

2021

**WORKFORCE TRENDS
REPORT SERIES**

SOCIAL SERVICES

Findings and insights from the 2021 Benefits Strategy
& Benchmarking Survey

U.S. Edition



Gallagher

Insurance | Risk Management | Consulting

TABLE OF CONTENTS

| | |
|-----------|--|
| 3 | INTRODUCTION |
| 5 | KEY TAKEAWAYS FOR SOCIAL SERVICE EMPLOYERS |
| 6 | PEOPLE & ORGANIZATIONAL WELLBEING STRATEGY |
| 8 | PHYSICAL & EMOTIONAL WELLBEING |
| 10 | CAREER WELLBEING |
| 12 | FINANCIAL WELLBEING |
| 14 | ORGANIZATIONAL WELLBEING |
| 16 | FINAL REMARKS |
| 17 | ABOUT GALLAGHER |

Introduction

Social services are essential to community vitality. They contribute to citizens' quality of life and embody the highest societal values. But while the last year and a half has been especially challenging on the sector, employees remain at the core of all social service organizations.

That's why wellbeing is 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 196 social service organizations that participated in our 2021 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.



Phil Bushnell

Managing Director, Religious and Nonprofit Practice

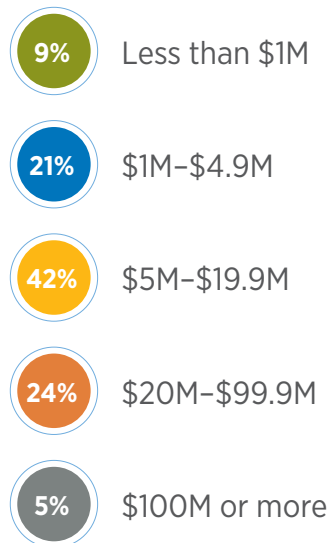
Phil_Bushnell@ajg.com



Benefits Strategy & Benchmarking Survey Social Services Participant Profile


196
 Social service organizations

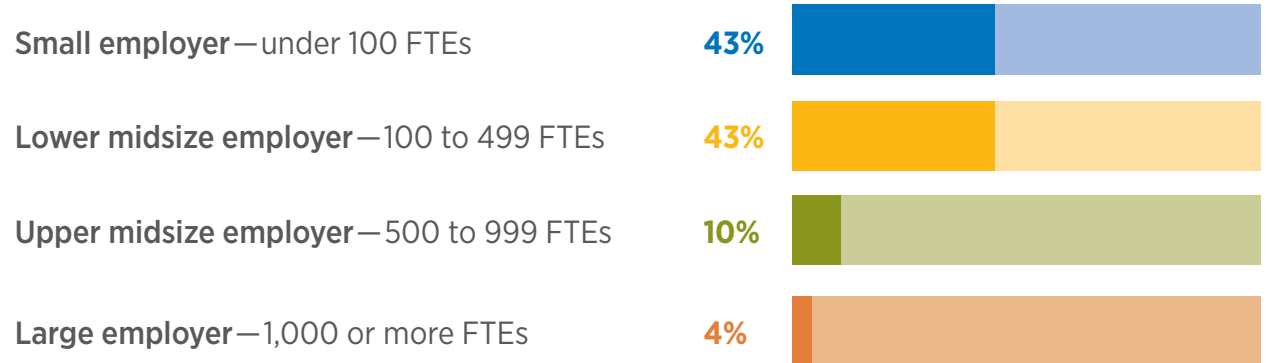
Annual operating revenue



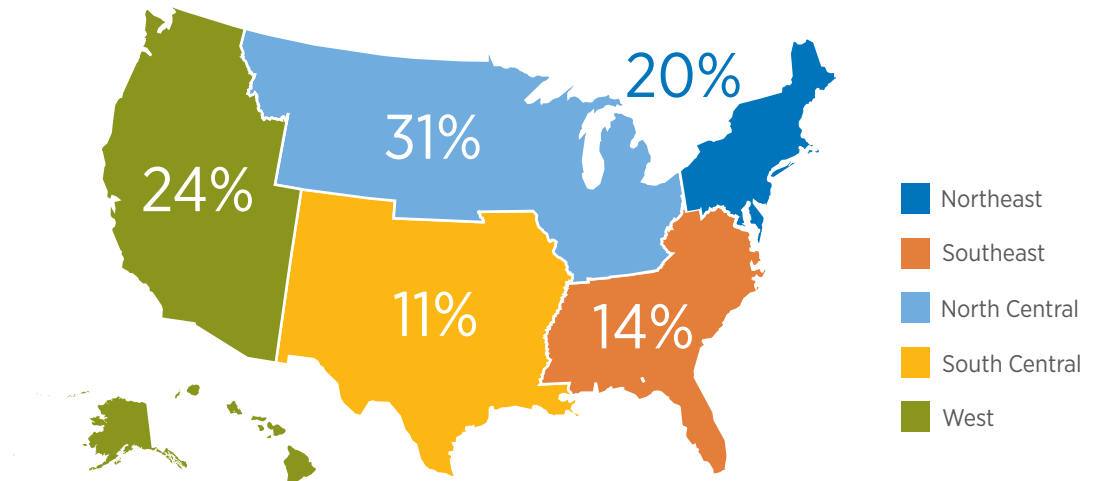
Ownership structure



Workforce size—full-time equivalents (FTEs)



Geography



Key Takeaways for Social Service Employers

People & Organizational Wellbeing Strategy



A carefully constructed and thoroughly communicated compensation and benefits strategy is pivotal for maintaining an engaged and productive workforce.

Physical & Emotional Wellbeing



Cost-saving opportunities are available through tactics focused on enhanced specialty drug controls and better access to voluntary benefits.

Career Wellbeing



Engagement strategies are underutilized, as are communications related to compensation philosophy.

Financial Wellbeing



