



Gallagher

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# Public Entity

— 2023 —  
WORKFORCE  
TRENDS  
REPORT  
SERIES

Findings and insights from the 2023  
Benefits Strategy & Benchmarking Survey

US EDITION



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# Introduction

## Competing for employees outside of the public sector, just on compensation alone, has been a tough proposition for public entities.

The need to differentiate benefits adds another cost challenge, but there are ways to wisely allocate spend—while stretching paychecks. Employers can cultivate an affinity for the mission of their city, county or state by connecting employees to the community value they provide.

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 the Workforce Trends Report Series, this addendum highlights key findings and implications based on responses from 300 public entities that participated in our 2023 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.



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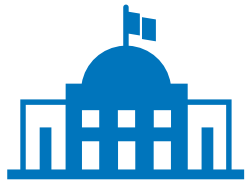
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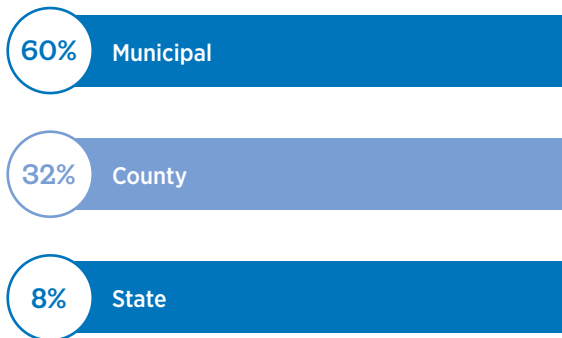
# Benefits Strategy & Benchmarking Survey Public Entity Participant Profile



