

DEPARTMENT: PUBLIC WELFARE

Office

Memorandum

TO : Al Beck

DATE: 6/22/82

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SUBJECT: Closure Impact on Staff - Hastings State
Hospital and Rochester State Hospital

The Department of Public Welfare has closed two state hospitals: Hastings State Hospital (HSH) and Rochester State Hospital (RSH). Since the Hastings Hospital was first to be closed, the process used and actions taken to effect the closure established some precedents, or a pattern, for any future closures. In both the HSH and RSH closures, there was considerable involvement of Central Office staff. The Personnel Services Office assumed primary responsibility for informing employees of options regarding continued employment, severance benefits, unemployment compensation, insurance and retirement rights and employment opportunities outside state government. Personnel staff also was delegated responsibility for and authority to place employees in jobs throughout the DPW system.

While there is marked similarity in the methods used in the HSH and RSH closures, there are also some notable differences. These differences can be attributed to the number of employees in each facility, the processes used to close out operations and release staff, the geographic locations of HSH and RSH, and the general economic conditions in the state.

On May 20, 1977, when the Minnesota Legislature directed the closure of HSH, there were 199 employees on the payroll. Forty-seven of these employees resigned prior to the actual closure. Placement of HSH employees was actually done in the last few weeks. In contrast, in May, 1981, when the Legislature directed the RSH be closed, there were 540 employees on the payroll. While the chemical dependency and surgical units were required to be closed by June 30, 1981, the remainders of the hospital's operations were gradually phased out. This meant a phase out of staff positions so that layoffs occurred on a regularly scheduled basis. The Department was able to identify vacant positions throughout the DPW system over an extended period of time, and reserve those positions for employees who wished to transfer. The HSH employees were transferred to Central Office and the State Hospitals and, if no vacancies existed, they were placed in over-complement positions. While HSH employees were given an absolute choice of transfer location, RSH employees were transferred to vacant complement positions. The extended time frame for locating vacancies in the system enabled the Personnel staff to transfer employees to the first or second choice of location.

The decision to transfer RSH employees to existing complements vacancies and not to over-complement positions was based on economic considerations. The state's economic situation also adversely affected the ability of the Rochester community to absorb RSH employees into the work force. So while financial concerns do not seem to have been a major consideration in the Hastings closure, the state's financial problems definitely had an impact on the RSH closure.

The number of HSH employees was small enough so that each one was personally interviewed by Personnel Staff and representatives of the several agencies. During the RSH closure, all employees were offered opportunities to interview with appropriate agency representatives but there was no absolute requirement established.

The geographic locations of the two hospitals had a definite impact on employees' decisions to transfer to other jobs in state service. Hastings is less than 25 miles from St. Paul. This makes it possible to commute on a daily basis with minimal inconvenience. Rochester is 85 miles from St. Paul and approximately 50 miles from Faribault. While there are some RSH employees commuting to Faribault State Hospital, the majority of employees who transferred were required to sell their homes and move to new communities. Many RSH employees could not afford to sustain this type of financial loss--in addition to the emotional stress of the closure and relocation.

One other difference of note is the difference of degree of Central Office involvement in the HSH and RSH closures. While the Central Office took the lead role in both closures, the involvement was less at RSH. The hospitals own personnel staff stayed until the hospital closed and carried a major share of the workload. At HSH, there was no experienced personnel staff in place during the closure period. As a result, Central Office personnel staff carried the entire workload.

Brief descriptions of the personnel activities during the HSH and the RSH closures will further illustrate the similarities and differences in the approaches used.

Hastings State Hospital Closure

The Department began in July of 1977 to deal with personnel matters related to the closing of Hastings State Hospital, during that month, each employee was given a survey questionnaire to fill out and return. The questionnaire attempted to gain information from each staff member that would provide preliminary insight regarding who and how many were desirous of continuing in employment with the Department of Public Welfare, continuing in employment with the State of Minnesota in departments other than Public Welfare, or taking the severance benefits as provided by law and terminating employment with the State of Minnesota. The results of this effort were not as illuminating as anticipated. It became apparent from this survey that there were too many issues remaining to be resolved for the employees to make concrete decisions regarding their futures. The attempt, however, did reveal a number of persons who definitely intended to sever their employment with the State of Minnesota, and there were few who indicated definite intent to relocate to other facilities operated by the Department of Public Welfare. These two figures remained reasonably consistent throughout subsequent employee surveys and interviews.

