

THE ECONOMIC IMPACT OF THE CLOSING OF ROCHESTER STATE HOSPITAL  
ON THE CITY OF ROCHESTER AND THE REGION

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\$ \$ Economic Impact

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\$ \$ of the Closing

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\$ of Rochester State Hospital

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When Rochester State Hospital closes its doors on June 30, 1982 over 500 jobs will be lost to the City of Rochester, and up to \$7,314,000 in spending will be lost to Rochester businesses.

Based on a labor force of nearly 50,000 in Olmsted County, the loss of these jobs represents a permanent increase in unemployment of 1% unless new jobs are brought into the region. Even if the displaced employees find other jobs in the area, they will take jobs that could have been used to reduce the unemployment rate in the region or to expand the employment base.

The loss in spending will come from four sources: employee spending; institutional spending by RSH in the community; patient, family, and visitor spending; and volunteer spending and contributions. The breakdown of each of these elements is as follows:

Employee spending	\$6,000,000
Institutional spending	765,000
Patient, Family, Visitor spending	488,000
Volunteer contributions and spending	<u>61,000</u>
Total	\$7,314,000

The full budget for the hospital was estimated at about \$12,000,000, with wages representing the bulk of the budget, \$10,000,000, and \$2,000,000 allocated for institutional purchases. To determine potential spending losses in Rochester, this amount was

reduced by state matching for FICA, retirement matching, and unemployment insurance premiums; by employee deductions from wages of federal and state withholding taxes, union dues, retirement contributions, and life insurance premiums; and by the amount of goods and services purchased outside the Rochester area by the hospital, yielding the reported figure of \$7.3 million.

The full effect of the closing will not be felt immediately by the Rochester business community because of gradual terminations, transfers by employees and unemployment benefits. As of December 1, 1981 of the 509 employees on staff in June, 1981, 232 have been terminated or have resigned, 59 have transferred (19 of whom have transferred to jobs that do not require relocation) and 218 remain working at RSH. Unemployment benefits are paid for either 26 or 39 weeks depending on the state unemployment rate at the time application is made. Benefits are equal to 50% of average weekly gross wages, up to a maximum of \$177 per week. For many employees, unemployment benefits could be as much as two-thirds of their take home pay.

There will be a regional as well as local impact of the closing of the hospital. Employees reside in a seven county area of southeastern Minnesota. Of 492 employees for whom records were available at the time the data for this study was gathered, only 355 actually lived in the city of Rochester. Olmsted County accounted for 413, while the remainder were distributed between Fillmore (18), Goodhue (9), Wabasha (26), Dodge (14), Winona (7), and Mower (5) counties.

The economic impact on job loss and spending would be lessened to the extent new jobs are introduced into the region.

LOSS OF EMPLOYEE SPENDING IN ROCHESTER AND THE REGION

OVERVIEW OF RSH EMPLOYEE SPENDING

The bulk of spending lost in the City of Rochester will occur due to the loss in wage income by the terminated employees of RSH. Although gross wages for the hospital were estimated for the 1981-1982 fiscal year at \$10,000,000, the loss in spending to the community will be close to a value of \$6,000,000.

This dollar value was derived in the following manner:

Gross Payroll	\$10,000,000
Less State Contributions*	<u>-1,000,000</u>
Subtotal	9,000,000
Less Employee Deductions*	<u>-3,000,000</u>
Net Payroll	\$6,000,000

\* State contributions include FICA payments, retirement matching, and unemployment insurance contributions.

\* Employee deductions include federal and state withholding, retirement contributions, union dues, and life insurance payments.

WORST CASE SCENARIO

We know that because not all workers will leave the area, and because some will receive unemployment compensation, and because

