

2021

**WORKFORCE TRENDS
REPORT SERIES**

K-12 EDUCATION

Findings and insights from the 2021 Benefits Strategy
& Benchmarking Survey

U.S. Edition



Gallagher

Insurance | Risk Management | Consulting

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Introduction

In an industry where interpersonal interaction in a group setting has long been the standard, K-12 schools—and their workforces—have been tested over the last year and a half more than most.

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.

As part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on 208 K-12 employers 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.



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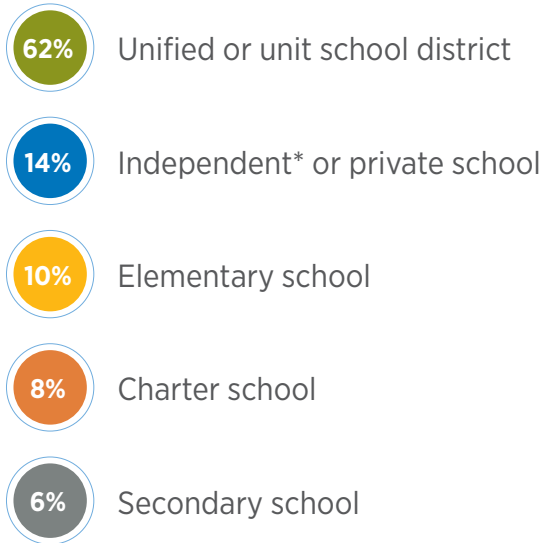
Benefits Strategy & Benchmarking Survey K-12 Education Participant Profile



