



BERKELEY CITY COUNCILMEMBER  
**TERRY TAPLÍN**  
DISTRICT 2

**SUPPLEMENTAL  
AGENDA MATERIAL  
For Supplemental Packet**

**Meeting Date: January 19, 2021**

**Item Number: 26**

**Item Description: Guaranteeing COVID-19 Hazard Pay for Grocery Store Workers**

**Submitted by: Councilmember Taplin**

Amendment would make the following additions to the referral:

- minor edits to formatting and punctuation.



CONSENT CALENDAR

January 19, 2021

To: Honorable Mayor and the City Council

From: Councilmembers Terry Taplin (Author), Ben Bartlett, Rigel Robinson, and Mayor Jesse Arreguin (Co-Sponsors).

Subject: Guaranteeing COVID-19 Hazard Pay for Grocery Store Workers

RECOMMENDATION

Refer the City Manager and City Attorney to draft an emergency ordinance to guarantee hazard pay of an additional five dollars an hour for grocery store workers, effective upon adoption and until the City returns to the Yellow-Tier 4 rate of positivity for COVID-19.

BACKGROUND

While many workers in Berkeley have shifted to working from home amidst the COVID-19 pandemic, grocery store workers have continued to report to work and provide the City with a critical service while placing their own health and lives at risk. Grocery store workers interact indoors with large numbers of people on a daily basis and, despite the efforts of grocery stores to make precautions and keep customers and employees safe, there have nevertheless been outbreaks of COVID-19 among grocery store employees.<sup>1</sup> UFCW Local 5, the union representing grocery store workers, reports that over 600 grocery workers in their ranks have tested positive with COVID-19, and members of their union have been hospitalized or lost their life to the disease.

Many companies like Whole Foods' Amazon and Safeway's Albertsons implemented increased wages and one-time bonuses in the form of "Hero Pay" or "Appreciation Pay" in the early weeks of the shutdown, but ended those pay increases in the late spring despite no comparable decrease in the risks COVID-19 poses to grocery store employees. While the wages of many grocery workers have returned to their pre-pandemic levels, the risk of COVID-19 infection is at its worst level ever, both in Berkeley and throughout the United States. This threat is felt particularly hard by women and people of color, who are overrepresented among retail and grocery workers. Despite the unprecedented risk to employees and a lack of wages that match the

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hazards workers face every day, grocery retailers have for the most part seen a major jump in their profits this year.<sup>2</sup>

#### RATIONALE FOR RECOMMENDATION

The City of Berkeley must take action to ensure that the wages of its grocery store employees reflect the hazards that they face each time they report for their jobs. Even as the vaccine becomes more available, a pay increase of five (5) dollars an hour while the threat of COVID-19 stays above the minimum level in the City is necessary to treat our grocery store workers as the heroes they are.

#### ENVIRONMENTAL IMPACTS

None.

#### FISCAL IMPACTS

None.

#### CONTACT

Terry Taplin, Councilmember, District 2, (510) 981-7120

#### ATTACHMENTS/SUPPORTING MATERIALS

1. Resolution
2. Kinder, Molly, Laura Stateler, and Julia Du. "Windfall profits and deadly risks: How the biggest retail companies are compensating essential workers during the COVID-19 pandemic." *Brookings*. November 2020.
3. Desmon, Stephanie. "How Indoor Ventilation Systems Can Help Prevent or Permit the Spread of COVID-10." *John Hopkins School of Public Policy*. September 2020.

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RESOLUTION NO. ##,###-N.S.

GUARANTEEING COVID-19 HAZARD PAY FOR GROCERY STORE WORKERS

WHEREAS, since the beginning of the COVID-19 pandemic, grocery workers in the City of Berkeley have continued to report to work and serve their communities, despite the ongoing hazards and danger of being exposed to the novel coronavirus, the pandemic is far from over and the health threats that grocery workers face are just as real now as they were when this crisis began; and

WHEREAS, due to the work of essential grocery workers, families throughout the City have had access to the food they need during this pandemic, and

WHEREAS, given the nature of these jobs, grocery workers must be present to help countless customers who are stressed and fearful for their wellbeing, moreover, they remain inside with large crowds daily with ventilation systems that could be spreading the novel coronavirus; and

WHEREAS, these essential grocery workers cannot choose to work from home-- they must come to work to do their jobs, which involve substantial interaction with customers, workers are wearing masks, social distancing, and constantly wiping down cash registers, food conveyor belts and shopping carts to protect the health of the public, moreover, these workers are continuously working to restock items that households desperately need including toilet paper, cleaning supplies and other essentials; and

WHEREAS, these essential grocery workers continue to live with the daily fear of not only contracting the virus but also bringing it home to their families; and

WHEREAS, the number of COVID-19 clusters within the grocery industry in the City of Berkeley continue to rise significantly, the health threat that these grocery workers face cannot be overstated, and UFCW Local 5, the Union that represents grocery workers, reports that over 600 grocery workers in their ranks have tested positive with COVID-19, and members of their union and been hospitalized or lost their life to the coronavirus, additionally, there have been highly publicized outbreaks at local grocery stores in Berkeley, thus the health threat that these grocery workers face cannot be overstated; and

WHEREAS, we are now in the height of the pandemic with a stay at home order in our region with ICU capacity below 15 percent, we are a long way from minimal risk where there would be 1 daily new case per 100,000 or less than 2 percent positivity; and

WHEREAS, the City recognizes that these workers must be justly compensated for the clear and present dangers of doing their jobs during the pandemic by requiring their employers to provide hazard pay at all times that the City is at a coronavirus risk level of moderate, substantial, or widespread under the State Health orders; and

WHEREAS, the City already knows that wage raises result in more money being spent in our small businesses and also act as a stimulus for our local economy, and

WHEREAS, the United States' top retail companies have earned record-breaking profits during the pandemic, this increase in profit has not transferred to workers, according to a Brookings Institution analysis, and

WHEREAS, the City has previously adopted ordinances specific to grocery establishments both to address worker retention and recently to address COVID-19-related protections, and

WHEREAS, the City has lawfully crafted wage ordinances specific to employment sectors in the past, and

WHEREAS, the drafted ordinance should apply to commercial establishments classified as Industry 445110 under the North American Industry Classification System with a total floor area over 25,000 square feet, sell 25 linear feet or more of food, and are publicly traded or have at least 300 employees nationwide;

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Berkeley refers the City Manager and City Attorney to draft an emergency ordinance providing all employees of grocery stores with at least 300 employees five (5) dollars an hour, in addition to their wages at the time of the effective date of this Ordinance, for the period of the effective date of this Ordinance through and until such time as the County returns to the Yellow-Tier 4 designation of COVID-19 infection rates under the State health orders or 120 days from the effective date of the ordinance. The Ordinance shall provide for enforcement mechanisms whereby covered businesses shall be required to self-certify their compliance with the City, under threat of perjury, and inform their employees of their ability to file a complaint of non-payment to the Division of Labor Standards Enforcement at the California Department of Industrial Relations.



BERKELEY CITY COUNCILMEMBER  
**TERRY TAPLÍN**  
DISTRICT 2

**SUPPLEMENTAL  
AGENDA MATERIAL  
For Supplemental Packet 2**

**Meeting Date: January 19, 2021**

**Item Number: 26**

**Item Description: Guaranteeing COVID-19 Hazard Pay for Grocery Store Workers**

**Submitted by: Councilmember Taplin**

Amendment would make the following additions to the referral:

- Addition of a Sunset Clause expiring the ordinance after 120 days should the City stay above the Yellow-Tier 4 rate of positivity for COVID-19.
- Defines the impacted businesses as public trades entities or establishments with at least 300 employees.
- Addition of an enforcement method whereby businesses shall be required to self-certify their compliance with the City, under threat of perjury, and allow for employees to make complaints with relevant state agencies in the event of violations.



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Many companies like Whole Foods' Amazon and Safeway's Albertsons implemented increased wages and one-time bonuses in the form of "Hero Pay" or "Appreciation Pay" in the early weeks of the shutdown, but ended those pay increases in the late spring despite no comparable decrease in the risks COVID-19 poses to grocery store employees. While the wages of many grocery workers have returned to their pre-pandemic levels, the risk of COVID-19 infection is at its worst level ever, both in Berkeley and throughout the United States. This threat is felt particularly hard by women and people of color, who are overrepresented among retail and grocery workers. Despite the unprecedented risk to employees and a lack of wages that match the

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hazards workers face every day, grocery retailers have for the most part seen a major jump in their profits this year.<sup>2</sup>

#### RATIONALE FOR RECOMMENDATION

The City of Berkeley must take action to ensure that the wages of its grocery store employees reflect the hazards that they face each time they report for their jobs. Even as the vaccine becomes more available, a pay increase of five (5) dollars an hour while the threat of COVID-19 stays above the minimum level in the City is necessary to treat our grocery store workers as the heroes they are.

#### ENVIRONMENTAL IMPACTS

None.

#### FISCAL IMPACTS

None.