TABLE 1

LOSSES IN SPENDING BY SECTOR IN ROCHESTER  
DUE TO LOSS OF EMPLOYEE SPENDING  
WORST CASE SCENARIO

ALL ITEMS		<u>\$6,000,000</u>
FOOD		\$1,258,323
Food at home		\$1,003,629
Cereals	\$ 44,000	
Bakery products	92,565	
Beef and Veal	123,981	
Pork	72,930	
Other meat	52,734	
Poultry	40,953	
Fish	25,245	
Dairy Products	157,080	
Fresh Fruits	42,636	
Fresh Vegetables	52,734	
Processed Fruits/Vegs	74,052	
Eggs	35,904	
Fats and oils	30,855	
Sugar and sweets	35,904	
Nonalcoholic beverages	56,661	
Prepared and partly prepared foods	65,395	
Food Away from Home		254,694
HOUSING		1,864,203
Shelter		1,130,415
Rent	308,550	
Hotels and Motels	21,318	
Home purchase & finance	511,071	
Home taxes & insurance	119,493	
Home maintenance items	54,978	
Home maintenance services	115,005	
Fuel and Utilities		295,086
Household furnishings and operation		438,702
Textile house furnishing	34,221	
Furniture	80,784	
Floor covering	26,928	
Appliances	76,296	
Other furnishings	46,563	
Housekeeping supplies	86,950	
Housekeeping services	86,960	

APPAREL AND UPKEEP		596,343
Men's apparel	123,981	
Boy's apparel	36,465	
Women's apparel	181,203	
Girl's apparel	47,685	
Footwear	84,711	
Commodities and Services	122,298	
TRANSPORTATION		778,668
Auto purchases	281,622	
Gasoline and motor oil	184,008	
Auto parts	40,392	
Auto repairs/maintenance	54,978	
Public transportation	69,564	
Other auto expenses	148,104	
HEALTH AND RECREATION		1,480,628
Medical care*	709,253	
Personal care	154,275	
Recreational goods	155,958	
Recreational services	88,636	
Reading and education	88,640	
Tobacco products	106,029	
Alcoholic beverages	148,104	
Personal expenses	29,733	
MISCELLANEOUS		21,835

Source: Table is based on the weights used in the Consumer Price Index, US Department of Commerce, 1974-620-171-2352.

\*Adjusted for hospital and dental benefits of \$518,267 as determined from RSH records. Premium payments by the employee and the State were adjusted according to national ratios of payments to premiums of 89.55% for dental premiums, and 92.6% for Blue Cross/Blue Shield.

some employees did not live in Rochester while they were employed at RSH, the business community will not feel the entire loss of \$6,000,000 of spending in the community.

However, often it is helpful in an analysis where several important variables are not predictable, to present the "worst case scenario", realizing that the predicted losses could only be less. We have defined the worst case as being the case in which all employees of RSH move out of the area immediately following termination, so that the full \$6,000,000 is lost to the community.

This \$6,000,000 will affect various economic sectors of the Rochester business community differently. The losses are projected in Table 1. The housing sector would be most affected, followed by health and recreation, food, transportation, apparel and upkeep, and miscellaneous expenses in that order. For an individual business to approximate its potential dollar loss, it should estimate its market share in its particular sector, and multiply its share by the projected dollar loss. It should be remembered that these potential losses are based on a full \$6,000,000 loss in spending.

#### UNEMPLOYMENT BENEFITS

The losses to the Rochester economy will not take place all at once. Layoffs and resignations commenced even before the closure of the surgical and chemical dependency units on June 30, 1981. Employment will gradually diminish until final closure on June 30, 1982. Most employees will be eligible for unemployment benefits for six to nine months following employment termination. Unemployment benefits are paid for either 26 or 39 weeks depending on the state unemployment rate at

the time application is made. Benefits are equal to 50% of average weekly gross wages, up to a maximum of \$177 per week. For many employees, unemployment benefits could be as much as two-thirds of their take home pay.

How many employees will actually apply for unemployment benefits is difficult to determine at this time. Informal discussions with employees at RSH indicated most are uncertain about their plans after closure.

There are some current economic losses to Rochester business, and losses will increase as employment declines and unemployment benefits end. But because of the gradual termination of employees, and the length of unemployment benefits, the losses will be spread over the next twelve to eighteen months, softening the immediate impact on Rochester businesses.

#### EMPLOYEE TRANSFERS AND RELOCATION

The full effect of spending loss would occur if all employees transferred or moved out of the Rochester area as there would be no unemployment benefit buffer nor the possibility of a job without relocation.

