



Student Debt's Impact on California's Nonprofit Workforce

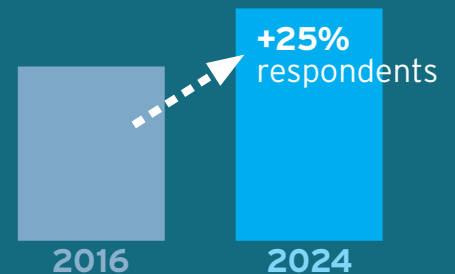
2024 Survey

About the Survey

The crisis of student debt continues to have serious implications for the nonprofit sector. We learned from our 2016 survey on the topic that the burden of student debt impacts workers in numerous ways and affects their ability to continue careers in the nonprofit sector. This past spring we again looked into the problem, surveying 1,221 individuals about how student debt is impacting their lives, and how nonprofit organizations are responding – or not – to the issue. Much has changed over the past decade with respect to student debt, but it remains simultaneously a personal issue for nonprofit staff, a management challenge for nonprofit organizations, and a public policy issue for the nonprofit community.

Respondents:
1,221

The 2024 survey received 25% more responses than the 2016 survey.



65% nonprofit **employees**

35% nonprofit **employers**



Key Findings

“I never qualify because of my payment history. I barely make enough to live and manage my basic bills.”

The Debt Burden is Inequitable: Over 76% of respondents reported carrying some debt, with a substantial portion (36.6%) having debt exceeding \$60,000. The majority of those with the highest levels of debt—those over \$120,000—are people of color (60%).

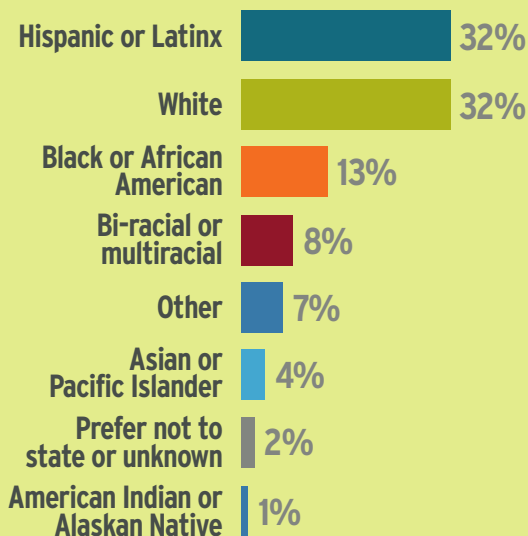
Nonprofit Career Paths Face Roadblocks: Student debt significantly impacts career decisions within the nonprofit sector. Over 50% of respondents indicated that their debt “makes it difficult to remain in the nonprofit sector.” This potential talent drain poses a serious threat to the sustainability and effectiveness of California’s nonprofit organizations.

Loan Repayment Assistance Programs are Rare: A lack of employer awareness of their employees’ student debt burden hinders the development of effective strategies to address this crucial issue. Only 10% of organizations offer student loan repayment assistance, and most organizations that do spend less than \$1,000 per employee annually.

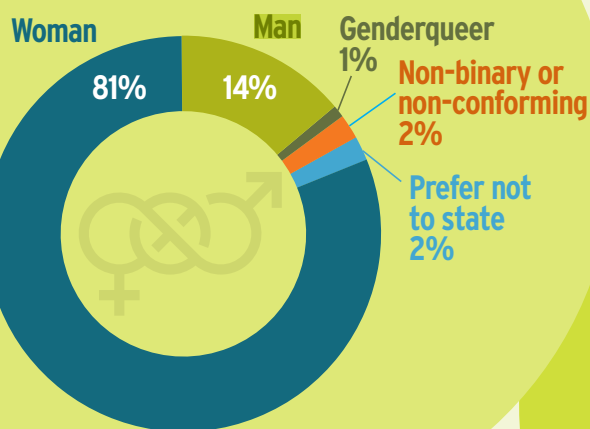
PSLF is Seriously Underused: Public Service Loan Forgiveness (PSLF) offers a valuable path to debt relief for nonprofit employees. However, the survey suggests underutilization of this program. Only 40% of employers offer PSLF support, 42% of employees are highly aware of it, and 45% of eligible employees know how to submit an Employer Certification Form, which is essential to enroll in PSLF. This highlights the need for increased education and promotion of PSLF within the sector.

