loan forgiveness begs the question of whether information about the program is being provided to those employees. Overall, only 29% of public sector employees have seen information about the PSLF program from their employers. It has less commonly been provided to those in public safety (17%; Figure 33).

Beyond federal assistance, employers themselves often provide educational assistance. One method that is gaining particular attention as a result of the Secure 2.0 Act of 2022 is making contributions into a retirement plan as a match to the amount the employee makes toward repaying their student loan. In this survey, 25% of private sector workers reported that their employer is doing this (Figure 34), but since Secure 2.0 is still fairly new, that percentage may increase going forward. Although the new legislation is focused on the private sector, 13% of public employees also report receiving some similar type of assistance.



Overall, only **29%** of public sector employees have seen **information about the PSLF program** from their employers.

Other forms of assistance can include allowing employees to work toward required licenses, certifications, or other credentials after they have been hired. Such upskilling may take place immediately after hiring or at subsequent times, such as at regular recertification intervals or prior to a promotion that involves a new type of license. This was most commonly reported among employees in public safety and K-12 public education (Figure 35).

Figure 33 **Has your current employer ever provided information to employees about Public Service Student Loan Forgiveness programs?** (n = 1,001)

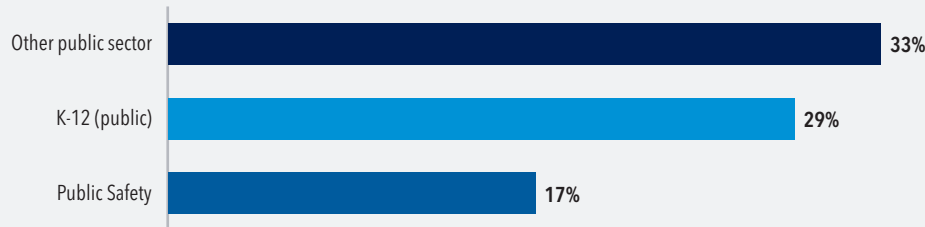


Figure 34 **Does your employer offer a benefit that allows employees to direct a percentage of their paycheck toward student loan repayment which is matched by a contribution by the employer to an education benefit, retirement plan, or other program?** (n = 1,001)

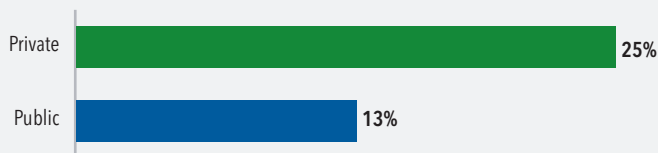


Figure 35 **Does your employer allow employees the opportunity to work toward any required licenses, certifications, or credentials (e.g., a commercial driver's license, a teaching degree/certificate) while employed?** (n = 2,036)



When a special license is not required, but a degree has been, employers have been experimenting with flexibility in consideration of education, skills, and experience to help bring people into the workforce without the need for them to incur significant student debt first.

Figures 36-38 show a range of other education-related programs that employers may offer – from tuition reimbursement to time off to attend classes to financial wellness programs to help manage debt. Of these, tuition reimbursement arrangements are more common in the public sector (52%) than in the private sector (43%; Figure 36).

Figure 36 **Does your employer offer tuition assistance or reimbursement to help employees go back to school for additional education, degrees, or certifications?** (n = 2,036)



Figure 37 **Does your employer offer paid time off specifically for employees to attend educational courses?** (n = 2,036)



Figure 38 **Does your employer offer any financial advice resources related to helping employees develop strategies for managing debt in general?** (n = 2,036)



Figure 39 explores attitudes about an employer’s benefits offerings and responsibilities toward employees. Most respondents agree that their employer provides benefits that are relevant to people their age. On whether employers have a responsibility to help employees become financially secure before retirement or to help them tackle student debt, public safety staff were somewhat less likely to say so. This can also be seen in the bottom item in the graph,

where public safety (30%) and private sector respondents (29%) are more likely to say that employers should not offer assistance with student loans since not all employees bear that type of debt.

Of all the strategies employers could use to address student debt, the one that garnered the most support was matching contributions to an educational savings plan (Figure 40).

Figure 39 **To what extent do you agree or disagree with the following?** (strongly/somewhat agree; n = 2,036)

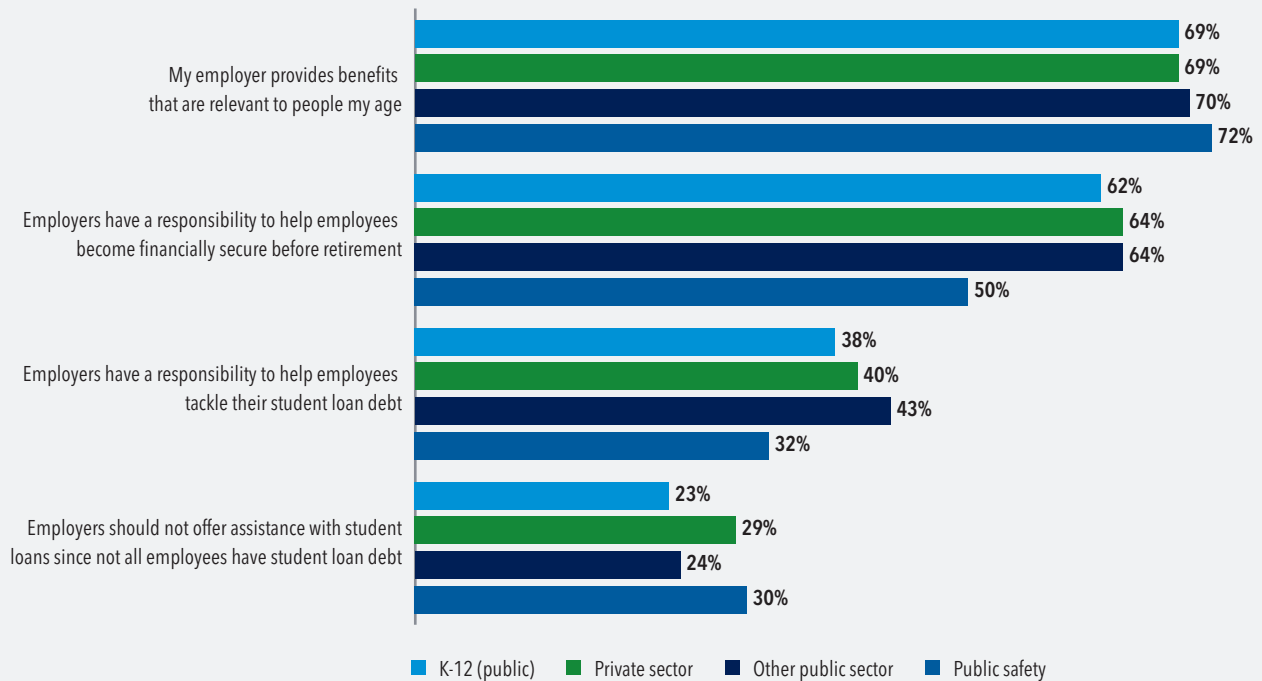
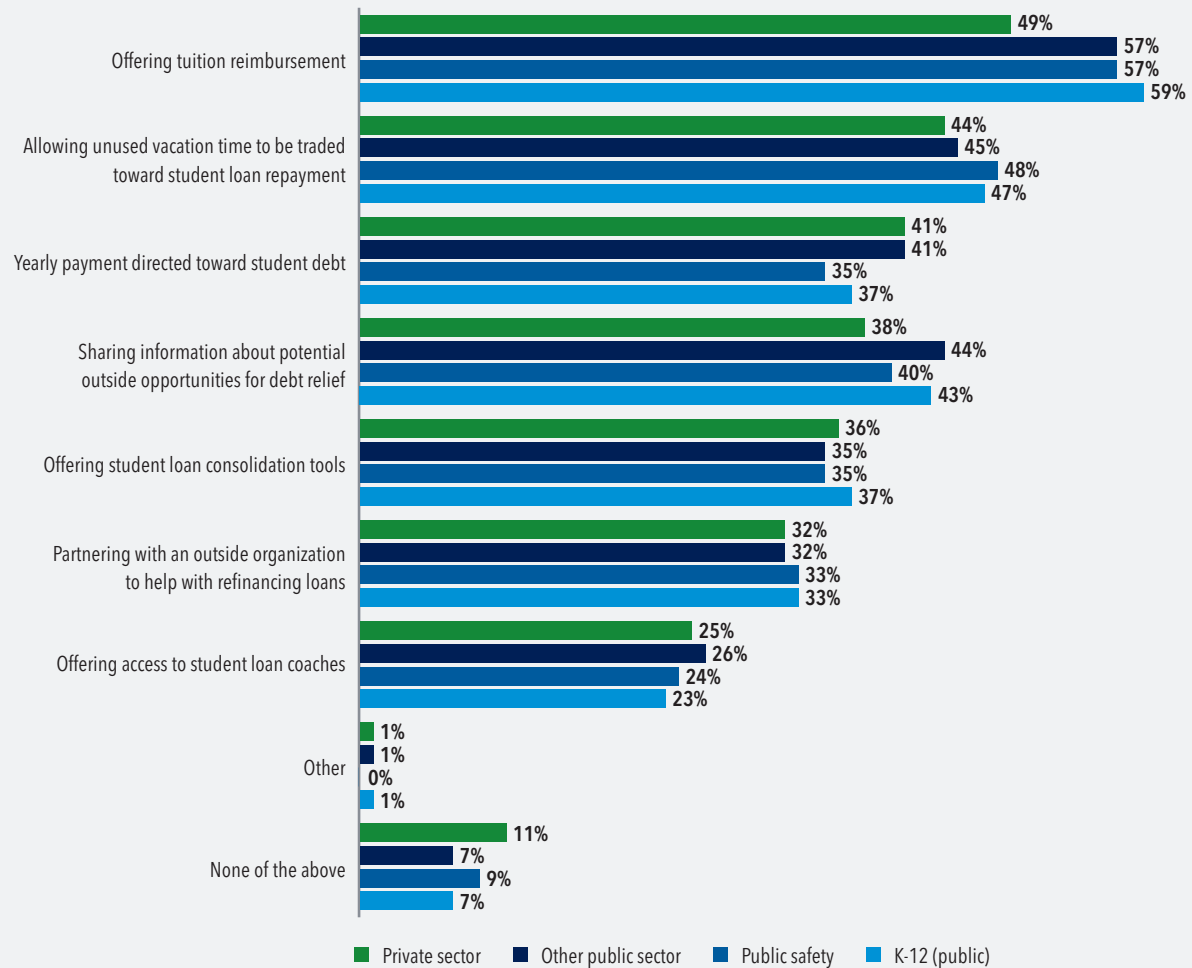


