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Today at Work

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Employers and student debt

Student loan payments are back. Here's why employers need to pay attention.

Also in this issue:

About Today at Work:

Today at Work blends ADP data representing more than 25 million U.S. workers with nearly a decade of ongoing surveys that have reached some 500,000 workers in 29 countries. Combined, these data sets provide a recurring, people-centered, and comprehensive view of the world of work.

This quarterly report taps that intelligence to deliver a complete view of the employee's job lifecycle, one that's rooted in data from every career touchpoint and coupled with survey responses that capture how people feel about the workplace and how those feelings drive their actions.

The ADP Research Institute's mission is to generate data-driven discoveries about the world of work and derive reliable economic indicators from these insights.

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Letter from Nela

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As the year comes to a close, the job market has transitioned to a slower, more balanced pace of growth, one without the big post-pandemic pay increases we saw last year.

But that's not the only change we're seeing in the fourth quarter. In this issue of *Today at Work* , we train our sights on a market development that could affect employee turnover – the end of student loan forbearance.

After a 43-month hiatus, student loan payments are back. Research suggests that student loan debt influences household decisions on homebuying, investing, and even when to start families. In this issue's cover story, Dr. Mary Hayes analyzes how student debt could influence workers as they look for ways to make ends meet.

Another topic we're following is stress in the workplace. Also in this issue, Mary Hayes and Jared Northup team up to report that not all stress is a net negative when it comes to productivity and worker engagement. The challenge for employers is how to nurture the good stress that helps some people thrive on the job.

Though it's become easier to find new talent, it's still a struggle, and retaining workers is as important as ever. This quarter, Jeff Nezaj looks at worker retention through the unique lens of HR staffing. In a separate finding, he also dives into a critical occupation – nursing – and its outlook for retention.

Finally, Tim Decker delivers a little holiday cheer with a look at job titles and wage percentiles for hypothetical holiday gigs. Sugar plum fairies are the big winners, besting reindeers and Santa's helpers this year.

We wish you a peaceful holiday season. Until next quarter,

Nela Richardson, PhD.

Employers and student debt

Student loan payments are back. Here's why employers need to pay attention.

By Dr. Mary Hayes

Student loan payments are back, and the millions of Americans with college debt aren't the only people who are affected. Their employers, too, could feel the consequences.

Data from the ADP Research Institute suggest that the resumption of student loan payments might affect employee retention as workers look for ways to make ends meet after a 43-month grace period.

First, some background. For most borrowers, student loan payments and interest have been on hold since March 2020. The pause afforded some 28 million borrowers more than $260 billion in waived payments, according to Federal Reserve Bank of New York researchers.

But those borrowers told the Fed something interesting: As payments resume, they expect to reduce their other spending by only $56 per month. That's a relatively inconsequential $1.6 billion decline in monthly U.S. personal spending. Student loan payments totaled about $6 billion a month prior to the pandemic, according to the Fed. Something doesn't add up.

While the Fed was asking its questions, we were asking some of our own. In September, the ADP Research Institute quizzed indebted workers about how their behavior and spending might change. And we found something interesting, too.

A big surprise

We hypothesized that workers with greater debt would be reluctant to leave their current employers, reasoning that they'd be eager to hang on to their tried-and-true steady paychecks. We were wrong.

Yes, a worker's outstanding debt does influence whether they'll stick with their current job or find a new one. But we found that workers with more debt are more likely to be looking to leave their jobs, not less likely.

And how workers feel about their debt is more influential than the actual amount they owe. Employees who perceive their debt burden to be great, whether it is or not, are far more likely to be shopping for a new job.

In fact, workers who consider their student loan debt to be a "heavy burden" are 2.4 times more likely to be in the process of leaving their organization.

This sentiment could be a sign of things to come if workers act on their signaled intent to find new, higher-paying employment.

For more on our worker survey and its questions, see ADPRI's Data Lab.

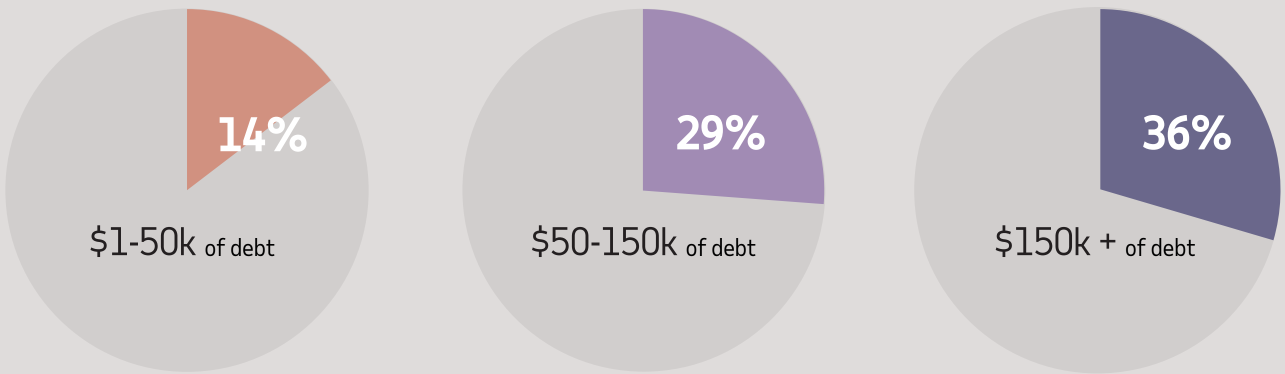
The burden of debt

Whether a person labels their student debt a heavy burden can depend on the amount owed. As the amount of debt increases, so does the perceived burden.