Loan Servicers are Problematic: Student loan repayment is plagued by persistent issues with loan servicers. Administrative complexities, frequent changes in policies and procedures, and communication gaps create frustrating and error-prone experiences for borrowers. These challenges can significantly hinder progress toward loan forgiveness and add unnecessary stress to the already significant burden of student debt. A shocking 95% of respondents had yet to receive any debt forgiveness despite recent changes to the PSLF program, although 5% did share encouraging stories, including one loan of \$273,000 being forgiven.

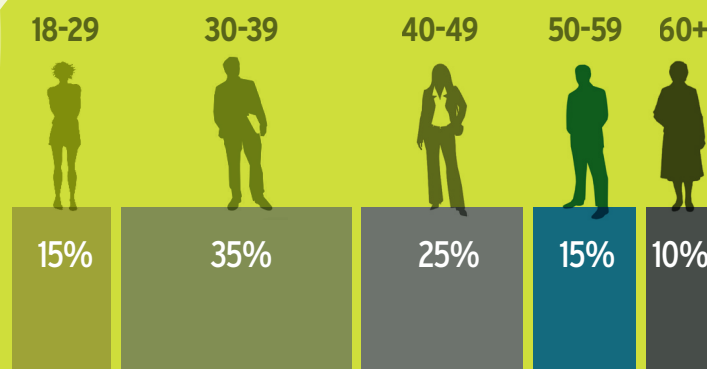
Ethnic Identity of Respondents



Gender Identity of Respondents



Age of Respondents



Recommendations

For Nonprofit Employers

Conduct Employee Surveys to regularly assess the prevalence of student loan debt among your workforce

Offer Debt Repayment Assistance Programs: 85% of respondents indicated they would be likely to continue working in the nonprofit sector with the introduction of repayment assistance programs. This could be a fixed annual contribution, matching contributions made by employees, or a percentage of salary dedicated to loan repayment.

Promote PSLF Awareness and Streamline the Application:

- Actively promote the PSLF program to nonprofit employees carrying student debt.
- Organize workshops to explain eligibility requirements, application processes, and the latest policy changes.
- Assist employees with completing the PSLF Employment Certification Form and guide them through the application process.

For Employees

Open Communication with Employers: Discuss your student loan situation with your employer to explore potential support options or advocate for the implementation of relevant programs.

Explore PSLF Eligibility: Research the Public Service Loan Forgiveness program and determine if you meet the eligibility criteria. Utilize available resources and employer support to ensure you are on track for forgiveness.

Seek Financial Guidance: Consider seeking professional financial advice to develop a personalized debt management plan and explore potential repayment strategies.

Advocate for Policy Changes: Support advocacy efforts aimed at alleviating the student loan burden on the national level. This could involve advocating for increased federal funding for student loan assistance programs or broader PSLF eligibility criteria.

For Policymakers and Advocacy Organizations

Increase Federal Funding: Advocate for increased federal funding for student loan assistance programs, including income-driven repayment plans and loan forgiveness initiatives.

Expand PSLF Eligibility: Push for broader eligibility criteria and streamlined application processes for the Public Service Loan Forgiveness program.

