



**Gallagher**

Insurance | Risk Management | Consulting

# Total rewards strategies for an evolving workforce.

## **PUBLIC ENTITY**

Findings and insights from the 2022 Benefits Strategy & Benchmarking Survey

*U.S. Edition*

— 2022 —  
**WORKFORCE  
TRENDS  
REPORT  
SERIES**



The background of the slide is a photograph of a large, multi-story brick building with classical architectural features, including a portico with white columns and a pediment. A flagpole with a flag is visible in the foreground on the left. The sky is blue with light clouds.

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# Introduction

Inflation is a retention concern for public entities as employees, locked into paying higher prices for basic essentials, are tempted to shop around for better pay. To contain turnover in this challenging labor market, they need creative solutions for stabilizing costs, stretching compensation dollars and highlighting the value of generous employee benefits.

While tax-dependent revenue creates a challenge, focusing on a people-focused culture and taking an integrated approach to employee wellbeing can help public entities drive better outcomes. That's why wellbeing is at the center of [Gallagher Better Works<sup>SM</sup>](#), 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 354 public entities that participated in the 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.



**Wes Grigston**

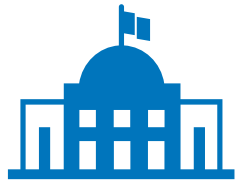
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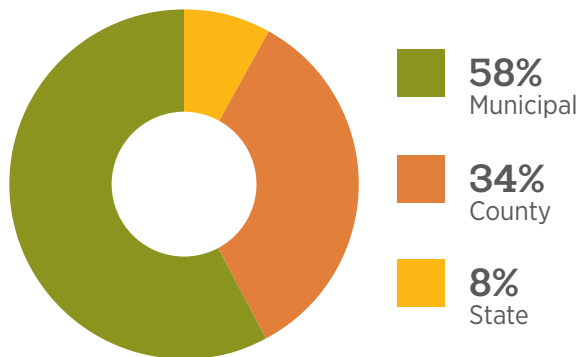
# Benefits Strategy & Benchmarking Survey Public Entity Participant Profile