While retirement readiness is critical, financial wellbeing initiatives also need to address diverse spending and saving goals.

Organizational Wellbeing



The continuing need to holistically support employee wellbeing is clear, but it requires a proactive, data-driven approach supported by leadership and clear communication.

People & Organizational Wellbeing Strategy

Maintain an engaged and productive workforce.

Social service organizations face a unique set of challenges not experienced by other industries. Budgets fluctuate due to dependence on grants and donations, making efficient resource allocation a constant priority. But even with stalled fundraising opportunities due to the pandemic, most social service employers remain optimistic about the future, predicting both revenue and headcount growth by 2022.

Employers in this sector are making benefit enhancements as their finances allow, but mainly from year to year. When confronting a challenging funding environment, a tight labor market and budget limitations—especially all at once—planning ahead as much as possible makes it easier to identify more cost-effective and sustainable solutions. To drive better outcomes, employers need to be open to new ideas and attentive to changing employee needs. Critically evaluating these choices on a periodic basis also helps ensure they align with the benefits employees value the most.



Top operational priorities

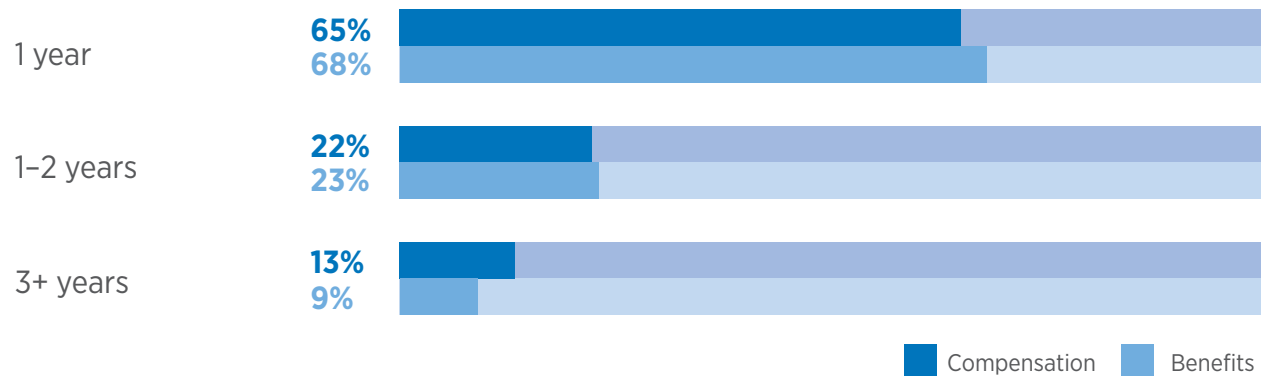
- 1 Attracting and retaining a competitive workforce
- 2 Ensuring employee health and safety
- 3 Ensuring business continuity
- 3 Maintaining or decreasing overall operating costs
- 5 Increasing revenue or sales



More than **1** in **4**

View compensation and benefits as investments in maximizing workforce performance

Compensation and benefits planning horizon



47% Have less than 10% of employees work remotely full time

Areas expected to grow by 2022



Headcount



Revenue

Change in annual employer-paid benefit costs since 2019



Increased



Decreased

Physical & Emotional Wellbeing

Align cost-saving opportunities with innovative solutions.