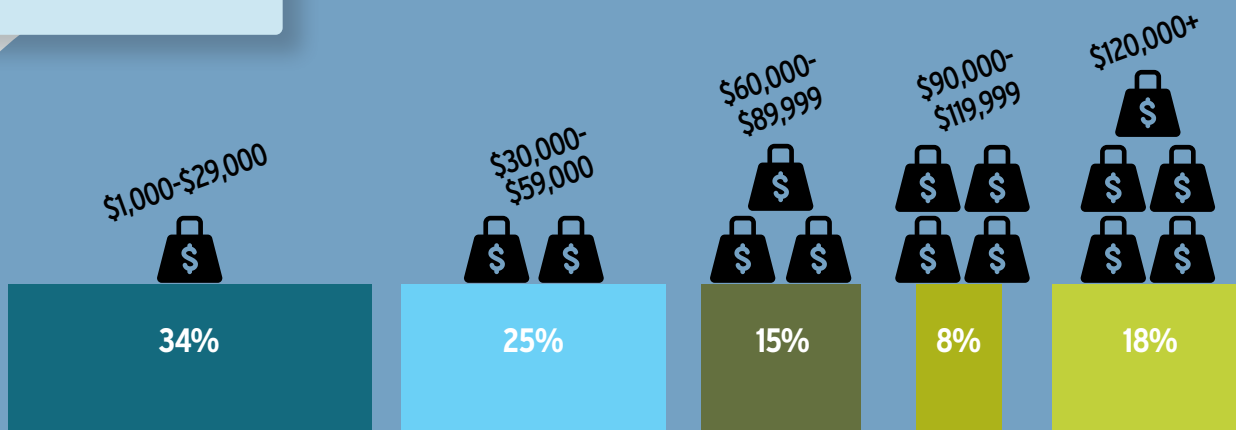
Reduce College Costs: Support policies aimed at making college more affordable, such as tuition-free or significantly reduced costs for public service professions.

Collaborate: Engage with nonprofit organizations and public agencies to develop and implement effective solutions that address the student loan debt crisis within the sector. Examples of potential partners include: CalNonprofits, The Student Debt Crisis Center, The Department of Financial Protection and Innovation, and the Department of Education.

“I am scared to keep accruing interest and having a recurring payment for 10 years – I would rather pay down and have it gone asap.”

Student Debt Levels

(PERCENTAGE OF RESPONDENTS HOLDING DEBT IN THESE RANGES)



In Their Own Words

(highlights from more than 2,000 contributions)

Q. How does your student debt affect your work/career decisions?

“Have to stay in the nonprofit sector to maintain PSLF despite lower pay than my colleagues in the private sector.”

“Makes it difficult to save more for retirement.”

“I’m choosing to stay in the nonprofit sector until I qualify for forgiveness. Then will likely leave.”

“I want to do mission-driven work and not concern myself so much with the compensation.”

“Is causing me to leave the nonprofit sector.”

Q. What actions or policies would you like to see implemented by your organization to better support employees with student debt?

“It’s very burdensome to keep up with PSLF. Even with Biden’s fixes to the program.”

“Access to reliable and effective assistance in how to access loan forgiveness programs.”

“Expand repayment programs.”

Q. If you have heard about the PSLF but are NOT planning to apply, please tell us why.

“I do not qualify because I do not work full-time in the nonprofit sector, which makes me in-eligible, however as we know, even part-timers do full-time equivalent work in this space.”