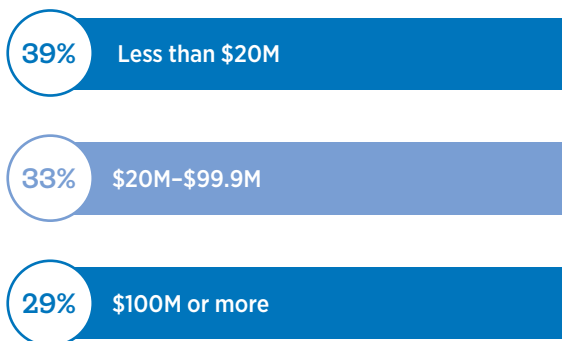
# 300

Public entities

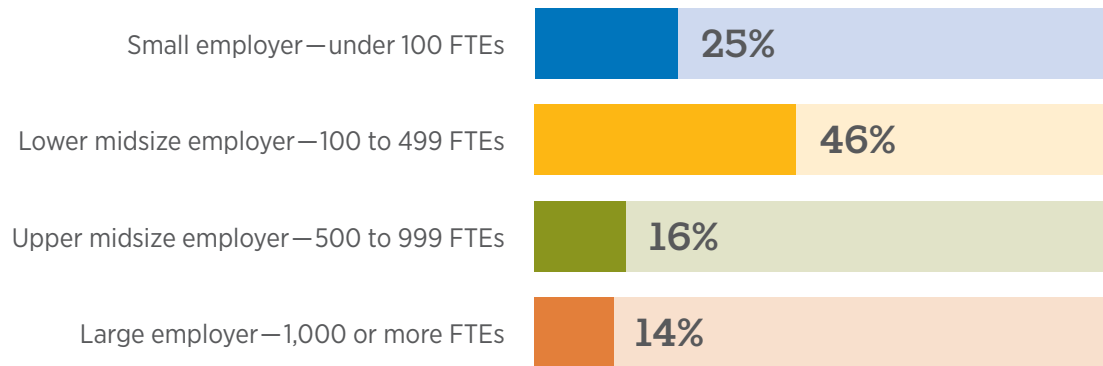
## Type of public entity



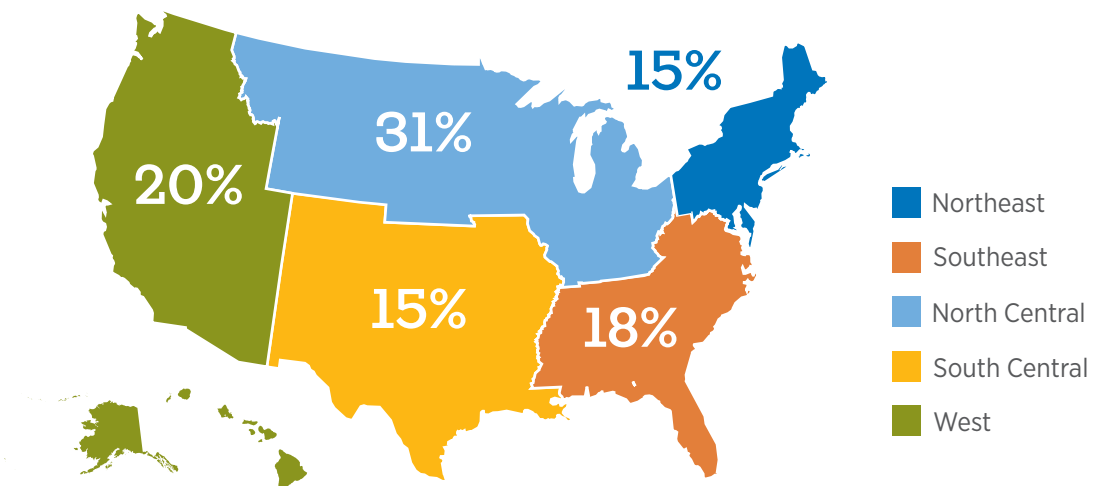
## Annual operating revenue



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



## Geography



# Key Takeaways for Public Entity Employers

## Organizational Wellbeing



Optimal resource management includes a focus on retaining productive and reliable employees as well as creating efficiencies.

## Physical & Emotional Wellbeing



Pharmacy benefit management and mental health support are central issues in efforts to balance cost control and maximize employee wellbeing.

## Career Wellbeing



Engagement is enhanced by an elevated employee value proposition that clearly communicates how the organization invests in career growth, as a dimension of health and wellbeing.

## Financial Wellbeing



Inflation spotlights the importance of financial wellbeing, offering an opportunity to showcase supportive benefits to all employees.

# Organizational Wellbeing

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## Better manage resources by focusing on retaining productive and reliable employees.

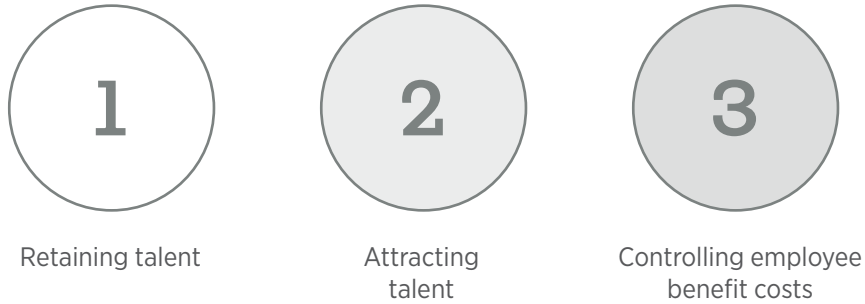
Retention outranks benefits and operations cost control as a top priority for public entities. Many approach this critical goal with a multi-year plan. Because engaging higher performers often requires highly competitive compensation and benefits, looking farther ahead helps ensure progress and sustainability.

Pressed to operate in a labor market that expects more for less, public entities are starting to enable process automation for certain HR tasks. When evaluating a partner, compatibility with the organization's existing platform, and ancillary vendors, is a key factor to consider. Data integration is also critical.

Diversity, equity and inclusion (DEI) is more than a compliance framework for non-discrimination and regulatory requirements. Initiatives support inclusion by honoring the unique talents that individuals bring to their role. Public entities most often apply the principles of DEI to their recruitment and communication practices, and leadership accountability standards.