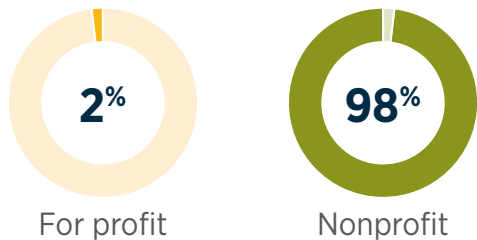
208

K-12 organizations

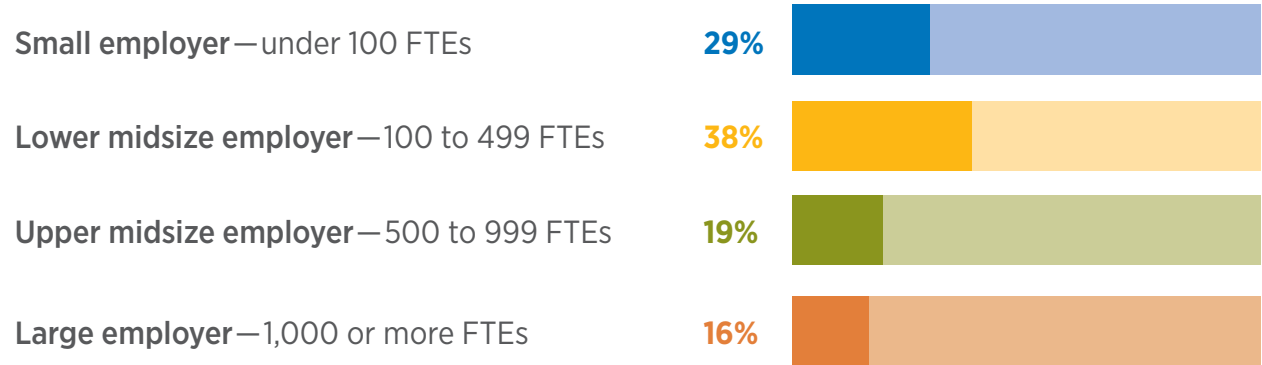
Type of educational institution



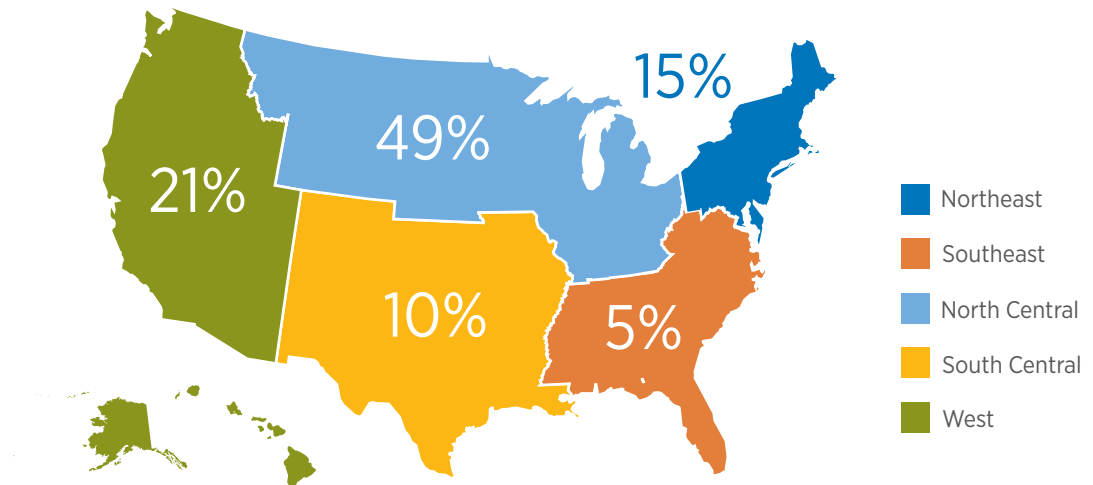
Ownership structure



Workforce size — Full-time equivalents (FTEs)



Geography



*A nonpublic school that owns, governs and finances itself

Key Takeaways for K-12 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 informed consumption and provider access, 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.

K-12 schools confront a diverse set of challenges that are all interrelated. It's no surprise that attracting and retaining a competitive workforce is the highest priority for both HR and operations. But controlling employee benefit costs is a close second on the operational side.

To drive better outcomes, organizations need to be open to new ideas and attentive to changing employee needs. Taking a long-range view when planning—guided by key priorities, organizational goals and an understanding of where employee values lie—allows K-12 schools to build in resilience to change.



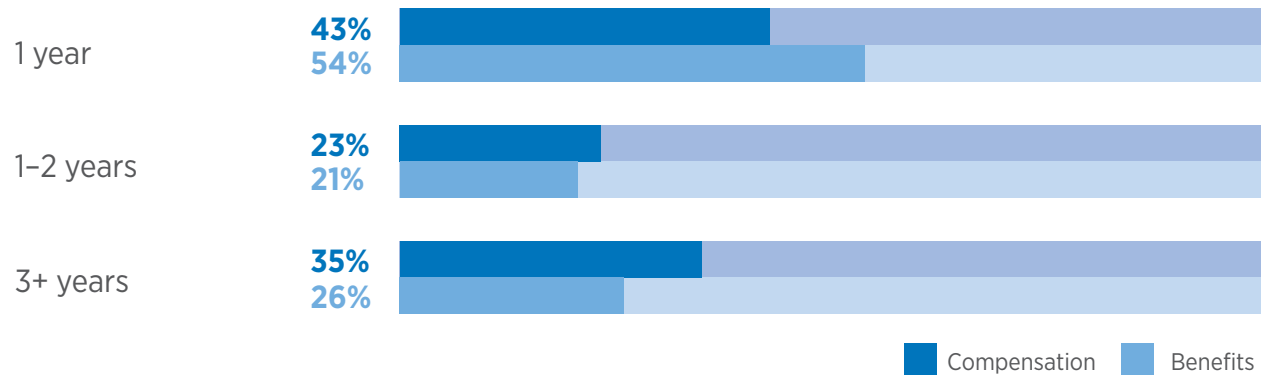
Top operational priorities

- 1 Attracting and retaining a competitive workforce
- 2 Controlling employee benefit costs
- 3 Maintaining or decreasing overall operating costs
- 4 Ensuring employee health and safety
- 5 Coping with government regulations

Less than **1** in **4**

View compensation and benefits as investments in maximizing workforce performance

Compensation and benefits planning horizon



21% Expect to increase workforce headcount by 2022

Turnover rate of 10% or more in 2020



Actual



Targeted

Types of employer-paid coverage offered for more inclusive benefits



Part-time employee



Domestic partner

Physical & Emotional Wellbeing

Align cost-saving opportunities with innovative solutions.

