



Department of Employee Relations

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To the Honorable
Finance and Personnel Committee
Milwaukee Common Council
City of Milwaukee

Dear Committee members;

Based on the April 22nd and May 4th guidance by the U.S. Treasury Department on the appropriate use of Coronavirus Relief Funds and the language of the CARES Act, Mayor Barrett issued a proclamation on May 22nd authorizing the creation of a hazard pay provision equivalent to \$3.13 per hour for employees who are required to provide essential services during the state of emergency who face an increased risk of exposure due to specific responsibilities as listed below:

- Employee performs essential work who face an elevated risk of exposure due to having regular public facing responsibilities
- Employees who are required to regularly enter occupied residences or commercial establishments as part of their regular job responsibilities
- Employees performing job responsibilities that require repeated and prolonged contact with COVID-19 symptomatic individuals
- Employees performing cleaning and building maintenance work physically performed on the grounds of a City property, including all custodial or janitorial services, security services, and repair and maintenance services.
- Employees who physically work at a facility that performs medical testing and diagnostic services, including laboratory processing, medical testing services, or related activities.
- Employees performing behavioral health work requiring physical interaction with individuals, including mental health services, violence prevention efforts, substance use disorder prevention, treatment and recovery.
- Employees performing job responsibilities that require repeated or prolonged contact with potentially contaminated spaces, objects or property in order to perform their job
- Employees performing maintenance or mechanical work on City vehicles or equipment used by employees performing infrastructure work who face risk of exposure

The decision to authorize the hazard pay was based on the criteria laid out in the CARES Act and guidance from the Treasury Department at the time of the proclamation. The Act requires expenditures to be “necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19).” The term “necessary” means that “the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.”

The guidance from the Treasury Department also stated that “hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19.” The City Attorney’s Office advised that the guidance was unclear whether the



employee's duties need to be related to COVID-19, or if the employee's duties/work need to be related to COVID-19. We were also advised that, based on the ambiguity in the guidance, there was a risk with charging hazard pay to the Coronavirus Relief Funds for employees whose duties are not substantially dedicated to mitigating the effects of COVID-19, but there was a reasonable argument that such charges could be made. Given this and the fact that a number of other municipalities had enacted or were in the process of enacting similar hazard pay provisions for essential infrastructure workers facing risk of exposure, we proceeded.

The proclamation issued on May 22nd stated that hazard pay was being authorized based on the need to maintain and retain appropriate staffing levels for essential government services given the risk of exposure to Covid-19. The hazard pay was consequently designed to ensure essential government services were available during the emergency as well as ensure that essential direct roles responding to the pandemic were fully staffed.

The Common Council approved the proclamation at a special meeting on May 27th and the Department of Employee Relations developed the policy and guidelines to administer the hazard pay. On May 28th, the day after the Council took action to approve the proclamation, the Treasury Department issued new guidance indicating that *both the employee's duties and the hazard/physical hardship* an employee faces must be related to COVID-19 in order for the hazard pay to be an eligible expenditure under the CARES Grant.

This new guidance creates a significant challenge for the City in that as of May 28th we will not be able to charge the grant for a significant number of positions that have been deemed eligible under the City's policy.

Given the city's financial challenges, including those created by the COVID-19 emergency, it is not feasible to assume that departmental salary accounts can cover hazard pay through the end of July as originally approved. In DPW alone the cost of the hazard pay that would not be covered by the grant is approximately \$1.2 million.

As difficult as this decision is, we will be issuing a proclamation later today that will authorize hazard pay only for those employees performing eligible functions under the grant. At this time Hazard pay for general City employees will therefore be limited to Milwaukee Health Department employees dedicated to the COVID-19 who are performing hazardous duties involving physical hardship. The proclamation will authorize the hazard pay through the end of August.

I will be available at the meeting on July 1st to answer questions about this important matter.

Sincerely,

Maria Monteagudo

Maria Monteagudo
Director

