

FEATURED ARTICLE

REDUCED AGENCY USAGE AMONG SENIOR LIVING & CARE PROVIDERS

There has been much focus since the start of the COVID-19 pandemic on the use of agency staff within the senior living & care environment. With severe staffing shortages and high turnover rates, many providers have been relying heavily on agency nursing staff. These agency expenses are significantly higher than standard pay for fully employed staff and have been a key driver behind expense pressures in our sector. Several states (e.g., Oregon, Tennessee) have been exploring regulations and laws that prevent price-gouging by staffing agencies and offer some degree of protection for healthcare provider organizations. A few other states already have laws in place that set maximum rates that staffing agencies can charge (e.g., Massachusetts, Minnesota).¹

Good News!

While we acknowledge that the staffing crisis is not even close from being over, we can share that we are seeing signs of healing. The chart below shows the results of a recent *Ziegler CFO Hotline*SM poll. Compared to one year ago, slightly less than half of respondents indicated that they are less reliant on agency staff compared to one year ago. Interestingly, nearly 13% also reported that they never had to tap into agency usage. While this is rare, there are indeed some

providers in certain markets who have been able to sustain with their own staff throughout the past three years.

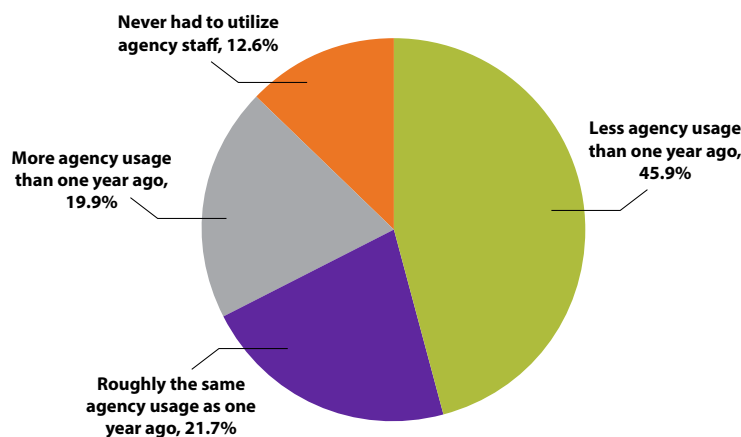
It is clear that senior living provider organizations have a leg-up with their fundraising efforts given their existing relationships with residents. This is a natural audience to devote significant resources to.

The reduction of agency usage has not been by happenstance. Providers have raised wages significantly, focusing resources on meaningful retention efforts and boosting additional benefits to find and keep the talent they need. Some have even formed their own internal staffing agencies, a strategy, most commonly deployed among larger organizations with multiple sites in a certain market or region. It is good to start seeing those efforts mitigate the staffing challenges that our sector has been faced with.

If you have additional questions related to Ziegler's latest research or the topic of this newsletter, we encourage readers to reach out to the Ziegler representative in the region.

LISA McCRACKEN
DIRECTOR, SENIOR LIVING RESEARCH & DEVELOPMENT
lmccracken@ziegler.com

Compared to one year ago, how would you rate your staffing agency usage?



Source: *Ziegler CFO Hotline*SM, June 2023

¹McKnight's Senior Living: Temporary Staffing Agencies Thrust More Into Crosshairs Amid Workforce Crisis. February 28, 2023

ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

B.C. Ziegler and Company | Member SIPC & FINRA

CONTACT US

800 366 8899
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF MAY 29, 2023

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Miriam Osborn Memorial Homes (NY)	Fitch	A Stable	Affirmed Rating Affirmed IDR*	5/25/23
Episcopal Communities & Services (CA)	Fitch	A- Stable	Review – No Action	5/25/23

Copyright © 2023 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 MAY 26, 2023

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.62%	3.47%	3.39%
Senior Living 30-Yr “A”	5.40%	5.25%	4.95%
Senior Living 30-Yr “BBB”	5.75%	5.60%	5.34%
Senior Living Unrated	6.60%	6.45%	6.11%
Senior Living New Campus	7.50%	7.35%	7.04%
SIFMA Muni Swap Index	3.41%	2.93%	2.30%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	6.08%	6.08%	2.48%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING


Aldersly
San Rafael, California

California Municipal Finance Authority,
Insured Revenue and Refunding Bonds,
Series 2023

\$61,300,000

May, 2023

MARKET REVIEW

MONEY MARKET RATES

	05/26	Last week
Prime Rate	8.25	8.25
Federal Funds (weekly average)	5.07	5.07
90 Day T-Bills	5.30	5.23
30-Day Commercial Paper (taxable)	5.10	5.07
Libor (30-day)	5.16	5.14
SOFR	5.06	5.05
7 Day Tax-Exempt VRDB	3.41	2.93
Daily Rate Average	3.19	2.78

COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.53	5.63	1 Year	3.31	5.51	5.06	4.46	3.76	3.41
5 Year	3.91	5.36	5 Year	2.83	5.13	4.68	4.08	3.48	2.98
7 Year	3.66	5.26	7 Year	2.72	5.12	4.77	4.17	3.47	2.92
10 Year	3.82	5.67	10 Year	2.72	5.27	4.92	4.42	3.57	2.97
30 Year	3.99	6.44	30 Year	3.62	6.42	6.02	5.52	4.67	4.07

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.74	3.59	+0.15
11 Bond Index	3.64	3.49	+0.15
Revenue Bond Index	4.02	3.87	+0.15
30 Year MMD	3.62	3.47	+0.15
Weekly Tax-Exempt Volume (Bil)	0.98	4.20	-3.22
30 Day T/E Visible Supply (Bil)	5.21	6.98	-1.77
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	117.0	115.8	+1.20

Source: Bloomberg