K-12 employers are looking for outside-the-box solutions to relieve cost pressures without shifting further financial responsibility to employees. Yet many 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.

For a sector that's so reliant on tax revenue, voluntary benefits 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

1

High cost of medical services

2

High cost of prescription drugs (non-specialty)

3

High cost of specialty drugs

Common cost-control tactics

- 63% Offer telemedicine
- 34% Provide employees with healthcare decision support
- 25% Provide employees with cost-transparency tools

Most commonly offered voluntary benefits

- 86% Accidental death and dismemberment
- 83% Stand-alone vision plan
- 65% Accident insurance

Carve out the pharmacy benefit

15%



Plan to by 2023

2%



More than **3** in **5**

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

46% Increased employee cost share at the most recent renewal

Career Wellbeing

Rethink compensation strategies to address the talent shortage.

Engagement influences opportunities and outcomes for the organization, including enhanced operational and business performance, as well as reduced voluntary turnover. 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. A clear and complete statement about compensation philosophy serves as the basis for a consistent and equitable approach. It's also a guidepost for recruiting and retaining talent, and responding to pay inquiries. The greatest gains from a compensation philosophy and strategy come from consistent and repeated communication.



Top tactics used to increase engagement

1

Communicate in a way that fosters trust and confidence

2

Give timely and constructive feedback

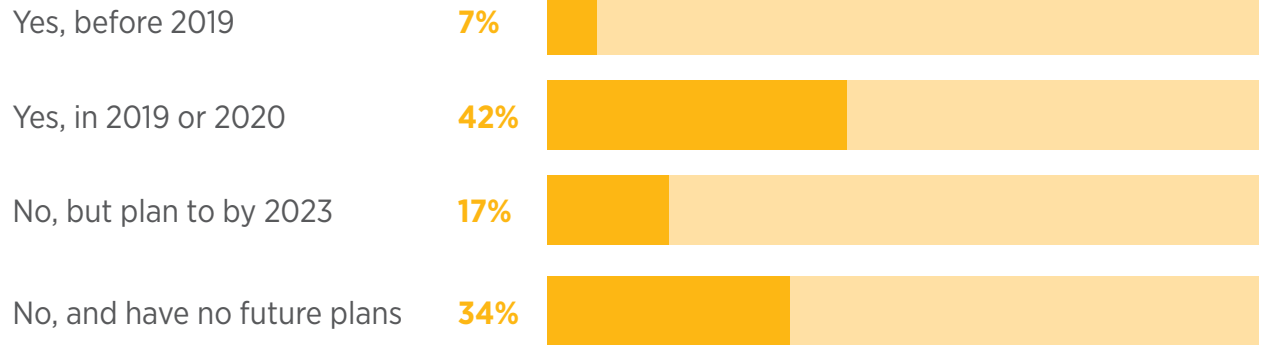
3

Define clear performance goals

1 in 3 Use engagement surveys to measure employee communication success

15% Provide total compensation statements

Have conducted a survey to measure workforce engagement



63% Believe their workforce is highly engaged

53% Have a strategy to improve employee engagement

Total rewards aspects enhanced to meet recruitment and retention objectives

75%

Base salary

68%

Medical benefits

43%

Retirement options

Financial Wellbeing

Meet a diverse range of employee spending and saving goals.

With rapidly aging workforces, retirement readiness is key to K-12 schools' organizational wellbeing. When employees retire on time—or early with appropriate planning and incentives—their organization benefits. K-12 schools often recruit employees right out of college, so new hires typically come with lower healthcare and salary costs.

