



Premium Pay/Hazard Pay Proposal Details

Finance and Governance Committee
October 5, 2021

Overview

- Before widespread vaccine availability, many City and County of Denver employees routinely risked COVID-19 exposure to ensure delivery of critical services to residents
- Both American Rescue Plan Act (ARPA) and Coronavirus Aid, Relief, and Economic Security (CARES) Act allow use of funds to compensate employees required to work in higher risk occupations due to possible COVID-19 exposure
- The City proposes using federal funds to provide premium pay (ARPA) or hazard* pay (CARES) to eligible career service and uniformed city employees

* Indicates federal CARES Act categorization of hazard pay. “Hazard Pay” does not exist under Denver’s Career Service Rules.

Eligibility

- Work performed between March – December 2020 (10 months)
 - Month by month determination
- Eligibility based on ARPA guidelines:
 - Required to have regular in-person interaction and/or regular physical handling of items handled by others
 - Regular = 50% or more
 - Employee must be *required* to perform eligible work
- Payments, if approved, will be subject to taxes, employee benefits contributions, and other similar withholdings required or authorized by the employee

Eligibility Determination Process

- Departments/Agencies provided overview of eligibility guidelines
 - Timeframe of March through December 2020
 - 50% or more of work was in person or handling materials also handled by others
- Agencies submitted their initial eligible employee data by month
- Data cross-checked for accuracy
- Agencies review their individual updated list, cross-check for accuracy and provide their final eligible employee list to BMO

Eligibility Overview & Proposal Amounts

Payment Amount: \$250/eligible month, provided in lump sum payment

Total max payment/employee: up to \$2,500

- **Career Service:**
 - **Funding Source:** ARPA
 - **Funding Amount:** \$8.8M**
- **Uniform:**
 - **Funding Source:** CARES Act
 - **Funding Amount:** \$7.8M**

Number of Eligible Employees*:

- **Career Service:** 4,273 employees* (45% of workforce)
- **Uniform:** 3,170 (99% of workforce)

Of employees identified as eligible, the average amount of time for which they were required to perform regular qualifying work were:

- **Career Service:** 8.2 months
- **Uniform:** 10 months

*A quality review is underway. Future numbers may be slightly adjusted.

CARES Act CRF Overview/Update

- As of September 20, 2021, approved projects and proposed hazard pay program total \$119.4M
 - Unallocated CRF funding totals \$9.8M
- City and County of Denver received \$126 million in April 2020
- Funds must be expended by end of 2021

ARPA Funds Update

\$154 million first tranche received July 2021

- \$154 million allocated or proposed for allocation
 - \$46.2 million to restore city services for final 6 months of 2021 approved by City Council in July 2021 and allocated to agencies
 - \$25.3 million proposed to continue restoration of services for 2022 (remainder now in General Fund)
 - \$73.7 million proposed for recovery allocations in 2022
 - **\$8.8 million proposed for Premium Pay to City Employees in 2021**

Approval Process

Career Service (ARPA)

- Obtain initial eligible employee list and review with Payroll
- Confirm eligible employees with agencies
- Brief City Council
- Request City Council approval through ordinance
- Provide payroll with list eligible employees for payment

Uniform (CRF)

- Obtain initial eligible employee list and review with Payroll
- Confirm eligible employees with agencies
- Brief City Council
- Notify Unions
- Hold payment until determination on Premium Pay for career service
- Provide payroll with list of eligible employees for payment

Approval and Communications Timeline

- **Oct.5:** Present to FINGOV Committee
- **Oct 25:** Final reading
- **Nov 5 or 19:** Off cycle paycheck

Requested Council Action

- Amend Ordinance No. 591, Series of 2021, to authorize \$8.8 million of spending in 2021 in the American Rescue Plan Act Grant Fund to provide premium pay for eligible career service city employees for qualifying high-risk work due to COVID-19 performed between March and December 2020

Questions?