#### CONTACT

Terry Taplin, Councilmember, District 2, (510) 981-7120

#### ATTACHMENTS/SUPPORTING MATERIALS

1. Resolution
2. Resolution (redlined)
3. Kinder, Molly, Laura Stateler, and Julia Du. "Windfall profits and deadly risks: How the biggest retail companies are compensating essential workers during the COVID-19 pandemic." *Brookings*. November 2020.
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WHEREAS, due to the work of essential grocery workers, families throughout the City have had access to the food they need during this pandemic, and

WHEREAS, given the nature of these jobs, grocery workers must be present to help countless customers who are stressed and fearful for their wellbeing, moreover, they remain inside with large crowds daily with ventilation systems that could be spreading the novel coronavirus, and

WHEREAS, these essential grocery workers cannot choose to work from home-- they must come to work to do their jobs, which involve substantial interaction with customers, workers are wearing masks, social distancing, and constantly wiping down cash registers, food conveyor belts and shopping carts to protect the health of the public, moreover, these workers are continuously working to restock items that households desperately need including toilet paper, cleaning supplies and other essentials, and

WHEREAS, these essential grocery workers continue to live with the daily fear of not only contracting the virus but also bringing it home to their families, and

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WHEREAS, we are now in the height of the pandemic with a stay at home order in our region with ICU capacity below 15 percent, we are a long way from minimal risk where there would be 1 daily new case per 100,000 or less than 2 percent positivity, and

WHEREAS, the City recognizes that these workers must be justly compensated for the clear and present dangers of doing their jobs during the pandemic by requiring their employers to provide hazard pay at all times that the City is at a coronavirus risk level of moderate, substantial, or widespread under the State Health orders, and

WHEREAS, the City already knows that wage raises result in more money being spent in our small businesses and also act as a stimulus for our local economy, and

WHEREAS, the United States' top retail companies have earned record-breaking profits during the pandemic, this increase in profit has not transferred to workers, according to a Brookings Institution analysis, and

WHEREAS, the City has previously adopted ordinances specific to grocery establishments both to address worker retention and recently to address COVID-19-related protections, and

WHEREAS, the City has lawfully crafted wage ordinances specific to employment sectors in the past, and

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NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Berkeley refers the City Manager ~~and~~, City Attorney, ~~and the Health, Life Enrichment, Equity & Community Committee~~ to draft an emergency ordinance providing all employees of grocery stores ~~with at least 300 employees an additional~~ five (5) dollars an hour, in ~~addition to their~~ wages ~~at the time of the effective date of this Ordinance,~~ for the period of the effective date of this Ordinance through ~~and~~ until such time as the County returns to the Yellow-Tier 4 designation of COVID-19 infection rates under the State health orders ~~or 120 days from the effective date of the ordinance. The Ordinance shall provide for enforcement mechanisms whereby covered businesses shall be required to self-certify their compliance with the City, under threat of perjury, and inform their employees of their ability to file a complaint of non-payment to the Division of Labor Standards Enforcement at the California Department of Industrial Relations.~~



# Windfall profits and deadly risks:

How the biggest retail companies are compensating essential workers during the COVID-19 pandemic

Molly Kinder, Laura Stateler, and Julia Du

NOVEMBER 2020

**Editor's note:** *This brief was updated on December 16. Watch the [online event held on November 23 with frontline workers and experts on the pay, protections, and policies frontline essential workers still need.](#)*

## DOWNLOADS

 **Appendix**  


 **Retail companies' COVID-19 compensation: A ranking**  


**A**s the number of new COVID-19 infections smashes daily records, the pandemic has entered its deadliest phase yet. With a dark winter looming, millions of frontline essential retail workers face grave risks to their health, often for very low wages and without the hazard pay they were earning at the start of the pandemic. Meanwhile, the biggest retail companies in the country continue to earn eye-popping profits.

In this report, we examine this inequality from two perspectives. As frontline retail workers at top companies face unprecedented risks on the job, what compensation should they earn, and what *have* they earned so far during the pandemic? And as those large retail companies earn unprecedented profits, how have they balanced investing in their workers and their profits?

We find that while top retail companies' profits have soared during the pandemic, pay for their frontline workers—in most cases—has not. In total, the top retail companies in our analysis earned on average an extra \$16.7 billion in profit this year compared to last—a stunning 40% increase—while stock prices are up an average of 33%. And with few exceptions, frontline retail workers have seen little of this windfall. The 13 companies we studied raised pay for their frontline workers by an average of just \$1.11 per hour since the pandemic began—a 10% increase on top of wages that are often too low to meet a family's basic needs. On average, it has been 133 days since the retail workers in our analysis last received any hazard pay.

At most of the biggest retail companies in America, the gap between the struggles and sacrifices of low-wage frontline workers and the wealth they create for their employers and shareholders is wider than ever.

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1. **Introduction**
2. **Why retail wages matter**
3. **What top retail companies pay frontline workers**
4. **Hazard pay and extra COVID-19 compensation**
5. **Ending hazard pay harms low-wage workers and racial and gender equity**
6. **Business has boomed during the pandemic**

7. Who benefits from windfall profits?

8. Companies can—and should—do more. But policymakers shouldn't wait.

When the COVID-19 pandemic began to spread across the country in March, Jeffrey Reid—a meat clerk at a Giant Food outside of Washington, D.C.—was thrust onto the frontlines.

“One minute, I’m just a hard worker,” he said in a March interview. “I get up every day, I do my eight hours, it’s like a routine. Then, overnight, grocery workers have become essential personnel.”

Sales at his store soared as customers stocked up on groceries. He described the “sheer enormity of the pandemic” and the “fear” he could see in people. Reid vowed to carry on working: “I have been in this business for the last 11 years. I am going to keep getting up in the morning and going to work.”

Initially, Reid was grateful for the modest pay bump his employer, a subsidiary of the Dutch company Ahold Delhaize, gave him. By the summer, that feeling had vanished. Just two months into the pandemic, Giant ended his extra 10% “recognition pay,” despite a spike in the company’s sales that more than doubled its second-quarter profits. Even as hazard pay for workers like Reid ended, Ahold Delhaize spent more than \$862 million repurchasing its stock—more than 1.5 times what it spent on all COVID-19-related costs in the first three quarters of 2020 to protect and compensate its workers.

“To me, it’s like a slap in the face,” said Reid. “All of a sudden, we went from being essential to being sacrificial, all for the sake of the bottom line. Now you’re telling us that this thing is still out here, people are still dying, and you want to do away with hazard pay and give a one-time bonus? It’s a bunch of B.S., to be honest. It is still a pandemic, the last time I checked. There is a still a hazard out there.”

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***All of a sudden, we went from being essential to being sacrificial, all for the sake of the bottom line***

The COVID-19 pandemic provides a revealing window into the balance some of America's largest companies strike between their workers and their profits at a time of extreme sacrifices and extreme earnings. When some of the biggest corporations in America earn record profits during a deadly pandemic—*because* of a deadly pandemic, no less—do they compensate the frontline workers risking their lives? Who benefits from the life-threatening, essential work of the country's retail workers?

In this report, we analyze compensation to frontline employees at 13 of the 20 biggest retail companies in America. Together, these 13 companies employ more than 6 million workers and include the largest corporations in grocery, big-box retail, home improvement, pharmacies, electronics, and discount retail. We excluded from our analysis seven other top retail companies that either did not have public financial information available or were in retail sectors that were hit hard by the pandemic (such as clothing) and did not provide COVID-19 compensation to workers.

**Figure 1. America's top 20 retail companies**

Company	National Retail Federation rank	Retail type	Included in this report
<b>Walmart</b>	#1	General	✓
<b>Amazon</b>	#2	E-commerce	✓
<b>Kroger</b> (Chains: Fred Meyer, Harris Teeter, King Soopers, Kroger, Ralphs, 11 more)	#3	Grocery	✓
<b>Costco</b>	#4	Big Box	✓
<b>Walgreens Boots Alliance</b>	#5	Health/Pharmacy	✓
<b>Home Depot</b>	#6	Home Improvement	✓
<b>CVS Health</b>	#7	Health/Pharmacy	✓
<b>Target</b>	#8	General	✓
<b>Lowe's</b>	#9	Home Improvement	✓
<b>Albertsons</b> (Chains: Albertsons, Randalls, Safeway, Star Market, 17 more)	#10	Grocery	✓
<b>Apple Store/iTunes</b>	#11	Electronic	
<b>Ahold Delhaize (U.S.)</b> (U.S. chains: Giant Food, Stop & Shop, Hannaford, Food City)	#12	Grocery	✓

<i>Lion)</i>			
<b>McDonald's</b>	#13	Fast Food	
<b>Best Buy</b>	#14	Electronic	✓
<b>Publix Super Markets</b>	#15	Grocery	
<b>TJX Companies</b>	#16	Clothing	
<b>Aldi</b>	#17	Grocery	
<b>Dollar General</b>	#18	Discount	✓
<b>H.E. Butt Grocery</b>	#19	Grocery	
<b>Macy's</b>	#20	Clothing	

Source: National Retail Federation.

