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Staff Furloughs at the University of Rochester Medical Center

Friday, May 8, 2020

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Background: The Financial Challenge Created by COVID-19

On April 15, URMIC leadership notified faculty and staff that the institution was facing a \$500 million budget gap in the fiscal year ending June 30. Measures required to prepare for a surge in COVID-19 patients increased costs, while reducing revenue from clinical operations by \$130 million per month.

The institution implemented austerity measures to reduce the gap—including a freeze on filling non-clinical vacancies, elimination of pay increases in the next fiscal year, restrictions on non-clinical overtime, delay of capital spending, and salary reductions for members of the University President’s Cabinet. The April 15 email noted that staff furloughs would also be considered if needed to bridge the revenue gap.

On April 27, leadership notified URMIC staff that “after exhausting other alternatives for cost savings, it is now painfully apparent that a temporary workforce reduction will be necessary.” With a budget gap now projected at \$315 million, managers were required to develop plans for reducing salary costs over the next three months, with furloughs beginning as early as May 10.

COVID-19 cases in the region have reached a steady state, the April 27 notice explained, enabling the institution to restore patient volumes for non-COVID care and gradually recall staff. "We are hopeful that most employees will be able to return within three or four months as operations return to normal, although it is impossible to predict given the uncertain nature of the outbreak." As furlough plans begin to take effect, here are key facts employees and the public should know.

Furloughs Impact Divisions and Job Roles throughout URMC

The University of Rochester Medical Center employs 15,848 full-time and 2,037 part-time employees across its clinical care, research and education service lines, a total workforce of 17,885 faculty and staff members. URMC includes:

- Strong Memorial Hospital—The 886-bed inpatient hospital and 52 hospital-based ambulatory clinic facilities located off the hospital campus
- University of Rochester Medical Faculty Group—More than 1,500 faculty physicians and Advanced Practice Providers who care for patients at Strong and about 250 non-hospital ambulatory clinics
- School of Medicine and Dentistry (SMD)—Physician and scientist education, and more than 80 residency programs through Strong Memorial. It also includes more than 3,000 personnel working in basic, clinical and translational research and interdisciplinary centers.
- School of Nursing—Nationally-ranked academic programs from master's to doctoral degrees as well as accelerated programs for non-nurses and RN completion.
- Eastman Institute for Oral Health (EIOH)—Graduate and post-graduate dentistry education, research, Eastman Dental Clinic
- Health Sciences Division—Administrative support for the clinical and academic enterprise

Across all these units, employees are being furloughed in all job categories, including administration, finance, clinical providers, clinical support workers, nursing, research, and education support.

Active Clinical Care Facilities Are Fully Staffed, with Services Restored as Elective Visits Resume

Some clinical employees are being furloughed, but all open clinical facilities are fully staffed to serve anticipated patient needs. Only a small number of clinics and lab testing

stations are closed, but patient volumes dropped significantly since March 15—when URMCM announced that it would delay non-essential clinical procedures—and more than half of ambulatory clinic visits are now provided by telemedicine.

Also in March, URMCM switched classes to online, and ramped down research labs to minimal staffing. As a result, about 2,400 employees have been at home without work, but have continued to receive full pay and benefits. Many of these employees will now be furloughed until they are able to return to work. Gov. Cuomo announced April 29 that Monroe County health systems can resume elective procedures and clinic visits, which will help URMCM to move quickly in restoring clinical operations and recalling clinical staff to provide patients the care they need.

Furloughs Are a Temporary Step to Avoid Layoffs; URMCM Expects Employees Will Return to Work

Furloughs are a temporary, unpaid layoff from work or a reduction in the days or hours a staff member works, with the expectation they will return to regular employment. A fact sheet for furloughed employees is being distributed and explains that revenues are expected to increase as URMCM resumes non-COVID patient care. “It’s our intention that these are temporary, short-term measures that can help bridge us to a time we are again functioning at full capacity,” the FAQ says. (Visit [this web site](#) for the fact sheet and FAQ.)