As of December 1, 1981, of the 509 employees on staff in June 1981, 232 have been terminated or have resigned, 59 have transferred, and 218 remain working at RSH. Of the 59 who have transferred to other jobs within the state system, approximately one-third have transferred to positions in the area (Faribault State Hospital, Red Wing Correctional Institution, Rochester Community College) where relocation would not be necessary. For the remaining employees whether this ratio of 1:3 of

transfer to jobs without relocation can be maintained is doubtful. This conclusion is drawn based on the recent budget cutting measures announced for the State of Minnesota and the fact that the more proximate job transfer possibilities were explored early and assumed more rapidly than the more distant transfer possibilities.

Although displaced RSH employees may accept other positions in Rochester, the projected spending losses will still occur because they will take jobs that could have been used to expand the employment base in Rochester or to reduce unemployment in the city.

No current status information is available for terminated employees, but a significant amount in unemployment benefits have been claimed.

It would be expected that the higher the number of heads-of households, the higher the out-migration from Rochester. Data is unavailable on the head-of-household status of RSH employees. In obtaining employee data for other parts of this section, it was noted that 34% of the staff were male, the remaining 66% were female. The professional/non-professional breakdown was 23% professional and 77% non-professional.

#### EMPLOYEE ORIGIN

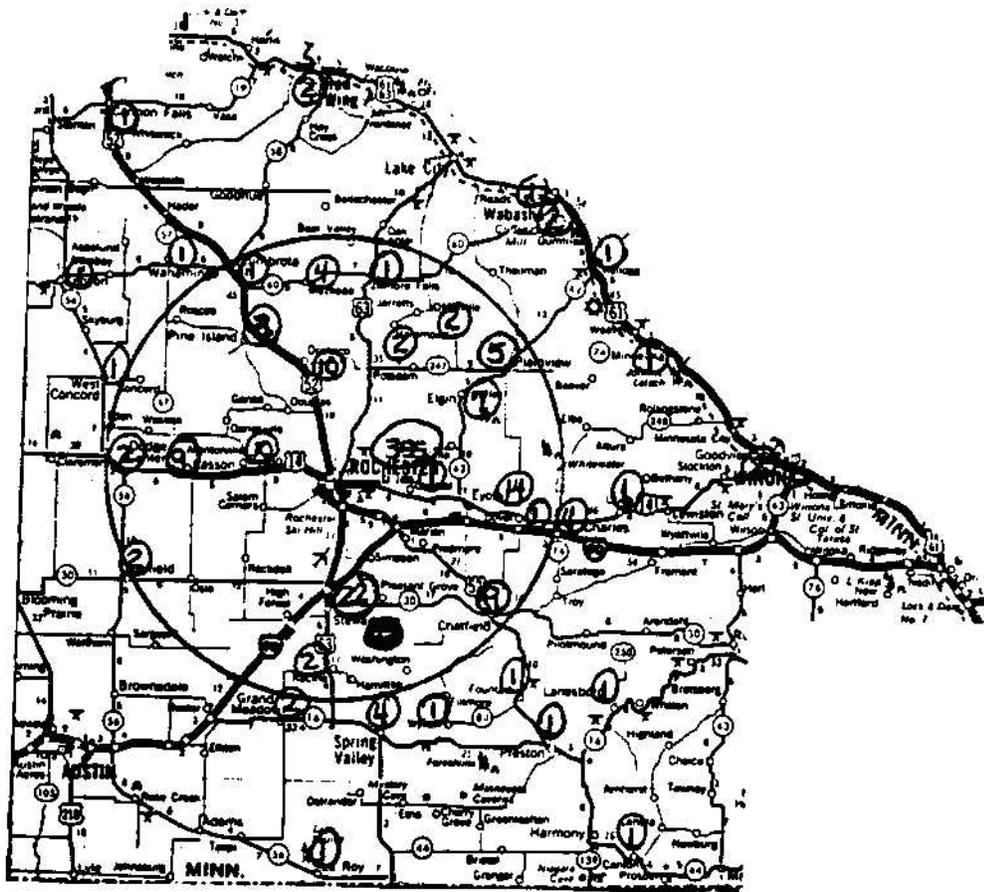
Because not all employees lived in Rochester, the full \$6,000,000 in wage income was not entirely spent in Rochester. An examination of employee records as of June 30, 1981 showed that the employees of RSH lived within a seven county area as presented in Table 2 and in Exhibit 1 on the following pages. Seventy-two percent or 355 employees lived

