



Insight

# Labor Provisions in the HEROES Act

ISABEL SOTO | MAY 14, 2020

## Executive Summary

- House Democrats' [Health and Economic Recovery Omnibus Emergency Solutions \(HEROES\) Act](#) includes a number of provisions related to the labor force.
- The HEROES Act would extend the federal supplement for unemployment benefits into next year and would give the Department of Labor \$3.1 billion mostly for worker training.
- The HEROES Act also creates a hazard pay program, Pandemic Premium Pay, that would give essential workers a raise of \$13 an hour from January 22<sup>nd</sup> 2020 until 60 days after the end of the COVID-19 public health emergency.

## Introduction

On Tuesday, May 12, House Democrats introduced the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, their proposal for a fourth pandemic response package. The labor provisions in this proposal are mainly extenders of existing coronavirus legislation created under the Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as additional funding for the Department of Labor. Of note, the bill also creates a hazard pay program, Pandemic Premium Pay. Additional labor provisions include changes to paid leave and Occupational Safety and Health Administration regulations. Details on those changes can be found [here](#).

## Unemployment Provisions

The CARES act added a \$600 per week federal benefit to unemployment compensation that ends on July 31<sup>st</sup>. The HEROES Act would extend this Federal Pandemic Unemployment Compensation (FPUC) to January 31<sup>st</sup>, 2021. The legislation would also implement a soft cutoff to benefits, meaning that those individuals receiving state unemployment benefits on January 31<sup>st</sup> would continue to receive FPUC until the end of their benefit period, which would end by March 31<sup>st</sup>, 2021, at the latest. The HEROES Act would also extend federal reimbursement for extended state unemployment benefits.

With several states looking to reopen, expanded and extended unemployment benefits could hurt states economic recovery, as discussed [here](#).

To help with the high volume of unemployment claims, states would receive \$925 million from the Department of Labor to enable more efficient processing of those claims.

## Worker Training

The HEROES Act would allocate \$2 billion to the Department of Labor to support worker training. One of the

programs that would receive a portion of those funds is the Dislocated Worker Grants program, which provides temporary employment to address the COVID-19 pandemic. Additional funding would go toward other training and job placement programs.

Previous [AAF Research](#) on workforce training programs has found that federal programs may not be targeting their training toward high growth industries and that earnings and employment outcomes are much better for individuals who participate in skills training rather than career counseling.

### **Pandemic Premium Pay**

The HEROES Act would also create a new program to increase wages of essential workers. The Act's "Pandemic Premium Pay" would give essential workers an additional \$13 an hour for work done from January 27<sup>th</sup>, 2020, to 60 days after the end of the coronavirus public health emergency. The cost of a program like this is largely unknown, but previous [AAF analysis](#) estimated a cost of \$672.8 billion if it were to be implemented through September 2020. The plan would exclude employees making over \$200,000 a year from receiving the full additional income.

### **Conclusion**

While this bill will likely pass the House, the HEROES Act is unlikely to remain in its current form. It is nevertheless an important marker of what items could be up for negotiation in the next phase of coronavirus relief. Pandemic Premium Pay in particular has received attention from legislators on both sides of the aisle, with Senator Mitt Romney introducing his own hazard pay [proposal](#). Increasing wages for essential and at-risk workers is likely to be a topic of discussion, especially as more individuals return to work. Extending FPUC, however, will negatively impact the economic recovery, and hurt workers in the long run.