



Gallagher

Insurance | Risk Management | Consulting

Total rewards strategies for an evolving workforce.

K-12 EDUCATION

Findings and insights from the 2022 Benefits Strategy & Benchmarking Survey

U.S. Edition

— 2022 —
WORKFORCE
TRENDS
REPORT
SERIES

A blurred background of a classroom. In the foreground, a young girl with dark curly hair, wearing a green shirt, has her right hand raised. To her right, a young boy in a patterned shirt also has his hand raised. In the background, a teacher and other students are visible, some with hands raised. The room has wooden desks, a whiteboard, and a clock on the wall.

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Introduction

Compensation constraints, increased regulation, and rising stress and burnout have put K-12 employers in a tough spot. Attrition rates have gone up as employees migrated to other industries, and the pool of young talent has diminished.

To help reverse this trend, more employers are taking an employee-centric approach to total rewards and limiting their use of cost-sharing tactics. The focus is on inclusive benefits and greater choice, including quality mental health services and financial wellbeing resources, as well as HR technology integration.

Successful attraction and retention of talent also requires a stronger focus on employee wellbeing. That's why it's at the center of [Gallagher Better WorksSM](#), our comprehensive approach that aligns your people strategy with your overall business goals. It focuses on the full spectrum of organizational wellbeing — taking a strategic approach to investing in employee wellbeing at the right cost structures to support diverse workforce needs.

Part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on responses from 225 K-12 organizations that participated in our 2022 Benefits Strategy & Benchmarking Survey.

From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



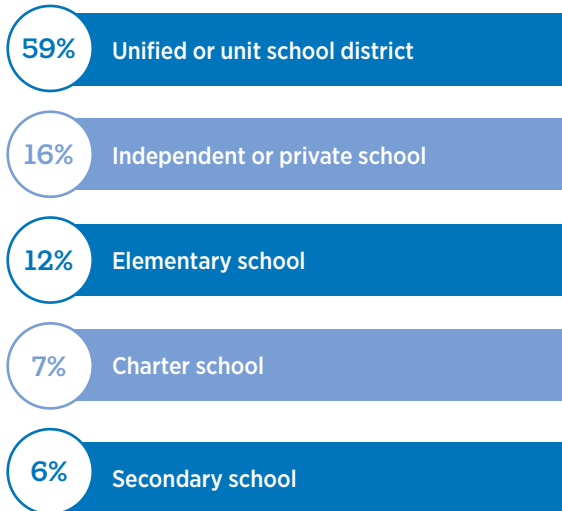
Benefits Strategy & Benchmarking Survey K-12 Education Participant Profile