TABLE 2  
EMPLOYEE ORIGIN

<u>OLMSTEAD</u> (413)			<u>WABASHA</u> (26)		
55901	Rochester	355	55932	Elgin	7
55904	Chester	1	55938	Hammond	2
55920	Byron	10	55945	Kellogg	1
55929	Dover	1	55956	Mazeppa	4
55934	Eyota	14	55957	Milville	2
55960	Oronoco	10	55958	Minnieska	1
55976	Stewartville	22	55964	Plainveiw	5
			55968	Reads Landing	1
			55981	Wabasha	2
			55991	Zumbro Falls	1
 <u>FILLMORE</u> (18)			 <u>DODGE</u> (14)		
55923	Chatfield	9	55927	Dodge Center	2
55928	Canton	1	55940	Hayfield	2
55935	Fountain	1	55944	Kasson	9
55949	Lanesboro	1	55985	West Concord	1
55965	Preston	1			
55975	Spring Valley	4			
55990	Hykoff	1			
 <u>GOODHUE</u> (9)			 <u>WINONA</u> (7)		
55946	Kenyon	1	55972	St. Charles	4
55963	Pine Island	3	55979	Utica	1
55983	Wanamingo	1	55987	Winona	2
55992	Zumbrota	1			
55009	Cannon Falls	1			
55066	Red Wing	2			
			 <u>MOWER</u> (5)		
			55936	Grand Meadow	2
			55951	LeRoy	1
			55967	Racine	2

Source: RSH Records

EXHIBIT 1



within the city of Rochester, 84% lived in Olmsted County, and 94% resided within a twenty mile radius of Rochester.

Housing expenditures would be most affected. as most housing expenditures would be made in the town of origin. Spending in other sectors would depend on local availability of items and employee spending patterns. However, we anticipate that spending in categories, other than housing, will be significantly affected due to Rochester's role as a major retail center and employees tend to shop in the city where they are employed.

The effect of employee origin on spending would partially offset the indications of the worst case scenario presented earlier. But to the extent that employees who reside outside Rochester represent second income earners, the offset in housing expenditures may be balanced by the loss in spending by the employees of total family income.

LOSS OF INSTITUTIONAL SPENDING BY ROCHESTER STATE HOSPITAL  
IN ROCHESTER AND THE REGION

## OVERVIEW OF INSTITUTIONAL SPENDING BY ROCHESTER STATE HOSPITAL

RSH had non-payroll expenses of nearly \$2,000,000 in fiscal year July 1980 to June 1981. Of this \$2,000,000 for goods and services, \$765,000 was spent in the City of Rochester. As can be seen in Table 3 the largest expenditures were utility expenditures of \$449,000 or 58.7% of total expenditures, and health service expenditures, primarily lab fees, of \$173,000 or 22.61 of the total. The remaining 18.7% or \$143,000 of expenditures is spread over construction, communications, mining, transportation, local trade, local services other than health and government services provided in Rochester. The detailed breakdown of RSH expenditures is provided in Table 3.

Also included in the \$2,000,000 expenditures were \$148,000 in wages to patients, and \$10,000 given to indigent patients for needed personal items. These amounts while included in the RSH billing system were not included in this section of the report, but were added into the totals for patient spending.

A second area included in total patient spending, but derived from the RSH billing system were purchases made to stock the RSH canteen. In the canteen patients, staff and visitors could purchase sandwiches, snack items, coffee, soft drinks, cigarettes, and magazines. Total purchases by the hospital for the canteen from Rochester businesses totaled \$47,000. A more detailed breakdown of canteen finances is presented in Table 4 of this section.

TABLE 3

ROCHESTER STATE HOSPITAL SPENDING  
ON GOODS AND SERVICES IN THE CITY OF ROCHESTER  
FISCAL YEAR JULY 1980 - JUNE 1981

\$449,000	Utilities (electricity, gas, oil)
43,000	Communications
11,000	Construction
500	Mining
500	Transportation
44,000	Local Trade
\$10,000	Wholesale
8,000	Auto Related
6,000	Construction materials
5,000	Office Equipment
15,000	Other Retail
191,000	Local Services
\$173,000	Health Services and Lab Fees
7,000	Garbage Service
1,000	Car Repair
10,000	Other Services
14,500	Government Services
\$6,000	Federal (Postmaster)
1,000	State (Rochester Community College)
6,000	County
1,000	City
500	School District
11,000	Manufacturing
<hr/>	
\$764,500	Total Spent in the City of Rochester
765,000	Rounded

