

COVID-19 Homeless System Response: Hazard Pay

For recipient and subrecipient staff, as permitted by the CARES Act and [HUD Notice CPD-21-08](#), ESG-CV funded Street Outreach, Emergency Shelter, Homelessness Prevention and Rapid Re-Housing funding may be used to provide hazard pay for those staff working **directly** to prevent, prepare for and respond to coronavirus among persons who are homeless or at risk of homelessness. *All ESG-CV recipients and subrecipients are asked to consider providing hazard pay for staff who meet the criteria as defined by HUD in the Notice.*

What is hazard pay?

Hazard Pay (also referred to as “Hero pay” or “Bonus Pay”) is a temporary supplement to an employee's base pay. It is provided as [additional pay](#) for performing hazardous duty or work involving physical hardship.

Why should you consider hazard pay?

- Helps to ensure ongoing operations of essential programs and services during the pandemic.
- Helps to maintain or increase staff capacity by using hazard pay as an incentive to recruit and retain staff.
- Acknowledges staff who put their health and their loved one’s health at risk to provide essential services.
- It addresses both race and pay inequities that often exist among organizations. The staff most likely to be in high-risk positions are those staff who have lived experience of homelessness, are persons of color and are in the lowest paid positions.

What are the requirements?

Hazard pay is an eligible ESG-CV cost if:

- The recipient and subrecipient’s hazard pay policy is included or developed as a fringe benefit for staff in its internal compensation policies.
- The organization’s compensation policies are consistent with the cost principles established by the Office of Management and Budget (OMB) for federal grant awards outlined at [2 CFR 200 Sub-Part E](#). For example, for hazard pay to be considered an ESG-CV program cost for emergency shelter staff, the emergency shelter must meet the requirements outlined in the [ESG Program Interim Rule](#), [Notice CPD-21-08](#), HMIS and the recordkeeping requirements cited below.
- The hazard pay is *reasonable* per [2 CFR 200.430](#). Compensation is considered reasonable if it is consistent with what is paid for similar work in other activities. Documentation of the reasonableness determination should be kept on file.
- There is *parity* among staff in the same job classification regardless of funding. Meaning, if a certain position receives hazard pay, then all other staff in that same position must receive hazard pay as well. For example, if a Rapid Rehousing Case Manager I position receives hazard pay, then all other RRH Case Manager I staff, including those in non ESG-CV funded programs must also receive hazard pay. Ensuring pay parity addresses inequities that often exist within organizations, including race inequity.
- The accounting basis (cash or accrual) selected for costing each type of compensation is consistently followed by the recipient and subrecipient.

Where do I start?

Follow these steps:

1. Notify your ESG-CV grant manager of intent to use ESG-CV for hazard pay
2. If a subrecipient, check your recipient’s ESG Written Standards for general guidelines
3. Conduct analysis to determine which staff are performing hazardous work
4. Refer to this product and [example policies](#) to develop and finalize hazard pay methodology and subsequent policy
5. Add hazard pay policy to internal compensation policies
6. Update ESG Written Standards

What staff are eligible to receive hazard pay?

Staff who are working either directly with or in proximity to individuals who tested positive and in locations with a high likelihood of contracting coronavirus are eligible to receive hazard pay (see [Notice III.E.3.c](#)). This includes program and support staff (e.g., maintenance, facility, and food service staff). Examples of eligible staff positions may include:

-
- Program intake staff
 - Counselors and therapists
 - Housing navigation and landlord outreach staff
 - Street Outreach and Engagement teams
 - Outpatient health and mobile medicine staff
 - Staff assigned to supervise high-risk areas (e.g., handwashing stations and portable bathrooms)
 - Maintenance staff
 - Emergency Shelter security staff
-

How do you calculate the amount of hazard pay to provide?

When determining the amount of hazard pay to provide, recipients and subrecipients are encouraged to examine local or regional wage data for the same or similar work amongst non-federal entities (see text box for definition of “non-federal entity”). Salary comparisons should also include staff who work in lower risk positions within the agency that have opportunities to work from alternative locations. For additional guidance, it’s important to refer to OMB’s cost principles governing staff compensation outlined at [2 CFR 200.430 and 200.431](#). For additional guidance on employee compensation and other overhead costs eligible under the ESG program, please review [FAQ #1838](#).

Non-Federal entity means a State, local government, Indian tribe, Institute of Higher Education (IHE), or non-profit organization that carries out a federal award as a recipient or subrecipient.