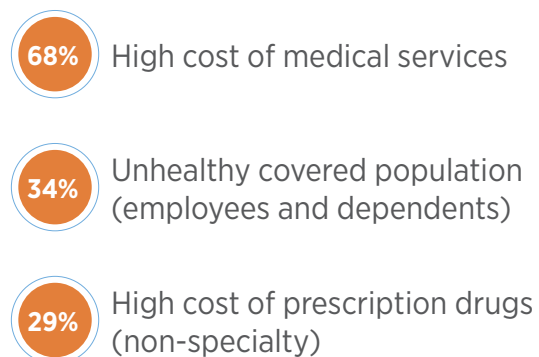
Social service employers are looking for outside-the-box solutions to relieve cost pressures without shifting further financial responsibility to employees. Because salaries are usually lower than those of other industries, medical and pharmacy benefits have become a cornerstone for the industry. And balancing affordability and choice remains critical to attracting and retaining talent.

Yet many social service employers are missing opportunities in the pharmacy benefit like carve-outs, changes to plan design and improved tactics to manage the use of specialty drugs. Employers should also be taking a hard look at agreements and contracts with third parties, paying close attention to the appropriateness of discounts.

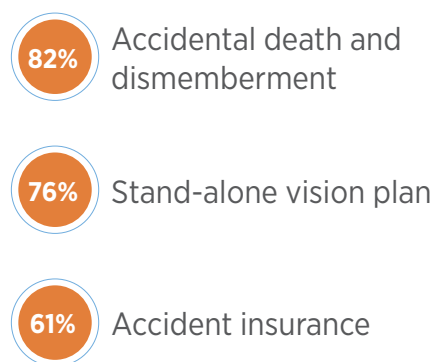
Voluntary benefits may also deserve another look. These options allow employers to achieve their benefit objectives at a minimal expense, while providing their employees with an added measure of financial protection, cost savings and greater peace of mind.



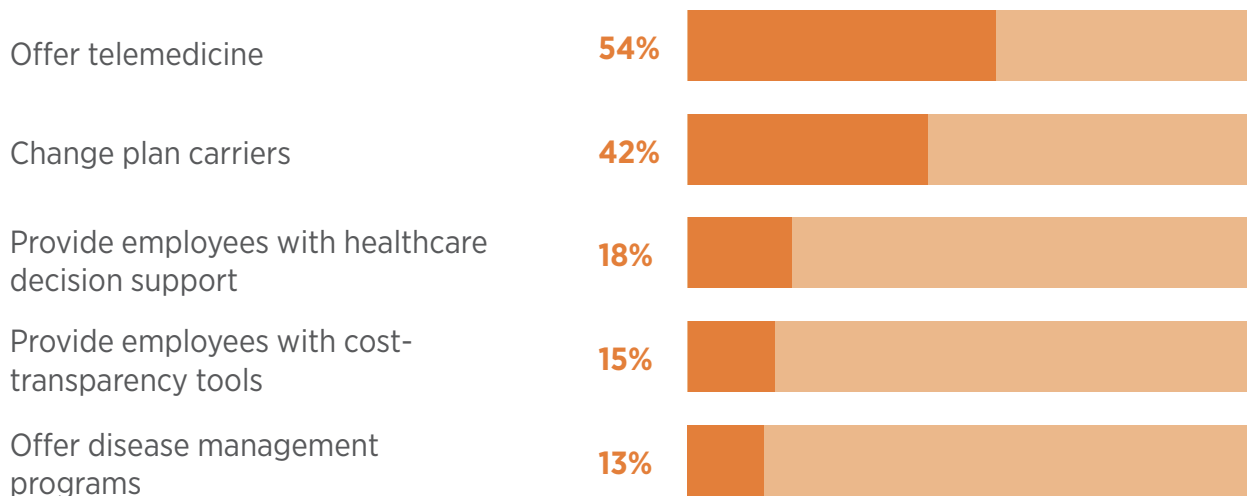
Top healthcare cost-management challenges