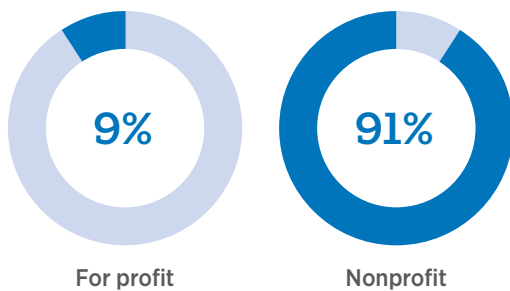
354

Public entities

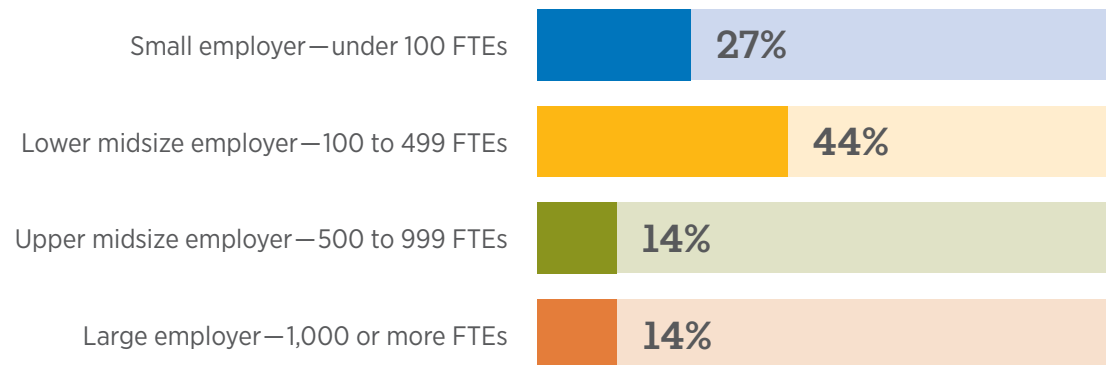
## Type of public entity



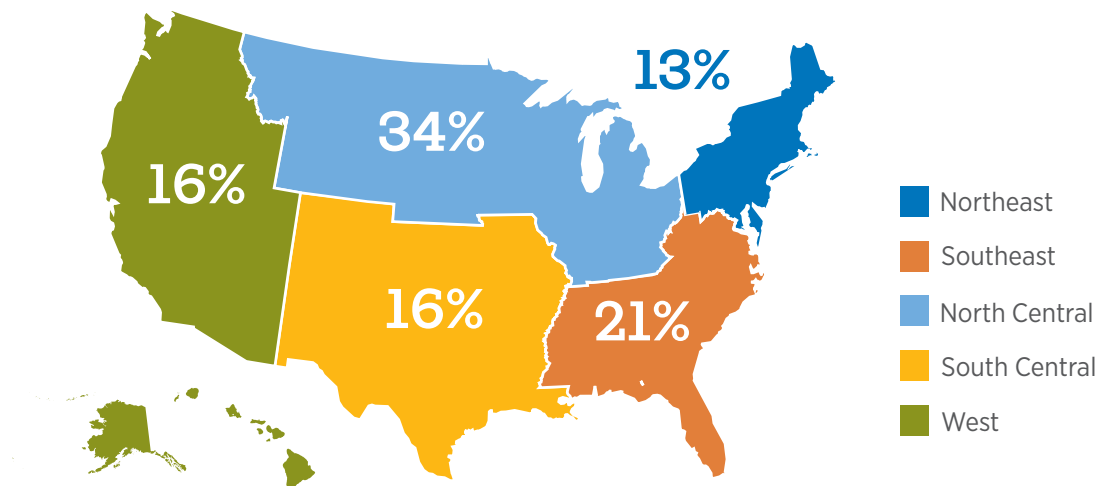
## Ownership structure



## Workforce size—full-time equivalents (FTEs)



## Geography



# Key Takeaways for Public Entity Employers

## People & Organizational Wellbeing Strategy



Highlighting total compensation can improve the perceived value of benefits.

## Physical & Emotional Wellbeing



Additional pharmacy benefit controls and a wider selection of voluntary benefits help to decrease claims, without affecting critical access to care and financial protections for employees.

## Career Wellbeing



Employee 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

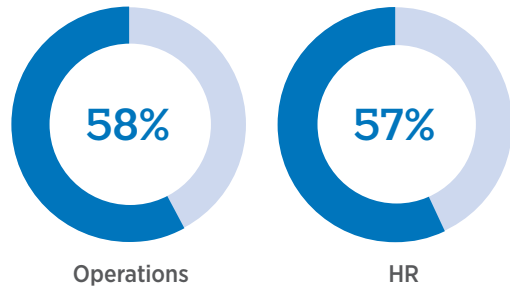
## Familiarity with total rewards helps employees appreciate the value of their benefits.

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

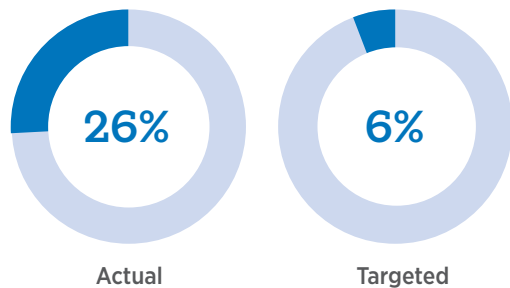
Public entities anticipate rising healthcare costs, and their concerns center on medical services and both non-specialty and specialty drugs. Yet fewer shifted more responsibility to employees for payment of premiums or other plan elements, compared to 2021. One reason may be a growing emphasis on promoting the long-term wellbeing of the workforce and the organization through cost transparency tools, enhanced decision-making, and mental and behavioral health support.



