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On Behalf of the
Society for Human Resource Management

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"Congressional Staff Capacity: Improving Staff Professional Development, Increasing Retention and Competing for Top Talent"
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Introduction

Chairman Kilmer, Vice Chair Timmons and distinguished members of the Committee, I am Greta Engle, Vice President of Employee Benefits at USI Insurance Services, Inc. in Hunt Valley, Maryland, with corporate headquarters in Valhalla, New York. Thank you for giving me the opportunity to testify before the Committee and for holding this important hearing.

During my 30-year career, I have advised private, municipal, for-profit and not-for-profit employers on how to create and implement competitive and attractive employee benefit programs. I have extensive knowledge on workplace trends, analyzing benchmarking data and leveraging internal technical resources to advise my clients to elevate their organizations and give them a competitive edge in the labor market.

My experience has required I use an objective lens, providing advice on benefits offerings while keeping costs in mind to ensure that I'm adequately balancing the goals and objectives of a variety of stakeholders. This includes chief executive officers, chief financial officers and human resource (HR) leaders. As you can imagine, these stakeholders often have conflicting views on both the employee and financial impacts on an organization.

I appear before you today on behalf of SHRM, the Society for Human Resource Management. SHRM strives to create better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally.

SHRM members implement and comply with critical workplace policies every day, including those for the design, management and administration of benefits. Because human resource professionals sit at the intersection of work, workers and the workplace, they have a unique perspective about the enhancement of employee benefits to recruit and retain top talent in a 21st century workforce.

Strategic Use of Benefits
HR departments and organizations invest significant resources in designing benefits packages that can be used both to recruit new employees and to retain the talent they already have. In a SHRM survey[1] on job satisfaction and engagement, the vast majority (92 percent) of employees indicated that benefits are important to their overall job satisfaction. Results also showed a relationship between benefits and retention, with 29 percent of employees citing their overall benefits package as a top reason to look for a position outside their current organization in the next 12 months. Thirty-two percent of employees who were unlikely to look for an external position cited their overall benefits package as a top reason as well.

These findings illustrate what HR professionals know—benefits are powerful and can either cost or save an organization a substantial amount of money associated with employee turnover. With employee benefits making up approximately one-third (31 percent) of total compensation costs[2] organizations must engage in strategic benefits planning to maximize their return on investment.

Benefit offerings have been significantly impacted both by the multi-generational workforce and the COVID-19 pandemic. For the first time in history, five generations are working side by side, each with different benefit needs. For HR professionals, the challenges of blending a mutigenerational workforce include keeping up with new workplace trends and regulations; designing benefits strategically to create a happier, more productive workforce; and understanding what motivates each generation. Employees in different life stages may want and need different benefits. While employers cannot afford to offer the best of every benefit, they can ill afford to under-invest in the benefits that are most important to their employees. Employers continue to make benefits changes to support their workforce during the pandemic. My testimony focuses on current trends in employee benefits in the private sector.

Current and Post-Pandemic Employee Benefits
Prior to the pandemic, and much like what's been experienced in Washington, salaries in the private sector have remained flat for more than 10 years. While the pandemic has exacerbated this challenge, it's also led us into new opportunities. For example, the trend of companies increasing nonwage compensation and benefits, rather than wage increases, is being used to attract workers. In surveys, millennials tend to value benefits more than other generations; some analysts predict this preference will cause the trend of more benefits to continue as baby boomers

[1] Society for Human Resource Management. 2017 Employee job satisfaction and engagement: The doors of opportunity are open
[2] Bureau of Labor Statistics. (2021, March 18). Employer costs for employee compensation. Economic News Release. Retrieved from https://www.bls.gov/news.release/ecec.nr0.htm

leave the work force (or post pandemic choose to stay in the workforce longer) and as our nation recovers from the pandemic.

Outlined below are some of the latest trends in employee benefits.

Health Care

The private sector is moving towards a more value-based health care system. In this environment, higher-performing (quality/cost) options are afforded at the lowest out-of-pocket cost share. Insurance networks are reimbursing higher-performing doctors and facilities at higher rates than for those not performing well. Networks may also drop provider and facility agreements, leading to increased health risk and costs (due to re-admission rates, medical errors, etc.)

Employers can also add their own incentives. As an example, plan participants may receive cash incentives for choosing the best imaging facility. An MRI may be the same service everywhere, but it ranges widely in cost without adding any value to the patient. Pharmacy Benefit Managers are also selling "value-based" drug formularies with these same kinds of metrics, focused on better clinical outcomes at a lower price point.

According to the 2020 SHRM Employee Benefits Survey, preferred provider organization (PPO) plans continue to be the most popular health care insurance offering, with 80 percent of employers including a PPO option, compared to 35 percent offering a Health Maintenance Organization.