Most commonly offered voluntary benefits



Common cost-control tactics



73% Offer 2 or more medical plans

2 in 3

Believe medical and pharmacy benefits are key for recruitment and retention

More than 7 in 10

Either don't know or don't use tactics to manage the use and costs of specialty drug benefits

2%

Carve out the pharmacy benefit

4%

Plan to by 2023

Career Wellbeing

Rethink compensation strategies to address the talent shortage.

Engagement with an organization—along with a deep-rooted belief in its mission—is essential in the social services industry. It influences opportunities and outcomes for the organization, including enhanced operational and business performance, as well as reduced voluntary turnover. Additionally, inviting employees to individually share their thoughts and opinions demonstrates genuine concern about the employee experience.

While compensation doesn't drive engagement, it plays an important role in optimizing it. An employee's view and understanding of their compensation directly affects their beliefs about their value to the organization and impacts their trust in leadership. A clear and complete statement about compensation philosophy serves as the basis for a consistent and equitable approach.



Top tactics used to increase engagement

- 1 Communicate in a way that fosters trust and confidence
- 2 Give timely and constructive feedback
- 2 Define clear performance goals
- 4 Connect employees' efforts to positive impacts on strategy, mission, vision or values
- 5 Provide performance-based recognition

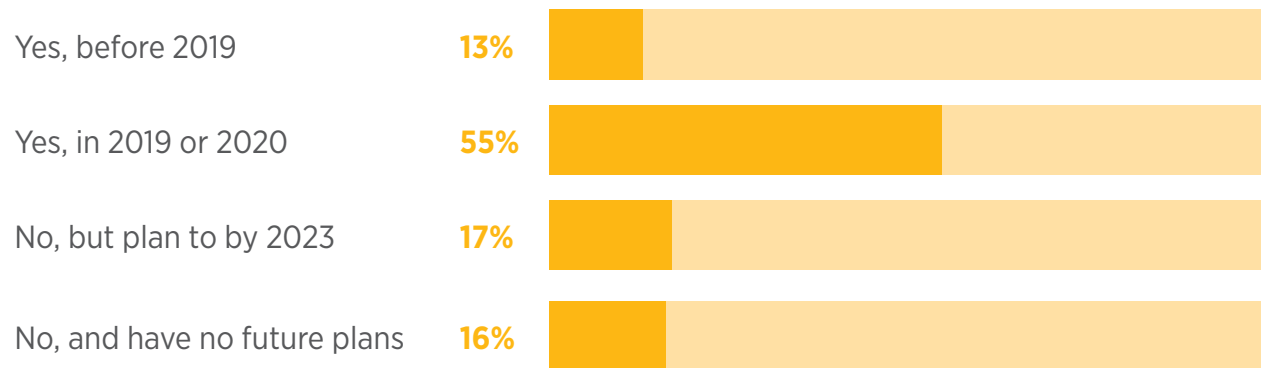


2 in **3** Believe their workforce is highly engaged

Total rewards aspects enhanced to meet recruitment and retention objectives



Have conducted a survey to measure workforce engagement



68% Have a strategy to improve employee engagement

28% Provide total compensation statements

Financial Wellbeing

Meet a diverse range of employee spending and saving goals.

Financial wellbeing plays a critical role in overall wellbeing strategy. Financial stress can be a major distraction and often hurts productivity. So as a byproduct of the pandemic, many social service organizations intensified their already growing focus on employee financial wellbeing.

While retirement is often the core of financial wellbeing programs, it's also important to ensure that other efforts help employees meet a diverse range of both saving and spending goals at each stage of their working life and into retirement. To help with this, a majority of those in the sector offer at least one financial wellbeing initiative, most commonly access to financial advisors and education.