Workers with more than $150,000 in student debt are 3.4 times more likely to feel burdened than those with smaller outstanding loans.

My student loan feels like a heavy burden I carry with me all the time.

The percentage of people who feel like their debt is a heavy burden.



Source: ADP Research Institute Employee Sentiment Survey

Data from the New York Fed suggest that rising student debt is pervasive. Every age group but one – those younger than 30 – has seen an increase in loan balances every year since 2004.

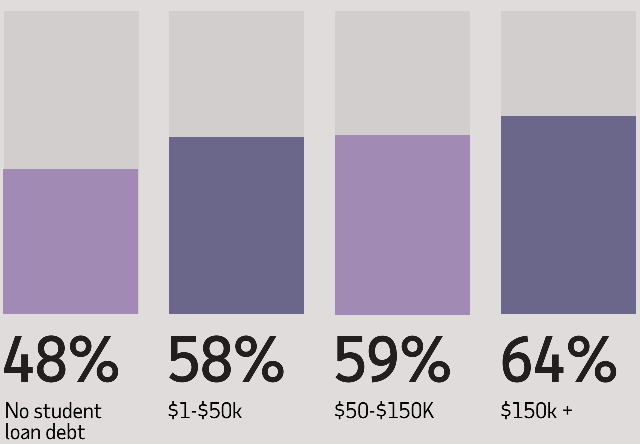
Employers take heed

The perceived burden of student debt has the potential to weigh on workforce retention.

In any given month, about half of workers are engaged in the process of leaving. Among workers with student loan debt, that number increases by more than 10 percentage points to greater than 58 percent.

Any level of student debt increases a worker's intent to leave, but people with the biggest outstanding student loans are twice as likely to be looking elsewhere compared to those who have no student debt.

Percentage of workers in the process of leaving by debt load



Source: ADP Research Institute Employee Sentiment Survey

And as we noted earlier, people who perceive their debt to be a burden are 2.4 times more likely to be in the process of leaving.

Our takeaway:

Growing student loan debt has long been a drag on the U.S. economy. Some 43.6 million borrowers collectively owe an estimated $1.77 trillion and account for 1 in 4 of the country's more than 129 million privately employed workers.

That debt also seems to influence how workers feel about their jobs. But why?

We can look to the Fed for a clue. If borrowers plan to keep spending more or less the way they have been after repayments kick in, the money will have to come from somewhere.

Our data could be picking up on worker hope that they can land higher-paying jobs. If that's the case, student loan payments could trigger a labor-market shift as workers look for better opportunities.

Age and other demographic factors could affect how people feel about their student debt, influences we intend to continue studying.

Insights in Action: What employers can do

One way for companies to get ahead of worker turnover is to offer financial education to employees. Resources that help with budgeting, debt management, and the basics of credit and interest can help alleviate the stress of student loans and potentially boost employee retention and engagement. Free resources include the Federal Deposit Insurance Corp.'s MoneySmart program and the financial literacy curriculum from FIS Global.

Starting in January 2024, the federal Secure Act 2.0 will allow employers to make matching contributions to 401(k)s and other plans based on an employee's student loan payments, even if the employee isn't making contributions to the plan themselves. Such contributions offer another tool for improving employee retention.

Stress: The good, the bad, and the bottom line

Employers should know how and when to separate stress-rattled workers from those who thrive on it.

By Dr. Mary Hayes and Jared Northup

The labor market has witnessed profound change over the past three years. The pandemic shutdown, the rise of remote work, and the Great Resignation have left enormous uncertainty in their wake.

Many of us are still trying to adapt. For some, stress continues to be off the charts.

ADPRI wanted to know more about stress and how it affects the workplace. But measuring stress is difficult given the complex and unique ways that individuals respond to it. And when it comes to on-the-job stress, there are even more layers of nuance. Stress can inspire some people to deliver their best work while causing others to shut down.

Since July 2021, we've gathered monthly survey data to see how this yin-yang of stress influences worker engagement, resilience, productivity, intent to leave, and motivation and commitment.

We learned that worker stress, when it's not handled well, can be a drag on productivity and employee retention.

Defining stress

Stress affects all of us differently. Some people thrive on it, others wilt.

It might come as a surprise that stress can be good, bad, or neither. In this study, we examine stress from two perspectives: Eustress and distress.

Eustress is a positive or beneficial type of stress, such as the adrenaline rush of a challenging deadline. Distress, of course, is the negative opposite, the kind of pressure that leads to less productivity, not more.

Eustress

Any type of beneficial stress, whether physical or psychological. Eustress can feel exciting and motivating.