**B** | Metropolitan Policy Program  
at BROOKINGS

While pay is not the only issue that matters to workers, we chose to focus on compensation in this report. In several dozen interviews we conducted since the start of the pandemic, frontline workers raised the issue of wages and hazard pay more than any other. Other important workers concerns—including safety, benefits, power, and voice—are outside the scope of this report.

With few exceptions, we find that companies have offered only modest or negligible extra compensation to workers while earning windfall profits. Three companies—Best Buy, Target, and Home Depot—bucked this trend and provided more generous compensation to workers during the pandemic both in absolute generosity as well as relative generosity compared to their financial performance. These three companies provided the most COVID-19 compensation to workers through temporary pay increases, bonuses, and permanent wage increases. Together, their frontline workers earned an average of \$2.53 extra per hour since March, compared to just \$0.21 per hour at CVS Health and \$0.83 per hour at Albertsons. All three companies earned double-digit profit growth compared to last year, but at more modest levels than the runaway profits some competitors who were less generous to their workers earned.

Best Buy, Target, and Home Depot are outliers. The other 10 companies in our analysis were far less generous to frontline workers in both relative and absolute terms. Eight of the 13 companies provided less than \$1 per hour extra to frontline workers, averaged over the course of the pandemic. Many of the least generous companies were the most financially successful, posting huge profits. Amazon and Walmart combined earned an extra \$10.7 billion in profit compared to last year, an increase of 70% and 45%, respectively. Their workers, on the other hand, have received below-average COVID-19-related compensation: an extra \$1,369 (\$0.95 per hour) and \$900 (\$0.63 per

hour), respectively, over the eight-plus months of the pandemic—representing just 6% pay bumps for full-time workers that earn starting wages. Meanwhile, Amazon and Walmart’s stock prices are up 65% and 41% since the start of the pandemic, adding more than \$70 billion to the wealth of Jeff Bezos, Amazon’s CEO, and \$45 billion to the Walton family—the country’s richest family, who own more than half of Walmart’s shares.

***Amazon and Walmart’s stock prices are up 65% and 41% since the start of the pandemic, adding more than \$70 billion to the wealth of Jeff Bezos, Amazon’s CEO, and \$45 billion to the Walton family.***

Major Retail Companies’ COVID-19 Compensation to Workers During the Pandemic: **A RANKING** Metropolitan Policy Program at BROOKINGS

LEADERS		
(tie) <b>1. Best Buy</b>	(tie) <b>1. Target</b>	<b>3. Home Depot</b>
Generous hazard pay and permanent wage increase to \$15/hour	Accelerated permanent pay raise to \$15/hour on top of periodic COVID-19 bonuses	Longest-running hazard pay and a modest permanent pay bump
<ul style="list-style-type: none"> <li>✓ <b>Starting wage:</b> now \$15/hour</li> <li>✓ <b>COVID-19 compensation:</b> \$3.07/hour (28% raise)</li> <li>✓ <b>Profit:</b> \$591 million (2 quarters); +17%; + \$88 million</li> <li>✓ <b>Permanently raised wages</b></li> </ul> <p>Best Buy offered \$2.50 “appreciation pay” from late March to early August, and then raised starting pay permanently to \$15/hour on August 2, up from an average of \$11/hour for cashiers after ending hazard pay.</p>	<ul style="list-style-type: none"> <li>✓ <b>Starting wage:</b> now \$15/hour</li> <li>✓ <b>COVID-19 compensation:</b> \$2.22/hour (17% raise)</li> <li>✓ <b>Profit:</b> \$3.0 billion (3 quarters); +22%; + \$541 million</li> <li>✓ <b>Permanently raised wages</b></li> </ul> <p>Target provided a \$2/hour pay increase from mid-March to early July and “recognition bonuses” in the summer and fall. On July 5, Target permanently raised starting wages from \$13/hour to \$15/hour, several months ahead of its previously announced target of the end of the year.</p>	<ul style="list-style-type: none"> <li>✓ <b>Average wage (cashier):</b> \$11/hour</li> <li>✓ <b>COVID-19 compensation:</b> \$2.27/hour (21% raise)</li> <li>✓ <b>Profit:</b> \$10.0 billion (3 quarters); +14%; + \$1.2 billion</li> <li>✓ <b>Permanently raised wages</b></li> </ul> <p>Home Depot had the longest commitment to providing regular hazard pay. From April until mid-November, it offered full-time frontline workers a \$100/week bonus, or the equivalent of about \$2.50/hour. On November 17, the company announced it was shifting to permanent wage increases worth \$1 billion annualized.</p>
LAGGARDS		
<b>4. Lowe’s</b>	<b>5. Costco</b>	<b>6. Albertsons</b>
Frequent one-off bonuses throughout the pandemic	Modest hazard pay and sustained commitment to decent wages	An early end to appreciation pay
<ul style="list-style-type: none"> <li>✓ <b>Average hourly wage (cashier):</b> \$12</li> <li>✓ <b>COVID-19 compensation:</b> \$1.49/hour (12% raise)</li> <li>✓ <b>Profit:</b> \$4.9 billion (3 quarters); +29%; + \$1.1 billion</li> <li>✓ <b>Days since last hazard pay:</b> 21</li> </ul> <p>Lowe’s has given hourly associates six COVID-19-related bonuses—\$300 for full-time and \$150 for part-time employees—and a temporary \$2/hour pay bump in April.</p>	<ul style="list-style-type: none"> <li>✓ <b>Starting hourly wage:</b> \$15</li> <li>✓ <b>COVID-19 compensation:</b> \$0.72/hour (5% raise)</li> <li>✓ <b>Profit:</b> \$2.2 billion (2 quarters); +11%; + \$224 million</li> <li>✓ <b>Days since last hazard pay:</b> 173</li> </ul> <p>Costco offered a \$2/hour temporary wage increase between the beginning of March and the end of May. Costco hasn’t provided hazard pay since and is the only company to provide increase hourly wages without also giving a bonus or permanently increasing wages.</p>	<ul style="list-style-type: none"> <li>✓ <b>Average hourly wage (cashier):</b> \$11</li> <li>✓ <b>COVID-19 compensation:</b> \$0.83/hour (8% raise)</li> <li>✓ <b>Profit:</b> \$871 million (2 quarters); +153%; + \$527 million</li> <li>✓ <b>Days since last hazard pay:</b> 160</li> </ul> <p>Albertsons offered \$2/hour “appreciation pay” and a final bonus to workers at its brand from mid-March to mid-June.</p>
<b>7. Kroger</b>	<b>8. Ahold Delhaize (U.S.)</b>	<b>9. Walgreens (U.S.)</b>
From hero pay to zero pay	Hazard pay ended while stock buybacks did not	Struggling business, small bonus
<ul style="list-style-type: none"> <li>✓ <b>Average hourly wage (cashier):</b> \$10</li> <li>✓ <b>COVID-19 compensation:</b> \$0.87/hour (9% raise)</li> <li>✓ <b>Profit:</b> \$2.0 billion (2 quarters); +90%; + \$962 million</li> <li>✓ <b>Days since last hazard pay:</b> 181</li> </ul> <p>Kroger initially provided a \$300 bonus for full-time workers in March before announcing a \$2/hour “hero pay” that lasted until mid-May. The company provided a final \$400 “thank you” bonus in June after facing public criticism.</p>	<ul style="list-style-type: none"> <li>✓ <b>Average hourly wage (cashier):</b> \$10</li> <li>✓ <b>COVID-19 compensation:</b> \$0.75/hour (7% raise)</li> <li>✓ <b>Profit:</b> \$1.6 billion (3 quarters); +15%; + \$201 million</li> <li>✓ <b>Days since last hazard pay:</b> 98 (averaged across the companies)</li> </ul> <p>The amount of hazard pay that Ahold Delhaize—a Dutch company that owns U.S. grocery chains Food Lion, Giant, Hannaford, and Stop &amp; Shop—varied across its companies, ranging from temporary wage increases, one-off bonuses, to a retroactive bonus. The company ended hazard pay even while spending \$860 million on stock buybacks during the</p>	<ul style="list-style-type: none"> <li>✓ <b>Average hourly wage (cashier):</b> \$10</li> <li>✓ <b>COVID-19 compensation:</b> \$0.21/hour (+2% raise)</li> <li>✓ <b>Profit:</b> \$885 million (2 quarters); -48%; -\$810 million</li> <li>✓ <b>Days since last hazard pay:</b> 243</li> </ul> <p>Walgreens, whose business has suffered during the pandemic, provided just one \$300 COVID-19 bonus at the start of the pandemic.</p>

