

Federal Advocacy BRIEF

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Rewarding Service

A Guide to Accessing American Rescue Plan Premium Pay for Nonprofit Essential Workers

Do you work for a nonprofit that has provided direct human services, public health, safety, or other kinds of critical assistance during the pandemic? If so, **your organization's frontline staff may be eligible for "premium pay."** As defined by the Department of the Treasury Interim Rule, which is the federal guidance for State and Local Recovery Funds, premium pay is additional income that can be paid for by State and Local Recovery Funds of ["an amount up to \\$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \\$25,000 per eligible worker."](#)

In this brief, the Alliance for Safety and Justice (ASJ) breaks down what nonprofit public health, safety, and human services organizations need to know to determine if they are eligible for premium pay and how to advocate for this relief by answering the following questions:

1. [What is premium pay?](#)
2. [What kind of work is eligible for premium pay?](#)
3. [How can eligible essential workers receive premium pay?](#)
4. [What can I do to advocate for essential workers to receive premium pay?](#)

This brief is part of a series of publications from ASJ on federal resources that can support the programs and resources communities in crisis need to promote safety and wellbeing. For more information on the American Rescue Plan, see ["The American Rescue Plan: Seven key takeaways."](#) The full series can be found in the "Reports and Survey" section on ASJ's [website](#).

When quoting from the U.S. Department of the Treasury's [Interim Rule](#), which is the official guidance on how governments should administer the ARP Recovery funds, this brief will hyperlink to the paragraph/section in which the text appears.

In the [American Rescue Plan](#), Congress created a mechanism for state and local governments to use their Recovery Fund (“ARP Recovery Funds”) allocations to provide “premium pay” to essential workers. As defined by the U.S. Department of the Treasury’s Interim Rule, essential workers include human services, public health, safety, or other kinds of critical assistance workers who have put themselves at risk to provide direct services during the pandemic. The goal of this brief is to help advocates persuade their governors, mayor, county board chief executives, and state and local legislators to dedicate Recovery Funds for this purpose.

“At the Brenda Glass Trauma Recovery Center in Cleveland, Ohio, we have never shut down during the pandemic. Serving survivors of all forms of violence, we knew that our clients needed us to keep doing our work. In the acute stage of trauma, due to violence, survivors seem to do better and services are more effective when there is one-on-one contact in person. Many of our clients came out of the hospital with Covid and needed emergency shelter. Luckily we were able to help them find a safe place to stay and quarantine, with our landlord paying for disinfecting the homes out of pocket.”

—Brenda Glass, Founder & CEO of the Brenda Glass Trauma Recovery Center

1. What is premium pay?

“Premium pay” is additional income paid for by State and Local Recovery Funds that can be provided to essential workers “[who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors, including those who are critical to protecting the health and well-being of their communities.](#)” If state and local chief executives choose to use their ARP Recovery Funds for this purpose, or state and local legislatures mandate ARP Recovery Funds be used for this purpose through their appropriation processes, essential workers can receive up to “[\\$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \\$25,000 per eligible worker.](#)”¹

Before discussing eligibility criteria, it is important to highlight three features of premium pay:

- The American Rescue Plan gives state and local governments the power to use ARP Recovery Funds for premium pay, but it does not require them to do so. Governors, mayors, and county board chief executives will have the power to determine if their allocations of ARP Recovery Funds will be used to support premium pay. In appropriating ARP Recovery Funds, state and local legislatures may also influence how their governments spend these funds, which could include mandating premium pay.

¹ The Interim Rule further states that if premium pay “[would increase a worker’s total pay above 150 percent of their residing state’s average annual wage for all occupations](#)” or “[their residing county’s average annual wage, as defined by the Bureau of Labor Statistics’ Occupational Employment and Wage Statistics, whichever is higher, on an annual basis,](#)” the state or local governments must submit to the Treasury and make publicly available “[written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency.](#)”

- Premium pay can in **no way substitute for a worker's regular income**. The Treasury's Interim Rule states premium pay "must be entirely additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings."
- The Treasury's Interim Rule explicitly **encourages retrospective awards for eligible essential workers** who have not received additional income for their work.