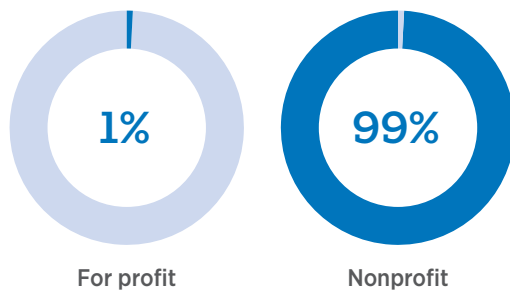
225

K-12 organizations

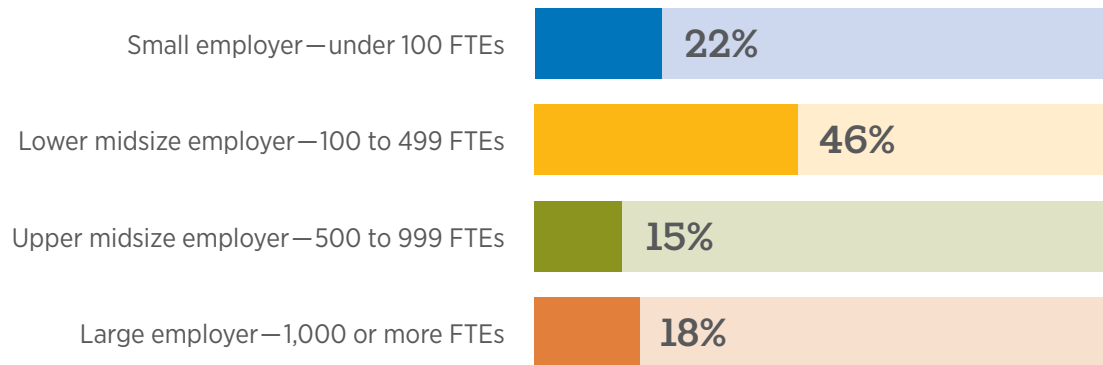
Type of educational institution



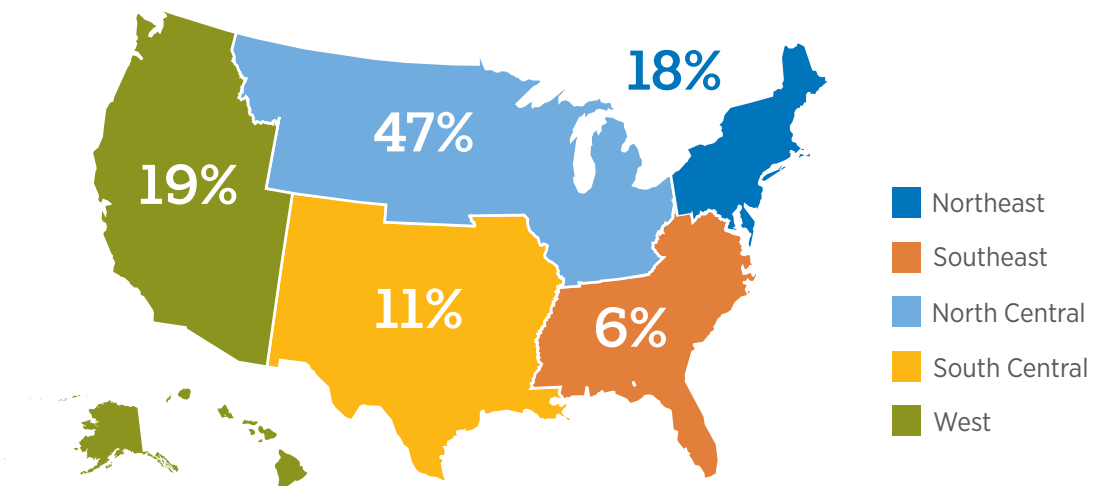
Ownership structure



Workforce size — full-time equivalents (FTEs)



Geography



Key Takeaways for K-12 Employers

People & Organizational Wellbeing Strategy



Highlighting total compensation can improve the perceived value of benefits.

Physical & Emotional Wellbeing



Optimal total rewards design includes greater plan choice in addition to inclusive and affordable benefits.

Career Wellbeing



Employees' enthusiasm, satisfaction and job effort increases when employers clearly understand key engagement drivers and manage them well.

Financial Wellbeing



Developing a strategy to effectively relieve employee financial anxiety often boosts other aspects of wellbeing.

Organizational Wellbeing



Greater integration of mental health benefits and technology supports better access and outcomes.

People & Organizational Wellbeing Strategy

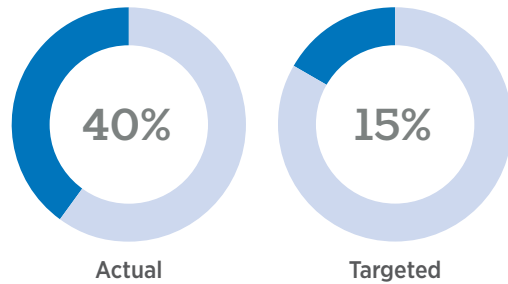
Familiarity with total rewards helps employees appreciate the value of their benefits.

Top operational and HR priorities center on talent retention. And when compensation falls below the overall market, the security of strong benefits and a retirement plan can be a key selling point. Total rewards statements make the organization's investments more concrete for employees with a complete and individualized view of their pay and benefits. Using communications to spotlight benefits, culture and unique opportunities increases awareness of the value they receive.