During the period from July of 1977 until late in April, 1978, contacts with all members of Hastings State Hospital staff were many and varied. These contacts ranged from a meeting of the entire staff with a panel of representatives from the Department of Public Welfare, Department of Economic Security, and the Department of Personnel (this meeting was chaired by Commissioner Dirkswager), to individual interviews with each and every employee. Representatives from the Department of Public Welfare's Residential Services Bureau and Personnel Division, Department of Personnel, Department of Economic Security, Unemployment Compensation, Minnesota State Retirement System, Insurance Agency (Ochs) and the various Union Business Agents were made available to discuss with each employee the various options regarding continued employment, severance benefits, insurance, retirement, rights, job opportunities outside of state government, and employment opportunities within the Department of Public Welfare. All Hastings State Hospital employees were given offers to continue in employment in the Department of Public Welfare system. All Hastings State Hospital employees were given an opportunity by the Department of Personnel to take advisory tests in other classifications, be referred to other state departments for employment, and be interviewed individually regarding his/her interest in continuing employment with the State of Minnesota.

A brief summary of the results of the 9 1/2 months of effort expended in attending to the personnel aspects of the closure activity is as follows:

1. A total of 199 persons were on the payroll roster of Hastings State Hospital during the period from May 20, 1977 through April 30, 1978.
2. The Department of Personnel interviewed 74 employees, gave 113 written examinations and 129 experience and training ratings to those 74 employees. In addition, 351 transfer cards were prepared for 75 employees in 82 different classifications.
3. 152 Hastings State Hospital employees were formally offered jobs in the Department of Public Welfare.
4. 47 Hastings State Hospital employees were not offered jobs in the Department of Public Welfare because they resigned prior to a job offer being made, had indicated definitely their wish to terminate their employment upon the closure of Hastings State Hospital or were on long term disability leaves of absence.
5. 35 employees accepted continuing employment in the Department of Public Welfare either at state hospitals or in the Central Office.
6. 52 employees accepted employment in the Department of Veterans Affairs.
7. Five employees accepted employment in other state departments.
8. 84 employees severed their employment and received all of the severance benefits provided by law.
9. Eleven employees severed their employment but delayed their special severance benefits.
10. Twelve employees resigned, were terminated, died or were on long term disability leaves of absence prior to closure.

11. All employees who severed their employment with the State of Minnesota were referred to the Department of Economic Security Office in Hastings.

At the end of the year, the Department conducted a survey to ascertain the status of former HSH employees. The results of that survey are as follows:

112	Were employed
	Veterans Home (48)
	Other State Agencies (including DPW) (42)
	Private Sector (22)
44	Lost contact with
8	Unemployed
23	Out of the work force
19	Retired
3	Deceased
1	In school

Rochester State Hospital Closure

In June, 1981, the Minnesota Legislature directed the Department of Public Welfare to close Rochester State Hospital. The Surgical and Chemical Dependency Treatment Units were to be closed by July 1, 1981 while the remainder of the hospital was to be closed no later than June 30, 1982. The Department's Personnel Services Office was given responsibility for providing services, assistance, and information to employees. In June, two half-day general information sessions were held at RSH to inform employees of their options regarding continued employment with the state and the types of services/benefits available to them: unemployment compensation, job service assistance, continued insurance benefits, retirement, severance, and relocation cost reimbursement. The group sessions were chaired by the Deputy Commissioner, Wes Restad. Present were representatives from DPW Personnel Services, the Department of Employee Relations, the Ochs Agency (insurance), Minnesota State Retirement, and the Department of Economic Security (unemployment compensation and job service). Participation in this first informational program was limited to staff in the Chemical Dependency Treatment and Surgical Units since those employees were scheduled for layoff June 30, 1981. Each employee was also given a survey questionnaire to fill out and return. The questionnaire was designed to provide basic information on employees' choices regarding severance or continued employment with the state.

In September, 1981, the Department repeated the informational program for the remainder of the RSH staff. Four general information sessions were held, followed by three days of individual employee conferences. Each employee was asked to fill out and return the standard questionnaire.