Recipients and subrecipients should document and include in their worker’s compensation policies how they determined the amount of hazard pay provided to staff and how they determined it is reasonable.

How do you administer hazard pay?

Hazard pay can be administered several different ways:

1. As a one-time bonus
2. Ongoing, added onto employee salary (e.g., increase of hourly pay rate or flat amount) for each pay period for a specified time frame.

Examples:

<ul style="list-style-type: none"> • 25% pay increase for those working directly with clients • \$50 increase per pay period for those working directly with clients who test positive • From \$25/hr. for staff in non-congregate shelter and other direct service sites 	<ul style="list-style-type: none"> • Additional \$2/hr. for six months for emergency shelter staff • Additional 25% pay increase per week per direct service staff for one year • Additional \$3/hr. for shelter staff 	<ul style="list-style-type: none"> • Staff will be paid 1.25 times the regular rate • Case managers, custodial, and kitchen staff receive an additional \$3/hr. in hazard pay for half their total hours • Monthly stipend based on % hours spent in environments with high risk of COVID-19 exposure
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

If the recipient chooses, hazard pay may also be administered retroactively since the flexibilities in ESG-CV [Notice-21-08](#) allow for eligible ESG-CV expenses to be retroactive. Hazard pay may be paid retroactive to the date the State or unit of local government began preparing for coronavirus but no earlier than January 21, 2020.

Prior to billing for hazard pay (retroactive or prospective), subrecipients must:

- Check the recipient’s ESG Written Standards to ensure the flexibility is allowable; and
- Ensure that internal written compensation policies and subrecipient Written Standards reflect the practice of billing for hazard pay retroactively. (*Note: Hazard pay costs may be incurred prior to the date that the organization’s policies and written standards were revised to allow for these costs.*); and
- Have documentation to support the costs; and
- Ensure eligible cost documentation includes hazard pay.

While recipients do not have to be prescriptive in the terms or amounts of hazard pay subrecipients provide, they should review the hazard pay methodologies of subrecipients prior to reimbursing invoices. [ESG-CV State Recipient Colorado](#) recommends that all recipients:

- Notify subrecipients that, if they are going to invoice the recipient for hazard pay, they must include a copy of their hazard pay policy; the policy must be on file (and reviewed) before processing the hazard pay request

- Review subrecipient’s hazard pay policy to ensure that the payment methodology would be clear to any outside third party
- Ensure the hazard pay policy intentionally and consistently speaks to the “reasonableness” definition of [2 CFR 200.430](#)
- If possible, use comparable examples to flag when hazard pay methodologies are not comparable to other subrecipients’ policies
- Understand the differences between hazard pay, general wage increases, and bonuses – be specific when referencing hazard pay and applying hazard pay guidelines (i.e., a subrecipient offering raises or bonuses does not necessarily mean they are offering hazard pay)
- Ensure eligible cost documentation includes hazard pay.

What are the record-keeping requirements?

HUD requires that recipients and subrecipients document the nature of the work being provided to substantiate the need to provide hazard pay.

Required

- Updated internal written employee compensation policies
- Update ESG Written Standards
- Ensure the grant agreement reflects the use of the ESG-CV flexibility
- Documentation of the reasonableness determination

Best Practice

Although HUD does not specify which documentation is required for tracking hazard pay for subrecipients, best practices for documentation are:

- Using timecards to track who is receiving hazard pay and for what length of time
- Ensuring job descriptions for staff who receive hazard pay reflect that they are directly working to prevent, prepare for and respond to coronavirus among persons who are homeless or at risk of homelessness
- Documentation that the subrecipient’s proposed hazard pay policy was reviewed and formally accepted by the recipient.

Written Standards

All hazard pay related activities and guidelines must be included in the recipient and subrecipient’s Written Standards (aka policies and procedures). A resource for [Adjusting ESG Written Standards for ESG-CV](#) provides guidance on the items that must be included.

Written Standards must include:

- Amount of hazard pay to be provided
- Length of time the hazard pay will be provided
- Who is eligible - list specific staff position(s) impacted (e.g., “Case Manager II”, rather than “all case managers”)
- How the benefit is calculated, length of time and eligibility is determined
- Recordkeeping procedures

Community Examples

[Washington State ESG-CV Written Standards](#)

[Missouri State ESG-CV Written Standards](#)

[Colorado ESG-CV Subrecipients and MS subrecipient Grace House](#)

[Hazard Pay Policy Memo – Template for Recipients](#)