THE LEAST GENEROUS			
10. Amazon	11. CVS Health	12. Walmart	13. Dollar General
Blockbuster profits and only small pay bumps	A billion dollar profit increase and the smallest hazard pay	Billions in profits, some of the smallest pay increases	Tiny pay raises, skyrocketing profits
<ul style="list-style-type: none"> <li>✓ <b>Starting hourly wage:</b> \$15</li> <li>✓ <b>COVID-19 compensation:</b> \$0.95/hour (6% raise)</li> <li>✓ <b>Profit:</b> \$14.1 billion (3 quarters); +70%; +\$5.8 billion</li> <li>✓ <b>Days since last hazard pay:</b> 143</li> </ul> <p>Amazon provided \$2/hour hazard pay from mid-March through the end of May and a one-time \$500 bonus in July. The company could have quadrupled the hazard pay it gave frontline workers and still earned more profit than the previous year.</p>	<ul style="list-style-type: none"> <li>✓ <b>Starting hourly wage:</b> \$11</li> <li>✓ <b>COVID-19 compensation:</b> \$0.21/hour (2% raise)</li> <li>✓ <b>Profit:</b> \$6.2 billion (3 quarters); +27%; +\$1.3 billion</li> <li>✓ <b>Days since last hazard pay:</b> 242</li> </ul> <p>CVS Health provided just one bonus at the start of the pandemic that ranged from \$150 and \$500 for frontline staff, managers, and pharmacists. While the company has provided no additional hazard pay, its stores—and workers—are at the forefront of the pandemic.</p>	<ul style="list-style-type: none"> <li>✓ <b>Starting hourly wage:</b> \$11</li> <li>✓ <b>COVID-19 compensation:</b> \$0.63/hour (6% raise)</li> <li>✓ <b>Profit:</b> \$15.6 billion (3 quarters); +45%, +\$4.9 billion</li> <li>✓ <b>Days since last hazard pay:</b> 112</li> </ul> <p>Walmart has earned blockbuster profits but offered workers among the smallest pay bumps. Walmart provided one-off bonuses to frontline workers worth \$300/each for full-time worker in April, June, and August. The company earned nearly \$5 billion in additional profit this year, more than four times the amount the company spent on COVID-19 bonuses for frontline workers.</p>	<ul style="list-style-type: none"> <li>✓ <b>Average hourly wage (cashier):</b> \$8</li> <li>✓ <b>COVID-19 compensation:</b> \$0.23*/hour (3% raise)</li> <li>✓ <b>Profit:</b> \$1.4 billion (2 quarters); +77%, \$626 million</li> <li>✓ <b>Days since last hazard pay:</b> 203</li> </ul> <p>Dollar General's small hazard pay at the start of the pandemic is dwarfed by the staggering growth in profits and its billions of dollars in planned stock buybacks. The company could have provided hazard pay worth eight times the \$73 million they spent on "appreciation bonuses" through the first half of the year and still have earned more profit compared to last year.</p>

**Methodology:** Companies are ranked considering the following factors (1) absolute COVID-19 compensation generosity—the total amount a full-time (40hr/week) entry level frontline worker received from temporary wage increases, bonuses, and permanent wage increases divided by the number of weeks between March 13–November 19 (36 weeks); (2) relative COVID-19 Compensation generosity compared to the financial performance and size of the companies; (3) starting wage or average wage for an entry-level position (cashier).

The decisions by the companies we analyzed to end hazard pay well before the pandemic was over undermine the pledges that many of these same companies made to invest fairly in workers. Just last year, the CEOs of nearly half of the companies in this report—including Amazon, CVS Health, Home Depot, Target, Walgreens, and Walmart—signed a pledge through the Business Roundtable to move away from narrow “shareholder” capitalism to a broader “stakeholder” capitalism. The pledge stipulated a new vision for the role of the corporation: No longer is the purpose of business solely to maximize profits for shareholders. Instead, corporations should also serve the interest of its workers, alongside the community, customers, and other stakeholders. “This starts with compensating them fairly and providing important benefits,” read the pledge. While signatories Target, Best Buy, and Home Depot are the top three performers in our analysis and made meaningful investments in frontline workers during the pandemic while permanently raising wages, the other four companies that signed the pledge—Amazon, CVS Health, Walgreens, and Walmart—were among the companies that did the least.

The disappointing track record of large retail companies in compensating their frontline workers during the pandemic provides demonstrates the limitations of voluntary corporate action, as well as broader public policy failures. At a time of skyrocketing inequality—in COVID-19 mortality rates, income inequality, unemployment, financial insecurity, racial inequity, and the unequal sacrifices of frontline essential work—the richest companies in America can, and should, do far more. When working could mean dying, frontline workers deserve hazard pay for the duration of the pandemic and a permanent raise to a living wage.

# Why retail wages matter

Last year, the retail sector employed nearly one in 10 workers, or 15 million Americans. The 13 companies we analyzed in this report employ over a third of that number. Walmart and Amazon, the two largest retail companies, are also the two largest private employers in the country. Combined, they employ nearly 3 million workers. Due to their outsized influence on the sector, the compensation and treatment of their employees impact even workers they don't employ.

**Figure 2. Employment numbers at top retail companies**

Company	Number of employees (end of 2019)	Extra hiring during COVID-19
Walmart (U.S.)	1,500,000*	+500,000
Amazon	798,000	+175,000
Kroger	435,000	+100,000
Costco	201,500	-
Walgreens (U.S.)	225,000*	+9,500
Home Depot	415,700	+80,000
CVS Health	290,000	+50,000
Target	368,000	+9,000
Lowe's	260,000	+155,000
Albertsons	267,000	+55,000
Ahold Delhaize (U.S.)	204,000*	+20,000
Best Buy	125,000	-
Dollar General	143,000	+50,000
<b>TOTAL</b>	<b>5,294,200</b>	<b>1,203,500</b>

Note: \*Pulled from company website for U.S. employees.

Source: Fortune 500 ranking; figures reflect the fiscal year-end number as published by the company in its annual report. The extra hiring during COVID-19 figures are from company websites, earning reports, and media reporting.

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Retail jobs have become an even more important source of employment during the pandemic. Unemployment levels have skyrocketed for low-wage workers in sectors hit hard by the pandemic recession, such as hospitality and leisure. More than half (51%) of households earning under \$50,000 have experienced employment loss during the pandemic, creating even more financial and

food insecurity among low-income households. In a recent survey, just under half of low-wage workers reported having trouble paying bills, and about a third had difficulty paying their rent or mortgage.

At a time when tens of millions of people are unemployed and families are struggling, the biggest retail companies are hiring, and providing some of the few employment opportunities available in communities across the country. Many unemployed, low-wage workers have similar education and skill backgrounds as those in the retail sector. With no end in sight to the COVID-19 recession, the importance of the quality of these remaining retail jobs cannot be overstated.

## What top retail companies pay frontline workers

While retail jobs can provide an economic lifeline in a time of high joblessness and faltering unemployment relief, the wages are often low and provide little economic stability. Median wages for popular frontline retail jobs (e.g., cashiers, salespersons, and stock clerks) range from \$11 to just over \$12 per hour—wages so low they would put a family of four below the poverty line. The retail sector's low wages reflect in part the failure of the federal government to raise the minimum wage above the current \$7.25 per hour, despite overwhelming public support for a \$15 minimum wage.

**Figure 3. Average wages for common retail jobs**

	Employment, 2019	Median hourly wages, 2019	Mean annual wages, 2019
Cashiers	2,967,870	\$11.40	\$24,380
Retail salespersons	3,995,840	\$12.11	\$29,250
Stockers and order fillers	1,402,230	\$12.35	\$25,690
Laborers and freight stock and material movers, hand	2,953,170	\$14.19	\$32,130

Source: BLS data of 2019 employment in retail trade, [https://www.bls.gov/oes/current/naics2\\_44-45.htm](https://www.bls.gov/oes/current/naics2_44-45.htm).

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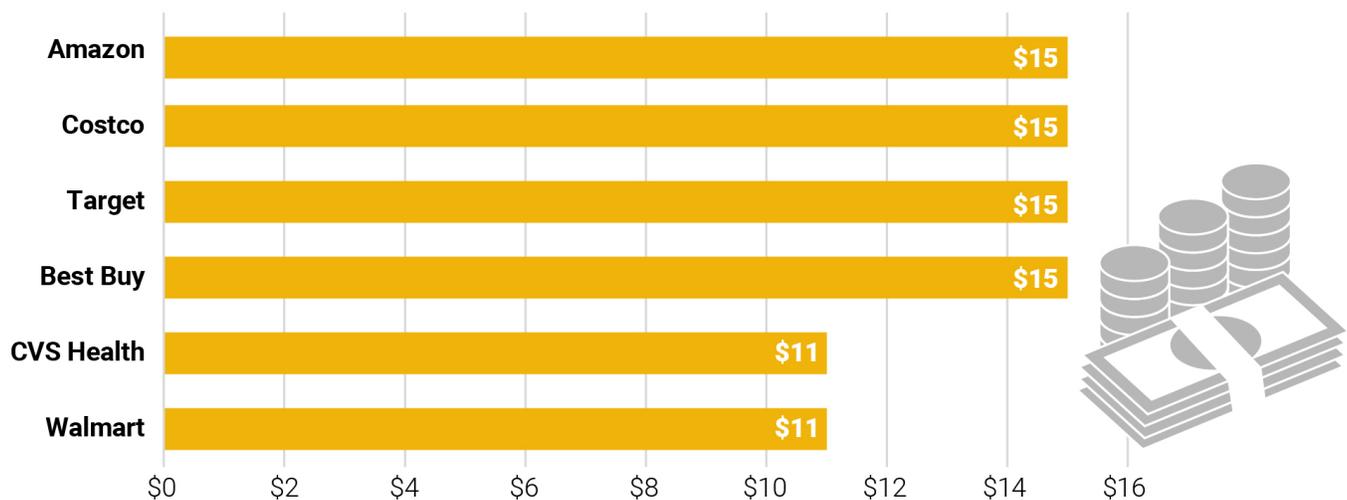
Wages at the 13 retail companies in our analysis mostly follow industry averages, with a few notable exceptions. Before the pandemic, when unemployment was low and the labor market was tight, several prominent retail companies raised wages. CVS Health raised its starting wage to \$11 per

Several prominent retail companies raised wages. CVS Health raised its starting wage to \$11 per hour in 2018 and Walmart did the same in 2019. Only two companies in our analysis—Costco and Amazon—had a minimum starting wage of \$15 per hour before the pandemic.

