



# Fund our future

## Local governments can use ARPA to provide premium pay for essential workers

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No matter what job they do, all working people deserve a wage that honors the value of their work and covers the basic cost of living. Many of the Ohio workers who took on added risk to themselves and their families to do critical jobs on the frontlines during COVID-19 are also among Ohio's lowest paid. The American Rescue Plan Act (ARPA) enables state and local governments to use federal dollars to provide premium pay to frontline workers. Ohio and local policymakers should make this a key priority.

When Congress authorized ARPA, they saw premium pay for frontline essential workers as so important that they made it one of four expressly permitted ways that state and local governments can use the funds. ARPA allows for \$13-per-hour up to \$25,000 in premium pay for frontline workers. Policymakers have some discretion in determining [what type of work](#)\* qualifies as essential work, but guidelines include healthcare workers, food supply workers, transportation workers, child care workers and others. Workers in the public and private sector are eligible. Premium pay can be paid retroactively.

The U.S. Department of Treasury in their guidance notes that premium pay is meant to function as [hazard pay](#). It is also designed to go to low- and moderately paid workers paid up to 150% of their state or county's average wage: \$19.99 for Ohio in 2020.\*\* Essential workers in Ohio are paid 12.9% less at the median than people in nonessential jobs. Lower

pay coupled with less likelihood of having benefits including health insurance and paid sick time mean that the very workers at greatest risk of contracting COVID-19 at work have been those with the fewest resources to survive it and to meet living costs while sick. Retroactive premium pay can help restore essential workers who had to take unpaid time off for illness, and can better value the work they did.

### State and local policies

Policymakers in at least [seven states](#) and many local governments have issued hazard pay to frontline essential workers. These include Ohio's neighbors in Pennsylvania, where policymakers made \$1,200 payments to essential workers out of CARES Act dollars, and Michigan, which paid \$1,000 to first responders, \$500 to teachers and \$2-per-hour premium pay to some 85,000 direct care workers. Some states' hazard pay was more than a one-time bonus: for instance, New Hampshire [paid health](#)

\*If you are reading a hard copy of this document, visit [policymattersohio.org/fed-funds](https://policymattersohio.org/fed-funds) for a digital version with live hyperlinks to all source materials.

\*\*State and local governments seeking to direct premium pay to those paid more than 150% of their state or county's average wage [must provide a written rationale](#) for doing so.



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[care workers \\$300 per week](#) from April to July 2020, then extended the program an additional six weeks that November. Ohio has yet to pass any statewide policy to extend premium pay to essential workers. A bill before the Ohio General Assembly would provide one-time \$1,000 [bonuses to first responders](#), but it has not had a committee hearing. This bill should move forward, and should cover critical frontline workers including the home health and nursing aides, child care and grocery workers that we all depended on to survive the COVID-19 pandemic.

In the absence of state action, some Ohio local governments have stepped up to provide premium pay to workers in their communities, in some cases only in response to dedicated advocacy from workers themselves. [Communications Workers of America Local 4502](#) won \$1,000 premium pay for frontline workers employed by the City of Columbus, to be paid through ARPA funds. [Cincinnati](#) issued \$1,000 bonuses to some city workers who could not work from home, including nurses, janitors, and police and fire officers, in December 2021. [Summit County](#) used CARES funding to provide premium pay to first responders.

Local governments should step in now to retroactively provide premium pay to Ohioans who worked frontline essential jobs through the pandemic. Though city and county governments in Ohio that have used ARPA to issue premium pay so far have focused on their own staff, premium pay is not restricted to public sector employees.

Gov. DeWine's administration in 2019 replaced the state's "in-demand jobs" list with a [new "Top Jobs" list](#) that added critical infrastructure jobs. Jobs on these lists get 85% of the state's funding for training through the state jobs board, Ohio Means Jobs. Adding frontline essential jobs to Ohio's Top Jobs list signals that they are priority jobs for Ohio. Yet, while a job must pay at least 80% of the state's median wage to make the list as an in-demand job, many "top" critical infrastructure jobs pay wages at or near poverty. These include health care workers who have prevented Ohioans from dying of COVID-19, and teacher assistants and child care workers who welcomed children back to school and enabled parents to resume work. The typical child care worker was [paid](#) just \$22,600, and the typical home health aide \$23,700 in 2020. These workers are overwhelmingly women and disproportionately women of color. Undervaluing them reproduces racial and gender-based inequity. Ohio policymakers must follow their nominal recognition of critical jobs with real commitments to ensure the people doing them are paid enough to cover the basics.

#### **Policymakers owe frontline workers premium back pay — and a living minimum wage**

Every frontline worker who took on the risks to go to work and deliver vital services should be paid a wage that covers the cost of living and recognizes the critical nature of their work. [Model legislation](#) by the National Employment Law Project would require employers of certain vital workers, including grocery workers, to pay a premium of \$5 per hour or \$25 per day, whichever is greater. ARPA allows for payments of up to \$13 per hour and a maximum of \$25,000.

Premium pay can and should be made retroactively to frontline essential workers for time worked during the most dangerous phase of COVID-19, before vaccines were widely available to protect them. COVID-19 showed how much we rely on the work of Ohioans who are among the lowest paid. Ohio policymakers should pass a \$15 minimum wage so that going forward, those working people are always paid a wage that meets the cost of living.