2. What kind of work is eligible for premium pay?

There are three basic criteria that must be satisfied for work to be eligible for premium pay. Think of these criteria as boxes that work must check to be eligible.

- The Treasury's Interim Rule provides a list of specific kinds of eligible essential work, which includes public health, safety, healthcare, social service, and human services staff. The Treasury's Interim Rule further notes that governors, mayors, and county board chief executives have "discretion to add additional sectors to this list, so long as additional sectors are deemed critical to protect the health and well-being of residents." The principle behind these eligible forms of work is that they address an identifiable public health harm or negative economic impact caused or exacerbated by the pandemic. As the pandemic has been associated with higher rates of violence, unemployment, mental health struggles, and similar issues, **advocates for premium pay should therefore interpret essential work to include specific services that address these problems, including violence prevention and intervention, domestic violence services, reentry, trauma recovery services, and similar kinds of critical assistance that promote community safety and wellbeing.**
- To be eligible for premium pay, essential work must involve "regular in-person interactions or regular physical handling of items that were also handled by others" and "faced or face heightened risks due to the character of their work." Remote or virtual essential work is not eligible for premium pay.
- Premium pay is intended to provide additional payments to "lower income eligible workers that perform essential work" that "respond to" "the heightened risk to workers who must be physically present at a jobsite and, for many of whom, the costs associated with illness were hardest to bear financially." For instance, the nature of street violence intervention work necessitates that frontline workers directly engage people who are at risk of violence in communities that also have disproportionately high rates of COVID-19. As the Interim Rule notes for frontline essential workers, street violence interventionists typically "earn lower wages on average and live in socioeconomically vulnerable communities as compared to the general population." If street interventionists contracted COVID-19, they would therefore likely suffer disproportionately more severe financial consequences compared to workers who draw higher salaries. As such, premium pay would "respond" to the essential work of street interventionists. The same argument would also apply to most victim service staff, reentry workers, and other critical assistance providers.

Along with the eligibility criteria listed above, the Interim Rule offers guidance on how state and local governments should prioritize premium payments. Advocates should use this guidance in their arguments to persuade their state and local governments to offer premium pay.

- If essential workers have already received some form of hazard pay, the Interim Rule states they are still eligible for premium pay. However, as [“many essential workers have not yet received additional compensation for work conducted over the course of many months.”](#) the Interim Rule [“encourages \[state and local executives\] recipients to prioritize providing retrospective premium pay where possible\[.\]”](#)
- Consistent with its overall equity framework, the Interim Rule urges state and local chief executives to prioritize premium pay for workers who are at the greatest risk of not only contracting COVID-19, but who also represent the demographics that are bearing disproportionate burden from the pandemic’s public health crisis and negative economic impact.

“What I want people to know is that we’re out here too just like paramedics, fire fighters, police. We’re out here everyday, seven days a week. I can tell you because of professional relationships with law enforcement, they’re grateful that they have organizations like us in communities partnering for peace.”

—Sam Castro, Program Manager, Institute for Nonviolence Chicago

3. How can eligible essential workers receive premium pay?

The Interim Rule states that there are two basic ways for essential workers to receive premium pay:

- Premium pay can be administered through state or local agencies; or
- [State and local governments may grant ARP Recovery Funds to third party employers, such as nonprofit organizations, to provide premium pay to eligible staff or contractors.](#) To learn about the Premium Pay’s reporting requirements, see the Interim Rule, [“VIII. Reporting.”](#)

4. What can I do to advocate for essential workers to receive premium pay?

As noted throughout this brief, [governors, mayors, and county board chief executives have significant discretion over whether their governments will offer essential workers premium pay](#), though state and local legislatures also have the power to mandate or encourage premium pay through their governments’ appropriation processes.