Source: RSH Records

TABLE 4

ROCHESTER STATE HOSPITAL CANTEEN RECEIPTS AND EXPENDITURES  
JULY 1980 - JUNE 1981

Receipts		\$78,000
Purchases in Rochester		47,000
Wholesale	\$44,000	
Retail	2,000	
Manufacturing	1,000	
Purchases outside Rochester		11,000
Profit		<u>\$20,000*</u>

\*The \$20,000 in profits from the canteen were contributed towards the purchase of a bus from a firm outside the Rochester area.

Source: RSH Records

## METHODOLOGY

To extract data for this section of the report, all the bills paid by RSH during the period July 1, 1980 to June 30, 1981, the hospital's fiscal year were reviewed. Those amounts paid to firms with the Rochester ZIP Code - 55901 were extracted.

The expenditures were then classified into the following categories: manufacturing; construction; communications; utilities; mining; transportation; local trade which included wholesale, auto related, construction materials, office equipment, and other retail; local services, which included health services, garbage service, car repair, and other services; government services, which included federal, state, county, city, and the school district; canteen; patient wages; and expenditures for indigents. The decision on which expenditures to include in the manufacturing sector was guided by reference to Rochester Manufacturing Guide, published by the Rochester Chamber of Commerce.

Expenditures by category were totaled. Patient wages, expenditures for indigents, and canteen expenditures were totaled and included in the section on patient expenditures.

LOSS OF PATIENT, FAMILY AND VISITOR SPENDING  
IN ROCHESTER AND THE REGION

## OVERVIEW OF PATIENT, FAMILIY AND VISITOR SPENDING

The total loss of patient and visitor spending to the City of Rochester is conservatively estimated to be \$488,000. The estimate of the loss in patient spending is \$378,000 and visitor spending is approximated at \$110,000.

The businesses most affected by the loss in patient spending are those selling clothing and apparel, groceries and snacks, restaurants, and drinking establishments. Other businesses affected include those associated with automobile expenditures; those selling room furnishings like linens, bedspreads, pillows, etc.; those providing recreation or amusement; those providing personal and business services, like dentists, lawyers, beauty shops, and barber shops; and other retail establishments selling items like records, tapes, cosmetics, books, and over-the-counter drugs. A profile of monthly expenditures is presented in tabular form in this section.

### METHODOLOGY

#### PATIENT SPENDING

To determine an approximate dollar loss to the Rochester community due to decreased spending in the community by patients, a patient questionnaire and the accounting system at RSH were used.

#### Spending by Mentally Ill and Chemically Dependent Patients

The method used to estimate patient spending was a patient questionnaire, included at the end of this section. The questionnaire

was distributed at RSH November 6, 1981 and was collected November 23, 1981. Patients, with the help of staff when requested, completed the questionnaire. The dates of the data gathering are significant in the evaluation of the results, because the Surgery Unit and the Chemical Dependency Unit had closed in July, 1981, and several patients had already been transferred by the time the survey was done. The sample population consisted only of those patients remaining in the hospital in November, 1981.

Thirty-two questionnaires from patients who are mentally ill were returned. Two questionnaires were excluded from the analysis because of unreasonable amounts reported in some of the categories. The remaining 30 were averaged and are summarized in Table 5.

Total monthly expenditures averaged \$128 per mentally ill patient. This translates into an annual spending amount of \$1536 (\$128 x 12 mo.) for the mentally ill. To estimate spending by the mentally ill and the chemically dependent, per patient spending of \$1536 was multiplied by an appropriate number of patients. To determine the appropriate number of patients, we included the mentally ill, 100, and the 30 patient caseload in the area of chemical dependency. It was suggested by staff at RSH that the chemically dependent probably on average spent more than the mentally ill, but having no empirical data on which to base an alternative estimate for this group, we estimated their expenditures at the same level as those of the mentally ill.