Distress

A type of stress that results from being overwhelmed. Distress can have negative physical and psychological effects.

Organizations need to recognize that stress can function as a motivator or paralyzer when it comes to optimal employee functioning.

Deadlines, for example, are stressful, but they're anticipated. Many workers happily rise to the occasion under time pressure. If a deadline is moved up, however, work suddenly accelerates. A fire drill ensues. The truncated timeline can force employees to change plans, rush tasks, or drop other work altogether to deliver by the new date.

What we've learned is that some people love fire drills. Others are paralyzed by them. That means measuring stress in the workplace isn't as simple as asking a worker how stressed they are. It must be understood holistically.

Measuring stress

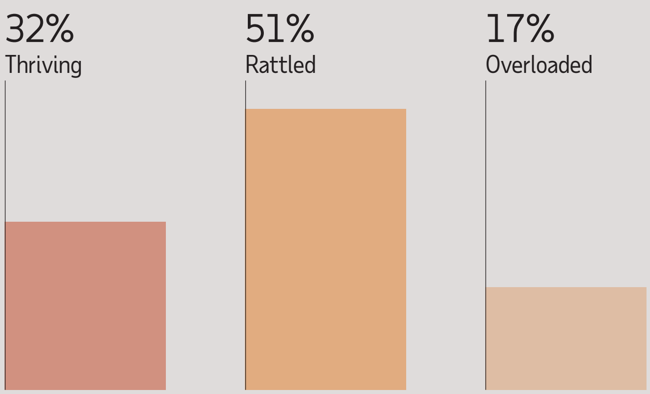
We divided our sample of 40,000 U.S. survey respondents into three groups of workers: The Thriving, the Rattled and the Overloaded.

More information on our stress research methodology can be found at ADPRI's Data Lab.

Most workers in our survey fall in the middle

They experience stress and might not particularly like it, but they cope, perhaps at somewhat lower levels of productivity than they might achieve otherwise.

More than half of employees just deal with stress as it comes



Source: ADP Research Institute Employee Sentiment Survey

It's the employees on either side of that middle who bear watching.

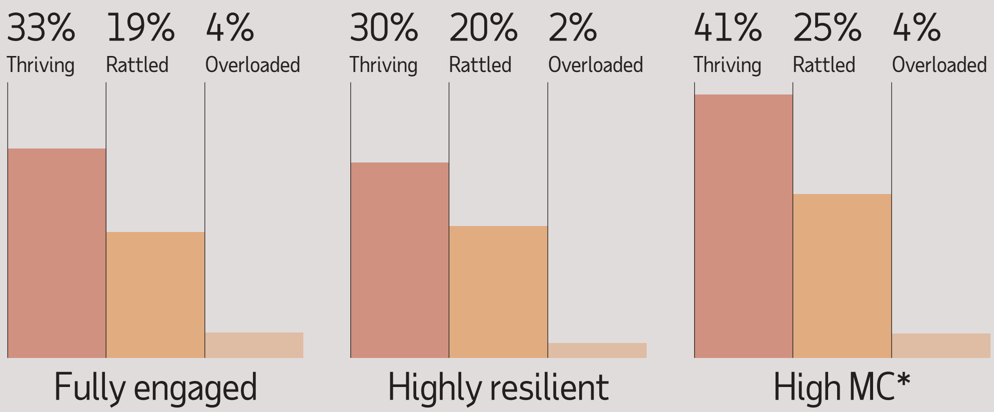
People who experience work pressure as eustress rather than distress thrive on those fire drills we talked about. People in this group are more engaged, more resilient, less likely to quit their jobs, more productive, and show higher levels of motivation and commitment.

The 17 percent of employees on the distress side of the spectrum, not surprisingly, experience pressure much more negatively than their colleagues and score lower in every category of worker well-being that we measure.

For more on the Employee Motivation and Commitment Index, visit ADPRI's Data Lab.

Engagement, resilience, and motivation & commitment by stress

Employees who thrive in times of stress are more likely to be engaged, resilient, and motivated than those who feel overloaded.**



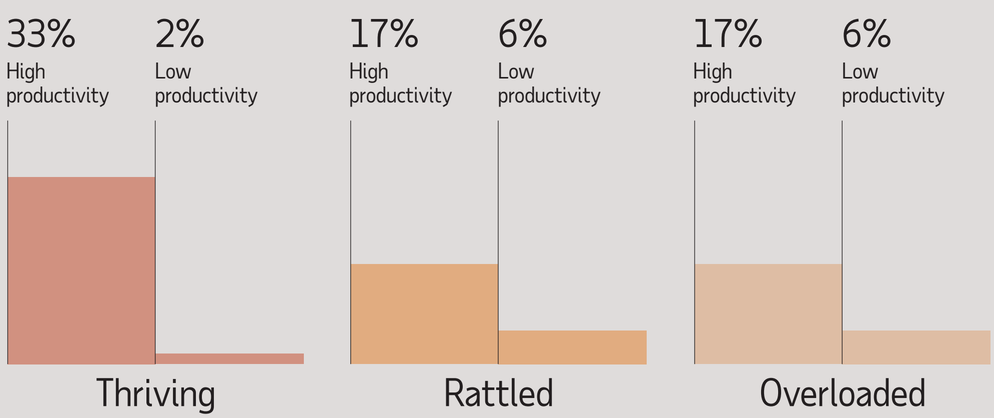
*High Motivation and Commitment refers to employees who score highly on ADPRI's EMC Index