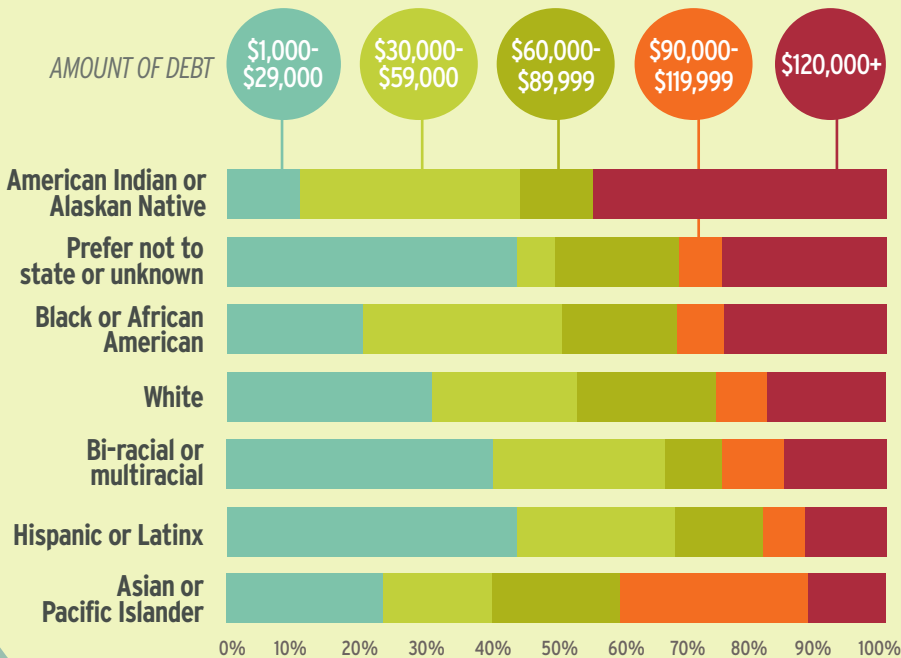
“I am scared to keep accruing interest and having a recurring payment for 10 years – I would rather pay down and have it gone asap.”

Q. What has been your experience working with your loan servicer?

“I have had trouble getting in touch with them to regain access to my account. The wait times were extremely long.”

“I’ve worked with Nelnet and MOHELA. I read all the PSLF when it first started, made sure I had the right type of loans, submitted my Employer Certification Form yearly, jumped on the COVID exceptions, and received over \$240K in PSLF forgiveness. MOHELA was great! The biggest problem is that students didn’t read the requirements in the beginning of the program.”

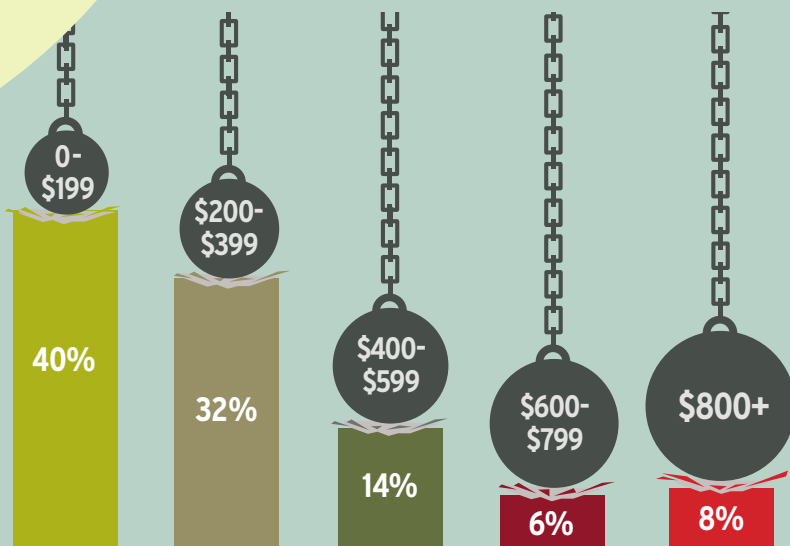
Student Debt Levels Currently Held (by ethnicity)



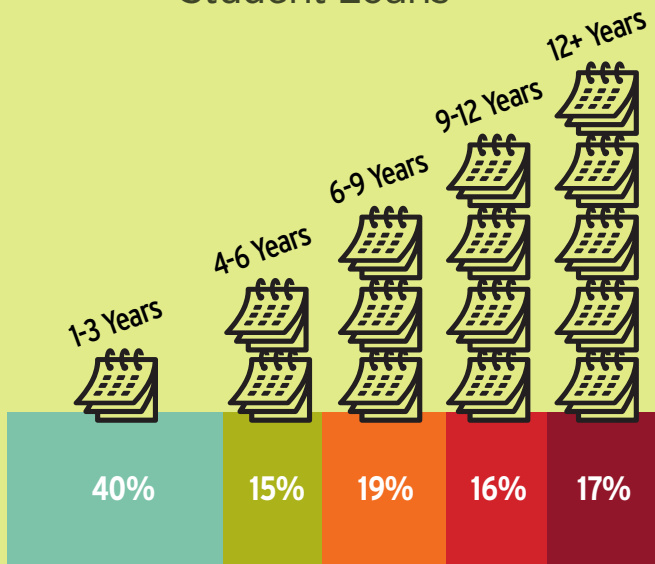
“I wish my nonprofit had dedicated office time to support us annually in certifying rather than it falling on the individual.”