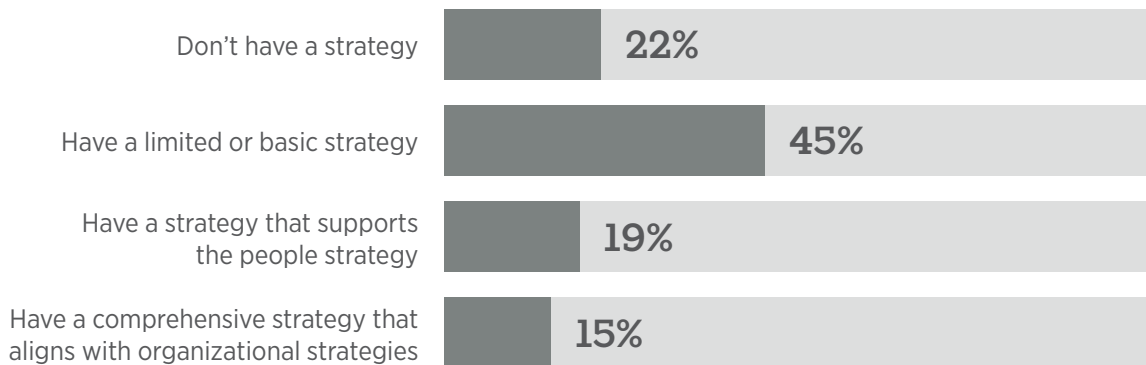


### Top operational priorities



More than **3 in 5** Expect to add and/or upgrade their HR tech solutions by 2025

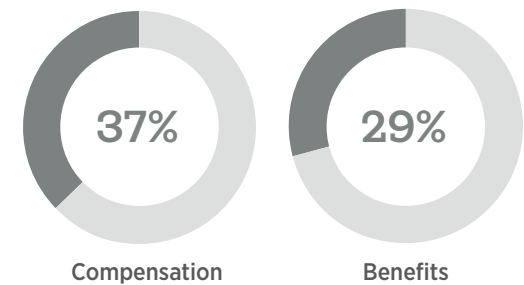
### Strategic approach to HR technology



### Areas of the organization that have integrated DEI standards



### Take a multi-year approach to planning



Nearly **3 in 5**

Average \$15,000 or more in employer-paid benefits per eligible employee annually

# Physical & Emotional Wellbeing

## Pharmacy benefit management and mental health support are central issues.

Pharmacy cost transparency, weight loss drugs and the gene therapy pipeline account for three key concerns demanding employer attention. Besides cost containment, it's a matter of how to help ensure appropriate access. Public entities are focusing on specialty pharmacy management as drug utilization grows, and exploring and applying benefit design controls. They're also leveraging manufacturer assistance and innovative payment strategies.

Increasingly, organizations are recognizing their influential role in promoting the mental health of their employees. They provide support such as days off and counseling, and also train their managers to offer proper guidance when help is needed.

Voluntary benefits allow customized choice, which can better equip a multigenerational workforce to meet changing needs throughout their lives. Expansion plans for many public entities include adding critical illness and cancer care insurance.





**14%** Carve out prescription drug coverage to a pharmacy benefit manager

**1 in 4**

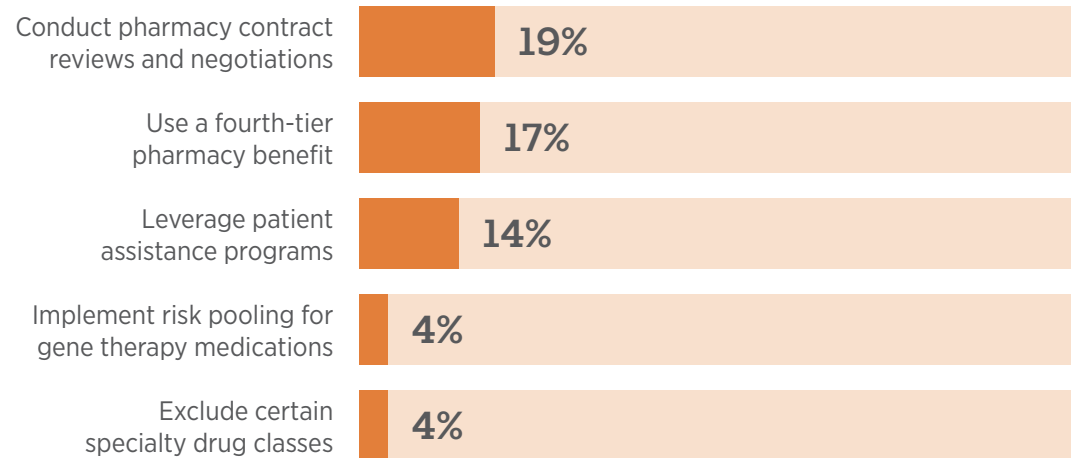
Deployed enhanced mental and behavioral health programming in 2023