While retirement is often the focus of financial wellbeing programs, having multigenerational workforces makes it even more important that initiatives help employees meet a diverse range of spending and saving goals at each stage of their working life and into retirement.



Financial wellbeing programs and resources offered

- 42%** Financial advisor sessions
- 34%** Financial literacy and other educational opportunities
- 29%** Student loan forgiveness
- 16%** 529 plans
- 13%** Debt counseling
- 7%** Student loan repayment programs
- 3%** Loan refinancing tools

Less than **1 in 2**

Match employee contributions

Methods used to promote better savings habits



Percentage of employee contribution matched



91% Have a retirement program

30% Indicate financial wellbeing has become more important since 2019

Most common active retirement plans

- 75%** 403(b)
- 52%** Defined benefit (pension)
- 27%** 457

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 K-12 schools are still taking a reactive approach to wellbeing, adding solutions in an ad hoc manner to address needs. 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.



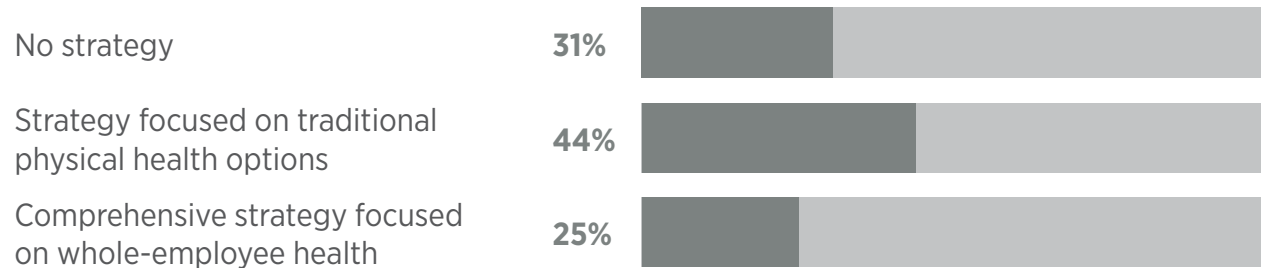
Only about **1 in 3**

Think their organization's communication with employees creates tangible results or behavior change

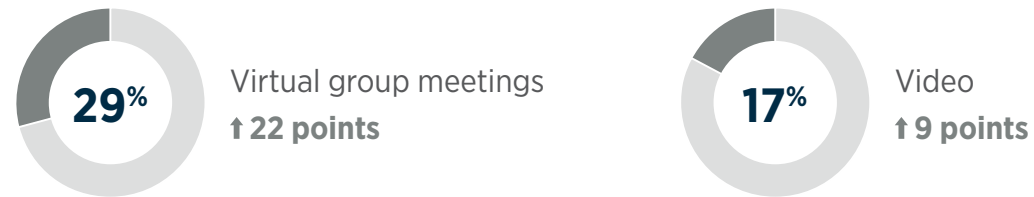
Emotional wellbeing programs and resources offered

- 74%** Employee assistance programs
- 63%** Wellness committee or wellness champions
- 32%** Classes to promote emotional wellbeing
- 6%** Onsite meditation rooms

Scope of the wellbeing strategy



Use of digital communication tools—2021 vs. 2020



63% Increased prioritization of the social aspects of emotional wellbeing over the last two years

42% Agree their organization has an effective strategy to create or sustain a culture of total wellbeing

Final Remarks

The major disruptions of the pandemic have created a unique opportunity for K-12 employers to reimagine their approach to total rewards.

Stepping outside of the norm, it's essential to make decisions informed by workforce preferences. This requires a platform for employee feedback, and intentional efforts to understand the demographics of your workforce and their unique needs.

Successful attraction and retention efforts are contingent upon treating employees with respect and trust, conveyed through programs and policies that are comprehensive, formalized and aligned with your organizational strategy.

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 K-12 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.



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