Anticipating rising healthcare expenses, K-12 schools rate medical services as their leading cost concern. Yet they're minimizing the employee share of premiums and other plan costs. A benefits-based strategy that reflects diverse employee interests also helps boost attraction and retention success. Workforce evaluation data can be instrumental for this purpose.



Turnover rate of 10% or more in 2021

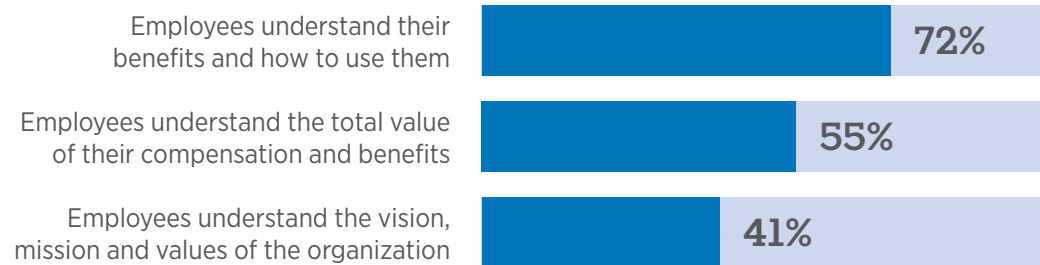


Top total rewards aspects enhanced to meet recruitment and retention objectives

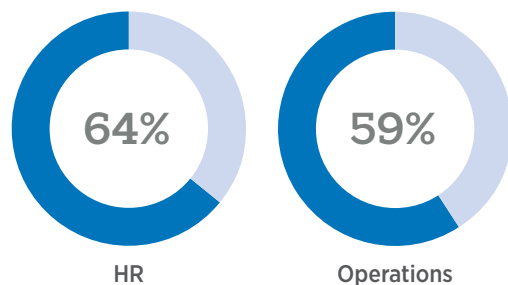


46% Agree their organization effectively manages healthcare costs

Outcomes of employee communication considered most important



Rank retaining talent as the No. 1 priority



Nearly 3 in 4 Expect higher healthcare costs for 2022 compared to 2021

Physical & Emotional Wellbeing

Feature employee choice, inclusivity and affordability in total rewards design.

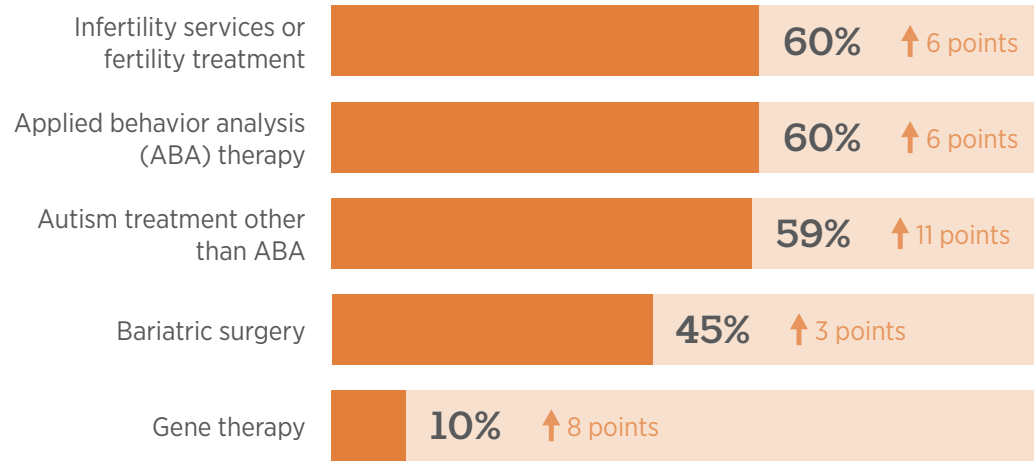
Despite their concerns about the rising cost of benefits, K-12 schools remain focused on keeping them affordable for employees. More than half refrained from increasing the employee share of medical costs for 2022. And many enhanced coverage of elective services, procedures and devices, which represents a growing emphasis on diverse and inclusive approaches to total rewards.

Educators are also seeking creative measures for balancing cost control and affordability, and one stopgap is greater plan choice. However, when cost-sharing increases are necessary, voluntary insurance options can supplement the core health plan. They offer employees additional financial protection without more expense for employers.