**Engagement and resilience refer to employees who score highly on ADPRI's proprietary employment sentiment surveys.

Source: ADP Research Institute Employee Sentiment Survey

Productivity and stress

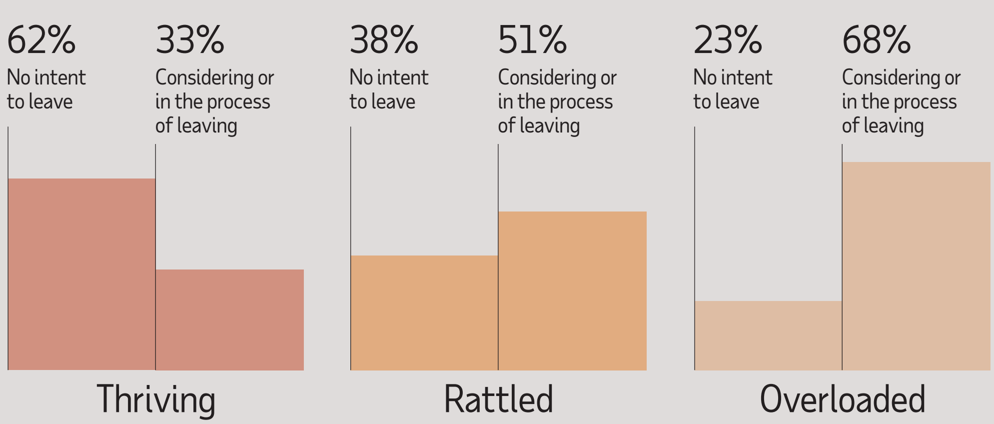
Likewise, employees who thrive on stress tend to have higher productivity.



Source: ADP Research Institute Employee Sentiment Survey

Many factors can contribute to stress at work, and it can be difficult or impossible to pinpoint a single cause or even group of causes. One thing we do know is that a person under heavy negative stress is less likely to describe themselves as highly productive. Further, the greater a worker's distress, the more likely they are to be looking for a new job.

