The Daily Dish

The Track Record on Hazard Pay

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Eakinomics: The Track Record on Hazard Pay

Early in the pandemic, there was enormous attention on proposals for federally financed hazard pay – a bonus for those workers who risked greater exposure to the coronavirus during the execution of their normal work duties. There were two high-profile proposals. Hazard pay was in the HEROES Act, and would have applied a flat-rate hazard pay increase of $13 an hour paid for by $200 billion in federal funding. Employers would apply for federal grants to provide workers with the $13 bonus. The American Action Forum estimated that the plan could cost up to $673 billion. In addition, Senator Romney proposed Patriot Pay, which would mandate that essential workers receive a $12 an hour bonus, with a quarter covered by employers and three quarters paid by the federal government.

Neither became law, and the impression remains that “nothing happened” on hazard pay. As is made abundantly clear in the latest from Isabel Soto – just take a gander at the appendix – nothing could be further from the truth. There has been a ton of activity at the state and local level, and it differed widely on who was eligible, how much additional pay was involved, how it was paid (lump sum, hourly, etc.), and how long it lasted.

To give a flavor of the extremes, Soto walks through the hazard pay experiences in Seattle and Maryland.

The Seattle ordinance mandates all grocery stores with over 500 workers provide their workers with hazard pay of $4 an hour. The affected workers and the flat increase amount are clearly defined. The Seattle Ordinance took effect February 3 and will continue “until the end of the COVID-19 civil emergency.” Looking at the national level, legislation like this one could affect nearly 2 million workers and cost $12.4 billion over one year.

In contrast, the Maryland hazard pay proposal largely follows the Cybersecurity and Infrastructure Security Agency advisory list. On a national scale it would cover over 14 industries or sectors totaling between 25 and 35 percent of the labor force. Workers from eligible industries who make less than $100,000 a year would receive $3 an hour in hazard pay (backdated to the start of the pandemic). Taken to national scale, the Maryland hazard pay proposal could total $238 billion over one year.

These proposals illustrate the difficulty of identifying sensible criteria for eligibility, duration, and generosity of hazard pay. So perhaps it is a good thing the federal government did not legislate. After all, the scale and nature of the risks were not well understood; remember when concern for surface transmission of the coronavirus outweighed airborne transmission? It is unlikely that a law drafted at that time would get the hazards facing workers right.

And perhaps it is time to put this idea to rest at the federal level. As Eakinomics noted in April 2020, “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.”

So, a lot has happened on hazard pay at the sub-federal level, and the case for federal action gets weaker with every passing day.