Figure 40 **If your employer was willing to match your contributions to an educational savings plan, how likely would you be to continue your education?** (very/somewhat likely; n = 2,036)



Beyond that, offering tuition reimbursement was supported by 58% in the public sector and 49% in the private sector (Figure 41).

Figure 41 **Which of the following, if any, do you think would be the best way your employer could help employees address student loan debt? Please select your top three.** (n = 2,036)



Retirement, Investments, and Savings

As the discussion about Figure 34 noted, employee contributions to retirement savings and payment toward outstanding debts can be closely related. Figure 42 shows that most respondents are saving toward their retirement currently, often through a defined contribution (DC) plan (68%). Defined benefit (DB) plans are more common among those in the public sector, and are often paired with a DC plan. Saving outside of work-sponsored plans is less common, but can help supplement overall savings, particularly for those who may have worked for their current employer for an insufficient tenure to be eligible to participate in the DB plan.

Regarding the form of retirement plans reported here, employees may not understand what type of plan(s)

they have, particularly if they are early in their careers and not yet focused on retirement. As of 2021, the actual participation rates in retirement plans among state and local government employees were 75% in a defined benefit pension plan and 18% in a defined contribution plan, but in the 2023 MissionSquare Research Institute survey of public employees 35 and under, 20% of those asked about both DB and DC plans indicated that they did not know whether they were participating in such a plan.⁹

Among those who do not have traditional retirement savings, a small percentage have other sources of potential retirement income (Figure 43).

With regard to attitudes and behaviors toward retirement savings, 82% strongly or somewhat agree that they should be saving more than they currently do (Figure 44).

Figure 42 **Are you currently saving for retirement (either through an employer retirement plan or on your own)? Please select all that apply.** (n = 2,036)

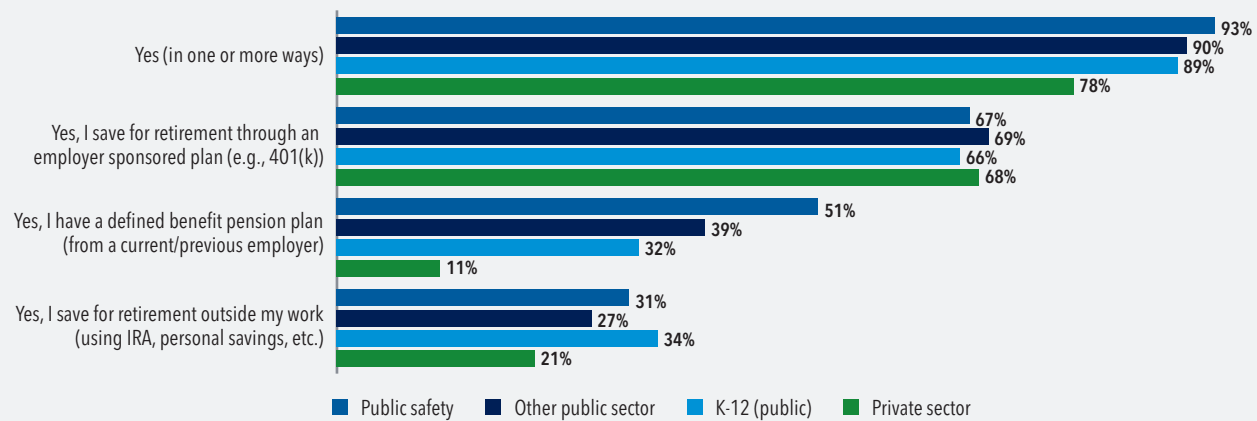


Figure 43 **If you are not currently saving for retirement, do you have any other retirement income sources (such as rental property, inheritance, etc.) that make you feel financially secure during retirement?** (n = 243)

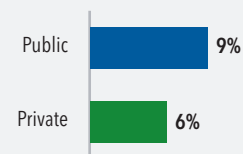
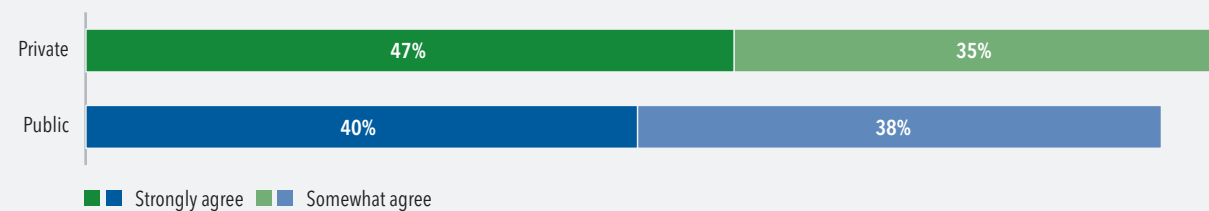


Figure 44 **To what extent do you agree or disagree with the following? "I should be saving more for retirement than I currently do."** (n = 2,036)



As for why that might be, the top reasons cited are being unable to save more, having other savings priorities, or having too much debt (Figure 45). Those in the public sector were somewhat more likely to identify their level of debt as a reason (37%) than were those in the private sector (31%).

For some, student debt is not impacting their investment approach because they are not investing at all. For others, it may steer them to consider more short-term or fixed income options (Figure 46).

