

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

Page 1 | Week of March 11, 2024

FEATURED ARTICLE

ZIEGLER CFO HOTLINESM: EMPLOYEE COMPENSATION

Ziegler's first *CFO Hotline*SM poll of 2024 was devoted to Employee Compensation, a topic previously surveyed in 2013, and an important one given the current staffing challenges. Specific questions were asked about salary increases for the past year and the year ahead, what percentage of the overall budget was and is devoted to compensation, the types of employee bonus incentives, and other benefits offered. Nearly 250 CFOs and finance professionals participated in this survey.

The initial two questions gathered feedback about average wage increases for employees. As seen below, for fiscal year 2024, the average budgeted wage increase is 3.64% with the median at 3.50%. Most of the responses ranged from 0.00% to a 4.00% budgeted increase, with 3.00% being the most common response. For this past year, fiscal year 2023, the average was higher at 4.43% while the median increase was 4.00%.

	2023 increases	2024 increases
Minimum	0.00%	0.00%
1st Quartile	3.00%	3.00%
Median	4.00%	3.50%
3rd Quartile	5.00%	4.00%
Maximum	15.00%	11.50%
Average	4.43%	3.64%

Survey participants were also asked to share what percentage of their overall budget is devoted to employee compensation (wages and benefits). On average, slightly more than half (55.74%) of the organization's budget is devoted to wages and benefits. Overall budgets dedicated to compensation ranged from a low 15.00% to a high of 87.00% with the median being 56.00%.

	% of Overall Budget
Minimum	15.00%
1st Quartile	50.00%
Median	56.00%
3rd Quartile	64.00%
Maximum	87.00%
Average	55.74%

When asked whether organizations offered attendance bonuses 43% said they do not. Respondents that do offer bonuses were asked to check all types that apply: 37% offer open shift fill-in; 23% offer short notice; 21% offer weekend coverage; and roughly 17% offer a variety of weekly, quarterly and/or annual bonuses.

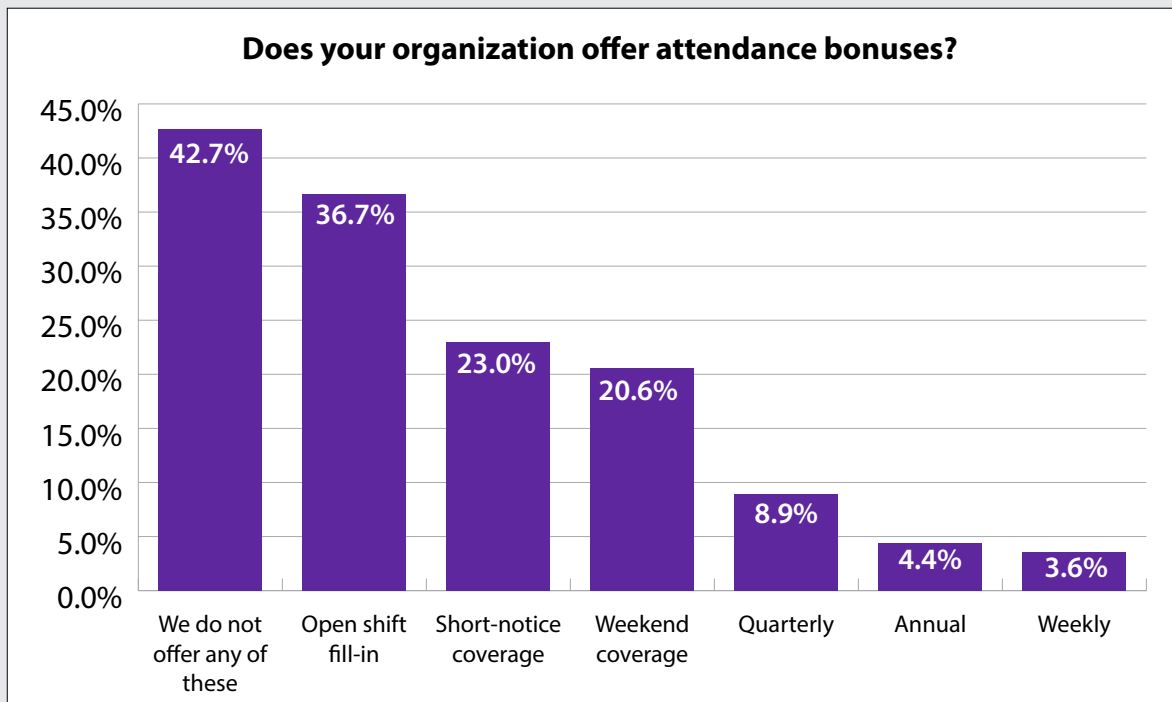
ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

