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CONSUMER FINANCIAL PROTECTION BUREAU LAUNCHES TOOLKIT TO HELP TEACHERS AND OTHER PUBLIC SERVANTS TACKLE STUDENT DEBT

One in Four American Workers May Be Eligible For Student Debt Forgiveness

WASHINGTON, D.C. — Today the Consumer Financial Protection Bureau (CFPB) launched a toolkit to empower school districts and other public service organizations to help their employees pay off student loan debt. The CFPB is asking these employers to make a pledge to inform their employees of their options. Up to a quarter of the U.S. workforce is in public service and may be eligible for existing student loan debt forgiveness programs, according to a CFPB report also released today.

“Our young people should not be mired in debt because they stir themselves to the call of public service. They deserve to know all their options,” said CFPB Director Richard Cordray. “Our toolkit and pledge can be a win-win for employers, the public they serve, and their employees who are facing student debt loads that are imposing unprecedented burdens upon this generation.”

According to a report released today, the CFPB estimates that more than 25 percent of the U.S. labor force is in public service. This includes teachers, librarians, firefighters, military personnel, law enforcement, first responders, nurses, and social workers. There are a number of special loan programs to assist these workers. For example, in 2007, Congress created the Public Service Loan Forgiveness program for public servants who pay their federal loans on time for ten years. People working at a nonprofit or those working for a federal, state, or local government are eligible for the program.

Many public service fields face major workforce shortages in the coming years. For many new employees in these professions, low starting salaries and low wage growth make repaying student debt a daunting obstacle. For example:

- **Teachers:** The United States will need more than [425,000 new teachers](#) by the end of this decade to make up for the wave of retiring baby boomers, according to the National Center for Education Statistics. The [average starting salary](#) for a teacher is \$35,672, according to the National Education Association.
- **Nurses and other healthcare workers:** The Health Resources and Services Administration projected that the nation's nursing shortage would grow to more than [one million nurses](#) by 2020. The demand for nurse practitioners and other advanced practice nurses – professions that typically require graduate degrees – is projected to [outpace supply](#) by more than 25 percent by 2025.
- **Police officers:** Prior to the start of the recession, starting salaries for entry-level local police officers were as low as \$26,600 per year in the smallest jurisdictions and the average overall salary was \$40,500, according to the [Bureau of Justice Statistics](#). Since 2008, state and local budget cuts have [led to staffing reductions](#) in law enforcement agencies across the country, contributing to the financial strain for new and aspiring police officers with student debt.

- **Social workers:** As baby boomers get older, the demand for [social workers](#) is expected to increase, requiring 161,000 new positions by 2020, according to the Bureau of Labor Statistics. Because social workers often have advanced degrees, the prospect of rising student debt may be particularly challenging. Recipients of graduate degrees in social work graduated with an average of \$35,516 in student loan debt, according to the [National Center for Education Statistics](#), pursuing an occupation with an average starting salary of just \$32,000.
- **Firefighters, EMTs, and paramedics:** As a growing share of new firefighters enter the workforce with [post-secondary](#) education, the median salary for firefighters and other protective service workers is [\\$29,205](#) and [\\$31,900](#) for EMTs and paramedics, according to the U.S. Census Bureau.
- **Servicemembers:** The average cumulative amount of student loan debt for active-duty servicemembers graduating from college in 2008 was \$25,566, according to the [National Center for Education Statistics](#). There are approximately 1.4 million people on active duty in the armed forces, according to the [Department of Defense](#).

A Toolkit to Help

To help employers provide information about loan forgiveness programs to their employees, the CFPB is unveiling a toolkit – the Employer’s Guide to Assisting Employees with Student Loan Repayment. The toolkit offers practical advice to public sector employers and employees, advising that an early start can make the difference of thousands of dollars. It includes:

- An action guide for employers that details the steps they should take in providing information to their employees, such as helping employees certify and checking in with them annually about their repayments;
- An action guide for borrowers that tells them how to qualify for benefits, what their options are, and important things they should consider;
- A sample letter from public service employers to employees that says they are a qualified employer under the federal Public Service Loan Forgiveness program; and
- A set of frequently asked questions, like how an employer can help his workers know whether they are in the best repayment plan.

Tips that the toolkit mentions:

- Taking advantage of the [Income-Based Repayment](#) plan, a federal student loan program that allows all federal loan borrowers to set their monthly payments at a fixed percentage of their income;
- Checking out [Repay Student Debt](#), a web tool that can help borrowers understand all of their repayment options for both private and federal loans; and
- Including student loan forgiveness programs in benefits packages when employees commence work, during open season for benefits enrollment, and when sending out IRS W-2 forms.

The toolkit is available at: http://files.consumerfinance.gov/f/201308_cfpb_public-service-toolkit.pdf

An action guide for employees is at: http://files.consumerfinance.gov/f/201308_cfpb_pledge-action-guide-for-employees.pdf

A Public Service Pledge

The CFPB is also launching a new public service pledge on student debt to empower thousands of public service employers to help their workers tackle student loans. The pledge asks employers to make a commitment to talk to their workers about student debt, help them understand their options, and assist them in enrolling in student loan repayment benefits. To start off, Richmond Public Schools in Virginia and the City of South Bend, Indiana, have signed on to the pledge.

School districts and other interested public service employers can take the Public Service Pledge by emailing pledge@cfpb.gov or learn more by visiting www.consumerfinance.gov/pledge.

Existing borrowers experiencing trouble with their student loans can learn more about their options by visiting www.consumerfinance.gov/students.

The Public Service & Student Debt report is available at:

http://files.consumerfinance.gov/f/201308_cfpb_public-service-and-student-debt.pdf

This announcement is part of the Bureau's ongoing work to enlist the support of employers to improve financial capability in America. It also follows a number of CFPB initiatives to address student loan affordability. Last month, the CFPB announced that [outstanding student debt exceeds \\$1.2 trillion](#). Earlier this year, the CFPB published a [report](#) on the impact of high levels of student debt on the choices made by young consumers, identifying potential spillover effects on career choice, housing and homeownership, economic participation, entrepreneurship, and retirement savings.

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit <http://www.consumerfinance.gov>.

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