Figure 45 Which of the following are reasons why you don't save more than you do for retirement? Please select all that apply? (n = 1,651)

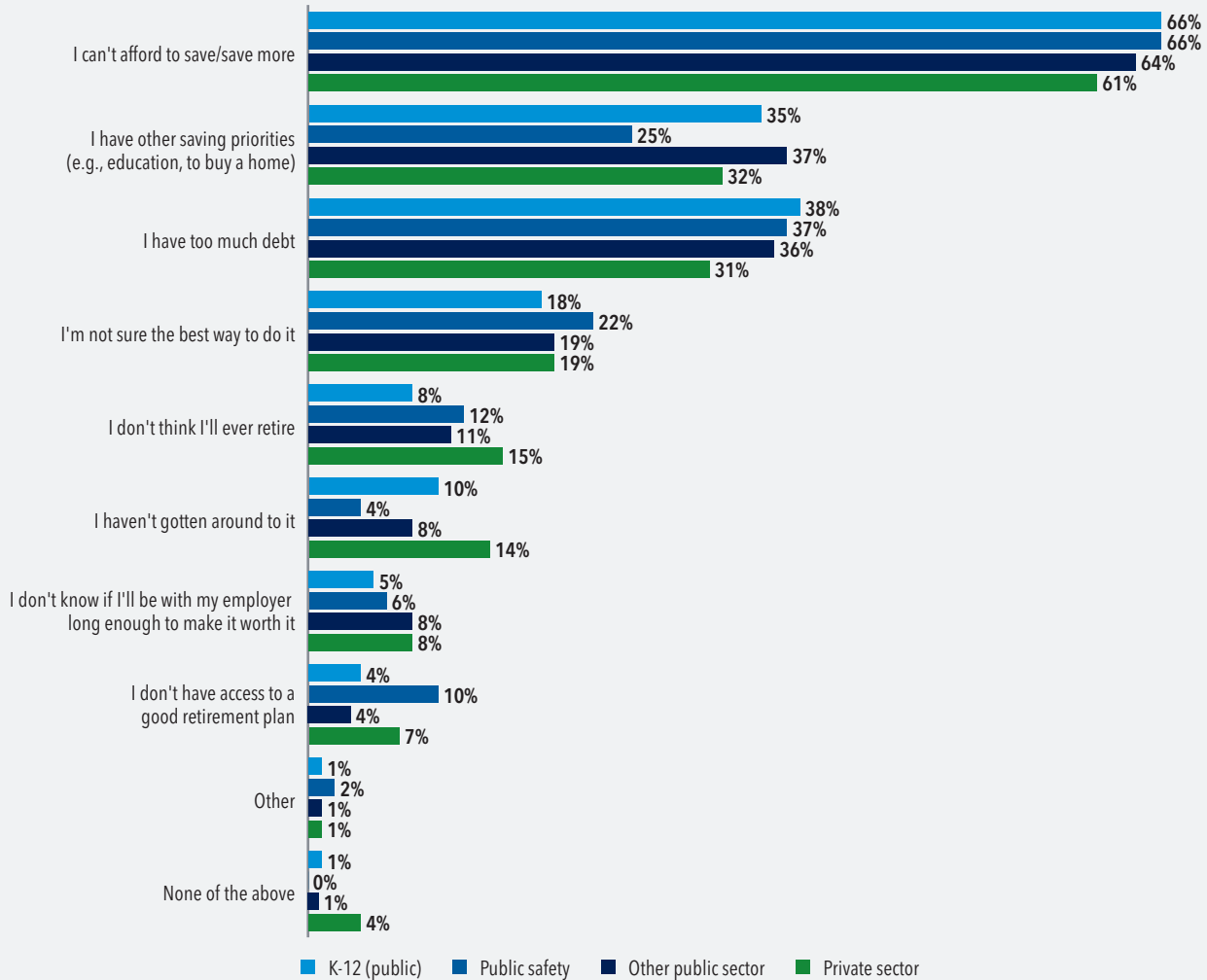
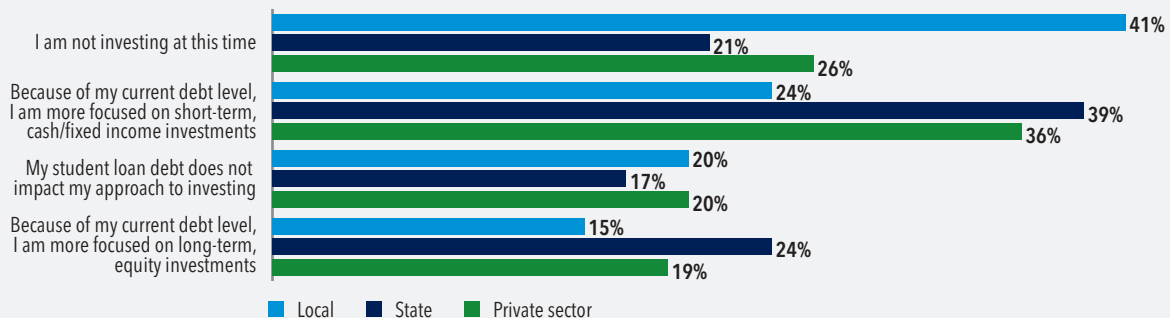


Figure 46 How would you characterize the impact of student loan debt on your investment approach? (n = 627)



Age can also be a factor in savings habits, with most respondents indicating that they started saving for retirement by age 25. Still, 26% of respondents did not start saving until age 30 or older (Figure 47).

In both the public and private sectors, just over half of respondents considered student debt (or a lack of it) as a factor in when they started to save for retirement (Figure 48).

Figure 47 **At what age did you first start saving for retirement?** (n=1,793)

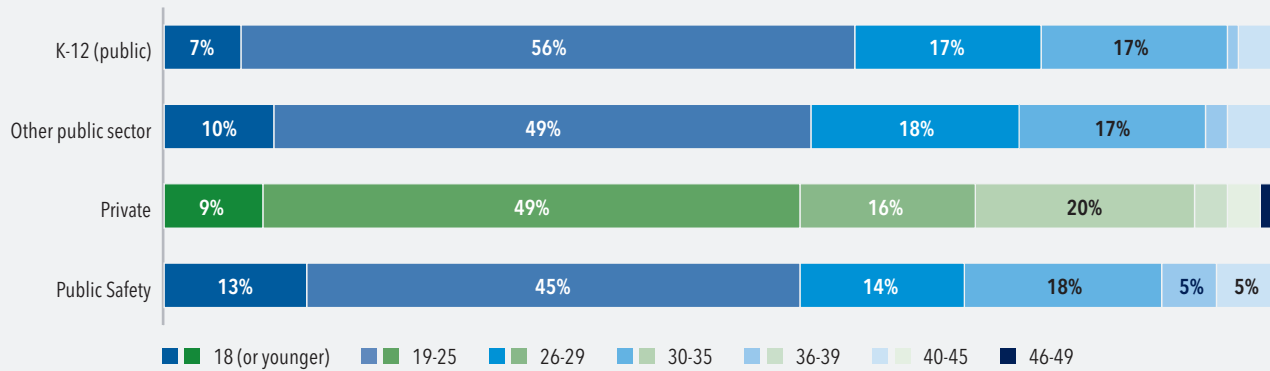


Figure 48 **Do you think you would have started saving for retirement at an earlier age if you didn't have student loan debt to pay (or did never having any student loan debt allowed you to start saving for retirement at an earlier age than you would have otherwise)?**



Housing

With regard to other types of financial assets and investments, public safety staff are most likely to be homeowners (68%), while those in the private sector are least likely to be homeowners (52%; Figure 49).

Regarding financial priorities, public and private sector respondents agree that paying off their mortgages before they retire is a more beneficial financial move than paying off student loans by the age of 30 (Figure 51).

As with the question on retirement savings, just over half of all respondents consider student loan debt to be a factor in being able to buy a home (Figure 50).

Figure 49 **Do you own or rent the home you primarily live in, or do you have another arrangement?** (n = 2,036)