Financial wellbeing programs and resources offered

- 63%** Financial advisor sessions
- 62%** Financial literacy and other educational opportunities
- 22%** Debt counseling
- 17%** Student loan forgiveness
- 12%** Student loan repayment programs
- 12%** Loan refinancing tools
- 7%** 529 plans

90% Have a retirement program

More than **1** in **2**

Indicate that financial wellbeing has become more important since 2019

Methods used to promote better savings habits



Most common active retirement plans



Percentage of employee contribution matched



Organizational Wellbeing

Take a proactive, comprehensive approach to supporting the whole health of employees.

Employers can only achieve the full potential of employee wellbeing by integrating its physical, emotional, career and financial aspects. There's a clear link between whole health, engagement and productivity. And right now, focusing on emotional wellbeing, in particular, is especially important to help reduce stress and burnout in the workforce.

Yet many social service organizations are still taking a reactive approach to wellbeing, adding solutions in an ad hoc manner to address needs instead of relying on a formal strategy. While there's a perception that wellbeing programs are increasingly effective, it's hard to determine the accuracy of this assessment without measurement.

Leveraging data can help provide an accurate depiction of employee and organizational health. And when the approach to wellbeing is supported by leadership and clear communications, employers secure a better future by delivering a better employee experience.



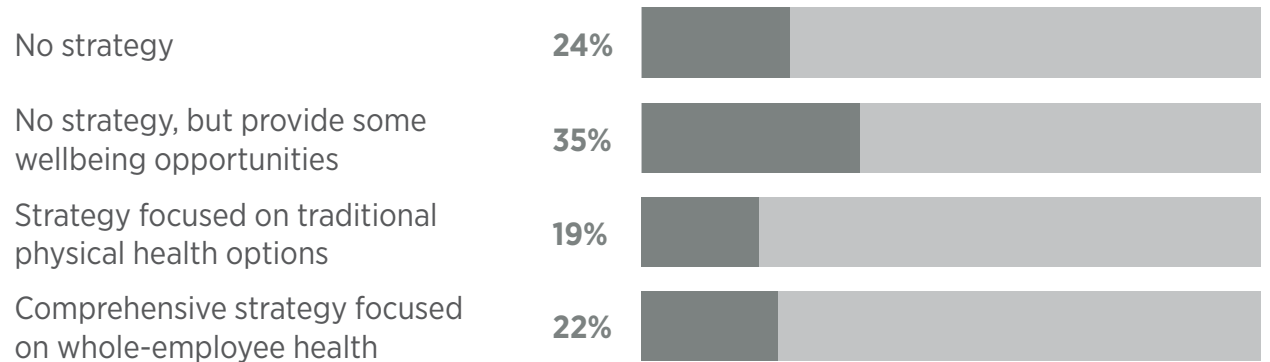
3 in 4 Increased prioritization of the social aspects of emotional wellbeing over the last two years

Emotional wellbeing programs and resources offered

- 89%** Employee assistance programs
- 64%** Flexible work arrangements
- 52%** Classes to promote emotional wellbeing
- 49%** Wellness committee or wellness champions

21% Have a comprehensive communication strategy

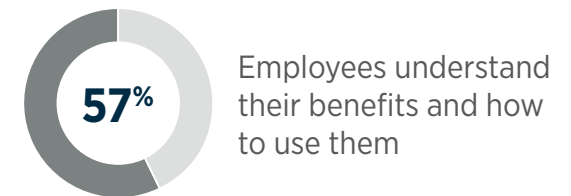
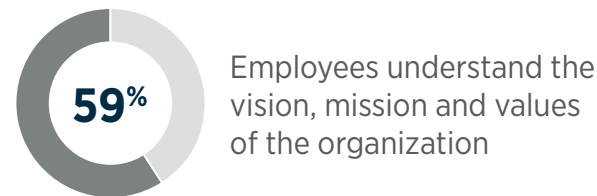
Scope of the wellbeing strategy



↑ 19 points since 2020

Agree their organization has an effective strategy to create or sustain a culture of total wellbeing

Outcomes of employee communication considered most important



Final Remarks

As social service organizations continue to operate under tighter constraints than most, adopting more strategic approaches to total rewards and communication will better position the industry for the future.

Since large-scale compensation and benefit changes aren't typically seen in this sector, intangible opportunities drive the employee experience. The good works that social service organizations do give them a unique competitive advantage in attracting like-minded talent. And employees who are committed to the mission are often more loyal and willing to accept lower compensation.