When it became clear furloughs were inevitable, URMCM CEO Mark B. Taubman, M.D., emphasized the value and contributions of all employees. “URMCM is intensely proud of the courage, dedication, and ingenuity employees across our institution have shown in helping our community and region respond to the COVID-19 pandemic,” Taubman said. “That makes it all the more painful to tell employees that despite austerity measures already in place, furloughs will be needed to restore financial stability during a period of unprecedented financial challenges.”

More Than 80 Percent of Furloughed Staff Will Work a Reduced Schedule

The temporary cost reduction plans being implemented include furloughs for 3,474 staff members, or 19.4 percent of URMCM’s workforce of 17,885. This includes 75 percent of the mostly administrative and IT staff in Health Sciences Division, nearly 90 percent at EIOH, and less than 15 percent at Strong Memorial Hospital.

Among those furloughed, 692 (19 percent) are “full furloughs,” meaning the employee does not work at all until the furlough ends. The remaining 81 percent are “partial

furloughs,” meaning the employee works a limited schedule—such as one or two weeks on furlough each month, or a reduced schedule each week.

URMC Division	Furloughed staff	Total staff	% furloughed
School of Medicine and Dentistry	389	3,766	10.3%
Strong Memorial Hospital	1,517	11,279	13.4%
School of Nursing	40	190	21.0%
Health Sciences Division	771	1,022	75.4%
University of Rochester Medical Faculty Group	546	1,392	39.2%
Eastman Institute for Oral Health	211	236	89.4%
Total	3,474	17,885	19.4%

Employees Can Be Called Back at Any Time

As the number of patients receiving clinical care grows, research labs that suspended operations reopen, and education programs resume, employees needed to support these operations will be called back.

Furloughed Employees Retain Many URMC Benefits

Whether the furlough is partial or full, employees maintain active status and key benefits including employer contributions to health insurance. These benefits and a wide range of support are itemized in the fact sheet being given to furloughed employees this week, a follow-up letter being sent by URMC Human Resources, and a website (<https://www.urmc.rochester.edu/coronavirus/for-urmc-employees.aspx>).

Furloughed Employees May Qualify for Unemployment Payments; URMC Offers Facts and Support

Many employees may qualify for New York State unemployment benefits during their furlough period, including additional federal payments included in the CARES Act through July 31. URMC is providing support for employees on how to file for benefits—including a printable guide, narrated PowerPoint presentation, and one-on-one computer education support for employees who need it.

“Shared Sacrifice” Model Includes Pay Cuts for High Earners

Based on the principle of shared sacrifice, most department chairs, center directors, senior leaders, managers and faculty members not being furloughed will take temporary pay cuts to further reduce costs until normal operations resume. Some managers in salaried positions will take on additional shifts to cover for workers who are on furlough or fill vacant positions for which recruitment has been deferred.

Measures Taken Since April 15 Expected to Generate About \$50 Million in Savings Through July 31

The combination of steps being taken by URMC—austerity measures announced April 15, furloughs taking effect in May, and pay cuts for high earners—are expected to generate total cost reductions of \$50 million by the end of July compared to URMC’s pre-COVID-19 budget.

The reductions help to reduce the gap created by the drop in revenues as the institution begins to reopen clinical services that restore revenue. URMC faculty and administrative leaders are working to develop volume and financial performance metrics that will determine when it’s prudent to ease up on austerity measures, with a top priority placed on bringing back furloughed workers as quickly as possible.

Federal Aid Not Sufficient to Bridge the Gap

The requirement to suspend non-essential patient care and prepare for a potential surge in COVID-19 cases generated system losses in clinical revenues of approximately \$130 million per month. So far, direct grants from the CARES Act offset less than half the losses in March and April. The Centers for Medicare and Medicaid Services also provided \$199 million in loans to help URMC meet immediate cash flow needs, but these advances must be repaid beginning in August. The FAQ for furloughed employees states, “While we continue to work with our Congressional delegation and professional associations to vigorously advocate for relief funds, the monies we receive will not fix the significant financial gap we are facing.”

As the furloughs start this week, URMC will join [a list of more than 200 hospitals and health systems](#) that have implemented temporary workforce reductions as a result of the COVID-19 pandemic.

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