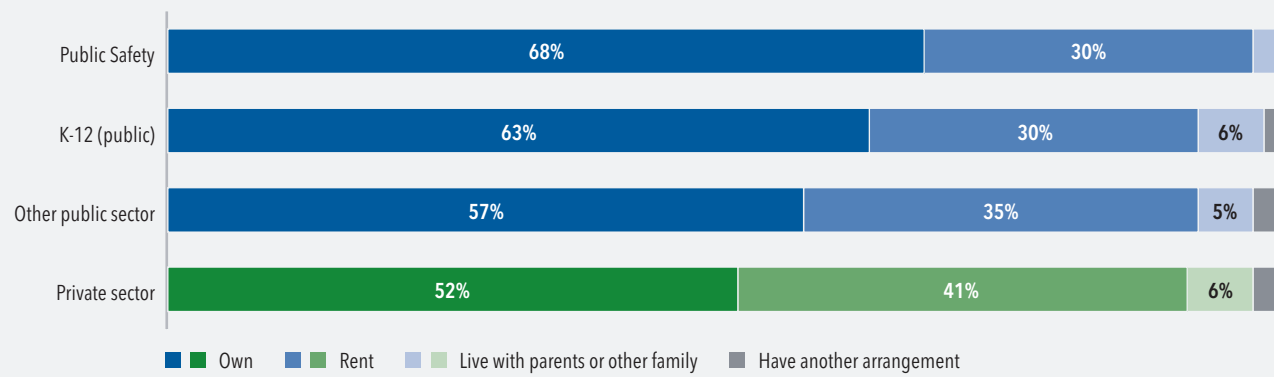
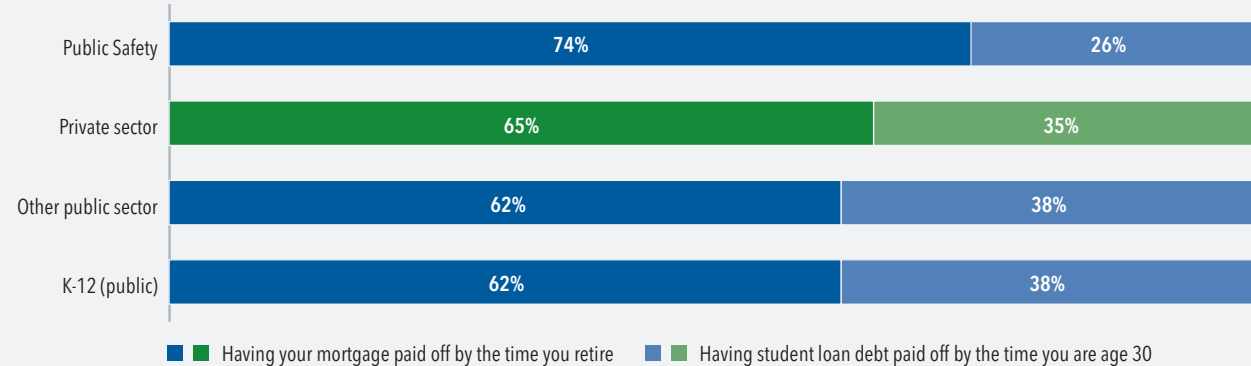


Figure 50 **Has your student loan debt been a barrier to being about to buy a home? If you had student loan debt to pay off, do you think it would have been a challenge for you to be able to buy a home?** (n = 1,721)



Figure 51 **Which of the following do you think is more beneficial for someone's long-term financial security?** (n = 2,035)



Morale and Satisfaction

Positive assessments of morale are more common among those in the private sector (64%), compared to public safety and K-12 public education (57%; Figure 52).

The top-rated aspects of their employment were the ability to do meaningful work for K-12 public education staff (71%) and job security for all other groups (Figure 53).

Figure 52 **How would you describe your current morale regarding work?** (n = 2,036)

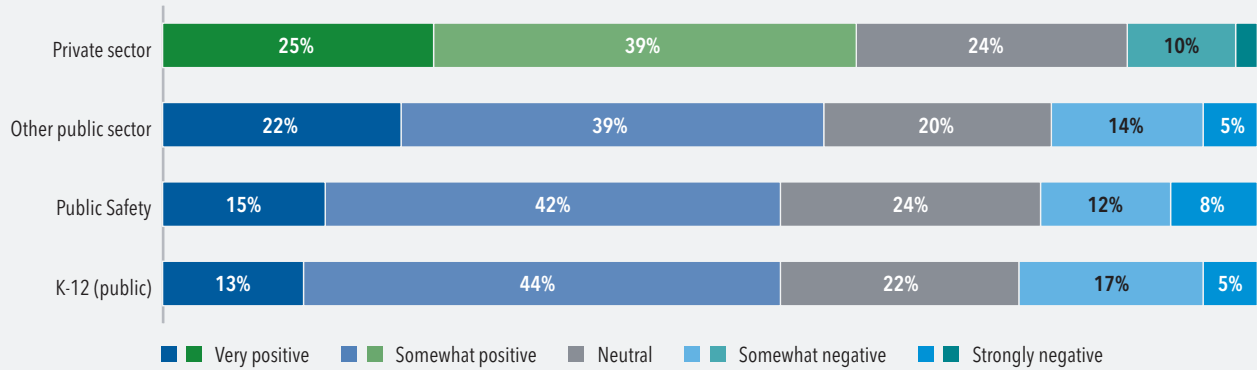
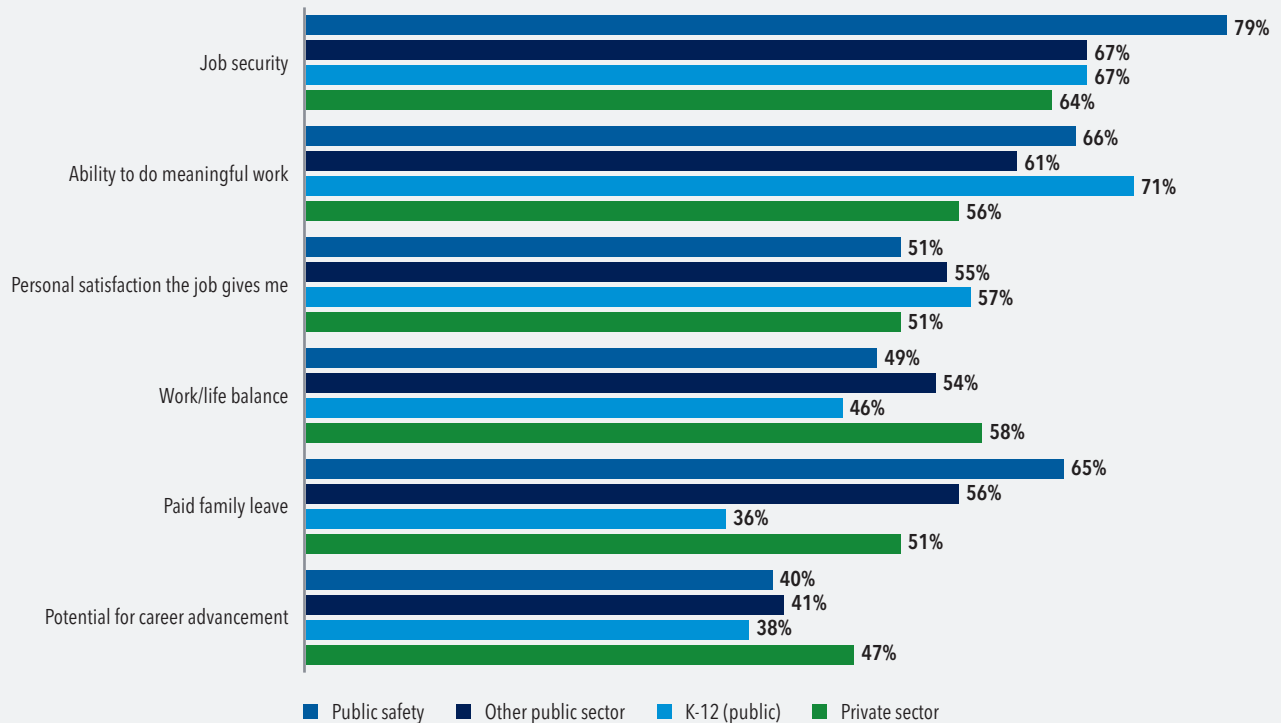


Figure 53 **To what extent are you satisfied with the following aspects of your job?** (n = 2,036)



Wage and benefit compensation contributes to satisfaction, with private sector employees more likely to rate their wages as being competitive (72% for the private sector vs. 58% for the public sector), while benefits are more evenly ranked (75% for the private sector vs. 74% for the public sector; Figures 54-55). By comparison, in MissionSquare

Research Institute's 2024 survey of HR managers, 60% viewed the wage compensation they were offering as being competitive, compared to 90% who saw their benefits offerings as being competitive.¹⁰

Figure 54 **Do you feel the wage compensation offered by your employer is competitive with the labor market?** (n = 2,306)