Time-off policies are also under review in the search for improving morale and engagement. Some employees may value more flexibility in using the paid time off (PTO) they've already earned than gaining extra days.



Coverage of elective services, procedures and devices—2022 vs. 2021



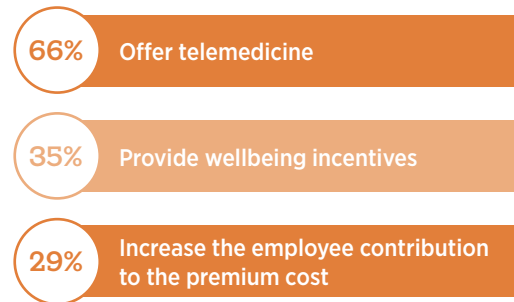
Top reasons for offering voluntary benefits



More than
4 in 5

Offer 2 or more medical plans

Common healthcare cost-control tactics



52% Did not increase employee cost sharing at the most recent renewal

39% Allow employees to donate vacation or PTO to others in the organization whose sick leave is exhausted

Career Wellbeing

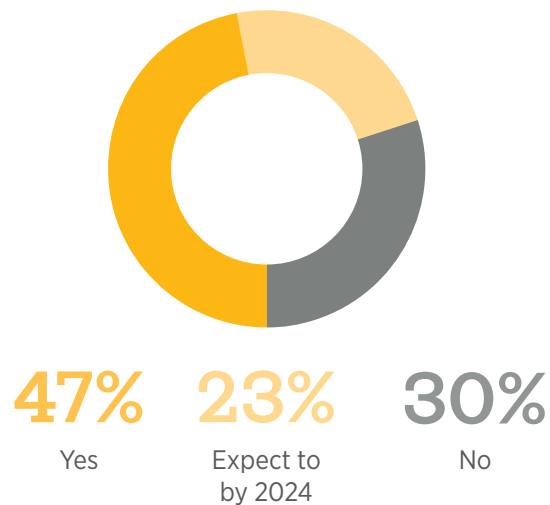
Addressing both engagement and retention drivers is key to career wellbeing.

Across the board, salary is the primary focus for total rewards enhancements in 2022. The use of state plans and union negotiated benefits may leave K-12 schools with less compensation flexibility than most industries, but evaluating the drivers of workforce engagement and retention can expand their options. Once they understand how these drivers differ, they can implement a strategy that more strongly supports turnover goals and employee wellbeing.

Education often attracts people with a passion for the job who want to share their ideas and opinions. Engagement surveys can tap into all the dimensions of career wellbeing, including recognition and mobility. Wrapped up in change management priorities over the past two years, K-12 schools may have put regular performance reviews on hold, but now they're underutilized at a time when they're needed most. Metrics-based decisions are integral to driving and sustaining employee engagement.