Stress level by intent to leave



Source: ADP Research Institute Employee Sentiment Survey

SPOTLIGHT

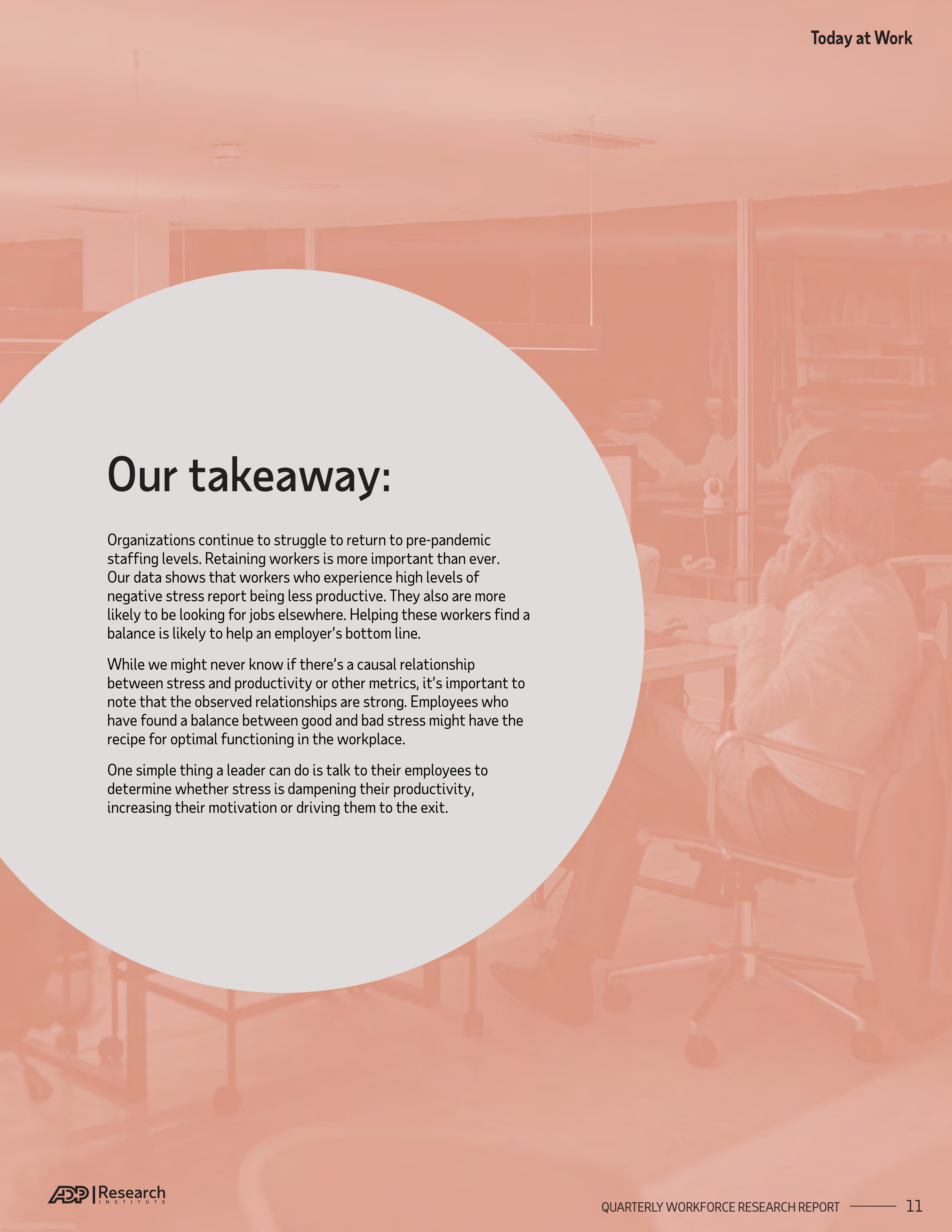
Stress and small business

Small businesses create the bulk of new jobs in the economy. As the engine of job growth, the health of their workforce takes on critical importance for the economy. Small business employees in our sample are 1.4 times more likely to be in the thriving bucket and 1.4 times less likely to be overloaded compared to the largest businesses.

These aren't large differences, but when we look at the intent to leave for these groups, we find a disadvantage for small businesses. Their employees who report being overloaded are more likely than their peers at larger companies to be looking for work elsewhere.

Source: ADP Research Institute Employee Sentiment Survey

Stress isn't dependent on the size of an organization. What might be different, though, is the intensity with which small business employees turn toward the exits when they're overloaded.



Our takeaway:

Organizations continue to struggle to return to pre-pandemic staffing levels. Retaining workers is more important than ever. Our data shows that workers who experience high levels of negative stress report being less productive. They also are more likely to be looking for jobs elsewhere. Helping these workers find a balance is likely to help an employer's bottom line.

While we might never know if there's a causal relationship between stress and productivity or other metrics, it's important to note that the observed relationships are strong. Employees who have found a balance between good and bad stress might have the recipe for optimal functioning in the workplace.

One simple thing a leader can do is talk to their employees to determine whether stress is dampening their productivity, increasing their motivation or driving them to the exit.

HR: How much is too much? Or too little?

By Jeff Nezaj

The unsung offices of human resources toil with little recognition, but their role couldn't be more important. HR divisions recruit talent, manage training and development, manage compliance, and make sure everyone gets paid.

To execute these responsibilities effectively, employers require a minimum level of HR staffing. The "right" level can vary by industry, company size, and boom-and-bust labor market cycles. In tight labor markets, organizations will bulk up their HR offices with recruiters and other specialists to gain an advantage in the pursuit of talent. HR divisions might shrink when labor demand cools.

HR staffing is rising in today's evolving labor market.

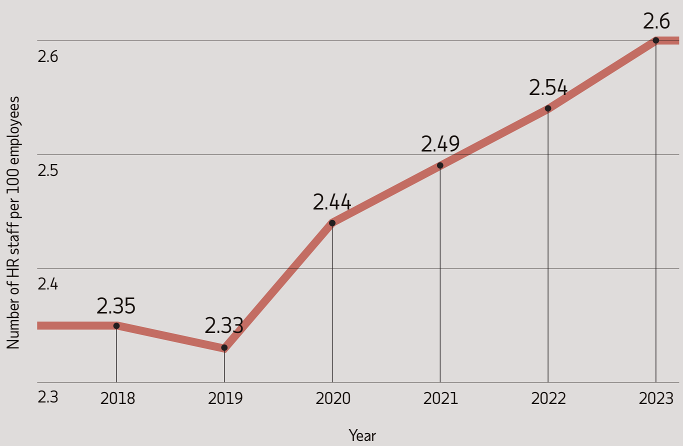
Using an HR staffing ratio – the number of HR personnel for every 100 employees – we found that HR staffing is up more than 11 percent since 2018.

HR staffing ratios have grown the fastest in industries with a large, low-wage frontline workforce. That growth has exceeded HR staffing even in white-collar industries, which tend to have higher HR staffing ratios.

While HR staffing ratios grew faster and more steadily for larger companies between 2018 and 2023, HR staffing ratios at the smallest employers are up 4.7 percent since 2018. Companies with fewer than 50 workers can average more than two HR staff members.

As U.S. demand for workers rises, so does demand for recruiters. Recruiters as a share of HR staff grew more than 20 percent from 2018 through September 2023. But year-over-year growth slowed by 6 percent between 2022 and 2023 as U.S. hiring fell.

