# *Downsizing for Reform*

## HOW DOES CHURCH TEACHING GUIDE US?

BY SR. PATRICIA TALONE, RSM, Ph.D.

Downsizing in Catholic health care is hardly a new phenomenon. Since the early 1990s, the pace of change in Catholic facilities and systems periodically has motivated leaders to assess the needs of their respective communities and institutions, scrutinize financial spreadsheets and make the difficult decision to conduct employee layoffs. This reality brings pain and challenges to employees, administrators, trustees and sponsors. Indeed, more than 10 years ago in *Health Progress*, I reflected upon the way that one system attempted to address these realities while at the same time maintaining its Catholic values and integrity as both key employer within the community and a ministry of the church.[1]

I believe that what I said then, about integrating mission throughout the entire process of downsizing, still holds true. In order for a Catholic health care institution to maintain moral integrity, it is vital that even small-scale downsizing be grounded in and evidenced by the social teaching of the church itself.

Although the economy is slowly improving and Bureau of Labor Statistics notes that the outlook for health care jobs is strong,[2] layoffs within health care point to a larger nationwide issue, according to *Becker's Hospital Review*: "The combination of sequester cuts, Medicaid expansion and lower patient volume — in part due to quality improvement — and an increase in bad debt have left hospitals with a lot less money than they were prepared for."[3]

While the reality of layoffs is not itself new, the way they are now perceived certainly differs from past experience. In the past, layoffs often were geographically localized; today they are occurring in virtually every part of the country and in systems of all sizes. In the past, layoffs were occasioned by fiscal challenges and sometimes by poor management; today the pervasive forces for layoffs are often good management practices — preparing for inevitable changes in the industry itself. In the past, many layoffs targeted specific service areas or departments that administration might deem redundant; today colleagues at virtually every level of health care organizations — from senior leadership to part-time workers — realize that their jobs might be on the line. A further growing complexity within the health care field expresses itself in more resources being invested in escalating technology than in existing employees.

In the more than 10 years since my previous article on this topic, in addition to market changes within the health care industry, there has been a persistent revolution within Catholic health care itself. Thousands of women and men, senior executives, clinical leaders, trustees and managers have entered into and embraced a pervasive and rigorous program of leadership formation to prepare to lead the ministry into the future. The Catholic Health Association recently conducted a broad-based survey of these

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leaders, and the results of that study will be shared with the ministry in the late fall of 2013. A major thesis of these formation programs is the fact that the grounding in prayer, community and teaching proffered to leaders provides the foundation upon which executives should base decisions that might affect the ministry they hold in the name of Jesus Christ.

Leaders turn, then, to the church's social teaching for guidance in business decisions because her teaching forms the foundation for our ministry. In his encyclical *Laborem Exercens*, Pope John Paul II maintained that "the Church considers it her duty to speak out on work from the viewpoint of its human value and of the moral order to which it belongs, and she sees this as one of her important tasks ... she sees it as her particular duty to form a spirituality of work which will help all people to come closer, through work, to God." More specifically, the United States Conference of Catholic Bishops (USCCB) addressed Catholic health care in their *Ethical and Religious Directives for Catholic Health Care Services* (ERDs), noting in Directive 1 that "A Catholic institutional health care service is a community that provides health care to those in need of it."

Stained glass window in St. Gertrude's church in Stockholm, Sweden.

The emphasis upon community, grounded in the Church's Trinitarian theology, extends beyond the sick to treatment of employees, as noted in Directive 7, which reminds us that employees deserve just and respectful treatment. The ERDs in Part One outline the social responsibility of Catholic health care services, articulating normative principles applicable to layoffs. These principles are: promoting and defending human dignity; caring for the poor, contributing to the common good, responsible stewardship of resources.

Defense of human dignity arises from the fact that every person possesses dignity because we are made in God's image and are equal in the eyes of God. The leader endeavoring to foster human dignity in the workplace recognizes that the work's meaning extends far beyond status, a job title, location of an office or the amount of a paycheck. John Paul II in *Laborem Exercens* notes that while "man is destined for work and called to it, in the first place work is "for man" and not man "for work." The meaning of work, the pontiff observes, is both objective and subjective. The objective sense of work is found in its universality. In virtually every corner of the world, in every culture and class, persons work to make a living and to make their world better.

Pride in one's work has a subjective sense as well, John Paul II maintains. Respecting the subjective aspect of work demands that administrators engage workers in decision-making processes regarding their work. In fact, the USCCB's document, *Respecting the Just Rights of Workers*, states that "Workers must be able to participate in the decisions made in the workplace that affect their lives and their livelihood." Therefore, any downsizing guided by the principle of human dignity engages employees, communicates to employees and attends to both the objective and subjective aspects of work's meaning.