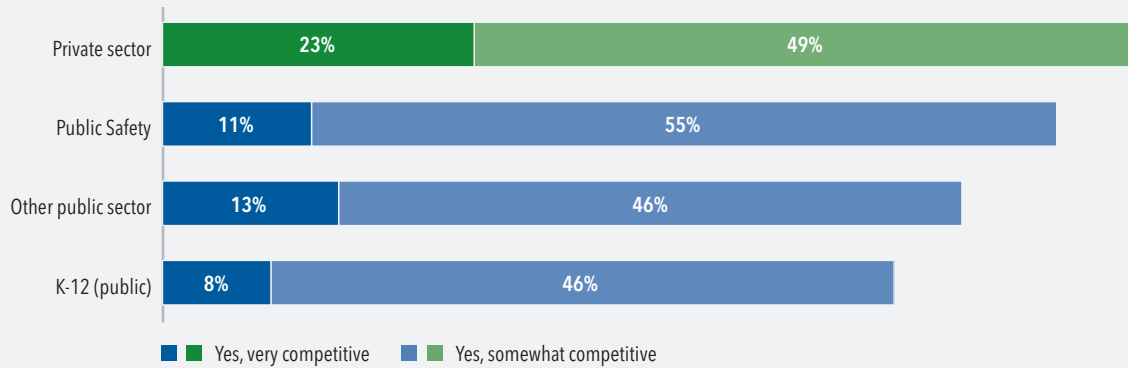
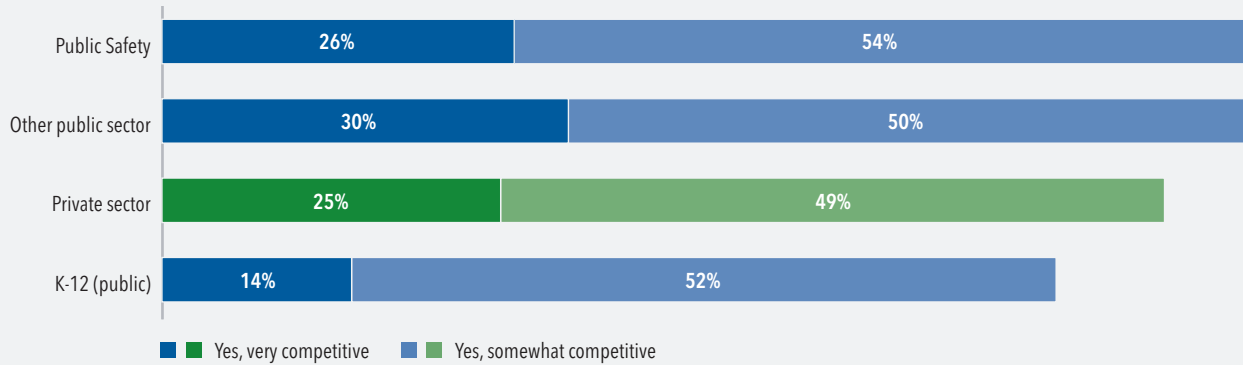


Figure 55 **Do you feel the benefits compensation offered by your employer is competitive with the labor market?** (n = 2,306)

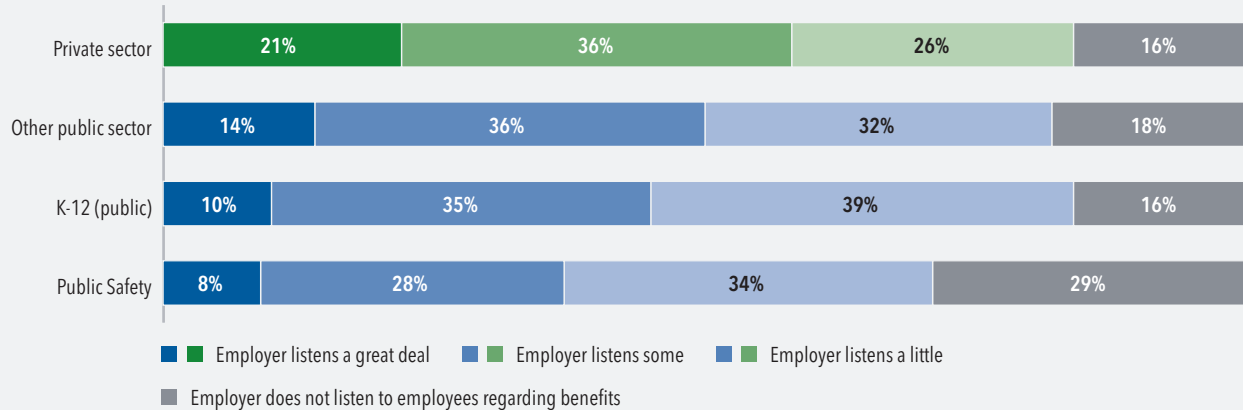


Another factor that impacts employee morale is the feeling that the employer is listening to employee concerns about benefits. Among private sector workers, 57% indicated they feel their employer is listening a great deal or some, compared to 46% among public sector employees (Figure 56). Within the public sector, public safety employees were most likely to indicate that their employer does not listen regarding benefits issues (29%).

Perceptions of the Public vs. Private Sector

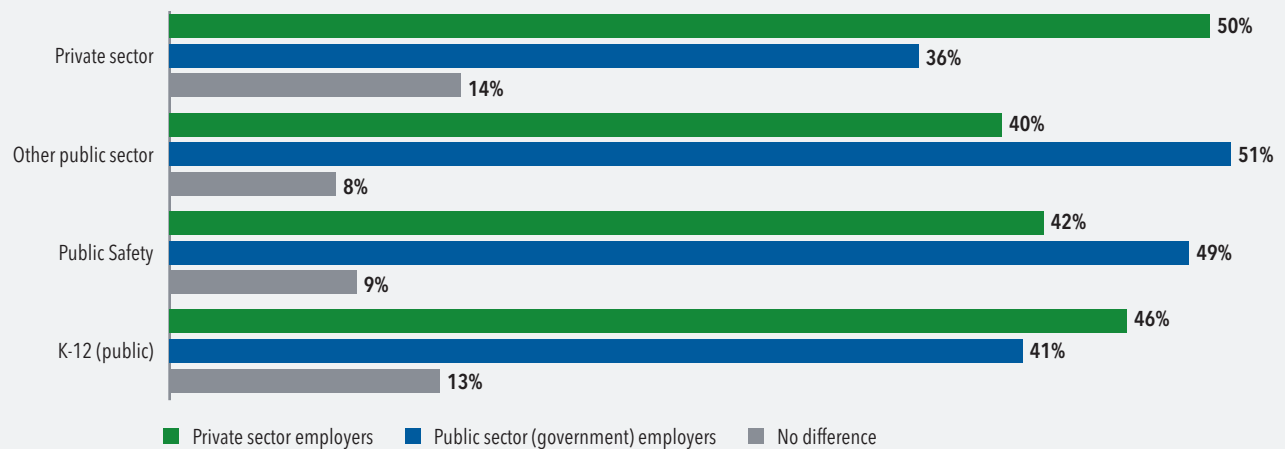
Moving beyond the questions of competitiveness in Figures 54 and 55, employees considering moving to a different employer may do so on the basis of whether they perceive the “grass is greener” elsewhere. Regarding benefits, that does not appear to be the case. Private sector employees are most likely to think that the private sector is more generous with benefits (50% vs. 36%), while public sector employees are more likely to think that public sector employees have more generous benefits (47% vs. 43%; Figure 57).

Figure 56 **To what extent do you feel like your employer listens to employees about what employee benefits they need and want?** (n = 2,036)



NOTE: Industry data may not sum to 100% due to rounding.

Figure 57 **If you had to guess, what type of employer do you think is more generous with their employees when it comes to benefits?** (n = 2,036)



NOTE: Industry data may not sum to 100% due to rounding.

Regarding the generosity of student debt assistance, the opposite is true. Private sector employees are more likely to view the public sector as being more generous (48% vs. 35%), and public sector employees are more likely to view the private sector as being more generous (42% vs. 38%; Figure 58).

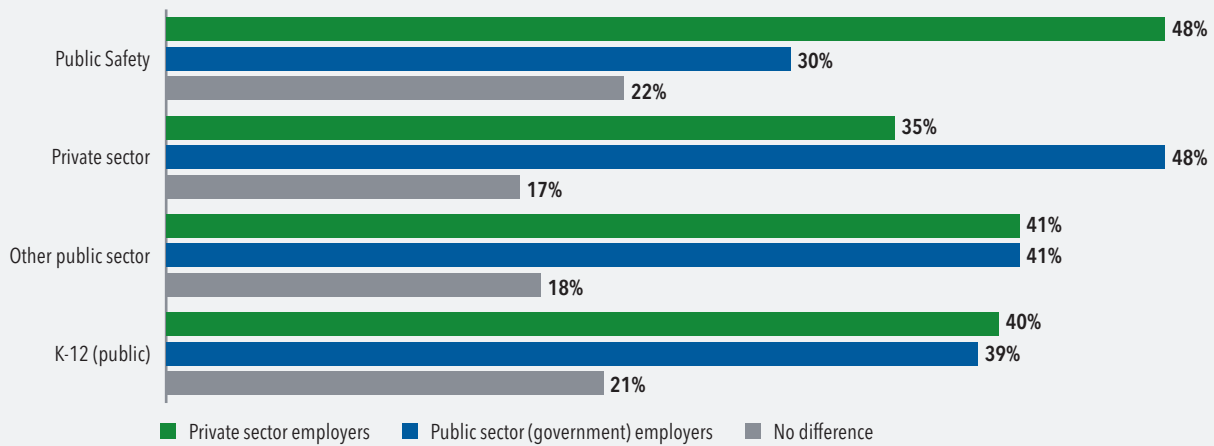
Across these two comparisons, the one group where the perception gap is widest is public safety employees, who feel that the private sector is much more likely to be generous with student loan debt assistance (48%) than public sector employers are (30%).