Have an engagement strategy



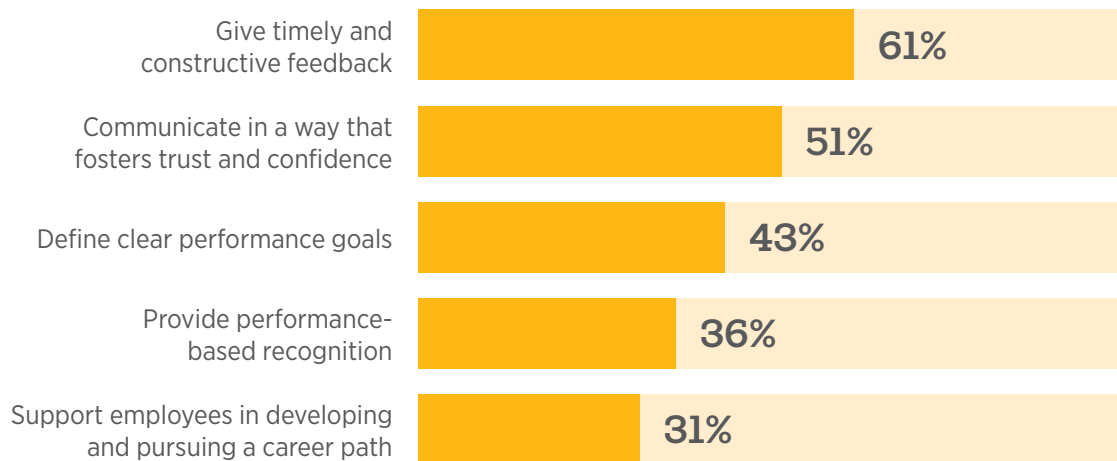
Nearly **1 in 5**

Consider increasing workforce engagement and productivity a top HR priority



Believe their workforce is highly engaged

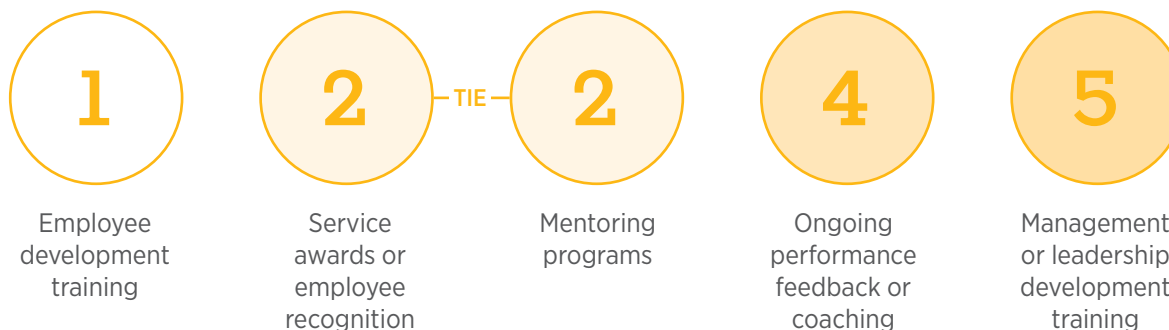
Tactics used to improve employee engagement



42%

Conducted a survey to measure workforce engagement in 2020 or 2021

Top components of career wellbeing initiatives



Financial Wellbeing

An effective wellbeing strategy can strengthen financial security by addressing different needs.

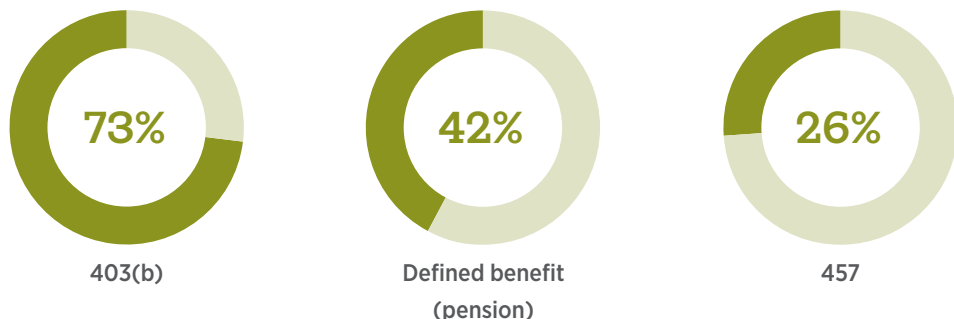
Worries about money have started to overtake concerns about COVID-19. Many employees need help with their finances—from budgeting and debt reduction to funding a secure retirement. When saving and spending challenges compete, as they often do, support for financial wellbeing can guide better decisions.

Programs, services and other resources should focus on helping employees align their financial goals with their life goals. For example, financial literacy education and access to financial professionals can promote savings growth and stabilize success.

As interest in enhancing financial wellbeing benefits grows, more organizations are monitoring engagement levels with existing programs, and the effectiveness of their supporting communication strategies. Connecting the workforce with useful resources can be empowering not only for the overall health of employees, but also the organization.