During the second wave of COVID-19 infections this summer, Target announced it would raise wages from \$13 to \$15 per hour ahead of its scheduled increase at the end of the year. Best Buy also raised its minimum wage to \$15 per hour, announcing the increase the same day it posted double-digit growth in sales compared to last year—noting that “none of this would be possible without the effort and energy of our frontline-employees.” Best Buy, Target, and Costco’s \$15 minimum wages are significantly higher than the market wage for retail work, and lead the entire industry. Amazon’s \$15 starting wage is just under the average market wage for warehouse laborer jobs (\$16.16 per hour).

#### Figure 4. Starting hourly wages at top retail companies

U.S. dollars



Source: Company websites as of November 2020.

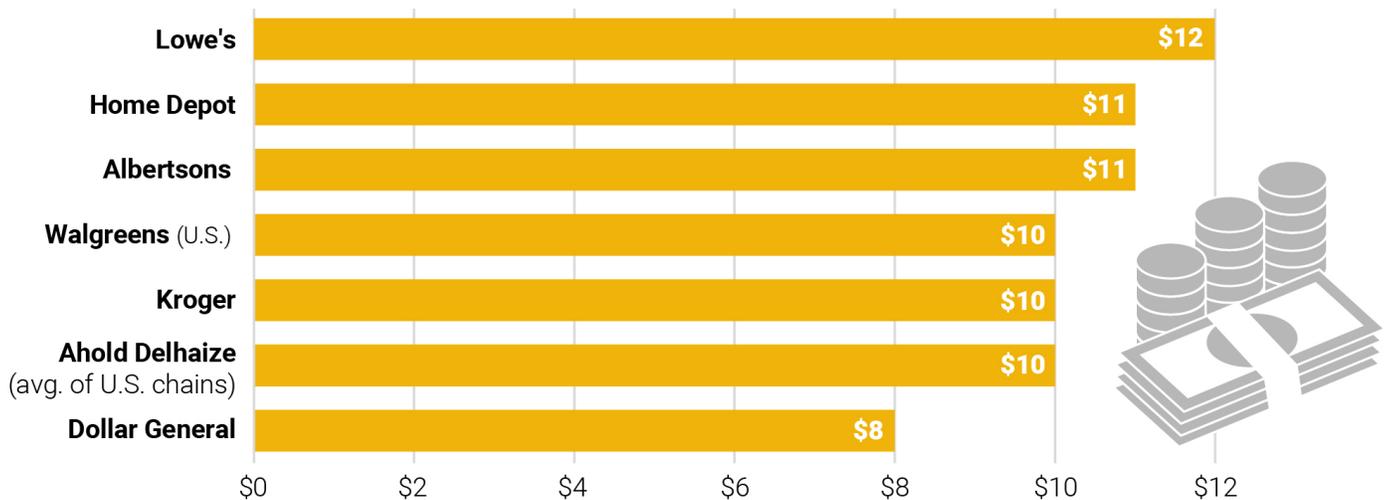
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The remaining seven companies in our analysis do not have public information about their minimum wages, nor do they report starting wages or average wages for specific entry-level positions. The companies we contacted declined our requests to share this data. We therefore drew data from Payscale.com to approximate average hourly wages for cashiers—a typical frontline position that is usually at the bottom of the wage spectrum. Like other job-aggregator sites, Payscale averages self-reported data from employees over many months. The data is imprecise, but is consistent with

other self-reporting pay websites such as Indeed.com and Glassdoor. Frontline workers in locations with lower minimum wages likely earn even less than the average hourly wages presented below.

### Figure 5. Average hourly wages at top retail companies (cashier)

U.S. dollars



Source: Payscale.com as of November 2020.

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Lisa Harris, a Kroger cashier outside of Richmond, Va., described the financial struggles her grocery colleagues face with the low wages they earn: “I have coworkers who stand all day serving people, and then have to go pay for their own groceries with food stamps. I am very lucky that my boyfriend works in pizza because that is our survival food. If we can’t afford to buy food, he brings home a pizza.”

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***“I have coworkers who stand all day serving people, and then have to go pay for their own groceries with food stamps”***

Lisa Harris, cashier at Kroger

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Like many frontline retail workers we interviewed, Harris would like to see her employer raise wages permanently to a living wage. “I think that \$15 an hour should be the minimum,” she said in March. “We are heroes every day, and we deserve to be paid as such. We haven’t gone from unskilled labor

to essential personnel. We always were essential personnel.”

# Hazard pay and extra COVID-19 compensation

When the COVID-19 pandemic hit the U.S. last March, frontline retail jobs were transformed overnight. In most cases, the jobs were still low-paid, but the pandemic gave them a new title: “essential.” State and local governments declared grocery stores, pharmacies, and big-box and retail stores essential businesses, allowing them to remain open when nonessential businesses were closed. Working through the spring shutdown, millions of frontline retail workers faced new hazards in jobs that previously were not considered especially dangerous.

“It is scary,” said Amber Stevens, a grocery cashier in Washington, D.C. “It is very scary. You don’t want to pick up anything at work and bring it back home to your family.”

In recognition of the extraordinary risks their workers were undertaking—and to retain and recruit workers for now-risky jobs—all 13 retail companies in our analysis initially provided extra COVID-19-related compensation to frontline workers as the pandemic began. Commonly referred to as “hazard pay,” the additional compensation came in the form of small, temporary hourly wage increases, typically between \$2 and \$2.50 per hour, as well as one-off bonuses. Companies used names like “appreciation pay” and “hero pay.”

In addition to temporary hazard pay, a few companies permanently raised wages for workers during the pandemic. In this report, we refer to “COVID-19 compensation” as any additional compensation paid to workers during the pandemic, including permanent pay raises. Hazard pay refers only to temporary pay raises and bonuses tied to the pandemic.

**Figure 6. Breakdown of COVID-19 compensation**

COMPANY	COVID-19 COMPENSATION: <i>total \$ workers received during the pandemic</i>			COVID-19 COMPENSATION
	HAZARD PAY: TEMPORARY COMPENSATION		PERMANENT WAGE INCREASE	
	Hourly wage 	Regular bonuses 	One-off bonuses <i>(for full time)</i> 	

	increase	bonuses	(for full-time employees)	increase	
<b>Best Buy</b>	\$2.50			\$15/hr	<b>\$4,414</b>
<b>Home Depot</b>		\$100/week		Varied; ~\$1.25/hr	<b>\$3,271</b>
<b>Target</b>	\$2		2 x \$200	\$15/hr	<b>\$3,200</b>
<b>Lowe's</b>	\$2		6 x \$300		<b>\$2,143</b>
<b>Amazon</b>	\$2		1 x \$500		<b>\$1,369</b>
<b>Kroger</b>	\$2		1 x \$300; 1 x \$400		<b>\$1,249</b>
<b>Albertsons</b>	\$2		1 x \$160*		<b>\$1,200</b>
<b>Ahold Delhaize (U.S.)</b>	Varied by chain, ~\$1.25		Varied by chain		<b>\$1,075</b>
<b>Costco</b>	\$2				<b>\$1,040</b>
<b>Walmart</b>			3 x \$300		<b>\$900</b>
<b>Dollar General</b>	~\$1		~\$100		<b>\$334</b>
<b>Walgreens (U.S.)</b>			1 x \$300		<b>\$300</b>
<b>CVS Health</b>			1 x \$300*		<b>\$300</b>

\* Bonus ranged from \$150-\$500 for hourly workers depending on position (pharmacist, manager, store associate, etc). From our analysis, a \$300 bonus aligns with industry standard for a full-time cashier/store associate.

