



Edward M. Augustus, Jr.  
City Manager

CITY OF WORCESTER

cm2022may18110158

Attachment for Item # 8.41 A

May 24, 2022

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I submit for your information an update on the American Rescue Plan Act (ARPA) Premium Pay expenditure called for by this City Council.

As you know, ARPA was signed in March of 2021 to provide support to state, local, and tribal governments in their efforts to combat the COVID-19 pandemic, repair economic damage caused by pandemic-related conditions, and help governments recover from the financial impacts of pandemic-related closures on revenues. One of the four legislated purposes of the ARPA State & Local Fiscal Recovery Funds is the provision of premium pay for essential workers, offering additional support to those who bore the greatest health risks because of their service in critical sectors.

On December 13, 2021, Governor Baker signed into law a State COVID-19 Essential Employee Premium Pay program, allocating \$460 million for premium payments to Massachusetts workers. This law provided payments to 500,000 people across the Commonwealth who met certain household income criteria. With much larger coffers, the Commonwealth's action offered Worcester households, among many others, support regardless of industry.

Like many localities, Worcester is looking to use ARPA premium pay funds to recognize Worcester's municipal front-line workers – those who were on site throughout the pandemic ensuring that government continued to function and provide support to Worcester's residents. In Departments throughout the City, our employees were at their desks, on the streets, in people's homes, and at community gathering places ensuring

safety, understanding, and well-being, all while the normal operations of government continued unabated. Despite best efforts of social distancing, cleaning, and mask wearing, COVID-19 decimated our City departments at various points, and many of our employees were quarantined as a result of exposure and illness. I know you share with me the greatest of admiration for the employees of the City of Worcester who put themselves and their families at risk in order to ensure that our residents and businesses continued to have the resources and services needed to survive a global pandemic.

In crafting a premium pay policy, we have worked to be fair to both the language of the law – eligibility limited to only those who were onsite and in areas of exposure – and the spirit of the law – eligibility focused on supporting lower-income workers.<sup>1</sup> We have identified the period of risk as the period during Governor Baker’s State of Emergency – March 2020 through June 2021. We required every Department Head to attest under the pains and penalties of perjury to the status of each employee’s on site presence during each month in question. Staff must still be employed by the City and must have been employed for at least 75% of the period in question.

The premium pay policy we have created has six tiers of applicability, based both on an employee’s base salary as well as their time on site/in the office.

<b>Employee Status</b>	<b>Stipend</b>
100% on site, earns less than \$60,000 per year	\$3,000
100% on site, earns more than \$60,000 per year	\$1,500
Part-time on site (Not EM or earning more than 150% of State Average Annual Wage (\$109,410) & Exempt)	\$500
Executive Management (EM)	\$0
Earns more than 150% of State Average Annual Wage (\$109,410) & Exempt	\$0
100% Remote	\$0

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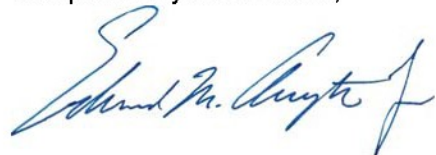
<sup>1</sup> The U.S. Department of Treasury’s Coronavirus State and Local Fiscal Recovery Funds “Final Rule: Frequently Asked Questions” states “Premium pay must be responsive to eligible workers performing essential work during the pandemic, and like the interim final rule, the final rule emphasizes the need for recipients to prioritize premium pay for lower-income workers. Premium pay that would go to a worker whose total pay is above 150% of the greater of the state or county average annual wage for all occupations (with or without the premium) requires specific justification for how it response to the needs of these workers unless that worker is not exempt from the Fair Labor Standards Act overtime provisions.” 150% of the Massachusetts State Average Annual Wage is \$109,410 according to the latest available data from the Bureau of Labor Statistics.

We recognize that the unfortunate result of the need for eligibility requirements means that some staff will go without a premium pay stipend, while some may see more or less than their colleagues depending on their time in office or base earnings. Some staff may feel left out due to limited departmental on site opportunities and requirements for remote work. But the bottom line is that we are proposing a policy that meets Federal regulations and works to identify and reward those who were at risk of exposure for the good of the community.

As a result of this approach, we are anticipating an approximately \$2.5M outlay of ARPA funds for premium pay purposes, which aligns with the budgets submitted for City Council review and discussion. Payments should be made to eligible staff prior to the end of the fiscal year.

We look forward to your support for the hard-working staff of the City of Worcester and express our appreciation to those who diligently kept municipal government operating despite the challenges of pandemic and personal health.

Respectfully submitted,

A handwritten signature in blue ink, reading "Edward M. Augustus, Jr.", with a stylized flourish at the end.

Edward M. Augustus, Jr.  
City Manager