Rank retaining talent as the No. 1 priority

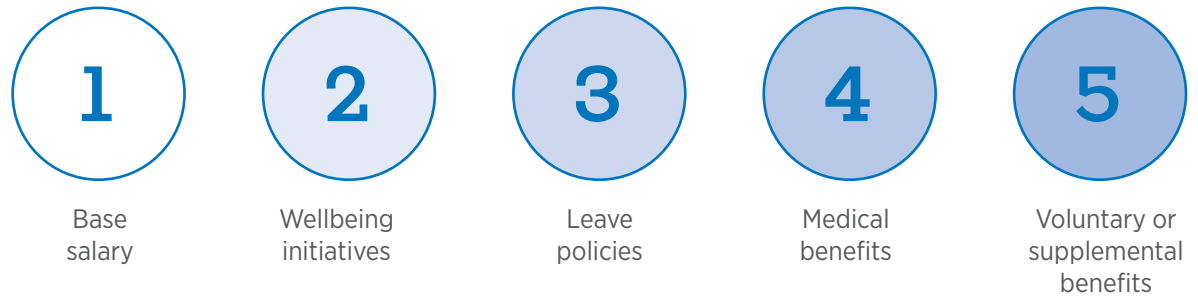


Turnover rate of 15% or more in 2021

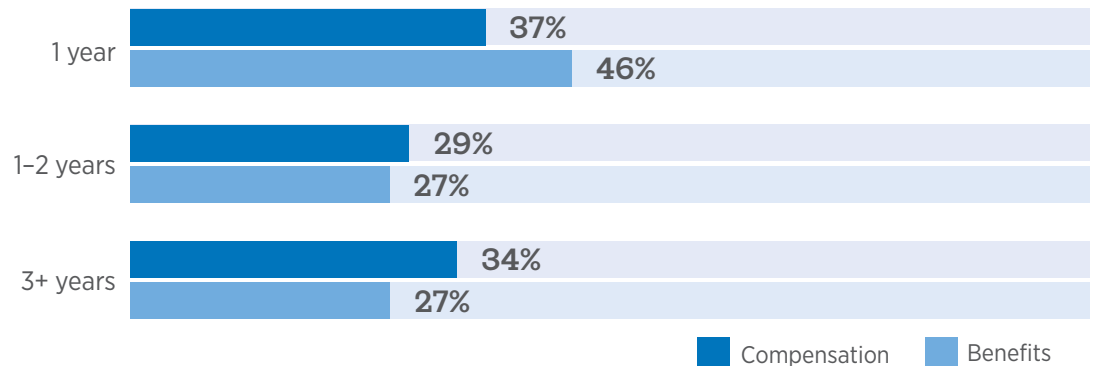


**62%** Did not increase employee cost sharing at the most recent renewal

Top total rewards aspects enhanced to meet recruitment and retention objectives



Compensation and benefits planning horizon



Nearly **7 in 10** Expect higher healthcare costs for 2022 compared to 2021



# Physical & Emotional Wellbeing

## Strategic use of pharmacy benefit controls and voluntary benefits helps reduce claims.

Lower utilization of medical services during the pandemic has started to surface in higher claims, although pharmacy claims continue to outpace them. Reluctant to offload cost burden onto employees, employers are actively exploring other options for minimizing expenses.

Reduced medication costs are possible when pricing deals and rebate guarantees in pharmacy contracts receive a thorough review, and this tactic is capturing more attention. Employers can also realize savings through copay accumulators and maximizers, or pharmacy coalitions and other market arrangements.

When cost-sharing increases are necessary, offering voluntary benefits such as hospital indemnity, critical illness and accident insurance provides options for supplementing the core health plan. Coverage extends financial protections for employees without any additional cost to the employer.



