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
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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 Works™, 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.

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Benefits Strategy & Benchmarking Survey Social Services Participant Profile

196
Social service organizations

Workforce size—full-time equivalents (FTEs)

- **Small employer** — under 100 FTEs: 43%
- **Lower midsize employer** — 100 to 499 FTEs: 43%
- **Upper midsize employer** — 500 to 999 FTEs: 10%
- **Large employer** — 1,000 or more FTEs: 4%

Annual operating revenue

- **9%** Less than $1M
- **21%** $1M–$4.9M
- **42%** $5M–$19.9M
- **24%** $20M–$99.9M
- **5%** $100M or more

Ownership structure

- **5%** For profit
- **95%** Nonprofit

Geography

- **20%** Northeast
- **24%** Southeast
- **31%** North Central
- **14%** South Central
- **11%** West
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
4. Maintaining or decreasing overall operating costs
5. Increasing revenue or sales

More than \textbf{1 in 4} View compensation and benefits as investments in maximizing workforce performance

**Compensation and benefits planning horizon**

<table>
<thead>
<tr>
<th>Horizon</th>
<th>Compensation</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>65%</td>
<td>68%</td>
</tr>
<tr>
<td>1–2 years</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>3+ years</td>
<td>13%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Color legend: Blue = Compensation, Light blue = Benefits*

Areas expected to grow by 2022

- Headcount: 63%
- Revenue: 60%

Change in annual employer-paid benefit costs since 2019

- Increased: 39%
- Decreased: 4%

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

- **68%** High cost of medical services
- **34%** Unhealthy covered population (employees and dependents)
- **29%** High cost of prescription drugs (non-specialty)

Common cost-control tactics

- **Offer telemedicine**: 54%
- **Change plan carriers**: 42%
- **Provide employees with healthcare decision support**: 18%
- **Provide employees with cost-transparency tools**: 15%
- **Offer disease management programs**: 13%

Most commonly offered voluntary benefits

- **82%** Accidental death and dismemberment
- **76%** Stand-alone vision plan
- **61%** Accident insurance

- **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.
## Career Wellbeing

### 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
4. Connect employees’ efforts to positive impacts on strategy, mission, vision or values
5. Provide performance-based recognition

### Total rewards aspects enhanced to meet recruitment and retention objectives

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>74%</td>
</tr>
<tr>
<td>Medical benefits</td>
<td>55%</td>
</tr>
<tr>
<td>Retirement options</td>
<td>44%</td>
</tr>
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</table>

### Have conducted a survey to measure workforce engagement

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, before 2019</td>
<td>13%</td>
</tr>
<tr>
<td>Yes, in 2019 or 2020</td>
<td>55%</td>
</tr>
<tr>
<td>No, but plan to by 2023</td>
<td>17%</td>
</tr>
<tr>
<td>No, and have no future plans</td>
<td>16%</td>
</tr>
</tbody>
</table>

### Trust in engagement

2 in 3 believe their workforce is highly engaged.

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.
Indicate that financial wellbeing has become more important since 2019

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

More than 1 in 2

Methods used to promote better savings habits
- Auto-enrollment: 35%
- Auto-escalation: 15%

Most common active retirement plans
- 403(b): 56%
- 401(k): 41%
- Simple IRA: 7%

Percentage of employee contribution matched
- Less than 25%: 28%
- 50%: 21%
- 100%: 40%

90% Have a retirement program

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

Financial Wellbeing

90% Have a retirement program

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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.
Organizational Wellbeing

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

Scope of the wellbeing strategy

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No strategy</td>
<td>24%</td>
</tr>
<tr>
<td>No strategy, but provide some wellbeing opportunities</td>
<td>35%</td>
</tr>
<tr>
<td>Strategy focused on traditional physical health options</td>
<td>19%</td>
</tr>
<tr>
<td>Comprehensive strategy focused on whole-employee health</td>
<td>22%</td>
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</table>

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

- 59% Employees understand the vision, mission and values of the organization
- 57% Employees understand their benefits and how to use them

21% Have a comprehensive communication strategy
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 Works™ 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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