Many employers have opted to offer a high-deductible health plan (HDHP) – either linked or unlinked with a Health Savings Account or Health Reimbursement Account – instead of a traditional health plan or as an additional choice. For the clients that I serve, Health Savings Accounts are very popular, and employers often match or even exceed employee contributions.

Mental Health

The pandemic has thrust the importance of mental health to the forefront around the globe. The number of people seeking help with anxiety and depression is skyrocketing. From January to September 2020, there was a 93 percent increase over 2019 data in the number of people taking anxiety screenings. For depression, this was equally troubling with a 62 percent increase over the prior year.[3] As a result, 23 percent of organizations plan to offer increased mental health benefits or coverage to staff either temporarily (4 percent) or permanently (19 percent).[4]

Currently, 117 million Americans live in areas facing shortages of mental health care providers. According to early predictions, by the year 2030 there will be a shortage of over 12,500 psychiatrists and 11,500 addiction counselors in the United States.

At USI Insurance Services, we analyze clinical data on our total client population, which includes 32 million members. Our 2021 mental health statistics include:

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[3] Mental Health America. The State of Mental Health in America https://mhanational.org/issues/state-mental-health-america (2021)

[4] SHRM Research 2021 HR Look Ahead Survey Data Points on Child Care & Mental Health

- Prior to the pandemic, 12 percent of USI client employees were on an anti-depressant.
- Only 3 percent are formally diagnosed with depression, meaning they did not seek treatment from a mental health provider for a diagnosis.
- During COVID-19, depression medications spiked to 18 percent of employees which we expect may become our new benchmark.

Given the surge in mental health needs, more telehealth providers have emerged. In addition, telehealth utilization overall has increased and is a positive reaction to the pandemic. Telehealth options in mental health will continue to offset the financial burden of out-of-network care, as well as the time that it can take to be seen by a provider.

Additionally, employee assistance programs remain among the tools that employers leverage to provide additional resources to manage mental health. Outside of a health plan, ongoing wellness programs focused on tools and resources to reduce stress range from in-person, Peloton type approaches to the use of mobile apps like Headspace, MoodMission and more.

Physical Wellness

Employers not only design benefit offerings to recruit and retain talent, but also to help employees be better consumers of health care. Take for example, the following programs that employers routinely implement, which have longer-term impacts beyond the employer-employee relationship:

- Chronic illness: Employers offer disease management incentive programs to re-engage in person clinical care for diabetes, offset costs for multiple prescription drugs/insulin, etc.
- Preventable Cancer: Missing early detection for cancer testing will continue to have long-term impacts. Reengaging employees and their families to make up missed screenings is imperative. Incentives can be offered for these activities outside of a lower healthcare premium (paid time off).
- Various industries tend to influence whether employers make COVID-19 vaccines mandatory to return to work. Hospitals for example, may require them, whereas an IT company may not. Paid time off to receive a COVID-19 vaccine is among the employee benefits being offered.

Retirement Savings

The vast majority of employers believe that retirement savings are very important or extremely important to their workforce. Defined contribution plans remain the most common offering, with 90 percent offering a traditional 401(k) or similar plan and 61 percent offering a Roth 401(k) or similar plan.[5]

I would also note that before the pandemic, 53 percent of Americans did not have an emergency savings account.[6] Employers are beginning to adopt programs that encourage building up savings for emergencies. This often takes the form of an employee-owned bank account to which an employer can contribute.

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[5] SHRM 2020 Employee Benefits Survey

[6] AARP Unlocking the Potential of Emergency Savings Accounts https://www.aarp.org/content/dam/aarp/ppi/2019/10/unlocking-potential-emergency-savings-accounts.doi.10.26419-2Fppi.00084.001.pdf (October 2019)

Workplace Flexibility and Leave

Even before the pandemic, workplace flexibility and leave were on the rise, with more organizations offering flexible work options and paid leave. In 2020, 64 percent of organizations offered a paid-time-off (PTO) bank that combines both vacation and sick time, while 98 percent offered paid vacation and 94 percent offered paid sick time. In addition, employers continue to offer generous paid leave for new parents, with half (50 percent) of organizations offering paid leave to mothers and slightly fewer (40 percent) to fathers. Thirty percent of organizations reported offering family leave above federal *Family and Medical Leave Act* leave requirements.[7] Organizations with workforces made up primarily of adults under 40, or those looking to recruit greater numbers of younger workers, will likely see even stronger pushes for paid parental and family leave. Older workers dealing with elder care responsibilities are likely to advocate for family leave that can be used to care for aging parents as well as dependent children. Paid leave is associated with increased productivity, increased engagement, better physical wellness and positive employer brand.