HR staffing is on the rise



Source: ADP Payroll/HR Data
2023 data is through end of April

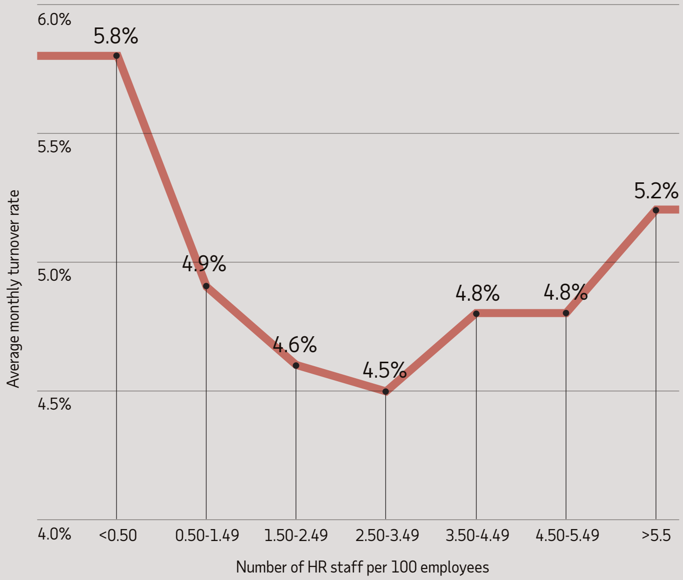
And here's a particularly interesting finding:

Employers that expand their HR ranks might reduce employee turnover, at least to a point.

Turnover drops for HR staffing ratios above 0.5, that is, when there is at least one HR staff member for every 200 employees. That trend reverses, however, when the HR staffing ratio exceeds 4.5, or nine HR office personnel for every 200 employees.

When HR offices grow even bigger, the low-turnover advantage fades dramatically.

Employee turnover varies by HR staffing ratio



Source: ADP Payroll/HR Data

Our takeaway:

We need to do more research to determine whether low HR staffing levels directly cause turnover or merely are associated with other factors that influence employee departures, such as a competitive job market. So far, however, the evidence suggests that reduced HR staffing is accompanied by high employee turnover.

For more on HR staffing, see the ADPRI Data Lab.

The nursing shortage is real

Employment growth for nurses is more than triple the rate of national employment growth.

By Jeff Nezaj

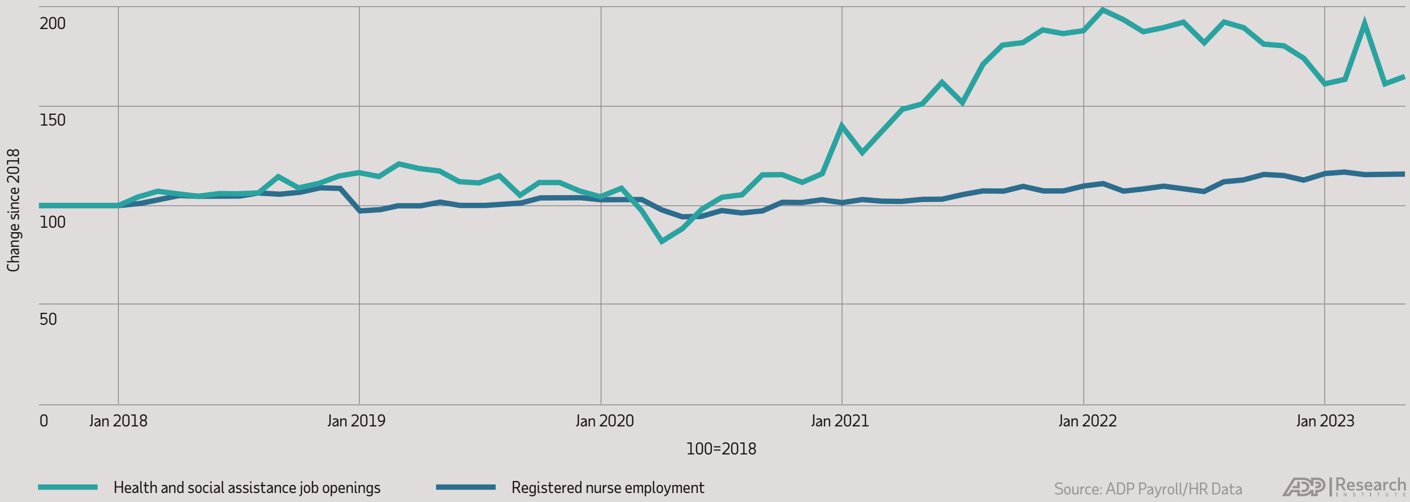
The U.S. shortage of registered nurses has been called a crisis. Burnout, high turnover, a growing and aging baby-boomer population, and a lack of educators have contributed to high demand and undersupply, a longstanding problem aggravated by the Covid-19 pandemic.

Underlying these events is a cache of hard data that tells the story of a profession facing myriad challenges, from high turnover to declining tenure.

Demand for nurses has far outstripped supply since 2021, according to ADPRI data. And employment for registered nurses grew 13 percent over the last five years, more than triple the rate of national employment growth.

Job growth

Health care openings have soared, but nursing employment hasn't kept up.