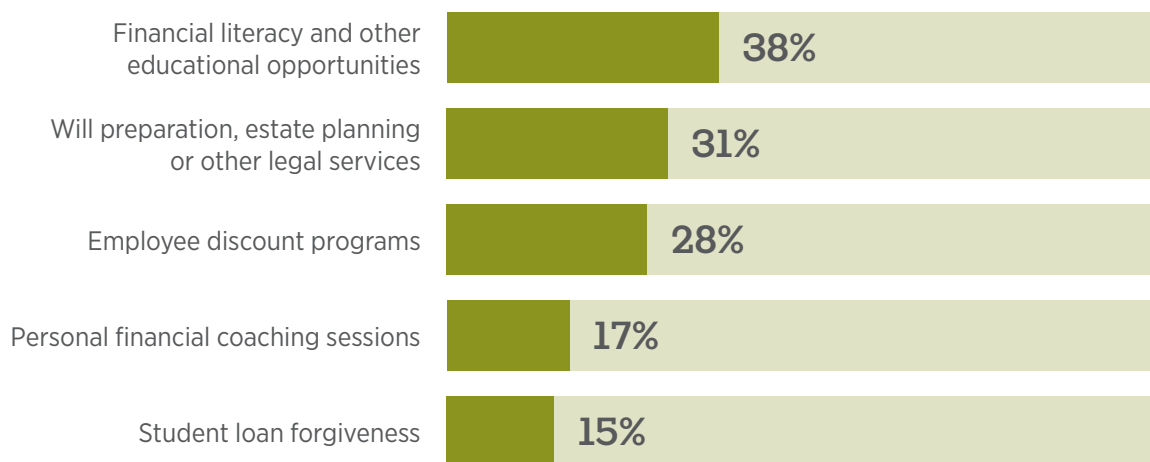
Most common active retirement plans offered



2 in 3

Offer at least one financial wellbeing program or resource

Top financial wellbeing programs and resources



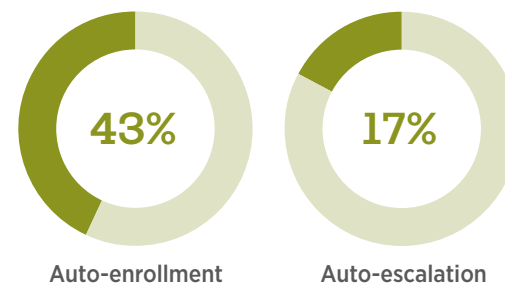
91%

Have a retirement program



Indicate financial wellbeing has become more important over the last two years

Methods used to promote better savings habits



Organizational Wellbeing

Better technology support for mental health benefits improves access and outcomes.

Global health issues, additional administrative tasks and more regulations all contribute to concerns about the rise in employee burnout and stress. Because the need for mental health and emotional wellbeing support are ongoing and pervasive, this topic has carried over to student education.

There's growing interest in preparing leaders and managers to provide appropriate guidance to employees seeking mental health resources. And carriers have responded by establishing partnerships to provide specialized solutions. Resource integration and program navigation are designed to improve employee access.

Most employers are investing in HR technology improvements to automate processes, increase productivity and support their people strategy. These efforts target the net effect of higher retention rates and increased employee wellbeing, which is a net gain in better operating and organizational outcomes.



Nearly
9 in 10

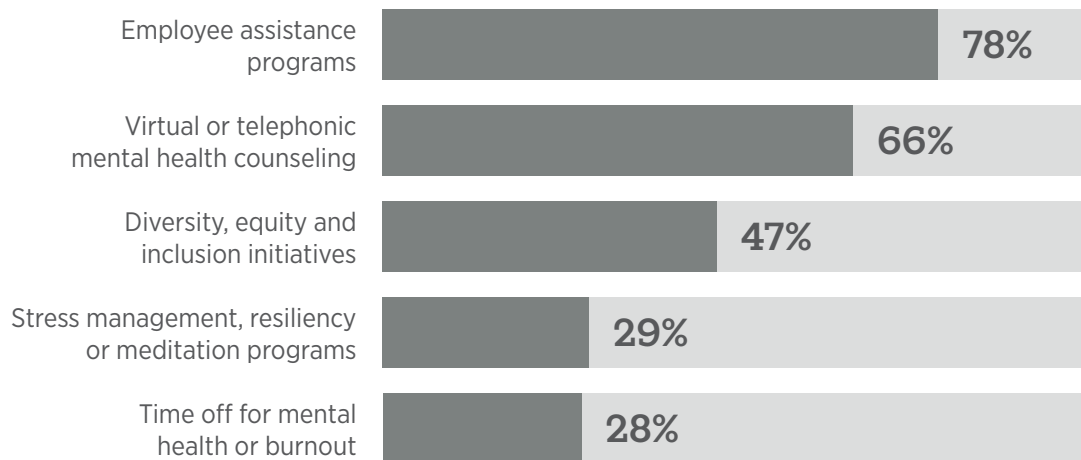
Indicate emotional wellbeing has become more important over the last two years

