

April 20, 2020

Dear Faculty, Staff, Fellows, Residents and Students,

As ever, but especially over the past six weeks, I have so much admiration for the people of this School of Medicine answering the community's call, particularly the many who have stepped into the challenge of adapting to and coping with the COVID-19 pandemic.

The good news is that St. Louis stands strong in "flattening the curve." We all but closed down the business of the university. The normally bustling activity in our labs, clinics and operating rooms came to a screeching halt. The City and County followed quickly with Stay-at-Home Orders. The social distancing has enabled our hospitals to manage the surge.

Make no mistake, as the pandemic cut its path into the St. Louis region, we saw firsthand how devastating COVID-19 could be to patients and their families. And it has had a disproportionate impact on our impoverished and minority neighborhoods. So we have more to do.

To ensure we could care and make room for waves of coronavirus patients, and to make certain that the bulk of PPE we had would go toward protecting the safety of our health-care workers and other employees on or near the front lines, we halted elective procedures and scaled down most anything that wasn't absolutely necessary or didn't have to do with COVID-19.

This was — and remains — the right thing to do, but it has consequences of its own. Our academic hospitals have hundreds of empty beds. Our clinics are seeing 60% fewer patients. Only critical and emergent care is being provided. The financial impact of higher expenses and lower revenues is creating its own challenges. While we do our best to navigate the weeks and months ahead, the operating losses were in the range of \$60 million in the first month. That loss is projected to continue for some time, until we can see a return to normal operations. Even an institution as strong as Washington University School of Medicine doesn't have the ability to withstand this degree of losses for an extended period of time.

We hope the environment significantly improves as we move into the summer and fall. We will be pursuing every possible strategy to capitalize on federal funding opportunities. And we are actively planning for the process of ramping up our clinical and research activities as soon as we can do so responsibly. But we cannot know at this time about the magnitude of how we will be affected by the time we reach the end of the current academic year and the first and second quarters of the upcoming year.

We want to preserve as much of the personal economies of our faculty and staff as we can. But we are uncertain as to our capacity to do so.

By now, you may have read or heard about other health systems, medical centers and medical schools confronting their new economic challenges. Hiring freezes, pay cuts and other steps to halt steep financial losses stemming from the COVID-19 pandemic will be ever more common. Sadly, our School of Medicine is not immune to such losses. We, too, are having to make extremely difficult decisions aimed at maintaining our core missions in a financially responsible way that will allow us to weather the storm and thrive in the post-pandemic world. But that we will weather the crisis is not to say that we will be unaffected.

At the School of Medicine, the Executive Faculty and school leadership have agreed to take pay reductions of 15% or 20%, depending on the unit, to be effective May 1. As we continue to plan the adjustments required by the new reality, we have instituted a hiring freeze, and variable compensation incentive payments to many of our best faculty have been withheld with the onset of the pandemic. We have organized to pursue whatever funds Congress makes available in relief through FEMA and other mechanisms. We will spend down reserves to help us manage through the financial losses. This is a collective problem requiring multiple financial strategies, and we will work together toward collective solutions.

One such avenue of federal relief is the significantly enhanced compensation provided through the unemployment system, which enables us to place people on furlough for three months, during which time many will be able to have their incomes largely maintained so they can continue to pay their bills. We will contribute to that by continuing employees' university benefits over the three months they are furloughed. Today, about 1,300 staff will be contacted by their managers to discuss the furlough. While the university will also pay a portion of that unemployment compensation, the federal support payments will allow us some immediate savings while we work to more fully plan a path for next year and the years beyond.

There is an important distinction between a furlough and a layoff. A furlough is a temporary period of unpaid time with the expectation you will return to your same position when the furlough ends. In the unemployment system, when you are laid off, you must pursue other job opportunities to get the weekly benefit. With a furlough, you will not have to show the state that you are looking for work.

We want to assure you that over the past weeks and days we have worked as hard as possible on the planning to make sure that our furloughed employees' incomes will be maintained, and that we will continue to provide health insurance to those who are furloughed. Details, including how to apply for unemployment benefits, will be made available to each furloughed employee.

We hope you understand the enormous reluctance and anguish with which we send this message, and our fervent hope that the flexibility being preserved enables us to return sooner to that place where we were just six weeks ago.

It saddens us greatly to add to your anxiety. We will be open with you as we navigate ahead. You undoubtedly will have concerns about future cost reductions that we expect will be needed in the coming months. No travel. No business entertainment. Canceled or limited university functions and events. Those will be the easy savings.

In the weeks ahead, we will continue to pore over our previously approved budget in search of other opportunities for savings.

We know you are all working harder than ever in a uniquely challenging period of time. Many of you are working more hours and exposing yourself to more dangerous conditions than any of us can remember. We so deeply appreciate the sacrifices you are making on behalf of our patients, trainees and science, and sincerely apologize that we also have to address pressing financial issues. I want to emphasize again that we will be exploring every possible option and strategy to preserve the mission of our school and university, to restore operations as soon as it is safe and to reward your heroic efforts in whatever way possible.

For many of you, the hardest part of these 1,300 furloughs may be the thought that you're not needed. You are, please believe us. What we do as an institution has undergone a massive and necessary shift in a very short period of time. However, what we stand for, our mission to be the best at patient care, research and education and the esteem in which we hold you, our dedicated colleagues, will never change. And we absolutely aspire to shift back to our momentum before the crisis, and to then move forward, together.

Very sincerely,

David H. Perlmutter, MD  
Executive Vice Chancellor for Medical Affairs  
George and Carol Bauer Dean, School of Medicine  
Spencer T. and Ann W. Olin Distinguished Professor