Building World Class Teams
A roadmap for success
The Perfect Storm

2017 State + Local Government Workforce Trends

Budget cutbacks, furloughs, lower interest rates affecting pension funds, along with a retiring workforce and increasingly competitive labor market – the public sector is in the midst of a perfect storm for recruiting skilled workers — and keeping them long term.

91%

Recruitment and retention are the biggest issues facing the public sector.

2017 SLGE Workforce Trends
Changing Demographic

Need to attract a younger workforce

- 10,000 Baby Boomers retiring per day
- Millennials surpassed Gen Xers in 2016
- Unlikely Millennial labor force will reach the peak size of the Boomer labor force
- GenZ (2001 – 2015) is turning 18 and entering workforce

2017 U.S. Labor Force statistics
Pew Research Center 2018
Changing Work Structure

Gig Economy - Increase in Freelance, Flex-time, Part-time workers

- **57.3 million** people freelance today, 160 million total workforce

- Millennials are currently leading the way with **47% working freelance**, more than any other generation

- Predicted that the majority of U.S. workers will be freelancers by 2027

**Drivers**
- Freedom
- Flexibility
- Earn Extra Money

Upwork 2018
Changing Work Environment

Efficiencies and mobility of technology

TRADITIONAL
Static, living at your desk
- Defined space
- Assigned seating
- Set hours
- Full-time career
- Professional attire

EVOLUTION
Adaptable, “Plug In” anywhere
- Collaborative space
- Flexible seating
- Flexible hours
- Varied employment options
- Casual attire
Workforce Disruptors

Summarized challenges of the evolving workforce

**Flexible work environment.** Open collaborative environments to accommodate a blending of free time and personal space.

**Flexible work schedule.** Want more work/life balance compared to the traditional 9-5 workday hours.

**It’s not all about money, it’s about the value.** Motivation comes less in the form of remuneration and more in the form of personal freedoms, balance.

**Automation of tasks.** Replacing roles with technology. Like moving HR to the cloud, using apps to conduct HR functions.

**Increased regulations.** Mandatory health coverage, may require traditional employee benefits to part-time/contractors workers.
It’s a long game, but the creative approaches some agencies across the country already have implemented could provide a roadmap toward success.

Some are using approaches private companies usually employ to solve for workforce challenges.
## Checklist For Innovation

### Roadmap to building the future workforce

<table>
<thead>
<tr>
<th>Early Buy-in</th>
<th>Creative Solutions</th>
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</thead>
<tbody>
<tr>
<td>Engage key stakeholders at the start.</td>
<td>Think outside budget constraints.</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Partnerships</th>
<th>Technology + Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage relationships and programs.</td>
<td>Automate and innovate processes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Succession Planning</th>
<th>Improve HR Practices</th>
</tr>
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<tbody>
<tr>
<td>Early efforts to fill knowledge gaps.</td>
<td>Collaborate and innovate solutions.</td>
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</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Remain Benefits Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use your location as a draw.</td>
<td>Modernize and customize benefits.</td>
</tr>
</tbody>
</table>
## What Do Employees Want?

**Key to retention and recruitment success**

<table>
<thead>
<tr>
<th>Most important for recruitment</th>
<th>Most important for retention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Competitive Salary</td>
<td><strong>1</strong> Competitive Benefits</td>
</tr>
<tr>
<td><strong>2</strong> Competitive Benefits</td>
<td><strong>2</strong> Work/Life Balance</td>
</tr>
<tr>
<td><strong>3</strong> Work/Life Balance</td>
<td><strong>3</strong> Work Satisfaction</td>
</tr>
<tr>
<td><strong>4</strong> Work Satisfaction</td>
<td><strong>4</strong> Job Stability</td>
</tr>
<tr>
<td><strong>5</strong> Job Stability</td>
<td><strong>5</strong> Ability to Advance Career</td>
</tr>
<tr>
<td><strong>6</strong> Ability to Advance Career</td>
<td><strong>6</strong> Competitive Salary</td>
</tr>
<tr>
<td><strong>7</strong> Other</td>
<td><strong>7</strong> Other</td>
</tr>
</tbody>
</table>

eRepublic/GOVERNING Institute 2017
Standard Employee Benefits Offering

Standard package offering of governing survey respondents

- Dental insurance: 95%
- General medical insurance: 93%
- Life insurance: 90%
- Defined benefit retirement savings plan (pension): 89%
- Vision insurance: 83%
- Flexible health spending accounts (HSA or FSA): 75%
- Disability insurance: 73%
- Supplemental insurance (accident, critical illness, etc.): 57%
- 403(b) or 401(k) retirement savings plan: 54%
- 457 retirement savings plan: 5%
- None of the above are offered: 2%

Colonial Life and eRepublic Survey of Governing Magazine Readers, March 2017
Employer Investment

Benefits account for 32% of total compensation

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Private Industry</th>
<th>State and Local Government</th>
<th>Total Benefits</th>
<th>ALL CIVILIAN WORKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Benefits</td>
<td></td>
<td></td>
<td>30%</td>
<td>37%</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>8%</td>
<td></td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>Paid Leave</td>
<td>7%</td>
<td></td>
<td></td>
<td>7%</td>
</tr>
<tr>
<td>Retirement and Savings</td>
<td>4%</td>
<td></td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Percentages do not sum to total benefits due to rounding. All civilian workers is the sum of all private industry and state/local government workers. Federal government, military and agricultural workers are excluded.

Employee Costs Increasing

Increase in average employer/employee premium contributions

300% since 1999
EE 20% faster than ER contributions

Kaiser/HRET Survey of Employer Sponsored Health Benefits, 1999-2016
Employee Costs Increasing

What are we working for?

