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Fitch: No Labor Shortage Quick Fix in Sight for U.S. Life Plan Communities

Fitch Ratings-Austin/New York-17 September 2024: U.S. senior care facilities face an uphill battle in trying to retain staff over time as a pivotal milestone around baby boomers inches closer, according to Fitch Ratings in its latest labor tracker for the sector.

Labor shortages, increased costs and a gradual shift toward home-based care are all contributing to keep employment at life plan communities (LPCs) and skilled nursing facilities (SNFs) below pre-pandemic levels. Conversely, assisted living facilities (ALFs) and the private sector have surpassed their pre-pandemic employment figures. Fitch's latest findings confirm an ongoing labor shortage that will take time to address, according to Director Richard Park.

"Demographic trends favor long-term demand growth for senior services with the last of the Baby Boomer Generation turning 65 by 2030," said Park. "However, service providers will need enhanced strategies to boost their workforce pipeline amid weak payroll recovery."

The health care and social assistance job openings rate continues to decline steadily, from 7.9% in January to 6% as of July. However, quit rates are still elevated compared to the 4.2% average rate between 2010-2019.

Elsewhere, LPCs payrolls are up by approximately 0.17% from January to July of this year. Additionally, ALFs have grown by around 2.15% while SNFs, where workforce challenges are still quite acute compared to pre-pandemic, have seen payrolls rise by 1.43%. Average hourly earnings are also showing signs of leveling off and stabilizing.

Fitch's latest "Life Plan Communities Labor Tracker: September 2024" is available at www.fitchratings.com.