*Methodology:* Amount of temporary hourly increases and bonuses are from company websites. Total COVID-19 Compensation is the total amount a frontline essential worker who works 40hr/week would have made from hourly wage increases, regular bonus, one-off bonuses, and permanent wage increases. The amount earned from permanent wage increases is calculated using the starting wage or average wage for a cashier working 40hrs/week, excludes pandemic-related temporary wage increases. Calculated from when the company announced the increase through November 19, 2020.

Source: Brookings analysis of company COVID-19 Compensation between March 13, 2020 and November 19, 2020

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The initial hourly wage increases were popular with frontline workers, although some felt they didn't go far enough. In more than a dozen interviews, frontline retail workers shared with us a strong desire for receiving hazard pay while putting their lives on the line every shift. They preferred hourly pay increases of several dollars an hour (similar to overtime or holiday hours) rather than occasional bonuses, which fail to compensate workers for each additional hour worked, are less predictable, and are less generous in most cases.

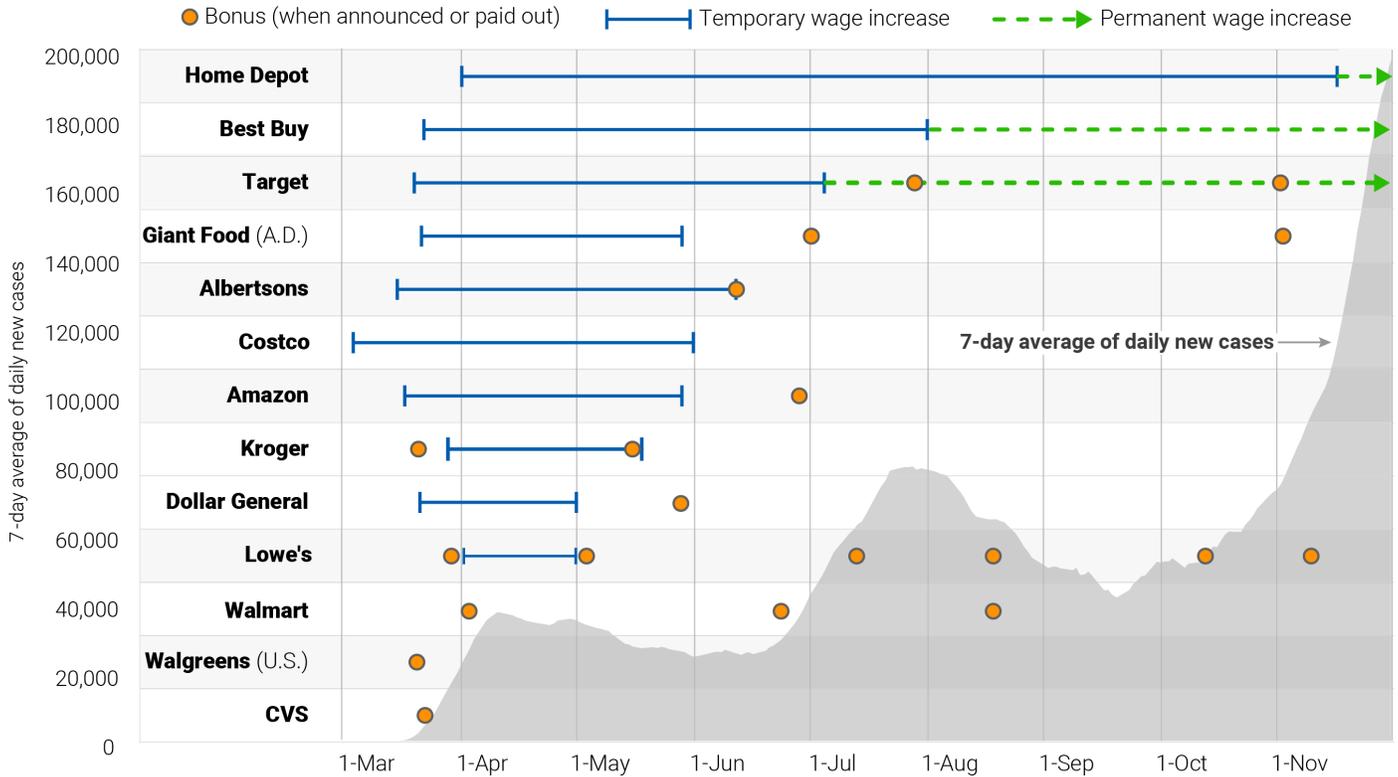
"It should be an hourly raise for the duration of the pandemic," said a Walmart associate who preferred to remain anonymous, reflecting on the periodic bonuses they received in the spring and summer. "Because for a lot of these people working out there—four or five days a week, eight hours a day, risking their lives so much given how the virus is spreading in the country—\$2 to \$3 extra an hour is a start."

By June, nearly every retail company in our analysis ended their temporary wage increases. As

nonessential businesses reopened in May and June, retail employers signaled they were returning to “normal”—just weeks before COVID-19 cases spiked during a second peak. The hourly pay increases lasted on average just 79 days, or 11 weeks. As the country heads into yet another infection peak, none of the 13 companies in our analysis are providing hazard pay, beyond the three companies that permanently raised wages.

**Figure 7. COVID-19 cases are soaring, but hazard pay has been long gone for most frontline essential workers**

Time of when 13 of America’s top 20 retail companies started and stopped compensating their workers



Source: Analysis of New York Times data for confirmed COVID-19 cases and Brookings COVID-19 compensation data.



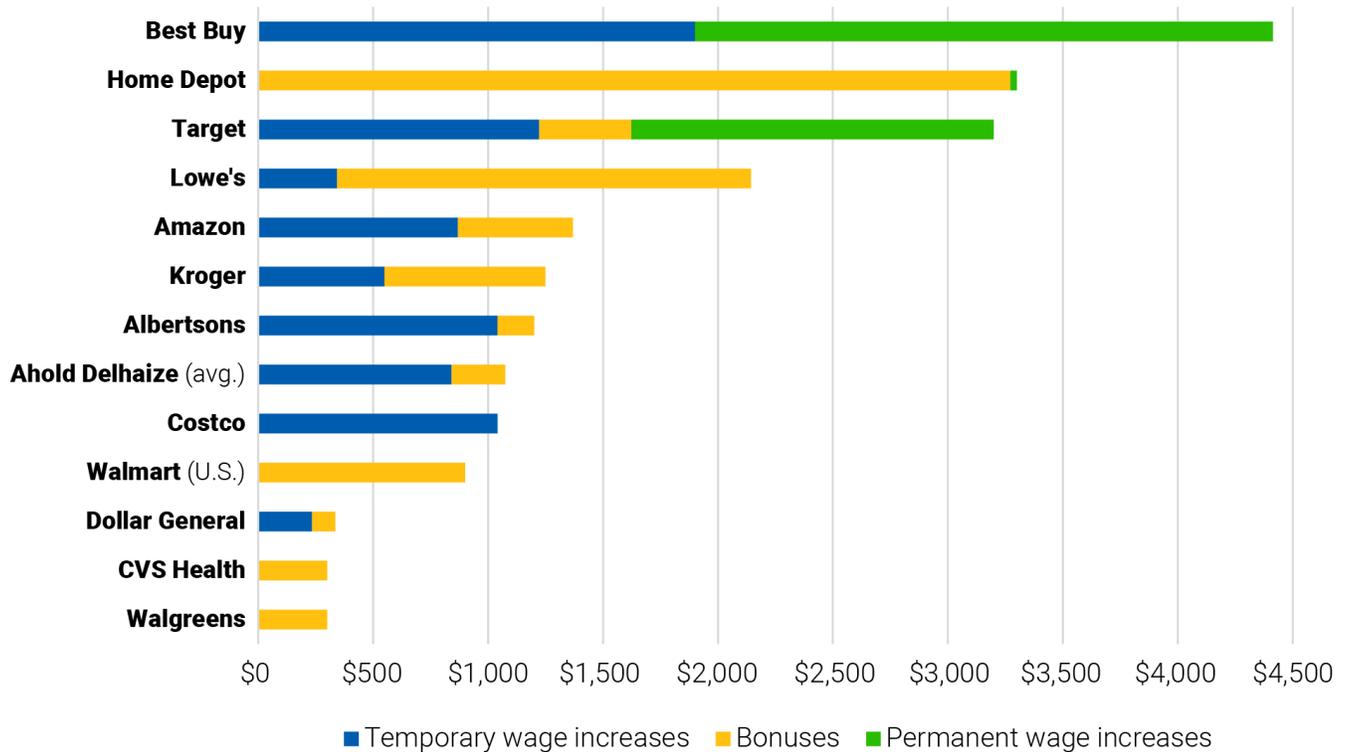
For most retail workers, hazard pay has been over for months and wages have returned to their pre-pandemic norm. It has been an average of 133 days since the retail workers in our analysis last received hazard pay. Retail workers at large drug store chains have gone the longest (243 days) on average since receiving hazard pay, and received the least amount (\$300). Grocery workers follow, with a modest average COVID-19 compensation (\$1,175) and more than 140 days on average since hazard pay ended.

