

The COVID-19 “Heroes Fund”

Senate Democrats’ Proposal for Pandemic Premium Pay to Reward, Retain, & Recruit Essential Workers

Essential frontline workers are the true heroes of America’s COVID-19 pandemic response. Senate Democrats believe in providing premium pay to frontline workers during this pandemic to reward essential frontline workers, ensure the retention of essential workers who are working grueling hours on the frontlines of this crisis, and promote the recruitment of additional workers who will be needed in the months ahead.

As the Congress looks at a potential fourth COVID-19 bill, the following proposal is meant for consideration by Members of Congress, key stakeholders, and the American people. Our proposal consists of two major components:

1. A **\$25,000 pandemic premium pay increase for essential frontline workers**, equivalent to a raise of an additional \$13 per hour from the start of the public health emergency until December 31, 2020.
2. A **\$15,000 recruitment incentive for health and home care workers and first responders** to attract and secure the workforce needed to fight the public health crisis.

Structure of the Pandemic Premium Pay

To meet the goals of reward, retention, and recruitment, we propose a set dollar amount per hour with a maximum amount for the year, for a definite duration, and with an additional bonus for workers who sign up to do such essential work during this crisis.

Amount of Pay Premium. Our proposal—

- Uses a flat-dollar amount per hour premium model in order to ensure it is clear, simple, and lifts up particularly those workers making lower wages.
- Would give each essential frontline worker \$13/hour premium pay on top of regular wages for all hours worked in essential industries through the end of 2020.
- Would cap the total maximum premium pay at \$25,000 for each essential frontline worker earning less than \$200,000 per year and \$5,000 for each essential worker earning \$200,000 or more per year.

Duration of Premium. The premium pay period—

- Must be for a specified and clear duration of time to ensure workers can rely on it for their economic security and plan for needs like additional child care.
- Should cover all hours worked by each essential frontline worker through December 31, 2020, or until the worker’s salary-based maximum premium pay is reached.

Premium Pay as a Recruitment and Retention Incentive. In order to recruit the additional health care workers, home care workers, and first responders needed over the coming months, our proposal—

- Would provide a one-time \$15,000 premium for signing on to do essential work.
- Would limit eligibility for this incentive premium to essential health and home care workers and first responders that are experiencing severe staffing shortages impeding the ability to provide care during the COVID-19 pandemic.¹

Premium Pay and Worker Incentives Delivery Mechanism

Our proposal would fully federally-fund the premium pay and recruitment and retention incentive. We will continue to seek input on the specific mechanism for delivering the pay to workers, as well as the universe of “essential workers” to be covered. The new federal fund would partner with entities designated as an “eligible employer” – states, localities, tribes, and certain private sector employers – to issue the funds premium payments to eligible workers. Frontline federal employees would also be granted the new benefit of up to \$25,000.

COVID-19 Heroes Fund. The new COVID-19 Heroes Fund would provide funds directly to eligible employer-partners so that they could distribute the premium payments.

- Employers in industries engaged in “essential work” would apply to the Heroes Fund for funds to be used to add line-item premium pay to employees’ or independent contractors’ paychecks. The eligible employer would track these payments, provide payroll records demonstrating premium payments, and return any unspent funds to the agency.
- No employer would be required to participate, but all would be strongly encouraged to and the program would be widely advertised.
- An entity that contracts directly with the state, locality, Tribe, or the federal government (e.g., to provide care to people with Medicare and Medicaid coverage) would be considered a private sector employer, and employees of this entity who are designated as “essential” would be eligible for premium pay. Similarly, an eligible employer is also an individual who hires someone designated as “essential” through programs established through the State (e.g., self-directed care arrangements). This would help ensure coverage of the 2.2 million home health aides, direct service providers, and personal care workers who provide services to more than 12 million Americans.
- Eligible employers would submit applications for the recruitment and retention incentive premium on a rolling basis.