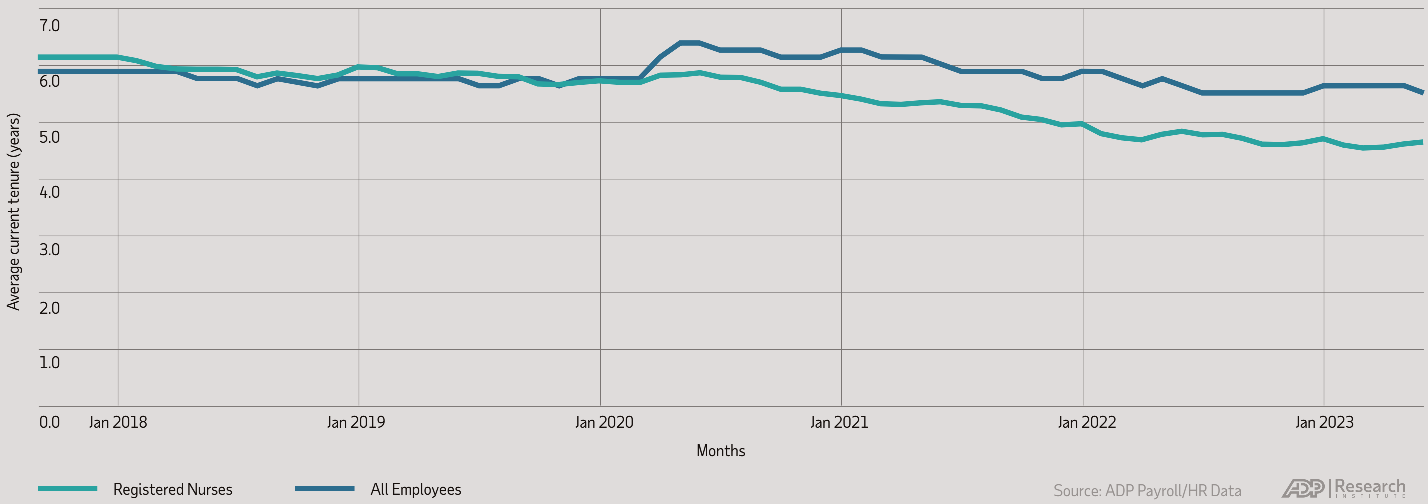


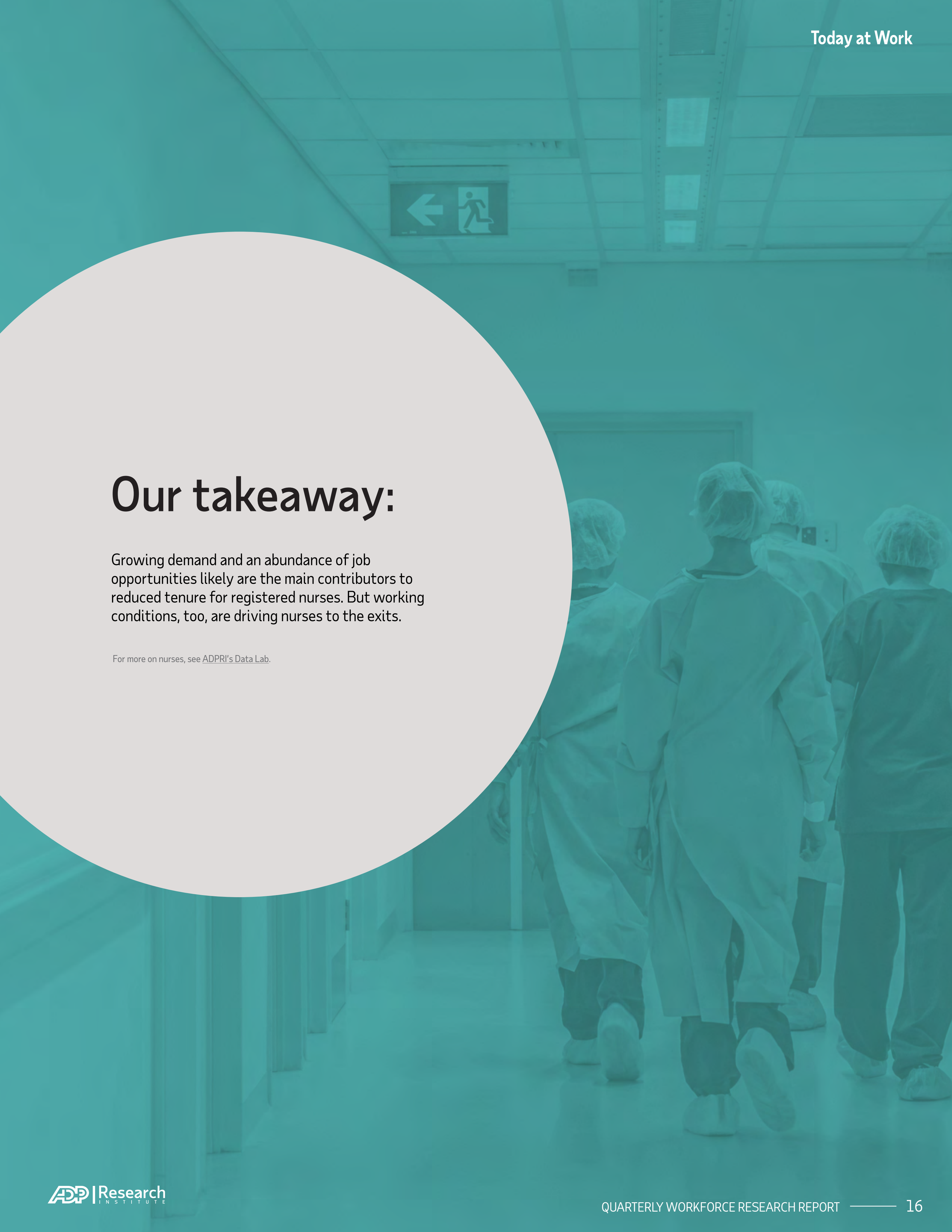
Tenure takes a hit

Until recently, nurses tended to stay on the job longer than workers in other jobs. But as demand for RNs grew, that tenure advantage shifted in October 2019, and their time on the job has been declining steadily since. The average tenure for registered nurses is now five years, compared to 5.7 years for U.S. workers overall.

Turnover among younger nurses is part of the story. Roughly 18 percent of newly licensed RNs quit the profession within the first year, according to the American Nurses Association.

More nurses are newer to the job





Our takeaway:

Growing demand and an abundance of job opportunities likely are the main contributors to reduced tenure for registered nurses. But working conditions, too, are driving nurses to the exits.

For more on nurses, see ADPRI's Data Lab.

Data-driven humor

Wage report: North Pole

Gift-wrappers, tree-trimmers, hall-deckers: Which occupation is in demand this holiday season? A whimsical look at job titles and pay.

By Tim Decker

The holiday season is upon us, and with many different holidays in the world, the usual questions are bubbling up. What perfect gift can I get for my loved one? Should I travel or stay close to home? What if my weird uncle shows up?

Sadly, ADPRI doesn't have the data to help you answer those questions. The data we do have, however, can shine light on an equally pressing line of inquiry: What kind of pay could I expect to earn at Santa's Workshop?

In June, the ADP Research Institute built a specialized algorithm known as a transformer-based model to estimate pay distribution using job titles. Our model predicts the percentile of a worker's pay based only on the words in the job title and how those words modify each other's meaning. This allows the transformer to estimate pay distributions for novel or even imaginary job titles.

Using this model, we were able to estimate the impact of job title modifiers on pay, as long as we maintained a healthy dose of skepticism that the transformer was actually doing what it was designed to do.

For this holiday-themed article, however, we're throwing caution to the wind to confidently claim that our transformer model pay results are exactly correct when applied to job titles on the North Pole campus of Santa's Workshop.