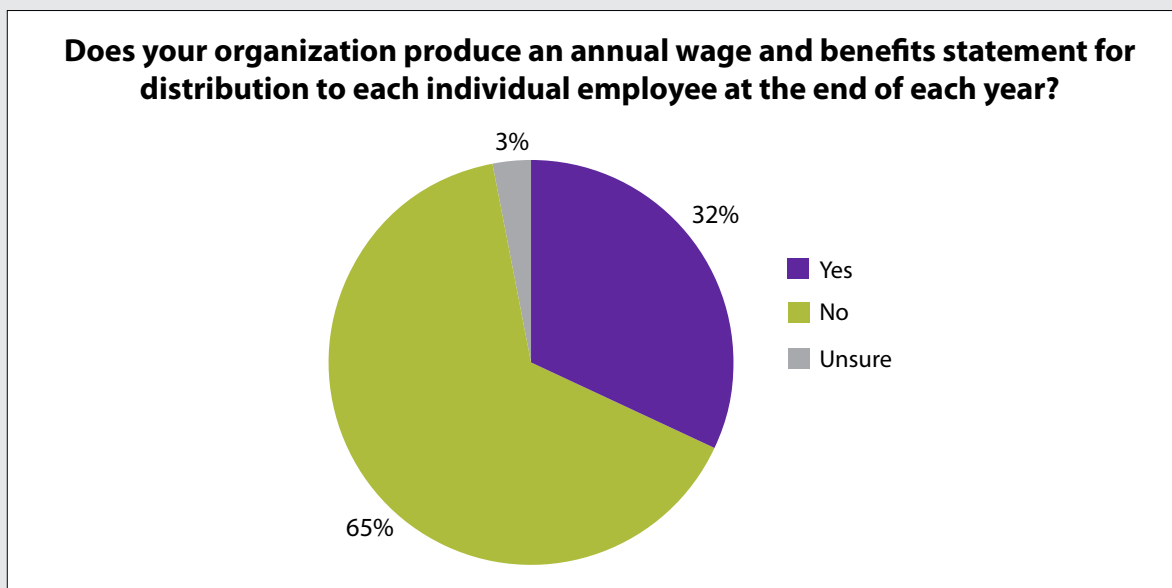
CONTACT US

800 366 8899
askziegler@ziegler.com



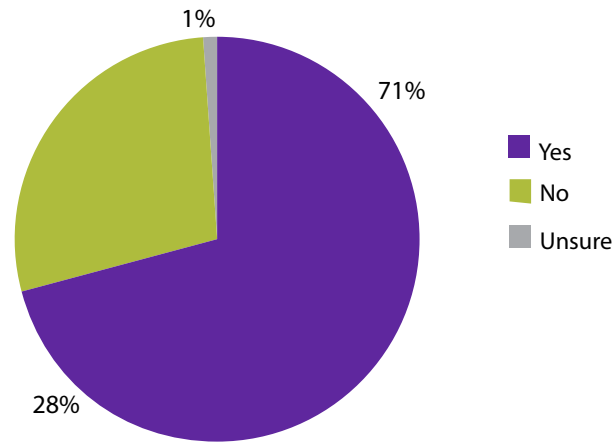


As detailed in the graph below, most organizations (65.0%) do not produce an annual benefits statement for their staff. Benefits statements are individually prepared and generally recap the annual earnings, benefits and other forms of compensation received by an employee. These are often distributed to each employee at the end of the calendar year.



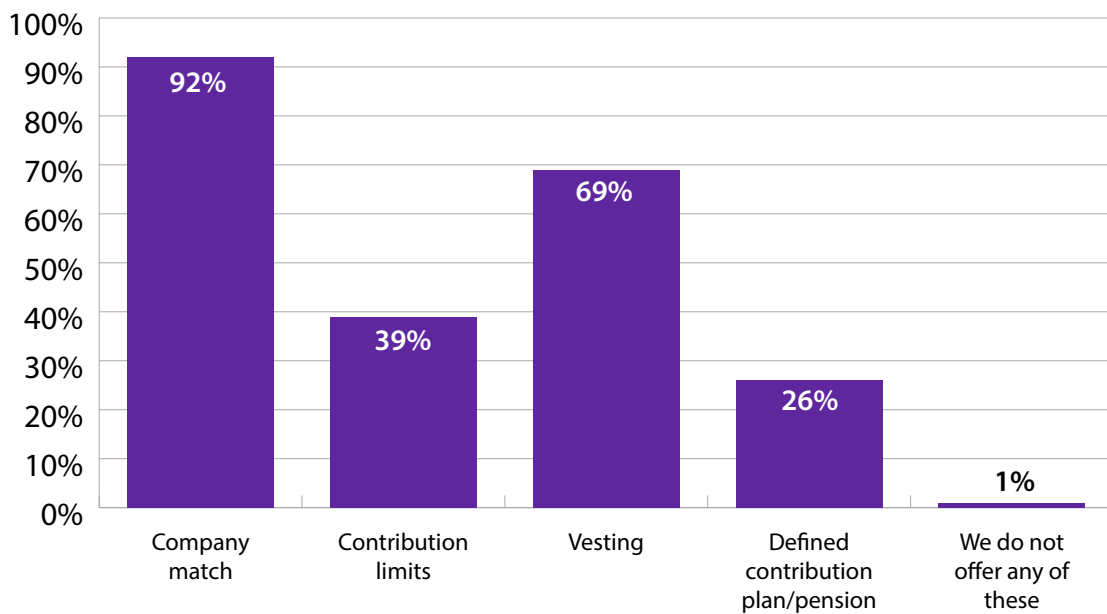
The next several questions focused on year-end holiday bonus funds for employees. As seen below, most organizations (71.0%) indicated that they have a resident-funded holiday bonus account for their staff. Nearly half (49%) of respondents indicated that the resident-funded holiday bonus account is managed by the resident association while 31% have an account managed by the community, and 20% said their account is managed jointly by the community and resident association. Additionally, the survey asked who the account was registered under and whether the employee bonuses were dispersed through payroll (*further details on this can be found in the full report*).