Hazard pay from the two home improvement companies—Lowe’s and Home Depot—was more generous, averaging just over \$2,700 from bonuses and wage increases, and have also been the

most long-lasting. Lowe’s last paid its hourly associates a bonus in November, while Home Depot was the lone company to continue regular pay increases into November through its weekly bonuses. On November 15, however, the company ended weekly bonuses and announced a shift to modest permanent wage increases. Two companies—Best Buy and Target—went the furthest, permanently raising wages to \$15 per hour after ending temporary pay bumps in the summer.

**Figure 8. Take-home COVID-19 pay**

Total COVID-19 compensation workers received at America’s top retail companies over the course of the pandemic



Source: Amount of temporary hourly increases and bonuses are from company websites as of November 2020 – if date is applicable.

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Methodology: Amount of temporary hourly increases and bonuses are from company websites. The amount earned from temporary hourly increases was calculated for the weeks the increase was in place and assumes a 40-hour work week. The amount earned from permanent wage increases is calculated using the starting wage or average wage for a cashier working 40 hours per week, excluding pandemic-related temporary wage increases. Calculated from when the company announced the increase through November 19, 2020.

Methodology: Amount of temporary hourly increases and bonuses are from company websites. The amount earned from temporary hourly increases was calculated for the weeks the increase was in place and assumes a 40-hour work week. The amount earned from permanent wage increases is

*calculated using the starting wage or average wage for a cashier working 40 hours per week, excluding pandemic-related temporary wage increases. Calculated from when the company announced the increase through November 19, 2020.*

Hazard pay's abrupt end caused widespread dismay, disappointment, and even anger among workers.

"They stopped giving us the \$2 an hour hazard pay," said Matt Milzman, a Safeway cashier in Washington, D.C., in June. "They gave us all a letter, as if to say, 'Coronavirus is over, you did it, you all are the real heroes, thank you for your service.' That is ridiculous—this is not over. We have not completed a tour of service and now things are safe. No, it is still dangerous...It is clear what the priority is: They don't want to pay us. Now they feel that they don't have to."

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***"The compensation isn't enough—it is pennies."***

Walmart Associate

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"It's like we are back to nothing now," said a front-end grocery worker who preferred to remain anonymous, in a June interview. "We were the ones who start during the major thick of it, which is still going on. It's still a pandemic. For someone to look at me and be like, 'Well, you're nothing now, you are what we originally thought about you'—it makes it really hard. We're still out here, we're still putting our lives at risk."

While the extra hazard pay was initially around \$2 per hour, the premature end of it means that typical frontline retail workers earned very small pay increases when their COVID-19 compensation is averaged hourly over the course of the pandemic to today. Workers at CVS Health and Walgreens earned as little as a 2% pay raise when averaged from mid-March to mid-November. Entry-level workers at Walmart, Costco, Kroger, Amazon, Ahold Delhaize, and Albertsons earned less than 10% extra.

**Figure 9. COVID-19 compensation significantly raised wages of some retail workers**

Company	Total COVID-19 compensation per worker	Total COVID-19 compensation per hour over pandemic	% wage raise from COVID-19 compensation
<b>Best Buy</b>	\$4,414	\$3.07	28%
<b>Home Depot</b>	\$3,271	\$2.29	21%
<b>Target</b>	\$3,200	\$2.22	17%
<b>Lowe's</b>	\$2,143	\$1.49	12%
<b>Amazon</b>	\$1,369	\$0.95	6%
<b>Kroger</b>	\$1,249	\$0.87	9%
<b>Albertsons</b>	\$1,200	\$0.83	8%
<b>Ahold Delhaize (U.S.)</b>	\$1,075	\$0.84	8%
<b>Costco</b>	\$1,040	\$0.72	5%
<b>Walmart (U.S.)</b>	\$900	\$0.63	6%
<b>Walgreens Boots Alliance (U.S.)</b>	\$300	\$0.21	2%
<b>CVS Health</b>	\$300	\$0.21	2%

*Methodology: Calculated using starting wage or average wage for a cashier or warehouse associate (Amazon) working 40 hours/week between March 13, 2020 and November 19, 2020.*

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*Source: Brookings analysis of company COVID-19 Compensation between March 13, 2020 and November 19, 2020*

“To me, it seems like a publicity stunt,” said a Walmart associate who preferred to remain anonymous, in an August interview. “Walmart is not doing enough compared to every other retailer out there. They can afford to do more than they are to show they appreciate the risks we are taking being out on the frontline making them money. The compensation isn’t enough—it is pennies.”

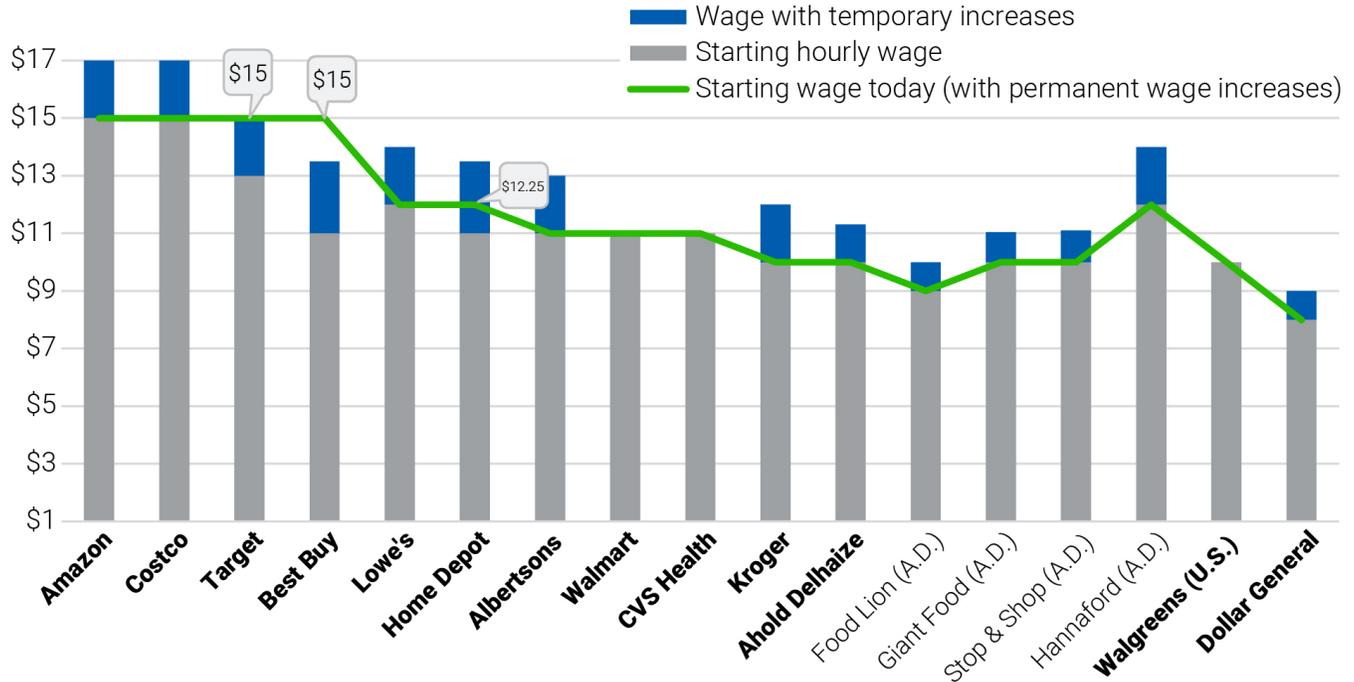
## Ending hazard pay harms low-wage workers and racial and gender equity

The termination of hazard pay was especially detrimental to the lowest-paid workers, whose pay had risen meaningfully when temporary hazard pay was active. The modest hazard pay was an

important (but often insufficient) step by companies toward adequately compensating their lowest-paid workers. Between the hourly pay increases and bonuses, entry-level retail workers benefited from raises averaging \$1.91 per hour—a 17% increase.

**Figure 10. Hourly wages throughout COVID-19**

Target, Best Buy, and Home Depot permanently increased hourly wages after ending hazard pay



Source: Company websites & Payscale.com as of November 2020.