$$\$1536 \times 130 \text{ patients} = \underline{\$199,680}$$

TABLE 5

## PROFILE OF MONTHLY EXPENDITURES BY MENTALLY ILL PATIENTS

CATEGORY OF SPENDING	MONTHLY AMOUNT	% of TOTAL
Groceries, snacks, etc.	\$28	21.9%
Clothing and apparel	47	36.7
Automobile related expenses	10	7.8
Room furnishings, linens, etc.	6	4.7
Recreation and amusement	5	3.9
Food and drink at restaurants, bars	23	18.0
Personal and business services	2	1.5
All other retail items	<u>7</u>	<u>5.5</u>
 TOTAL MONTHLY SPENDING	 \$128	 100.0%

Source: Patient Questionnaires

Spending by Mentally Retarded Patients

To estimate spending by the mentally retarded patients at RSH, hospital records were used. These records show that as of June, 1981, 377 patients or 74% had accounts at the hospital. An account means that the patient deposits funds with the hospital, and withdraws money as needed for purchases. Withdrawals were recorded by the RSH accounting system. The total amount withdrawn from patient accounts for the fiscal year July 1980 to June 1981 was \$165,702.

Not all patients had accounts at RSH. The following table illustrates the type of patients at the hospital and the percentage with accounts:

Patient Mix	# of Patients	Estimated % with Accounts	# of Accounts
Mentally Retarded	300	100%	300
Mentally Ill	100	67%	67
Surgical	80	0%	0
Chemically Dependent	<u>30</u>	33%	<u>10</u>
Totals	510		377

As can be seen in the above chart, 377 patients had accounts at RSH. An estimate of total patient expenditures (assuming all monies withdrawn were spent in the community) can be projected for the mentally retarded by applying the average expenditure of a patient with an account, to the 300 mentally retarded patients:

$$\$165,702/377 = \$439 \text{ annual spending per patient}$$

$$\$439 \times 300 \text{ mentally retarded patients} = \underline{\$131,700}$$

### Spending by Surgical Unit Patients and Short Term Patients

No spending estimates were available for the 80 surgical patients and for those patients who would be at the hospital for a very short time, like a weekend. To the extent these individuals made purchases in Rochester, our estimates are understated.

### Total Patient Spending Estimates

The total loss in patient spending to Rochester is estimated at \$378,380, and represents the sum of spending by the mentally ill and the chemically dependent of \$199,680; by the mentally retarded of \$131,700; and an additional \$47,000 of spending in RSH canteen, previously discussed in the section on institutional spending.

### VISITOR AND FAMILY SPENDING

To estimate visitor and family spending a questionnaire similar to the one used for patient spending was distributed at the hospital to visitors and family over the same time period, November 6, 1981 to November 23, 1981. Because so few questionnaires were returned, the attempt to estimate visitor and family spending using questionnaire data was unsuccessful.

To establish some value for the family and visitor spending which took place, we hypothesized that on average each patient had 1.5 visits per month. This value is seen as a median somewhere between those patients visited several times per month, and those patients having no

visitors. We also assumed the average expenditure per visit to be \$12.00. Again this represents a median value somewhere between the amount spent by those visitors having lodging, restaurant, automobile, and recreation expenditures as well as possible grocery, personal or business services, or general shopping expenditures in downtown Rochester or at one of the malls; and those who live in Rochester and have no extra spending related to a visit to RSH. These assumptions yield the following estimated expenditures by family and visitors:

1.5 visits x 510 patients x 12 mos. = 9180 visits per year  
9180 visits x \$12.00 spent per visit = \$110,160 in spending

#### TOTAL PATIENT AND VISITOR SPENDING LOSSES

Combining patient spending of \$378,000 with visitor and family spending estimated at \$110,000 results in total patient and visitor spending of \$488,000.

ROCHESTER STATE HOSPITAL  
PATIENT QUESTIONNAIRE

RSH Patient,

We have been asked by the Rochester Chamber of Commerce to determine the economic effect of the closing of Rochester State Hospital on the Rochester business community. The loss of patient spending in Rochester will contribute to a decline in business revenues.

To determine the amount of business revenues lost, we need and encourage your cooperation in filling out the following questionnaire.

The information you provide will remain completely confidential. Please do not sign your name. Return the completed questionnaire to the box provided.

Dr. Mary E. Rieder, PH.D.  
Professor of Economics  
Winona State University

ROCHESTER STATE HOSPITAL  
PATIENT QUESTIONNAIRE

The purpose of this questionnaire is to obtain general information on your average expenditures in the City of Rochester. Your best estimate of typical monthly expenditures will be very helpful to us.  
Thank you.