The ERDs call Catholic health care to express in concrete action our care for the poor. Directive 3 urges that we should distinguish ourselves by "service to and advocacy for those people whose social condition puts them at the margins of our society and makes them particularly vulnerable." Anyone who has worked within a Catholic health facility knows that the poor are not "out there," but are in our midst. Colleagues in positions of unskilled labor earning minimum wage, living from paycheck to paycheck, experience tremendous vulnerability. In decisions regarding down-sizing, ought not a mission-driven discernment pay special attention to these employees? As financial resources must be invested in technology, might not similar resources reap significant

benefits when invested in retraining committed colleagues?

Some newspapers have been quick to publicize executive compensation and benefits while, at the same time, reporting system layoffs. Such criticism is not unwarranted because giving to the rich while eliminating the jobs of the poor flies in the face of the very principles on which Catholic health care prides itself. Certainly a well-run business must pay executives a fair market rate, but Catholic health care holds itself to standards that extend beyond market forces.

Often layoffs are occasioned by a system's desire and need to adhere to the normative principle of contributing to the common good. Some persons believe that the common good is a sort of mathematical aggregate of goods based on the utilitarian formula of "the greatest good for the greatest number." However, the Catholic notion of the common good, expressed in Part One of the ERDs, draws from the teaching of Pope John XXIII maintaining that "the common good is realized when economic, political, and social conditions ensure protection for the fundamental rights of all individuals and enable all to fulfill their common purpose and reach their common goals."[4]

When senior leaders begin a discernment process about layoffs, the application of this principle becomes quite challenging and complex. The responsible leader considers the broad implications of his or her actions.[5] Because Catholic health care is simultaneously provider, employer, advocate and citizen, administrators look to the good of public health, patients and clients of their various institutions or services, colleagues at every level of employment, the broader health care community in their cities, states and regions.

Maintaining the common good is always demanding, and it requires honesty and the ability for leaders to challenge one another in the process, insuring that various stakeholders have a place in the process, alternatives are fully explored and decisions are soundly based upon the organizations' deepest commitments. Many systems utilize a robust process to facilitate these difficult discussions during corporate decision-making.

Our shared ministry is a treasure that leaders hold in stewardship for those in need. Inherited from the selfless founders and foundresses of our systems, leaders recognize that their ministries are gifts from God, given in trust for the good of all persons. They shepherd these resources, both human and material, with the full realization that we always deal with limits. The ERDs note under the Principle of Stewardship that leaders must "dialogue with persons from all levels of society, in accordance with the principle of subsidiarity and with respect for the moral principles that guide institutions and persons."

The current wave of layoffs within Catholic health care may not be new, but we must believe that the intervening years of leadership formation will directly affect the decision-making leading up to and the manner of these layoffs. Catholic health leaders will be enabled to conduct these difficult processes based upon the normative principles articulated in the ERDs and to communicate them in such a way that all those affected — patients, colleagues, community members — recognize the transparency, humanity and authenticity that must be hallmarks of Catholic health care.

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**NOTES**

1. Patricia Talone, "A Values-Guided 'Downsizing,'" *Health Progress* 83, no. 2 (March-April, 2002): 39-42
2. Center for Health Workforce Studies, *Health Care Employment Projections: An Analysis of Bureau of Labor Statistics Occupational Projections 2010-2020* (Rensselaer, N.Y.: State University of New York, 2012). www.healthit.gov/sites/default/files/chws_bls_report_2012.pdf.
3. Heather Punke, "Hospital Layoffs on the Rise: 4 Best Practices for Hospitals Facing the Last Resort," *Becker's Hospital Review*, July 30, 2013, www.beckershospitalreview.com/workforce-labor-management/hospital-layoffs-on-the-rise-4-best-practices-for-hospitals-facing-the-last-resort.html.
4. Teaching about the common good can be found in Pope John XXIII's encyclical, *Mater et Magistra*, no. 59. www.vatican.va/holy_father/john_xxiii/encyclicals/documents/hf_j-xxiii_enc_15051961_mater_en.html and in the Second Vatican Council document, *Gaudium et Spes*, no. 32. www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_cons_19651207_gaudium-et-spes_en.html.
5. For a thorough treatment applying the principle of the common good to business situations, see: Helen Alford and Michael Naughton, *Managing as If Faith Mattered* (Notre Dame, Ind.: University of Notre Dame Press, 2001) 38-69.

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