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**.

Figure 58 **If you had to guess, what type of employer do you think is more generous with their employees when it comes to helping with student loan debt?** (n = 2,036)

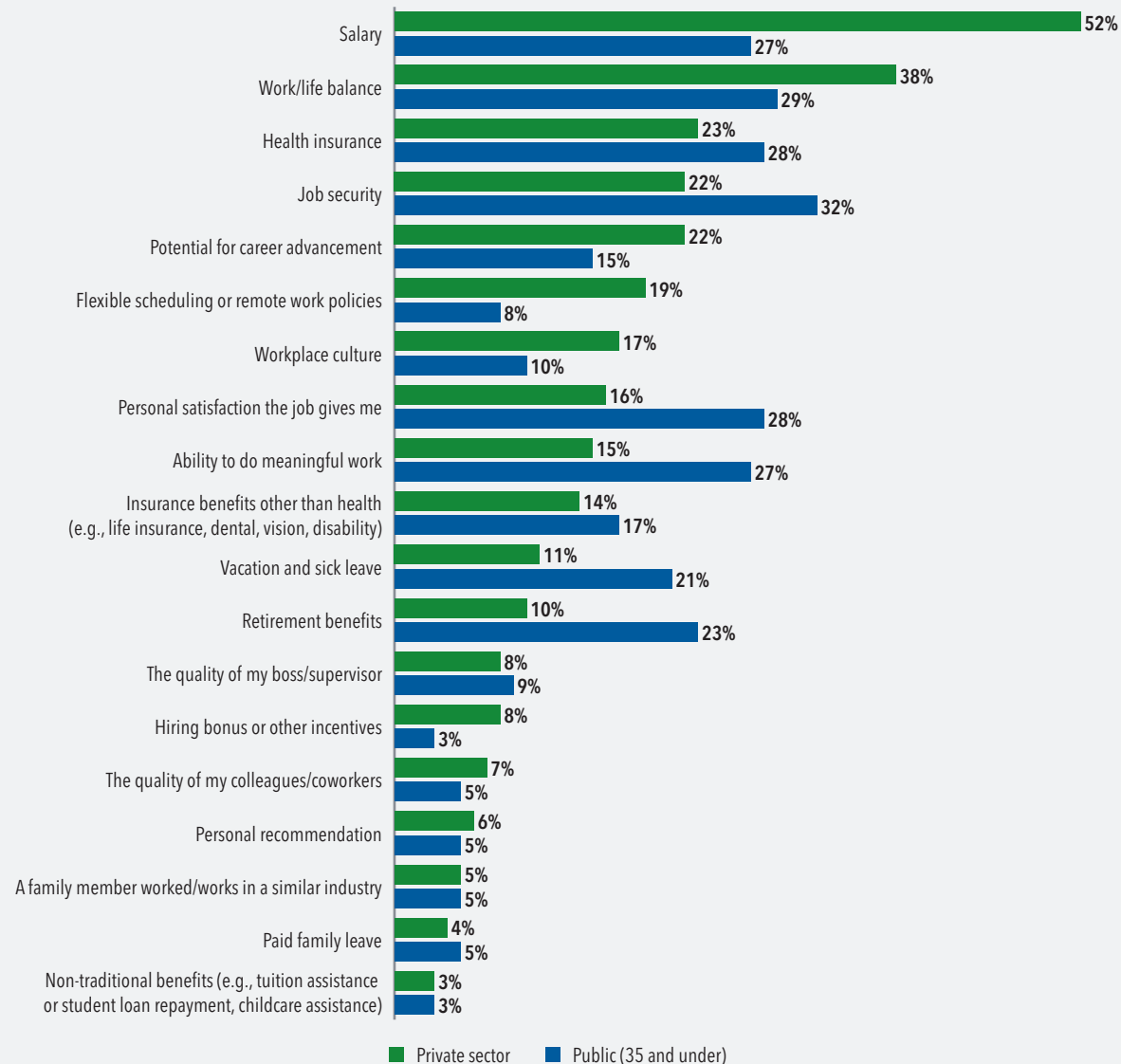


Career Motivation and Retention

Why employees selected their sector of the job market is also a key factor in their likelihood of remaining. Among private sector employees, the top three priorities most often included salary (58%), followed by work/life balance (38%) and health insurance (23%).¹¹ By comparison, when this same question was asked as part of MissionSquare Research Institute’s study of public employees 35 and under, the top priorities were job security (32%), personal satisfaction (28%), and tied for third, salary and the ability to do meaningful work (27%). The two datasets are shown side by side in Figure 59.

Another major difference in the data concerned retirement benefits, which were among the top three priorities of 23% of public sector employees, but just 10% of private sector employees. To the extent that private sector employees view their benefits as being competitive, they may not be considering retirement plans, particularly since defined benefit pensions are more common in the public sector.¹²

Figure 59 **Please rank the top 3 factors that attracted you to work in your current employment sector in the first place** (Total ranked; n = 1,035 and 1,004)



On how student debt impacted selection or acceptance of employment, employees in the private sector were slightly more likely to identify this as a factor (62% vs. 56%; Figure 60) and to indicate they turned down other jobs for that reason (25% vs 20%; Figure 61).

Career advancement, however, saw no difference between the public and private sector, with 34% of employees in each field assessing student debt as having limited their opportunities (Figure 62), and similar Figures saying the same regarding hypothetical debt (Figure 63).

Figure 60 **Think back to when you first took the job you have now. To what extent was your level of student loan debt a factor in accepting your current employment?** (n = 627)

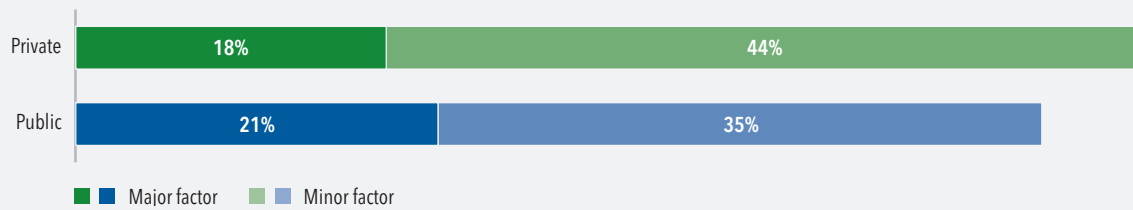


Figure 61 **When on your job search, did you turn down other jobs or otherwise limit the jobs you considered due to the need to pay down your student debt?** (n = 627)



Figure 62 **Do you believe that having student loan debt has limited your opportunities for career advancement in any way?** (n = 627)



Figure 63 **If you had incurred (or still had) student loan debt, do you think it would have limited your opportunities for career advancement in any way?** (n = 1,409)



Professional development goals include a variety of skills, assignments, and responsibilities. The one group that was significantly more likely to express an interest in additional education or certification was K-12 public education (55%), compared to 39-42% for all others (Figure 64).

Private sector respondents were most likely to indicate that their employer was helping them achieve their professional development goals (50% indicating they are helping a great deal or helping some), while K-12 public education respondents were least likely to say so (38%; Figure 65).

