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## **Fitch: Labor Inflation Remains an Uphill Battle for U.S. Life Plan Communities**

Fitch Ratings-New York/Austin-12 June 2023: Persistently high wage inflation remains a major credit risk for U.S. life plan communities (LPC) and skilled nursing facilities (SNFs) given the very tight labor environment, according to Fitch Ratings in its latest Labor Dashboard for the sector.

LPC and SNF payrolls remain well below pre-pandemic levels. “High fee increases at LPCs will help alleviate wage pressures, but this practice is not sustainable over the longer term to maintain profit margins,” said Director Richard Park. “LPCs and communities with a significant SNF component will have to execute on productivity enhancements, cost savings and manage skilled nursing admissions to successfully operate through the current reality of tight staffing conditions and higher unit labor costs.”

SNF staff shortages are improving but remain a major challenge as over 16% of nursing homes are reporting a shortage of nurses and aides. The number of quits in the healthcare and social assistance sector remains high compared to recent averages.

“The tight labor market continues to be in favor of workers in search of higher wages and better work environments,” said Park.

Fitch’s latest ‘Life Plan Communities Labor Dashboard: June 2023’ is available at [www.fitchratings.com](http://www.fitchratings.com).

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