Average Monthly Expenditures  
In the City of Rochester

1. Groceries, snacks, etc. \_\_\_\_\_
2. Clothing and apparel \_\_\_\_\_
3. Automobile related expenses, gas, oil; bus fare \_\_\_\_\_
4. Room furnishing, linens, bedspreads, etc. \_\_\_\_\_
5. Recreation and amusement (theater, golf, etc.) \_\_\_\_\_
6. Food and drink at restaurants, bars, etc. \_\_\_\_\_
7. Personal and business services (dentists, lawyers, barbers, beauty shops, dry cleaners) \_\_\_\_\_
8. All other retail items (books, drugs, jewelry flowers, gifts, hardware, records, tapes, radios, television sets, etc.) \_\_\_\_\_
9. If you have purchased a car in Rochester in the last two years, its price: \_\_\_\_\_

After the closing of Rochester State Hospital, approximately what percent of the above mentioned expenses will you continue to make in the City of Rochester?

\_\_\_\_\_ % or \_\_\_\_\_ not applicaple

After the closing of Rochester State Hospital, will you be spending money for medical services or medication in Rochester (that used to be paid by the State Hospital)?

\_\_\_\_\_ No If yes, estimate of amount to be spent \$ \_\_\_\_\_

ROCHESTER STATE HOSPITAL  
FAMILY AND VISITOR QUESTIONNAIRE

RSH Family Member or Visitor,

We have been asked by the Rochester Chamber of Commerce to determine the economic effect of the closing of Rochester State Hospital on the Rochester business community. The loss of family and visitor spending while in Rochester to visit a patient at the Rochester State Hospital will contribute to a decline in business revenues.

To determine the amount of business revenues lost, we need and encourage your cooperation in filling out the following questionnaire.

The information you provide will remain completely confidential. Please do not sign your name. Return the completed questionnaire to the box provided.

Dr, Mary E. Rieder, PH.D.  
Professor of Economics  
Winona State University

ROCHESTER STATE HOSPITAL  
FAMILY AND VISITOR QUESTIONNAIRE

The purpose of this questionnaire is to obtain general information on your average expenditures in the City of Rochester for the patient or for yourself during a typical visit. Your best estimate of typical monthly expenditures will be very helpful to us.  
Thank you.

Average Monthly Expenditures  
In the City of Rochester

1. Groceries, snacks, etc. \_\_\_\_\_
2. Clothing and apparel \_\_\_\_\_
3. Automobile related expenses, gas, oil; bus fare \_\_\_\_\_
4. Room furnishing, linens, bedspreads, etc. \_\_\_\_\_
5. Recreation and amusement (theater, golf, etc.) \_\_\_\_\_
6. Food and drink at restaurants, bars, etc. \_\_\_\_\_
7. Personal and business services (dentists, lawyers, barbers, beauty shops, dry cleaners) \_\_\_\_\_
8. All other retail items (books, drugs, jewelry flowers, gifts, hardware, records, tapes, radios, television sets, etc.) \_\_\_\_\_
9. If you have purchased a car in Rochester in the last two years, its price: \_\_\_\_\_

How many visits do you make to Rochester State Hospital?  
\_\_\_\_\_ per month or \_\_\_\_\_ per year

After the closing of Rochester State Hospital, approximately what percent of the above mentioned expenses will you continue to make in the City of Rochester?  
\_\_\_\_\_ % or \_\_\_\_\_ not applicable

LOSS OF VOLUNTEER CONTRIBUTIONS AND SPENDING  
IN ROCHESTER AND THE REGION

## OVERVIEW OF VOLUNTEER SPENDING AT ROCHESTER STATE HOSPITAL

There is an active volunteer system at RSH, recording 11,407 hours of donated labor in calendar year 1980. A volunteer coordinator is employed by the hospital. There is also an active volunteer board. Decisions on raising and spending funds are made by this board.

The loss in spending to the City of Rochester due to the closure of RSH and the discontinuance of the volunteer effort there amounts to \$61,142, based on figures abstracted from the volunteer coordinator's annual report submitted to Governors Quie's Task Force on Volunteerism in Minnesota. This total includes both cash and items of personal property donated to the hospital.