Figure 64 **What professional development goals, if any, would you like to pursue? Please select all that apply.**
(n = 2,036)

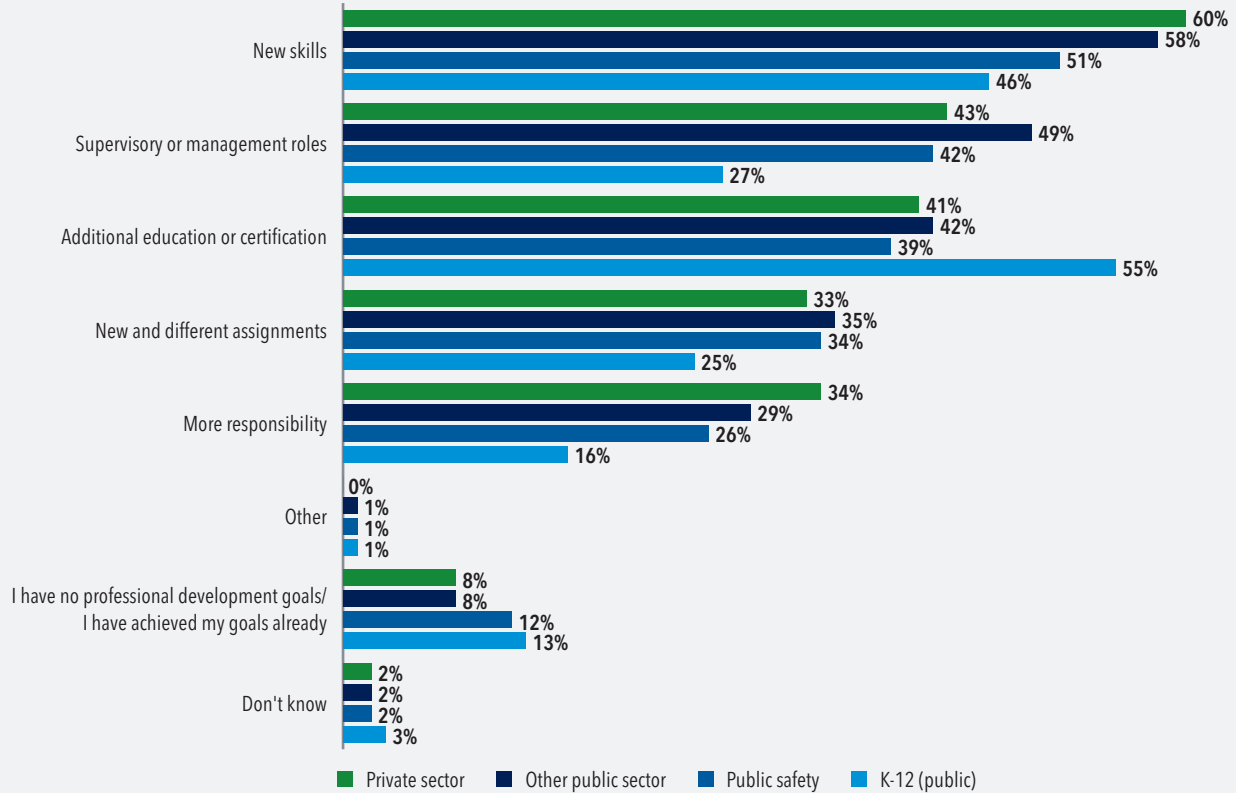
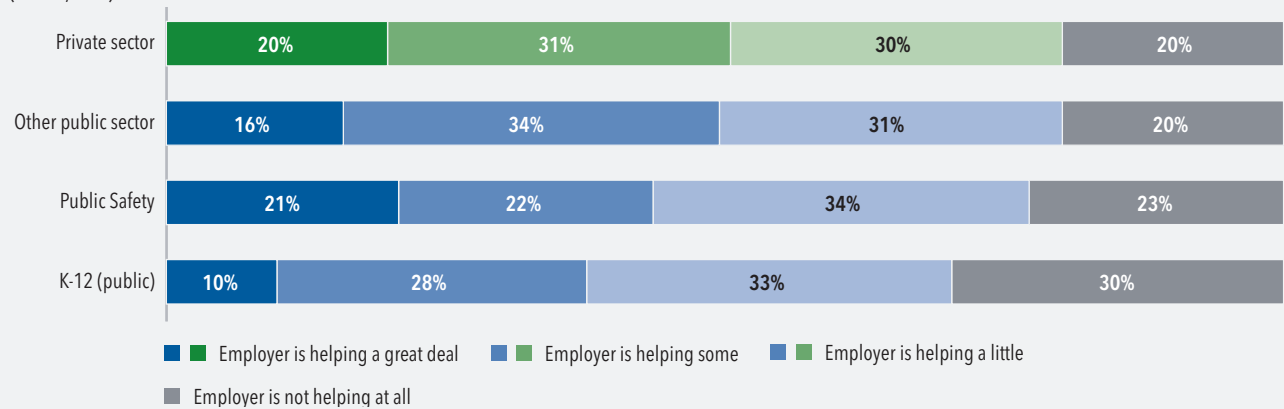


Figure 65 **To what extent is your employer helping you to achieve your professional development goals?**
(n = 1,772)



NOTE: Industry data may not sum to 100% due to rounding.

Nevertheless, K-12 public education employees are most likely to say they would like to remain with their current employer (45%), compared to 36% of public safety staff and just 30% of all private sector respondents (Figure 66).

But for those who are considering seeking other employment, student debt is a factor, particularly for those in K-12 public education (80%; Figure 67).

Figure 66 Which of the following best describes your feelings about your current employer and job? (n = 2,036)

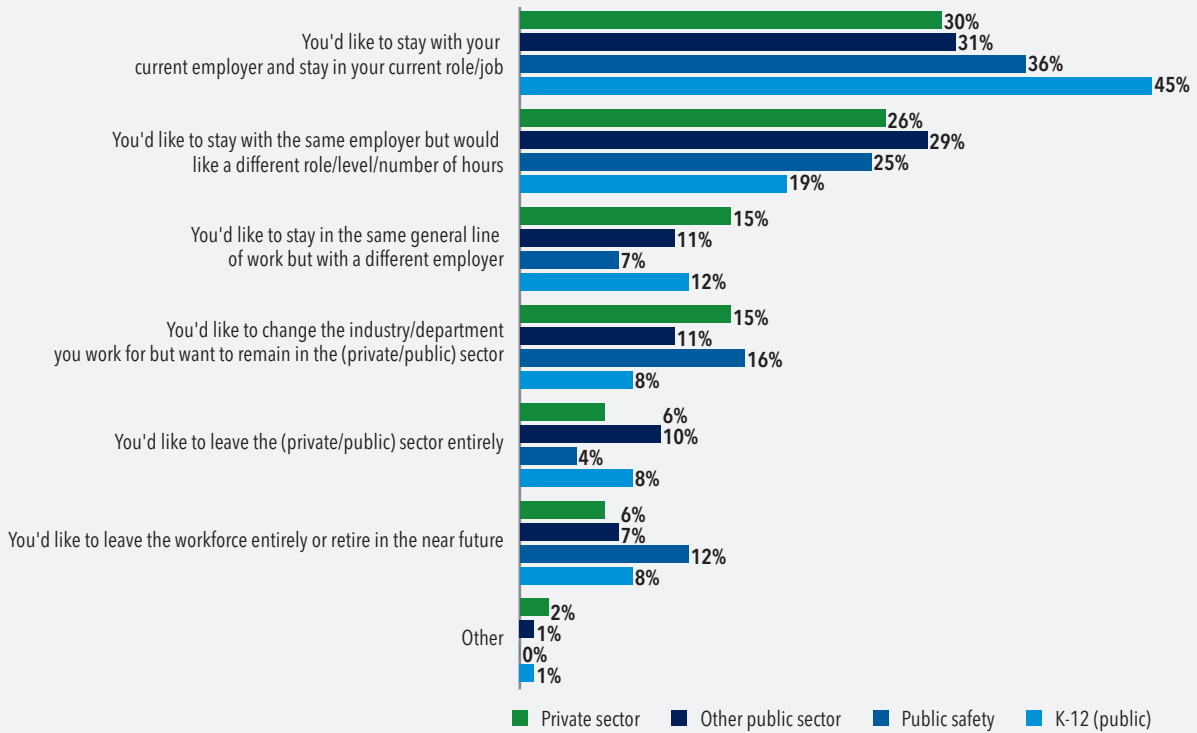
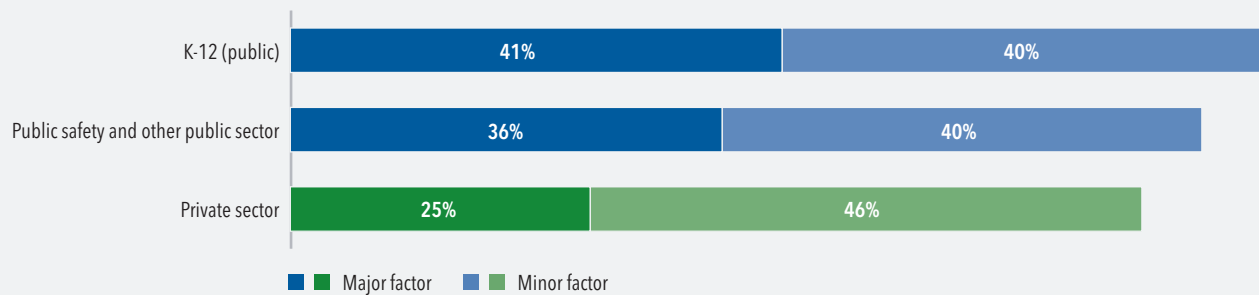


Figure 67 To what extent does the fact that you have student loan debt to pay off factor into considering whether to seek other employment? (n = 581)



Conclusion

Student debt is not as common as credit card debt, but is a major source of stress, both generally and among public sector employees. Although avenues exist for federal debt forgiveness, sufficient hurdles and uncertainty continue around these programs for it to be prudent for state and local governments looking to recruit and retain talented staff to consider how they may take action directly to help address the issue.