- Middle class family spending on healthcare has increased since 2017
- Health care expenses are a leading cause of bankruptcy
- Dramatic lack of retirement savings

Brookings Institution analysis of Consumer Expenditure Survey, Labor Department
Employee Costs Increasing

Deductibles rising faster than wage increases

Kaiser/HRET Survey of Employer Sponsored Health Benefits, 2010-2015

Help fill the gap.
Need for Voluntary Benefits

Fill gaps and provide soft landing

ACCIDENT  SUPPLEMENTAL HEALTH  SPECIAL RISK

DENTAL  DISABILITY  LIFE
## Need for Voluntary benefits

### Solution for Millennials

<table>
<thead>
<tr>
<th>MYTHS</th>
<th>94% of Millennials say health insurance at work is important or very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials are not interested in health insurance benefits</td>
<td></td>
</tr>
<tr>
<td>Millennials think life insurance is for old people, it's not for them</td>
<td>70% of Millennials own life insurance – either individual, group, or both</td>
</tr>
<tr>
<td>Millennials don’t want to talk to people – they just shop online</td>
<td>Millennials’ top choice for benefits advice is one-on-one consultation</td>
</tr>
</tbody>
</table>

Eastbridge Broker and VB Market, June 2017
More than Voluntary Benefits

How we can help with retention and recruitment challenges

**Customization**
Benefit options personalized to lifestyle and needs

**Portability**
Alternative pay options, flexible and retirement ready

**Persistency**
Policyholders keep benefits longer, higher satisfaction

**Participation**
Understand benefits offering, Benefit Counselors

**Appreciation**
Benefits statement, understand hidden paycheck

**Verification**
Dependent audits and reviews to provide the right coverage
One size does not fit all

“Have it your way” trend

- Tailored to personal needs
- Increased perception of value
- Increased satisfaction
- Increased usage
Benefit customization

A clear trend is emerging

- 57% said their package does not offer a wider variety of choice and flexibility that meets their needs.

- 38% are willing to pay more each month for a more generous health care plan.

- 46% are willing to pay more to have lower, more predictable costs when using health care services.
Boost Appreciation and Participation

Balance of high-tech and high-touch enrollment strategy

- Review the benefits package available to them this calendar year.
- Discuss any changes to the plan as well as potential impacts.
- Promote wellness programs or other new offerings such as a health savings account.
- Prepare employees for their enrollment decisions.
- Can be customized to the needs of the employer and the employees.

- Benefit booklets
- Announcement letters
- Email campaigns
- Websites
- Onsite promotion; fliers, table tents, posters
- Group meetings and presentations
- 1x1 employee counseling
- Benefit Statements
Boost Appreciation and Participation

We help employees easily see their elections and clearly understand their total benefits package.

**Benefits Statements**

```
TOTAL COMPENSATION STATEMENT

Jane Doe  
1 Main Street  
Rochester, NY 02321

Your total compensation is more than just your annual earnings. It includes the amount that ABC Company contributes towards the cost of your benefits. We are pleased to present you with this statement, which outlines the specific value of the benefits provided by your employer.

<table>
<thead>
<tr>
<th>Benefit Statement</th>
<th>Friday, March 27, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit</td>
<td>Annual Cost</td>
</tr>
<tr>
<td>Medical Insurance Plan</td>
<td>$1,455.00</td>
</tr>
<tr>
<td>Term Life</td>
<td>$0.00</td>
</tr>
<tr>
<td>401k</td>
<td>$2,400.00</td>
</tr>
<tr>
<td>Hospital Confinement Indemnity</td>
<td>$765.12</td>
</tr>
<tr>
<td>Social Security</td>
<td>$2,167.30</td>
</tr>
<tr>
<td>Medicare</td>
<td>$500.89</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$7,324.40</td>
</tr>
<tr>
<td>Annual Income</td>
<td>$49,000.00</td>
</tr>
</tbody>
</table>

Your employer contributes an additional **32.24%** of your annual income toward your benefits, which results in your total compensation of $52,887.23.

**Other Compensation**  
You also receive these other benefits. The value for these benefits is included in your Annual Income listed above. They have been listed separately to show you the additional value provided by the benefits.

- **Vacation**: 15 Day Paid Vacation  
- **Holidays**: 8 Paid Holidays

<table>
<thead>
<tr>
<th>Benefit Description</th>
<th>Additional Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,760.00</td>
</tr>
</tbody>
</table>

**Benefit Descriptions**

**Medical Insurance Plan**  
This Standard Option Plan is a comprehensive self-insured program that reimburses you for costs associated with medical care. You may obtain care from any lawfully operated hospital, licensed physician, licensed pharmacy, or other qualified provider of your choice.

**Vacation**: 15 Day Paid Vacation  
Your company provides vacation benefits based on your length of service.

**Holidays**: 8 Paid Holidays  
The company provides eight paid holidays per year.

This statement is only an overview of your benefits. It is not legally binding, and should not be considered a contract. If you should discover errors in this statement or if you have questions, contact your supervisor or person responsible for your benefits administration.
```
We can help satisfy the needs of the employer and the employee.

**Engaged Employers**
Develop benefit strategy that is customized and responsive to workforce needs while maintaining costs.

**Engaged Employees**
Understand their benefit options and are well-equipped to make informed decisions.

**Total Compensation**
A benefit program that employees appreciate and employers see as an investment in talent rather than just a business expense.
Partner For Success

It comes down to dollars and sense

Balancing budget cuts, fewer resources and political requirements isn’t easy when you’re trying to build a solid recruitment strategy that attracts the talent you need.

Working with the right partner, you can leverage a wide-range of solutions that will help you package the public sector as a desirable employer for the younger workforce.