We queried Santa's HR system to generate a list of popular job titles at the North Pole this year and compiled them into the table on the next page.

Job title	Hourly wage (in $ by wage percentiles)				
	10th	25th	50th	75th	90th
Santa's helper	14.31	15.96	17.31	18.68	20.72
Red-and-green color coordinator	15.14	16.17	19.62	21.25	23.39
Silver-bell ringer	19.19	19.24	19.28	19.28	19.43
Coal distributer	16.07	18.70	24.74	30.31	35.48
Sugar plum fairy dancer	19.19	22.84	26.14	28.54	29.92
Stocking stuffer	19.16	19.76	21.77	23.87	27.14
Lead stocking stuffer	21.22	22.82	25.87	28.95	30.72
Snowman carrot nose cleaner	20.62	22.44	23.91	24.76	25.80
Olive, the other reindeer	20.66	21.29	21.29	24.43	28.90
Air traffic control coordinator	21.53	23.71	26.00	27.35	29.10
Naughty list double-checker	29.53	29.53	30.53	31.31	31.88
Chief gift officer	32.13	36.64	40.20	43.39	44.81
Pine tree decorator	33.29	38.75	43.15	45.68	46.81

This analysis delivered some fascinating results. First, almost all positions pay at least $15 an hour, more than double the 2023 U.S. federal minimum wage. We aren't sure whether seasonal generosity or the North Pole's high cost of living are behind this relatively high wage. Maybe both.

The most lucrative position at the North Pole is pine tree decorator, possibly due to the significant height of the trees and the considerable electrical and logistical challenges of running hundreds of feet of holiday lights.

There's also a premium for jobs that deal with misbehaving children (coal distributor, naughty list double-checker), especially at the 90th percentile.

Compare that to jobs which encourage the spread of holiday cheer. Silver-bell ringers have an incredibly flat pay distribution, with little difference between the 10th and 90th percentile. We don't recommend applying for that position at the North Pole if you want a career with a clear path to higher earnings.

Of course, we also ran the numbers for the big man himself. Santa commands an hourly wage of $34.82, putting him slightly above the average U.S. worker's hourly earnings, which were $33.88 in September.

Our takeaway:

No doubt Santa's above-average earnings help nurture his holiday cheer.

About

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