Federal Workforce. Our proposal would ensure all federal government essential frontline employees receive the same \$25,000 premium pay benefit provided to other essential workers.²

¹ The recruitment and retention incentive might need to cover a broader swathe of workers in Indian Country and other underserved areas that experienced high levels of essential frontline worker vacancies prior to the COVID-19 pandemic.

² Certain federal workers are entitled under current law to a maximum 25 percent hazard premium pay for exposure to hazardous substances, including virulent biologicals. However, President Trump has failed to activate this policy for the federal workforce during the COVID-19 pandemic.

- Coverage should be expansive to capture all federal employees with public-facing positions. This includes Title 5 employees and employees of all other federal personnel systems (e.g., employees of the Postal Service, TSA, VA, FAA, District of Columbia, and federally-funded Indian programs³).
- The benefit would be limited to frontline and public-facing positions – employees who are not teleworking from their homes.

Additional Background and Commentary

Precedents. Disasters require exceptional flexibility in standard work schedules and assignments and often put first responders and other essential workers in dangerous situations. To ensure this critical workforce is compensated appropriately, there are precedents for funding hazard premium pay and worker incentives through a federal program.

FEMA, through the Robert T. Stafford Disaster Response and Emergency Assistance Act and the Disaster Relief Fund, is currently authorized to reimburse state, local, and tribal governments for straight-time and premium pay associated with disaster response. Extraordinary costs (such as call-back pay, night-time or weekend differential pay, and hazardous duty pay) for essential employees who are called back to duty during administrative leave to perform eligible Emergency Work are eligible for reimbursement in certain circumstances.

This authority has been used many times over the last few years to pay for personnel costs associated with enforcing curfews, facilitating evacuation routes, and restoring critical infrastructure. Past usage illustrates precedent for federal funding of critical state, local, and tribal employees performing essential response functions that keep our communities safe in times of disaster.

Essential Frontline Worker definitions. As mentioned above, the definition of essential frontline workers for purposes of both the premium pay increase and the recruitment-retention incentive will be the subject of debate. This proposal is not meant to exclude any worker from this conversation. Rather, we hope this proposal will encourage a discussion about how large and diverse this universe of workers truly is. Our goal is to make federal, state, tribal, local and private sector essential workers that are at risk eligible for this benefit.

Retroactive Pay. Workers who have been on the frontlines since the initial declaration of the Public Health Emergency on January 27, 2020, could receive a lump sum of backpay of \$13 per hour for work before enactment. These workers would continue to receive the \$13 per hour premium pay on top of regular wages moving forward, but these workers would still be subject to the maximum premium pay cap outlined above.

³ Federally-funded Indian program employees include any employee who works for 1) program operated by an Indian Tribe under an *Indian Self-Determination and Education Assistance Act* “638” contract or compact; 2) a *Tribal Controlled Schools Act* “297” grant Bureau of Indian Education school; or, 3) an urban Indian organization operating under an Indian Health Service contract pursuant to Title V of the *Indian Health Care Improvement Act*.

Additional Benefits for Essential Health and Home Care Workers and First Responders.

The employers of frontline health and home care workers and first responders should be eligible to apply for a second round of premium pay funds of up to \$10,000 as those workers continue to combat the virus.

Death Benefits. It is a deeply disturbing but unfortunate reality that some of our frontline workers are making the ultimate sacrifice to the nation through their work fighting COVID-19. Their families rightfully deserve to receive the full amount of the premium pay as a lump sum in addition to all other forms of death benefits.

Protections from Corporate Expense Shifting. Certain large corporations engaged in the provision of essential services and goods employ essential frontline workers who are deserving of premium pay. However, massive corporations should make investments in providing premium pay of their own accord before trying to participate in this program.

Protecting Workers and PPE. Senate Democrats have been fighting to give essential workers the protections and equipment they need to stay safe. The CARES Act provided billions of dollars for PPE, and Democrats have pushed the Administration to appoint a czar to handle all manufacturing and distribution of critical PPE. We must do more to ensure all frontline workers have the protective gear they need to perform their jobs safely, and we need a strong emergency temporary standard to protect all workers.