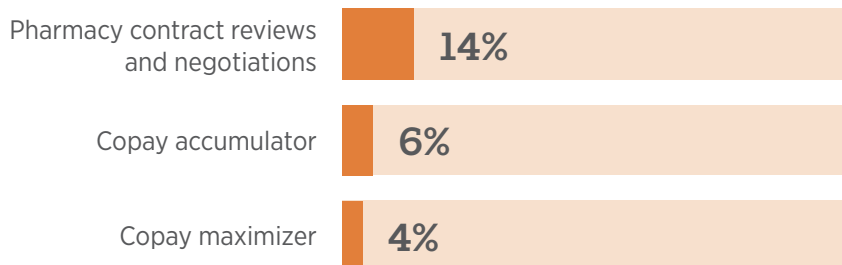


### Top healthcare cost-management challenges

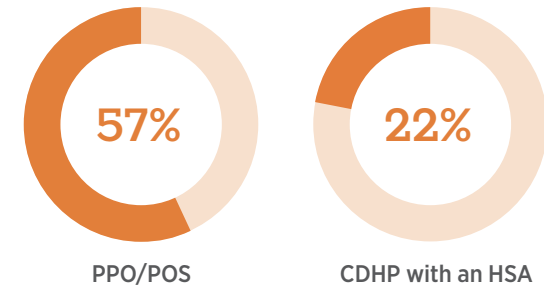


72% Offer 2 or more medical plans

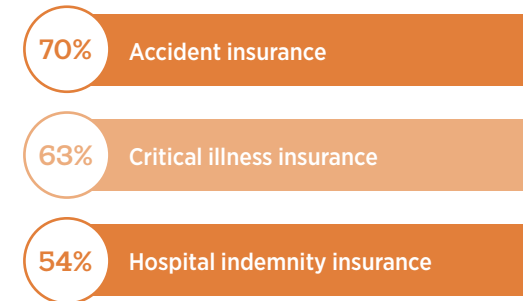
### Tactics employed to manage the use and costs of specialty drugs



### Medical plans with the highest enrollment



### Commonly offered voluntary benefits



More than 1 in 3

Offer voluntary benefits to provide financial protection to employees

# Career Wellbeing

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

Salary is the primary focus for total rewards enhancements. But with taxes as a primary revenue source, public entities have less compensation flexibility than most industries. While working within a fixed budget over 12-month cycles may limit their options, evaluating the drivers of workforce engagement and retention can expand them. Understanding how these drivers differ and implementing a supporting strategy is a key component of success.

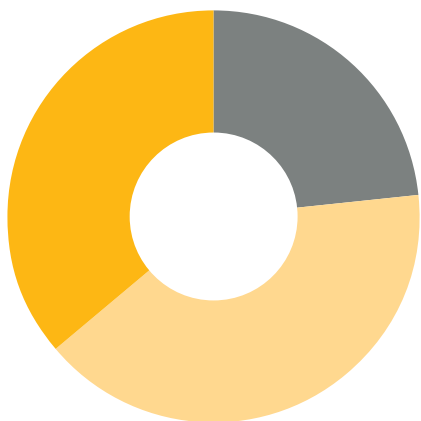
Engagement surveys can assess all the dimensions that constitute career wellbeing, including career mobility and recognition. Interpreting findings and applying insights from objective measures such as these strengthens and sustains connections with employees. Beyond engagement drivers, other factors that influence workforce stability are work policies and environments that allow employees more flexibility.