“It casts a shadow over just about every aspect of my life.”

Amount of Monthly Payment

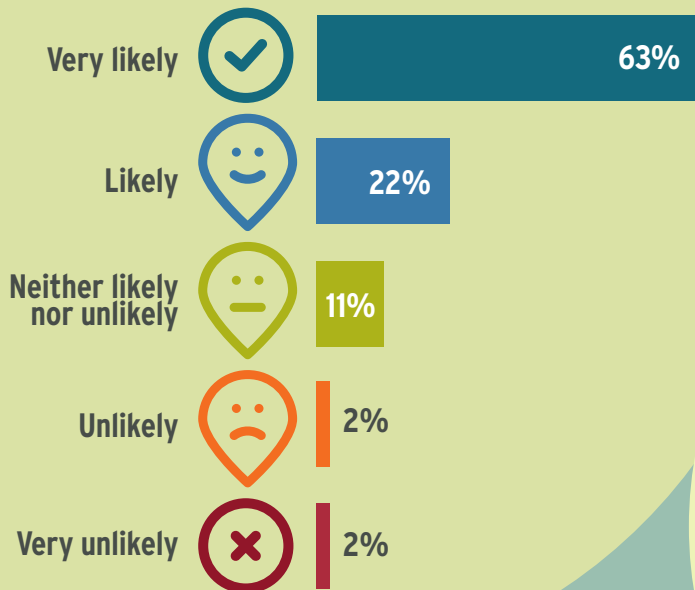


Years Spent Repaying Student Loans



“It adds stress to my work life and forces me to consider financial compensation more than what is preferred by me based on other factors in my life.”

Would availability of loan repayment assistance influence your decision to continue working at a nonprofit organization?

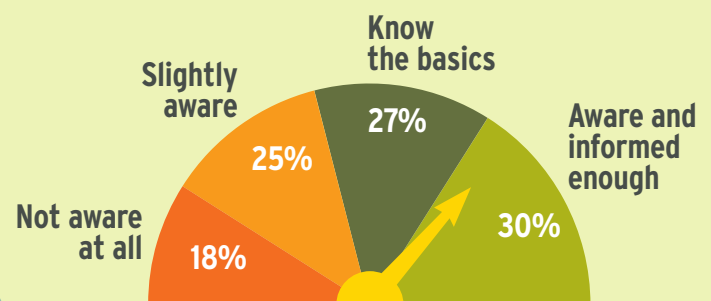


“ I researched about consolidating my loans however once I do those qualifying payments will be higher and conclude before anything will be forgiven. It is absolutely frustrating. ”

“ I constantly get worried about things being accurate and get confused by the new rules and parameters of PSLF. ”

“ They are not transparent, the servicer has changed approximately 5 times in the 10 years since I graduated. The whole process is confusing and overwhelming. ”

PSLF Awareness



The Nonprofit Student Debt Project is an initiative of CalNonprofits to educate nonprofit staff and employers, advocate for public policy changes, and engage the nonprofit community on the problem of student debt and its impact on the nonprofit workforce. We are indebted to the members of our Student Debt Task Force who helped shape this survey, and to the Walter S. Johnson Foundation for their funding support.

Task Force Members

Barrio Logan College Institute San Diego, California Black Power Network, College Access Plan, Elbow Room: The Movement to End Student Debt, Mission Scholars Santa Barbara, NextGen, OneJustice SF, Junior Achievement of Southern California, SoCal Grantmakers, Social Justice Partners LA, Student Borrower Protection Center