Key takeaways:

- **Become familiar** with the typical educational pathways and likely student debt levels. (See [Student Debt in State and Local Government: Impacts on Select Occupations](#)).
- **Recognize occupational variations.** Although debt may be considered problematic in some fields more than others (e.g., for 84% of public sector health care employees; Figure 20A), that does not mean that other fields are immune. In fact, although public safety staff are least likely to have current student debt (26%), an additional 32% had prior student debt (Figure 19A).
- **Provide information.** Only 29% of public employees report that their employers have informed them of the benefits or eligibility criteria for federal loan forgiveness (Figure 33). Just as employers need to communicate clearly about the total value of direct compensation, retirement and health care benefits, and other offerings like life insurance, paid family leave, and flexible work arrangements, so too do they need to communicate about benefits that other levels of government may be providing based on their current (or current and prior) public sector employment.
- **Dispel misconceptions.** On student debt assistance, private sector employees are more likely to view the public sector as being more generous, while public sector employees view the private sector as more generous (Figure 57). Use employee engagement surveys, staff meetings, or one-on-one discussions to uncover other potential misconceptions, then share the data on specific programs.
- **Discuss fairness.** Twenty-four percent of public employees don't think their employers should offer financial assistance with student loans because not all employees have such debt. Several benefits, however, are geared toward needs that may be oriented toward one group and not another. These include paid family leave, tuition reimbursement, home down payment assistance, and hiring bonuses targeted to specific hard-to-fill jobs. While respecting that some employees may disagree on what initiatives are appropriate or inappropriate, employers can emphasize that such programs not only help the individual employee, but also help the organization to retain and develop existing, in-house talent and reduce the frequency of needing to recruit someone new.
- **Consider skill-based recruitment.** This does not mean ignoring education as a pathway toward career preparation, but rather acknowledging that alternate pathways may exist to acquiring the relevant skills and experiences. For more on skill-based recruitment and degree requirements, see [State and Local Workforce: 2024 Survey Findings](#).
- **Value continuing education.** Not all education is completed prior to an individual accepting a job. In fact, 5% of current employees are still working to meet their position's educational requirements, and others may be working toward new licenses, greater responsibility, or long-term goals.
- **Create incentives.**
 - Matching contributions – whether involving educational savings plans, student debt repayment, or retirement accounts, or some combination – are an option that helps reduce the debt burden while splitting costs between the employee and employer. Among survey respondents, 75% would participate (Figure 40), but only 13% are currently offered this option (Figure 34). With private sector employers already more likely to provide this benefit and the Secure 2.0 Act incentivizing such practices, it would behoove public sector employers to adopt it more widely to ensure they remain competitive.
 - Paid time off to attend classes: 30% in the public sector say their employers provide this benefit (Figure 37).
 - Tuition reimbursement: 52% in the public sector say their employer currently offers this benefit (Figure 36), while 68% of HR managers say it is available.¹³ If there is a disconnect or a lack of awareness, ensure that benefits like this are discussed not just at onboarding, but also as part of regular communications with employees at all levels.

- **Unused vacation credit:** Many employers allow for vacation above a certain balance to be converted to cash. One option, supported by 46% of public sector respondents, is to allow employees to direct those amounts toward their student loan repayment (Figure 41).
- **Provide other resources.** With 36% of public employees who have student debt missing one or more payments over the past six months (Figure 23), it may be that they would benefit from other types of resources as well. In 2022, 40% of state and local employees said their governments were providing financial wellness education, and of those not yet participating in such a program, 67% said they would be interested in doing so.¹⁴ Topics in that survey that were of most interest to employees included retirement planning, investments, budgeting, inflation, debt, and rainy day funds (see also: [Infographic: Employee Emergency Savings Benefits Make Good Business Sense](#), MissionSquare Research Institute, April 2021). Among the debt strategies noted above, one other suggestion employees endorsed was providing student loan coaches (Figure 41).
- **Lean into motivation.** Public sector employees are much more likely to be motivated by retirement benefits, personal satisfaction, or a desire to do meaningful work, rather than simply salary (Figure 59). In structuring and promoting student debt-related initiatives, emphasize that by helping employees address their financial concerns, these efforts also facilitate their continuing to meet larger goals of a secure retirement and a career of service to the public.
- **Talk openly.** Among public employees with student loans, 80% view that debt as a factor in considering a job change (Figure 67). Given that, perhaps their employer should be talking with them about how to mitigate those concerns. This could include conducting a stay interview – long before those employees express a desire to exit. And while 31% consider student debt a topic that is too personal to discuss with their co-workers (Figure 28), supervisors and HR specialists could demonstrate that they understand that debt may be part of employee decision-making. That does not mean employers need to ask staff to divulge their financial details. But it may mean that when talking about an employee’s 5-year career plan, rather than just discussing those interests broadly, perhaps there is also room to bring up the financial pathways to help them to achieve those goals.

Endnotes

1. Typical entry-level education and associated debt vary by occupation, with a criminal justice associate's degree carrying an average student debt of \$16,075, while a master's degree in social work averages \$39,329. [Student Debt in State and Local Government: Impacts on Select Occupations](#) (MissionSquare Research, February 2024) presents the data for various the educational pathways most common to each of the 15 studied hard-to-fill state and local occupations.
2. Sequoia Carrillo, "[35,000 more public servants see their student loan balances reduced or erased](#)," National Public Radio, July 18, 2024.
3. [State and Local Workforce: 2024 Survey Findings](#), MissionSquare Research Institute, July 2024; see Figure 12 and Figure 5.
4. The "other" category varies by question. Where there are sufficient respondents to break out additional fields, such data are displayed. In this case, "other" includes employees working in health care, non-K-12 public education, professional occupations, and other roles.
5. See also "Education Levels Among Public Safety Employees" in [Student Debt in State and Local Government: Impacts on Select Occupations](#).
6. There is some overlap between these categories, for instance, with an individual who might have a student loan for themselves and for their child. The percentages who reported any of these three types of student debt were 40% of those working in state government, 44% of those in local government, and 36% of those in the private sector.
7. [Public Sector Employee Financial Wellness Program Needs and Preferences](#), MissionSquare Research Institute, April 2023.
8. Additional calculations based on raw data for those respondents. This level of detail is not displayed in the corresponding figure.
9. See: [Benefits of State and Local Government Employees, MissionSquare Research Institute, 2022. and 35 and Under in the Public Sector: Why Younger Workers Enter and Why They Stay \(or Don't\)](#)
10. [State and Local Workforce: 2024 Survey Findings](#), MissionSquare Research Institute
11. Salary and work/life balance were the top two priorities of all age cohorts of private sector employees. Among those 18-29, the third highest priority was a tie between flexible scheduling and ability to do meaningful work.
12. [Benefits of State and Local Government Employees](#), MissionSquare Research Institute, February 2022, and [Employee Benefits in the United States - March 2023](#), U.S. Bureau of Labor Statistics, September 21, 2023.
13. [See State and Local Workforce: 2024 Survey Findings](#), Figure 25.
14. [Public Sector Employee Financial Wellness Program Needs and Preferences](#), MissionSquare Research Institute. See Figures 7 and 12 regarding program interest and curriculum topics.

References

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

[State and Local Workforce: 2024 Survey Findings](#)
[Public Sector Employee Financial Wellness Program Needs and Preferences](#)

[Infographic: Employee Emergency Savings Benefits Make Good Business Sense](#)

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