Nearly **1 in 4**

Consider increasing workforce engagement and productivity a top HR priority

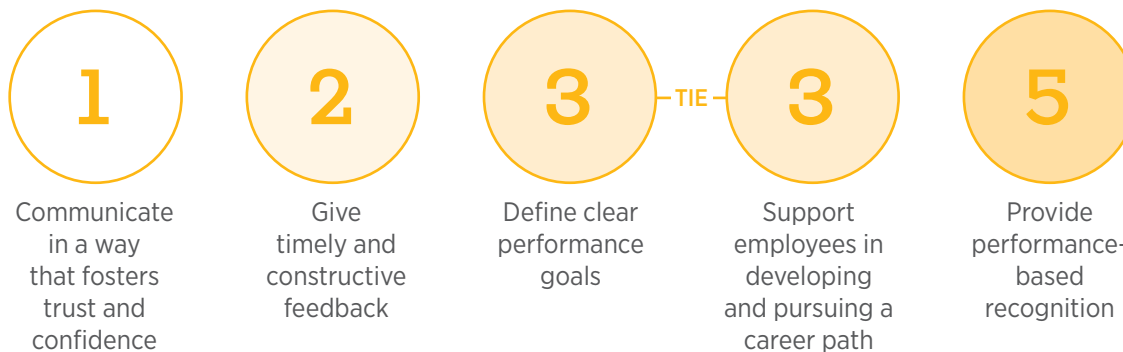
### Have an engagement strategy



**36%** Yes    **40%** Expect to by 2024    **23%** No

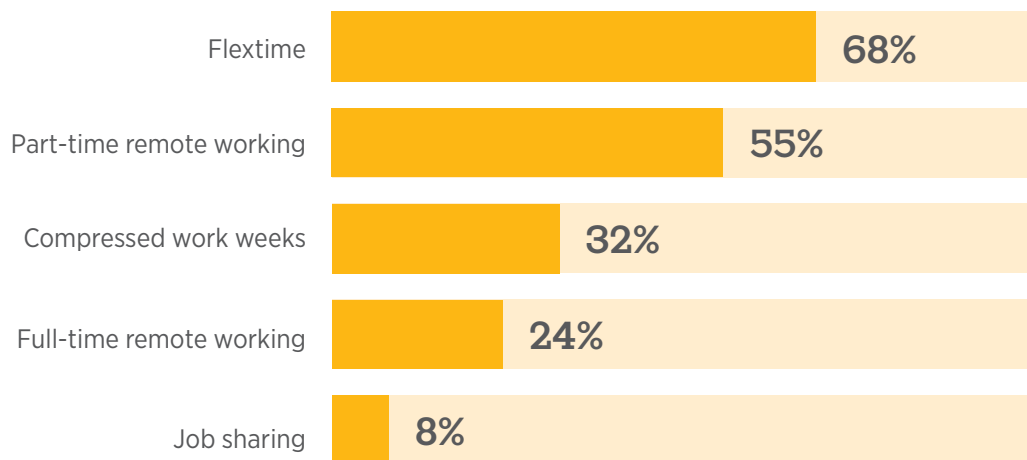
**32%** Conducted a survey to measure workforce engagement in 2020 or 2021

### Top tactics used to improve employee engagement



**46%** Believe their workforce is highly engaged

### Tactics used to address workplace flexibility





# Financial Wellbeing

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

Worries about money have largely overtaken concerns about the adverse effects of COVID on physical health. Across income levels, many employees need help with their finances—from budgeting and debt reduction to funding a secure retirement and managing wealth. When saving and spending challenges compete, as they often do, support for financial wellbeing can guide better decisions.

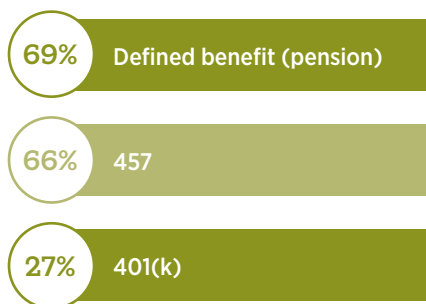
Programs, services and other resources should focus on helping employees align their financial goals with their life goals. For example, providing access to financial professionals and expanding their selection of insurance benefits offers opportunities to both promote growth and stabilize success.