94% Say leaders are concerned about the impact of stress and burnout on the organization

Less than
1 in 2

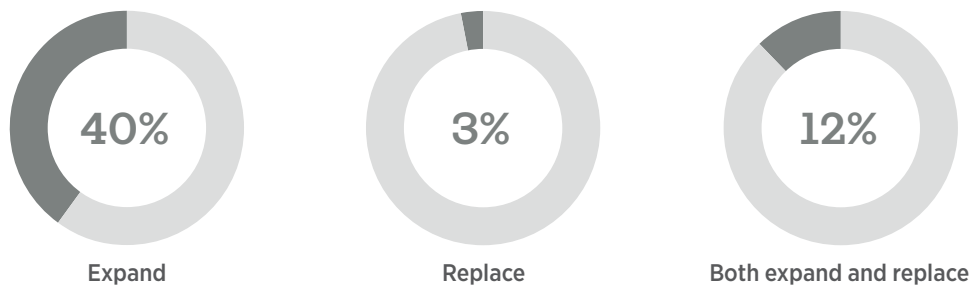
Think managers are well-equipped to refer employees to mental health support services

Common emotional wellbeing initiatives



32% Agree the organization's communication with employees creates tangible results or behavior change

Expected changes to HR technologies by 2024



Final Remarks

Operational budgets and total rewards that resonate with diverse workforce interests are at risk of diverging. As a step toward synchronization, benchmarking against peers helps K-12 employers better understand the scope of what their sector offers. Internally, employee engagement surveys and setting limits on cost-sharing tactics can be both efficient and effective uses of resources.

Mental and emotional health have come into sharper focus in 2022, similar to other sectors and industries whose employees continue to experience stress and burnout. Except the impacts of turnover and increasing regulations are combined with a responsibility to support the wellbeing of students, elevating this challenge. Offering improved access to mental health resources and inclusive benefits that provide greater choice are two ways to take a more holistic approach.

Achieving the full potential of a wellbeing strategy begins with an integrated approach to physical, emotional, career and financial initiatives, aligned with the organization's goals. An action plan then brings it to life by establishing and maintaining a people-focused culture across all workforce demographics.

For additional insights and custom benchmarking on the latest trends impacting K-12 employers, contact your local Gallagher consultant or visit ajg.com/publicsectorbenefits.

About Gallagher

People are your organization's greatest asset. But when their daily lives are impacted by major struggles like a global pandemic, economic strife and geopolitical risks, hardship can take its toll—both on your people and your business.

As employees across all geographies, industries and employer types navigate an ever-changing world, organizations must critically evaluate their people experience—finding unique ways to engage teams, establish authentic connections and support employee wellbeing, overall.

Making an intentional connection between your people's wellbeing and your organization's performance is imperative for optimal results. When your people are all in, your business can attract top talent, motivate employees and shift the organizational culture—helping employees to feel differently about their work. As a result, organizations can reduce burnout and increase productivity among their people, and business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better WorksSM—a comprehensive approach for strategically investing in benefits, compensation, retirement and employee communication so you can support the health, financial security and career growth of your people at the right cost structures.

From evaluating the demographics of your workforce, to surveying and analyzing competitor trends, Gallagher offers you data-driven insights—allowing you to make the most of your investment in talent, deliver a better people experience and reduce organizational risk. Even in times of uncertainty, we're here to help you optimize your profitability with a strategy rooted in the wellbeing of your people.



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