However, because that dedication to a common purpose isn't limitless, employers need to structure their total rewards in ways that not only fit a shared goal but also aim to balance the organizational budget with individual financial circumstances.

Taking a more holistic and comprehensive approach to employee wellbeing and communication will optimize investments in total rewards and foster better connectivity of individual contributions to organizational success.

For additional insights and custom benchmarking on the latest trends impacting social service employers, contact your local Gallagher consultant.

About Gallagher

Pursuing “better” is an ongoing journey. Employers of all shapes and sizes, in all parts of the world, are acutely aware that people’s changing expectations demand more from the organizations and brands they invest in. And nowhere is one person’s investment—and their expectation for better—more apparent than in their choice of employer.

Now more than ever, employers have an opportunity to secure a better future by delivering a better employee experience. Building a workplace that works better means helping your employees succeed by supporting their ability to invest more fully in themselves, their communities and their organization’s wellbeing.

Gallagher Better WorksSM is a comprehensive approach to your people strategy that aligns the diverse expectations of your employees with your overall business goals, at the right cost structure. Using data-driven insights, you’ll be empowered to recruit, retain and retire vital talent through intentional, sustainable investments in your employees’ physical, emotional, financial and career wellbeing.

Your people excel when you purposefully cultivate the employee experience—with benefits, compensation, HR programs, and ways of working that help energize and balance all aspects of their lives. Create a sense of belonging, purpose and trust with an approach that’s rooted in the wellbeing of your people. That’s how you keep moving toward your better—ensuring your organization can thrive—even in times of uncertainty.



TERMS OF USE

The intent of these Surveys is to provide you with general information regarding current practice within the employee compensation and benefits environment. The data does not constitute recommendations or other advice regarding employee compensation or benefit programs, and the user is in no way obligated to accept or implement any information for use within their organization(s). The decision to utilize any information provided rests solely with the user, and application of the data contained does not guarantee compliance with applicable laws or regulations regarding employee compensation or benefits. Information provided by these Surveys, even if generally applicable, cannot possibly take into account all of the various factors that may affect a specific individual or situation. Additionally, practices described within the Surveys should not be construed as, nor are they intended to provide, legal advice.

The Web Site and the Content do not constitute accounting, consulting, investment, insurance, legal, tax or any other type of professional advice, and should be used only in conjunction with the services of a Gallagher consultant and any other appropriate professional advisors who have full knowledge of the user's situation.

Gallagher does not represent or warrant that the Content will be correct, accurate, timely or otherwise reliable. Gallagher may make changes to the Content at any time. Gallagher assumes no responsibility of any kind, oral or written, express or implied, including but not limited to fitness for a particular purpose, accuracy, omissions and completeness of information. Gallagher shall in no event whatsoever be liable to licensee or any other party for any indirect, special, consequential, incidental, or similar damages, including damages for lost data or economic loss, even if Gallagher has been notified of the possibility of such loss. For the purposes of this section the term "Gallagher" shall be construed so as to include Gallagher Surveys as a marketing division and/or Gallagher Benefit Services, Inc. and its affiliates.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc., a non-investment firm and subsidiary of Arthur J. Gallagher & Co., is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Certain appropriately licensed individuals of Arthur J. Gallagher & Co. subsidiaries or affiliates offer securities through Kestra Investment Services, LLC (Kestra IS), member FINRA/SIPC and or investment advisory services through Kestra Advisory Services, LLC (Kestra AS), an affiliate of Kestra IS. Neither Kestra IS nor Kestra AS is affiliated with Arthur J. Gallagher & Co., or Gallagher Benefit Services, Inc. Neither Kestra AS, Kestra IS, Arthur J. Gallagher & Co., nor their affiliates provide accounting, legal, or tax advice. GBS/Kestra-CD(3782438)(exp092022).

Investor disclosures <https://bit.ly/KF-Disclosures>

For institutional use only. Not for public distribution. All rights reserved. No part of this book, including the text, data, graphics, interior design and cover design may be reproduced or transmitted in any form, without explicit consent from Arthur J. Gallagher & Co.



Insurance | Risk Management | Consulting

ajg.com The Gallagher Way. Since 1927.



"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

© 2021 Arthur J. Gallagher & Co. | 40116