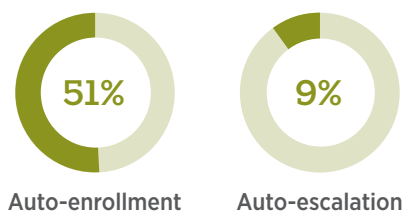
96%

Have a retirement program

Most common active retirement plans offered



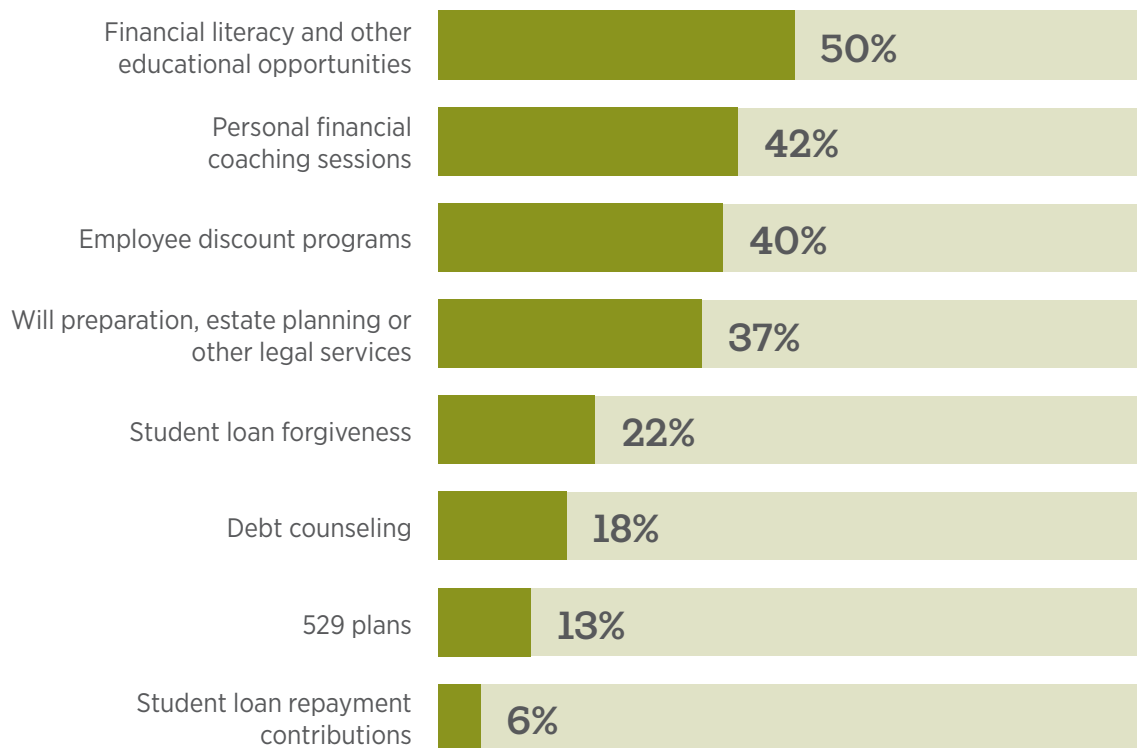
Methods used to promote better savings habits