Over the period of one year, a variety of personnel services were provided to RSH employees. The Department of Employee Relations provided advisory testing for other job classifications. The DPW Personnel Services Office staff person spent one day each week at RSH, providing assistance to employees interested in transferring to other state service jobs and answering questions about the closure process. Personnel Services also prepared a qualified employee bulletin containing the names and brief resumes of 77 employees.

This bulletin was sent to every state agency and all major private sector employers in the Rochester area. The Rochester Post Bulletin newspaper printed the qualified employee bulletin, free of charge. Periodic surveys were taken to see if RSH employees needed, or wanted, assistance and/or information. Update bulletins containing the names and classifications of employees were periodically sent to other DPW State Hospitals. The RSH Personnel Office staff remained with the hospital throughout the year. They took responsibility for all normal personnel activities as well as scheduling employee layoffs and preparing status reports on personnel activities (layoffs, resignations, etc.). The RSH Personnel Director published a regular employee newsletter containing current information on the closure.

A brief summary of the results of efforts expended in personnel activities is as follows:

1. A total of 540 employees were on the payroll as of June 1, 1981, the date the bill was signed by the Governor.
2. The Department of Employee Relations staff spent days conducting individual employee interviews, advisory tested 57 employees for a total of 327 different classifications.
3. 338 employees were laid off.
4. 63 employees resigned.
5. 3 employees were dismissed.
6. 2 employees died.
7. 13 employees retired.
8. 87 employees accepted employment in the DPW Central Office and state hospital system.
9. 7 employees accepted employment with other state agencies.
10. 13 employees remain as a skeleton crew to maintain the facility until it is sold.

Since the "official" closure date for RSH is June 30, 1982, it is difficult to assess what impact the closure had on employees—and the actual personnel related costs of the closure. Any conclusions drawn at this time must be considered as tentative and any monetary cost figures as only estimates. The impact assessment cannot really be done for at least a year.

A preliminary calculation of costs related to the closure was done early in June, 1982. The sums listed below are close approximations of costs to date:

Miscellaneous	\$ 13,350.02
Travel Status	5,115.04
Realtor Fees	26,684.00
Moving Expenses	31,763.53
Special Severance	1,154,517.79
Sick Leave Severance	324,136.70
Vacation Paid Off	283,921.92
Deferred Severance (Unpaid)	(58,583.70)
Unemployment	288,491.87
Insurance (6 months coverage for employees on layoff)	49,933.74

Additionally, unemployment compensation costs through March, 1982 are estimated at \$288,491.87. Actual costs for staff time and travel expense for DPW Central Office personnel staff and representatives of the other state agencies are not included in the sums listed above. Any calculation of these costs would have to include not only the time actually spent in Rochester but also the time spent in planning activities and meetings, development of materials (questionnaire, surveys, qualified employee bulletin, etc.), scoring advisory tests, contacting the DPW state hospitals and other state agencies to identify job opportunities. The cost in time which would have been devoted to other projects and activities cannot be calculated and can never be recouped.

In the event of another hospital closure, the process used would be more similar to that of the RSH closure than HSH, If at all possible, the Department should keep the personnel office staff in place until the end. The hospital should require attendance at the general information sessions. Individual meetings with representatives of the various agencies should be optional, at the request of the employee. Completion of the initial questionnaire should be mandatory so as to provide early identification of those employees who want to continue working for the state. Many of the materials developed for the HSH and RSH closures should be modified and used again (questionnaires, survey forms, informational handouts). Contacts with the DPW Central Office and hospital system should be initiated as early as possible, and should be followed up with regular updates of activities and names of available employees. Given the fact that this Department is expected to absorb all employees who are willing to transfer, it is important to have, in place, a system of monitoring vacancies. The circulation of qualified employee bulletins should be done at least quarterly. The response to the qualified employee bulletin published in the Post Bulletin leads to a recommendation that the Department pay for such advertising if such need arises in the future,

In summary, cost savings resulting from closure of state hospitals do not result for, at least, several years--if ever. Other types of less visible costs--lost staff time, former employees who never find re-employment, emotional stress on families required to relocate to other cities, can never be accurately measured. JC/lw