**20%** Provide time off for mental health or burnout

**3 in 5**

Offer voluntary benefits to provide comprehensive benefit packages

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



### Top voluntary benefit additions expected by 2025



Critical illness insurance



Accidental death and dismemberment



Accident insurance

# Career Wellbeing

## Clearly communicating the employee value proposition helps elevate engagement and wellbeing.

Providing support for career growth, acknowledging people as valued team members and recognizing their contributions reliably deliver a strong return on investment. These actions correlate with higher career satisfaction and retention.

Awareness, positive perceptions and the use of benefits all come down to communication. A complete understanding of what's available helps employees grasp the full value of their total rewards. Yet most public entities restrict information to basics such as enrollment and safety. Using a well-conceived and well-executed strategy, they can better inform and engage employees to maximize wellbeing.

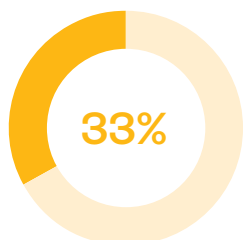
Having recognized engagement as a key driver of retention, many are focusing more intently on efforts to improve this metric. Communications that build trust promote attachment to the organization. And messaging that defines or clarifies employees' purpose strengthens their cultural connection.



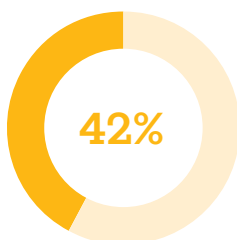
Nearly **1 in 3**

Indicate career wellbeing has become more important in 2023

### Components of career wellbeing initiatives



Have a strategy for improving employee engagement

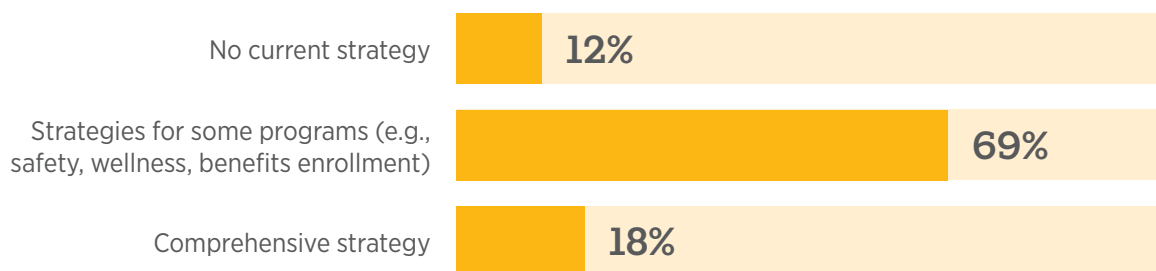


Plan to by 2025

**69%**

Increased the importance of communicating about compensation and benefits in response to the economy

### Scope of the employee communication strategy



### Top tactics used to improve employee engagement



Communicate in a way that fosters trust and confidence



Give timely and constructive feedback



Define clear performance goals

# Financial Wellbeing

## Inflation offers an opportunity to emphasize financial wellbeing benefits.

High inflation ups the ante for financial stress, and employees are looking for relief. Holistic support is needed to address a range of priorities when improving overall financial wellbeing. To attract and retain talent, emphasizing the merits of a solid retirement program can be a differentiator in a sector that's known for this benefit.

