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Payroll Growth Uneven; Hourly Earnings Climb for U.S. Life Plan Communities - Fitch

Fitch Ratings-New York/Austin-13 December 2022: Payrolls for U.S. life plan communities (LPCs) and assisted living (AL) facilities are showing payroll growth divergence, according to Fitch Ratings in its latest monthly labor dashboard for the sector.

LPC payrolls grew by 3,200 (+0.71%) in October 2022 and nursing facility payrolls grew by 2,800 (+0.20%) in November 2022. Conversely, AL facility payrolls declined by 500 (-0.50%) in October 2022, according to preliminary data released by the U.S. Bureau of Labor Statistics (BLS). Even with the material payroll growth in 2022, LPC, AL facility and nursing facility payrolls remain 11.15%, 1.43% and 13.59% below February 2020 levels, respectively.

“LPCs with a significant skilled nursing component, which tend to be lower rated, may experience additional pressure given their exposure to governmental payors limits their ability to raise rates,” said Director Richard Park. “Most of Fitch’s rated LPCs have been able to pass on these higher costs through rate and fee increases, which have been well above the typical 3% to 5% increase in 2022 and 2023.”

As of Nov. 20, 2022, 18.1% and 18.7% of nursing facilities reported shortages of nurses and aides, respectively. These figures are well below the January 2022 peak (28.3% and 29.9% of nursing facilities reported shortages of nurses and aides, respectively).

Fitch’s latest “Life Plan Communities Labor Dashboard: December 2022” is available at ‘www.fitchratings.com’

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