The [letters below provide language to directly copy or repurpose](#) to advocate to your governor, mayor, or county board chief executive that they should use their ARP Recovery Funds to support premium pay to eligible nonprofit human services, public health, and public safety essential workers. It is important to note that most state and local governments will have their own separate allocations of ARP Recovery Funds that

can be used for this purpose. Therefore, advocacy initiatives should consider sending separate requests to each chief executive and legislative members who are in charge of their governments' appropriation process. To influence state and local executives and legislative members, it is also important to educate and mobilize elected leaders and other prominent stakeholders who can help sway their decisions.

As there is power in numbers, advocates should consider forming coalitions of essential workers to argue for the premium pay. ARP State and Local Recovery Fund allocations for California, Illinois, Michigan, Ohio, Texas, Pennsylvania and Florida, the states in which ASJ works, can be found [here](#). All other state and local government allocation can be found on the Department of the Treasury's Coronavirus State and Local Fiscal Recovery Funds webpage [here](#).

Dear [GOVERNOR, MAYOR, COUNTY BOARD CHIEF EXECUTIVE],

Representing more than [NUMBER OF ORGANIZATIONS AND THE KINDS OF SERVICES THEY PROVIDE] that serve our communities most impacted by crime, violence, and unaddressed trauma, we ask that you allocate some of [STATE OR LOCAL ENTITY OF GOVERNMENT] American Rescue Plan's Recovery Funds to provide "premium pay" for the essential workers who have been dedicated to keeping our community safe during the pandemic.

As you know, premium pay is authorized by the American Rescue Plan as a way to reward essential workers with up to "\$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker." These words are from the Department of the Treasury's Interim Rule, which is the federal guidance for State and Local Recovery Funds. This guidance is clear that nonprofit staff whose work providing direct services to people has put them at risk of contracting COVID-19 are one of the intended recipients of premium pay.

In normal times, our staff are on the frontlines of addressing violence and trauma. During the pandemic, our workers have gone above and beyond their normal work to respond to this aspect of the pandemic's "public health emergency." Throughout [JURISDICTION], the staff of our organizations have risked their own health and safety to serve as front-line workers, mediating conflicts, preventing violence, helping people re enter our community from jail and prison, and responding to crisis mental health needs during the pandemic, as well as delivering food, PPE, and other essential services to people who lack access to vital resources.

The Department of Treasury provides two ways for governments to disburse premium pay to eligible essential workers. Recovery Funds can either be appropriated to government agencies to administer or they can be granted to third party nonprofit agencies to provide premium pay to eligible staff or contractors. We recognize that just as the pandemic has put unprecedented burdens on our communities, so it has strained the resources and staff of our government. We stand ready to work with your administration to create an accountable and efficient way to administer these payments.

On behalf of [ORGANIZATIONS], we thank you and your administration for the work you have done during the pandemic. We urge you to follow Congress's intent and provide nonprofit public health, safety, and human services frontline staff with the premium pay they deserve for their essential work and the sacrifices they have made to keep our community safe and healthy.

Sincerely,

About the series from the Alliance for Safety and Justice (ASJ).

This is the eighth report from the Innovations Division of ASJ that takes a deep dive into how federal recovery funds and other federal investments can be used to address core safety issues. Other reports in the series include The Promise of the American Rescue Plan Funding Opportunities to Reduce Violence, Meet the Needs of Underserved Communities, and Promote a Vision for Shared Safety (April, 2021), Seven key takeaways that show how State and Local Fiscal Recovery Funds can support innovative safety policies and programs (June 2021), Safety, Resilience, and Hope (August 2021) and an ongoing-series of state-specific analysis that ASJ began releasing in July 2021. The full series can be found at <https://allianceforsafetyandjustice.org/reports-and-surveys/>

About the Alliance for Safety and Justice.

The Alliance for Safety and Justice is a national organization that aims to win new safety priorities in states across the country, and brings together diverse crime survivors to advance policies that help communities most harmed by crime and violence.

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