More than 4 in 5

Offer at least one financial wellbeing program or resource

Top financial wellbeing programs and resources



# Organizational Wellbeing

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

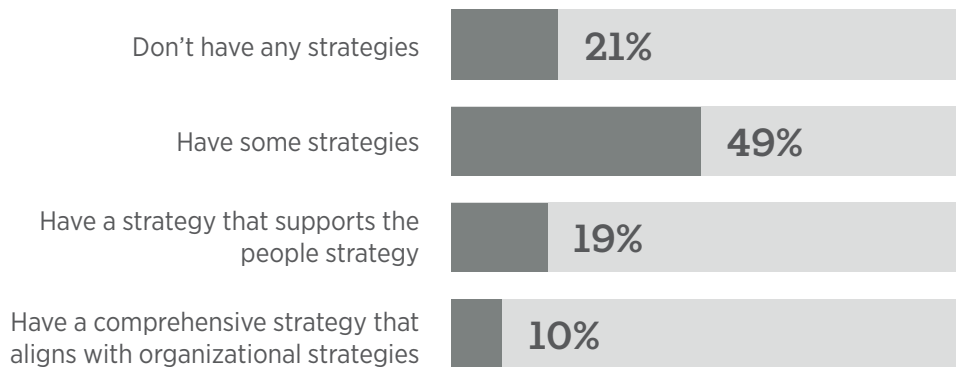
Pandemic challenges to talent management pushed public entities to upgrade and expand their benefits administration and HR technology capabilities. Equipped with new solutions, many have improved their efficiency, eliminated paper forms and established new hire processes. Help with platform rollouts may be another advantage.

Employers are establishing policies that promote work-life balance, and when it's practical, support for an agile workplace. There's a growing interest in preparing managers to provide appropriate guidance to employees in seeking mental health services. And carriers are responding to the demand for mental health resources which continues to increase. To fill specialized needs, they participate in strategic partnerships with solution providers and third-party vendors. Access for employees can be improved through resource integration and program navigation.

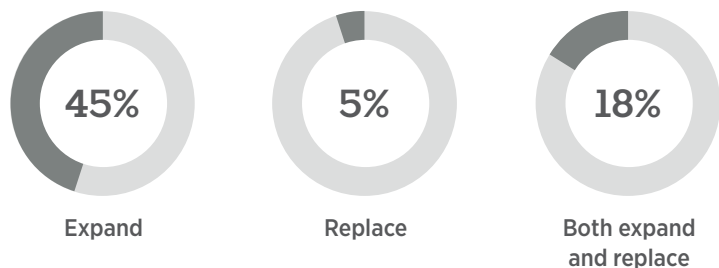




### Strategic approach to HR technology



### Expected changes to HR technologies by 2024



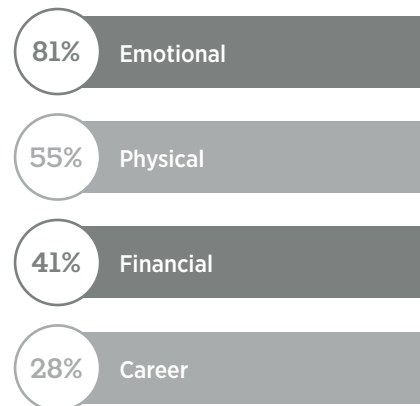
63%

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

1 in 2

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

### Dimensions of employee wellbeing that have become more important since 2020



44%

Agree their organization has a culture of total wellbeing

# Final Remarks

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Public entities have a long-standing commitment to providing a broad selection of employee benefits. While variable influences of a competitive labor market and inflation are now affecting budgets, attraction and retention in all industries, the fixed factor of tax-dependent revenue adds another layer of challenge. Offering benefits and a workplace culture as diverse and inclusive as the communities employees serve will help differentiate public entity employers. When planning total rewards, a longer-range strategy often allows more efficient management of these investments and builds resiliency for the future.

Access to benefits, programs and resources through an improved HR infrastructure simplifies the experience for employees and retirees, and can help alleviate the administrative burden on staff. Seamless integration with the benefits administration platform further streamlines performance. In addition, enrollment services and counselors enhance support for employees, while strategically designed and delivered employee communications promote engagement.

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 and employee communications then bring 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 public entity employers, contact your local Gallagher consultant or visit [ajg.com/publicsectorbenefits](https://ajg.com/publicsectorbenefits).