Cash donations of \$6,000 were allocated to staff to spend on needed items for individual patients. Monies were dispersed through requisitions made out by the nursing staff. An additional \$1,200 in cash was donated by volunteers and was used to help finance camp expenditures for patients. Because this money was not spent in the City of Rochester, it has not been included in the totals.

The bulk of volunteer spending was for items of personal property, newly purchased and donated to the hospital. The value of items donated was \$55,142 according to RSH records. Also donated to the hospital, but not included in our estimates of spending losses were used items valued at \$50,000.

The total loss in spending can be broken down as follows:

\$55,142	Value of new items purchased in Rochester for the hospital.
<u>6,000</u>	Cash donated to RSH by volunteers
\$61,142	Total spent in Rochester by Volunteers

The volunteer coordinator estimated that 75% of the total (\$45,856) was spent in the category of personal care items, and the remaining 25% (\$15,286) was spent for clothing.

It is probable that some or all of the volunteer spending will continue in Rochester, but will be spent on another group of individuals. The full loss of over \$61,000 should be considered a "worst case" outcome.

SUMMARY OF THE TOTAL EFFECT ON THE ROCHESTER BUSINESS COMMUNITY  
OF THE CLOSING OF ROCHESTER STATE HOSPITAL  
UNDER HEROIC ASSUMPTIONS

To present the total effect on the various sectors of the Rochester business community, we can summarize the numbers presented in each of the sections of this report. To do so, however, we must make the following "heroic" assumptions:

1. That the loss in employee spending follows the assumptions of the "worst case scenario".
2. That visitor spending mirrors, in relative proportion, patient spending, as reported in the patient questionnaire data.
3. Volunteer spending is 75% for personal care items, and 25% for clothing; and that 1/2 of the clothing expenditures were for men's apparel and 1/2 was for women's apparel. And again follows the " worst case scenario".
4. Further that patient and visitor purchases can be incorporated into the CPI framework done for employee spending in the following manner:
  - a. That grocery expenditures were for prepared and partly prepared food;
  - b. That clothing expenditures follows the CPI weights;
  - c. That auto related expenditures does not include automobile purchases, but follows the CPI weights in the other categories;
  - d. That room furnishing expenditures are all for textile house furnishings;
  - e. That recreation and amusements follows the CPI weights;
  - f. That food and drink at restaurants and bars is all included under food away from home;
  - g. That personal and business services are allocated to personal care;
  - h. That all other retail expenditures are allocated to personal care items, tobacco, personal expenditures, and miscellaneous expenditures and follow the CPI weights.

APPAREL AND UPKEEP		\$789,891
Men's apparel	169,234	
Boy's apparel	46,377	
Women's apparel	242,575	
Girl's apparel	62,013	
Footwear	109,784	
Other commodities & services	159,908	
TRANSPORTATION		816,732
Auto purchases	281,622	
Gasoline and motor oil	198,092	
Auto parts	43,437	
Auto repairs/maintenance	59,165	
Other auto expenses	159,523	
Public transportation	74,893	
HEALTH AND RECREATION		1,565,827
Medical Care*	709,253	
Personal Care	216,845	
Recreational goods	168,138	
Recreational services	95,488	
Reading and education	88,640	
Tobacco products	107,210	
Alcoholic beverages	148,104	
Personal expenses	32,149	
MISCELLANEOUS		37,257
UTILITIES		449,000
COMMUNICATIONS		43,000
CONSTRUCTION		11,000
MINING		500
TRANSPORTATION		500
LOCAL TRADE		44,000
Wholesale	10,000	
Auto Related	8,000	
Construction Materials	6,000	
Office Equipment	5,000	
Other Retail	15,000	

LOCAL SERVICES		191,000
Health services and lab fees	173,000	
Garbage Services	7,000	
Car Repair	1,000	
Other Services	10,000	
GOVERNMENT SERVICES		14,500
Federal (Postmaster)	6,000	
State (RCC)	1,000	
County	6,000	
City	1,000	
School District	500	
MANUFACTURING		11,000

Source: RSH records, Consumer Price Index, Patient and Visitor Questionnaires, RSH Volunteer Coordinator

\* Adjustments have been made for hospital and dental insurance

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