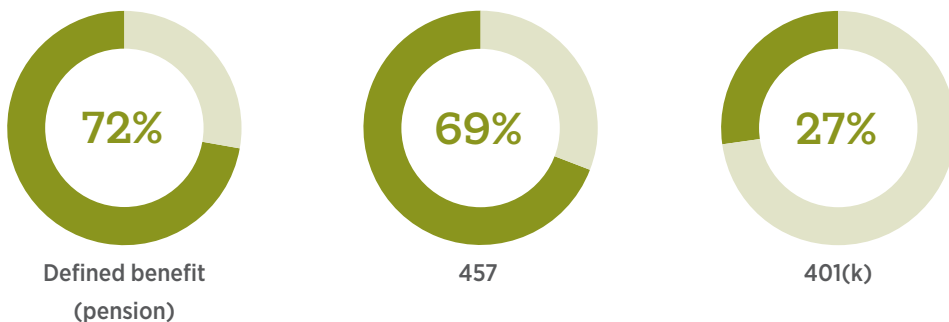
Interest in retirement programs should be grounded in a basic understanding of financial health fundamentals, provided by educational resources. Tools such as estate planning, debt counseling and emergency savings help employees meet their individual needs. Financial stressors affect mental health, and alleviating them can boost productivity and physical wellbeing.

Commonly offered tuition assistance shows support for career growth in addition to reducing a significant financial burden. It's an investment in the organization as well as employees because both benefit from advanced knowledge and skills.

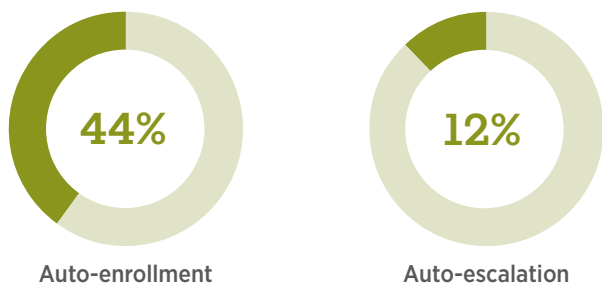


96% Have a retirement program

Most common active retirement plans offered



Methods used to promote better savings habits



More than 3 in 4 Offer tuition assistance

Nearly 1 in 2

Indicate financial wellbeing has become more important in 2023

Components of financial wellbeing initiatives



# Final Remarks

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Staying competitive in today's labor market requires employers to match benefits to individual preferences. This challenge isn't new, but it's becoming increasingly complex, with more diverse characteristics to consider. However, public entities are positioned to succeed because benefits are the bedrock of their total rewards. Strategic options range from expanding choice through voluntary benefits to providing time off for mental health to meeting employees where they are with financial wellbeing.

The focus on people support is evolving as the need to increase efficiencies and maximize investments requires a closer embrace of technology. Typically limited, budgets are often spent on new tools that help automate processes and ensure compliance with regulatory requirements. Many organizations are also using data more effectively to inform decisions and track outcomes. Integrating various data sources across internal systems and external vendors provides a complete view of the organization.

While factors like inflation and a tight labor market are outside the control of public entities, creative differentiation supports successful attraction and retention of key talent. Popular benefits and perks, career growth opportunities, and a strong culture help employers to stand out.

For additional insights and custom benchmarking on the latest trends impacting public entities, contact your local Gallagher consultant or visit [AJG.com/publicsectorbenefits](https://www.nyc.gov/a-j-g/publicsectorbenefits).

# About Gallagher

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## Your people are your organization's greatest asset.

But daily hardships—like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work—can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labor market.

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

Doing so can help your business attract top talent, motivate employees and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, 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, employee communication and workplace culture so you can support your people's physical and emotional health, financial confidence and career growth 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, Gallagher's consultants are here to help you optimize your profitability with a strategy rooted in the wellbeing of your people—so you can face the future with confidence.



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