# About Gallagher

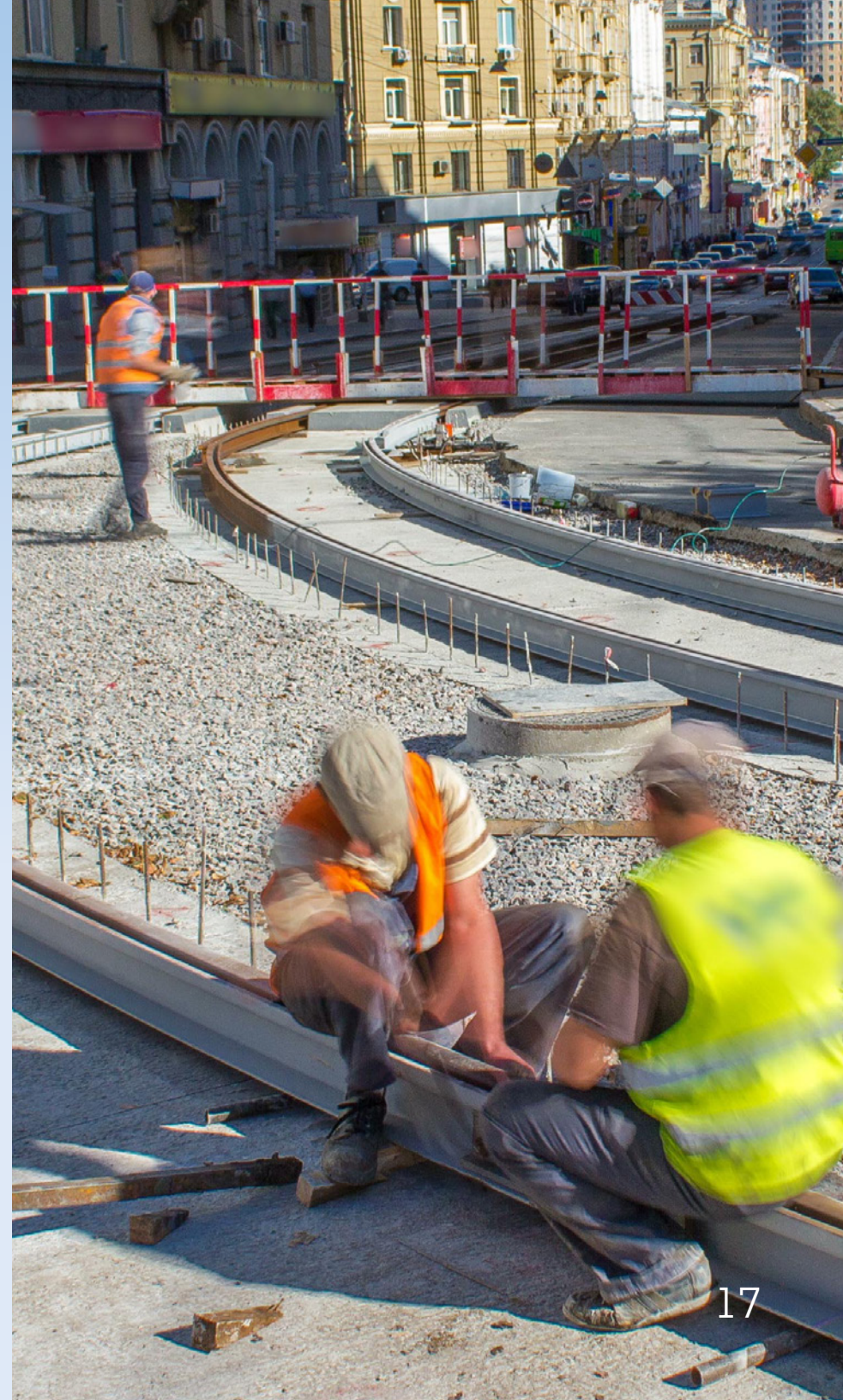
People are your organization's greatest asset. But when their daily lives are impacted by major struggles like a global pandemic, economic strife and geopolitical risks, hardship can take its toll—both on your people and your business.

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 Works<sup>SM</sup>—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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