Does your organization have a year-end holiday resident-funded bonus account for employees?



An additional question asked about other benefits offered such as 401(k) and 403(b). Nearly all organizations offer at least one of these benefits. Respondents were asked to select all choices that apply — the most common offered was company match (92%), followed by vesting (69%), then limited contributions and pensions.

401(k) / 403(b) Benefits



With the current staffing challenges organizations face, many senior living & care providers have stepped up and implemented programs to incentivize its dedicated staff to encourage retention and longevity. The final survey question asked: outside of wages and the bonuses previously mentioned, what other innovative practices are used as incentives for staff. Here are some of those responses:

Reimbursement (education, travel, daycare)	Sign-on/Hiring Bonus	Referral bonus
Shift differential/Pick-up bonus	Employee recognition	Gift Cards
Free or Reduced Meal Costs	Housing Assistance	Wellness Plan

We encourage readers to access the full [CFO HotlineSM Report](#) on the Ziegler website to view additional findings.

If you have questions regarding this **Z-News** or other related topics, please reach out to the Ziegler representative in your region.

CATHY OWEN
VICE PRESIDENT, SENIOR LIVING RESEARCH
cowen@ziegler.com

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF MARCH 8, 2024

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Springpoint at Lewes (DE)	Fitch	BBB- Stable	Review – no action	3/5/24
Three Pillars Senior Living Communities (WI)	Fitch	BBB- Stable	Assigned Rating Affirmed Rating Affirmed IDR*	3/7/24
Duncaster, Inc. (CT)	Fitch	BBB- Negative	Downgraded Rating Downgraded IDR*	3/8/24
John Knox Village (MO)	Fitch	BB+ Stable	Review – no action	3/8/24

Copyright © 2024 by Fitch Ratings, Inc., Fitch Ratings LTD. and its subsidiaries

* IDR – Issuer Default Rating

Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

INTEREST RATES/YIELDS

WEEK ENDING MARCH 8, 2024

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.57%	3.59%	3.69%
Senior Living 30-Yr “A”	4.75%	4.75%	5.24%
Senior Living 30-Yr “BBB”	5.10%	5.10%	5.64%
Senior Living Unrated	6.40%	6.40%	6.60%
Senior Living New Campus	8.00%	8.00%	7.69%
SIFMA Muni Swap Index	3.37%	3.30%	3.41%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.83%	5.92%	2.33%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

MARKET REVIEW

MONEY MARKET RATES

	03/08	Last week
Prime Rate	8.50	8.50
Federal Funds (weekly average)	5.31	5.31
90 Day T-Bills	5.38	5.38
30-Day Commercial Paper (taxable)	5.30	5.32
Libor (30-day)	5.43	5.43
SOFR	5.31	5.32
7 Day Tax-Exempt VRDB	3.37	3.30
Daily Rate Average	3.36	3.57

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.50	5.05	1 Year	2.95	5.05	4.65	3.55	3.20	3.05
5 Year	4.07	4.82	5 Year	2.40	4.60	4.20	3.10	2.80	2.55
7 Year	4.08	4.98	7 Year	2.38	4.68	4.23	3.23	2.83	2.58
10 Year	4.08	5.08	10 Year	2.40	4.80	4.35	3.30	2.90	2.60
30 Year	4.24	5.84	30 Year	3.57	6.32	5.67	4.57	4.22	3.87

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.52	3.54	-0.02
11 Bond Index	3.42	3.44	-0.02
Revenue Bond Index	3.80	3.82	-0.02
30 Year MMD	3.57	3.59	-0.02
Weekly Tax-Exempt Volume (Bil)	5.24	3.69	+1.55
30 Day T/E Visible Supply (Bil)	11.12	7.53	+3.59
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	99.5	99.0	+0.50

Source: Bloomberg