As noted above, remote work was increasing in popularity as a benefit prior to the pandemic, with telecommuting of all types increasing in recent years. With vaccines now widely available, many organizations are implementing their return-to-workplace strategies, which are likely to include a mix of remote and in-person work. Consider, for example, that 53 percent of employed Americans would choose to work from home permanently if given the option, and that 35 percent would take a salary reduction to do so.[8]

Private sector employers continue to offer other benefits promoting work/life fit, including compressed work weeks. Thirty-two percent of employers offered compressed workweeks in 2020.[9] Many federal agencies offer alternative schedule options, such as a flexible work schedule and/or compressed work schedule programs for their employees. With heavy workloads, long and unpredictable work hours and limited time with family and friends, alternative schedules could be an attractive option for congressional staff.

Wellness

In 2020, 54 percent of organizations offered a general wellness program to employees. Likely as a result of the pandemic, more organizations offered stress management programs, with 26 percent offering this benefit in 2020, compared to just 14 percent in 2019.[10]

Infertility/Adoption

As Americans are waiting longer to begin families, services and needs for reproductive health are among the new benefits employees are seeking. To add, because of the pandemic stay-at-home orders, social gatherings were halted over the last year, delaying milestone events like marriages and starting families. Given this dynamic, infertility and adoption benefits will likely see a surge. As a result, the number of organizations offering these benefits has increased. In 2020, 28 percent of organizations offered in-vitro fertilization coverage, compared to 19 percent

[7] SHRM 2020 Employee Benefits Survey
[8] SHRM COVID-10 Research: Returning to Worksites (Feb. 2021)
[9] SHRM 2020 Employee Benefits Survey
[10] *Id.*

in 2019, and 29 percent offered infertility treatment coverage (other than in-vitro fertilization), compared to only 20 percent of organizations in 2019.[11]

Childcare/Eldercare
Thirty-seven percent of HR professionals anticipate that supporting the needs of employees with children or eldercare responsibilities will be a significant challenge for their organization this year.[12] Given the increasing demand and decreasing capacity, daycare and childcare remain among the benefits needed by employees.

Concierge services that can help employees find safe and quality providers in addition to setting up site visits and interviews are gaining in importance. Employee Assistance Plans can help with this, but there remains high demand. Ongoing COVID restrictions impact access to quality daycare. To address these growing needs, 25 percent of organizations plan to offer additional leave or flexibility options to employees with childcare or elder care responsibilities above and beyond what is provided to other employees either temporarily (15 percent) or permanently (10 percent).[13]

Education Assistance
Providing education assistance is an important tool American employers have long used to build, attract and retain a skilled workforce, and one that will be a critical component of recovery moving forward. SHRM has been a longtime advocate of efforts to strengthen and expand employer-provided education assistance as a workplace benefit.

First enacted in 1978, this employer-provided education assistance benefit has had a widespread, positive impact on employers and employees alike. However, the $5,250 exclusion has not been increased in over 40 years and must be updated to respond to current workplace and workforce needs. Section 127 of the Internal Revenue Code allows employees to exclude up to $5,250 from income per year for courses at the associate, undergraduate and graduate levels with education assistance provided by their employer.

According to a SHRM Employee Benefits survey conducted in 2019, 56 percent of employers provided education assistance to their employees. As learning continues to evolve, so must education benefits. It is critical that employers have the flexibility to offer support throughout a variety of stages in the education lifecycle to give employees choices when making education-related decisions. Employer-provided education assistance benefits are not only necessary to meet current needs; used to invest in training and development of the workforce they will have a lasting impact on work, workers and the workplace and the U.S. economy for years to come.

These benefits are used to reskill and upskill existing employees to fill open positions and address the U.S. skills shortage. By investing in their existing talent pool, employers have seen a return on investment of well over 100 percent. Employees who take advantage of employer-provided education assistance improve their opportunities for upward mobility and wage growth.

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[11] *Id.*
[12] SHRM 2021 HR Lookahead data points COVID-19 (March 2021).
[13] *Id.*

Entry-level and mid-management education assistance recipients received, on average, a 43 percent incremental wage increase over a three-year period as compared to non-recipients.

Furthermore, investment in workforce development through education, training and employment opportunities will encourage financial stability and savings. The pandemic has created financial hardships, forcing some to remain in the workforce longer than anticipated, delaying life milestones like starting a family, purchasing a home, saving for retirement and the ability to pay for critical services like health care. Investments like employer-provided education assistance are not the answer to all of the above, but can be a valuable resource for employees to pursue professional goals and better livelihoods for themselves, their families and future generations.

Conclusion

Mr. Chairman and Vice Chair Timmons, thank you again for allowing me to share my experience and the latest trends related to employee benefits.

A comprehensive and flexible benefits package is an essential tool in recruiting and retaining talented employees. SHRM appreciates policymakers' support for employer-provided benefits and employers' ability to customize offerings to meet their unique workforce needs.

I applaud the Committee's focus on modernizing and improving the congressional workplace to better meet the needs of its dedicated employees. SHRM welcomes the opportunity to be a resource to the Committee on all issues impacting work, workers and the workplace. Together, we can build better workplaces to create a better world.

I look forward to your questions.