



The Daily Dish

Hazard Pay

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Eakinomics: Hazard Pay

A popular item on both sides of the aisle is the idea of “hazard pay” for “essential workers” who continue their job during the coronavirus lockdown. President Trump supports additional compensation to frontline health care workers, and Senate Democrats released a hazard-pay proposal as part of their “Heroes Fund” plan. The plan would cover workers in “essential services” and would pay a flat rate hazard-pay increase of \$13 an hour, capped at \$25,000 for workers earning less than \$200,000 annually and at \$5,000 for those earning over \$200,000 annually.

As [discussed](#) in greater detail by AAF’s Isabel Soto, “Determining who would receive hazard pay is perhaps the most challenging aspect of creating any legislation.” Nevertheless, using some plausible assumptions, she estimates, “Nationwide hazard pay could be distributed as a percentage of income or as a flat rate and could cost up to \$148.9 billion with a 25 percent hourly wage increase, \$298 billion with a 50 percent hourly percent wage increase, or \$398.9 billion at a \$13 an hour increase if it were offered from March to the end of September.” Those numbers are built on the premise that 26 million workers would be receiving hazard pay. For perspective, the [Cybersecurity and Infrastructure Security Agency](#)’s list identifies over 50 million workers as “essential.”

Even in these times, that is real money. And it raises the question: Should the government have to pay hazard pay? In these early days of living with the COVID-19 pandemic, it certainly sounds fair and appealing to compensate frontline workers for this unanticipated increase in the danger of their workplaces.

But as time passes, exposure risk is less and less “unanticipated” and more and more a regular danger of certain occupations. One would expect that firms hiring for those occupations would be forced to compensate for viral risks by paying a premium above the

skill and experience of workers in dangerous occupation like logging, fishing, airline pilots, roofers, and so forth.

Hazard pay is sensible. But it is another example of a good idea that doesn't need the government to make it happen.