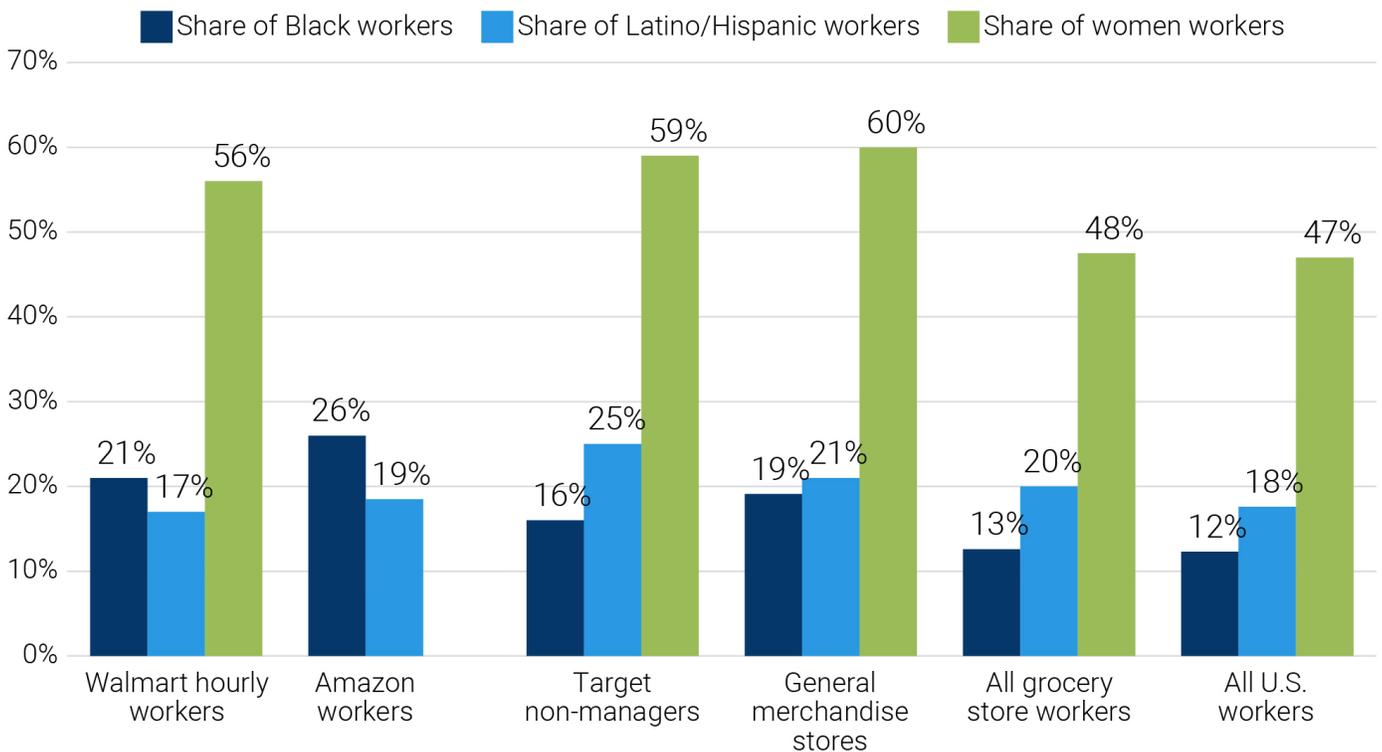


“To some people, \$2 an hour doesn’t seem like a lot,” said a retail employee who preferred to remain anonymous. “But the extra \$2 makes a huge difference for people and their livelihoods. It’s something I can’t comprehend, why they think we’re not worth more. Profits are up big time. I don’t understand why they think it’s okay for people to struggle.”

The end of hazard pay also undermined racial, ethnic, and gender equity. Women and workers of color are overrepresented among the retail frontline workforce. Women make up a significantly larger share of the frontline workforce in general retail stores and at companies such as Target and Walmart than they do in the workforce overall. Amazon and Walmart employ well above-average shares of Black workers (27% and 21%, respectively) compared to the national figure of 12%.

## Figure 11. Black, brown, and female workers are over-represented in retail work

Demographics of workers



Source: Brookings analysis of company diversity reports and of Bureau of Labor Statistics (BLS).

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Jeffrey Reid, a meat clerk at Giant Foods outside Washington, D.C., discussed these disparities in an October interview: “You’ve got to look at who’s sitting at the top of all these companies, at all these CEOs. They don’t look like me. Most grocery workers, like myself, the majority of them are Black and brown, and those are the people that are really affected by this coronavirus. Bottom line is that the people who are responsible for these companies thriving and for the sales are the people who are doing the grunt work on a daily basis, out in these stores, keeping these stores stocked, provided customer service at a high level. That’s who makes these companies go, but that’s not who’s reaping the benefits at all. So when you look at these corporations, they want to put profits over workers any day. And that’s where it fails society as a whole.”

# Business has boomed during the pandemic

While workers struggle, business at the country’s largest retail companies has boomed during the pandemic. Amidst a recession that permanently closed 400,000 small businesses by June, the

enormous size and scale of the top retail companies have positioned them to flourish and expand their market share. E-commerce capabilities allowed top companies to meet the dramatic shifts in shopping behavior. Customers have flocked to the large big-box and retail chains, preferring fewer but larger shopping trips. Home improvement sales have soared as customers stuck at home take on DIY projects, while grocery stores experience record sales as customers eat more meals at home.

Pharmacies and drug stores are the outliers in our analysis. Due to customers making less-expensive purchases and fewer prescriptions being filled as elective procedures are delayed, the retail businesses of CVS Health and Walgreens have experienced uneven growth.

**Figure 12. Retail companies have experienced record breaking profits so far in 2020**

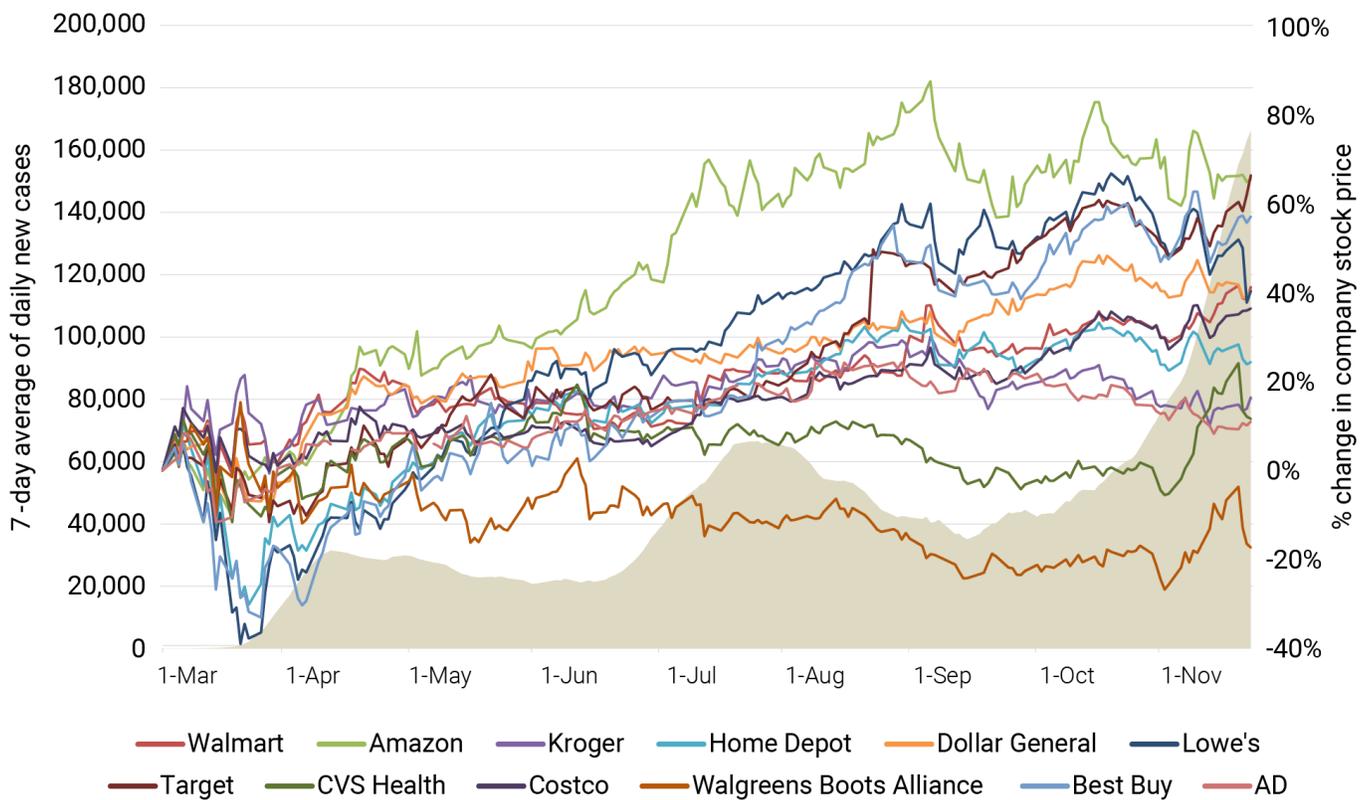
Company	Qs reported in 2020	2020 profits	2019 profits	\$ change	% Change
		(in millions)			
Walmart	3	\$15,601	\$10,740	\$4,861	45%
Amazon	3	\$14,109	\$8,320	\$5,789	70%
Home Depot	3	\$10,009	\$8,761	\$1,248	14%
CVS Health	3	\$6,206	\$4,887	\$1,319	27%
Lowe's	3	\$4,857	\$3,771	\$1,086	29%
Target	3	\$2,988	\$2,447	\$541	22%
Costco	2	\$2,227	\$2,003	\$224	11%
Kroger	2	\$2,031	\$1,069	\$962	90%
Ahold Delhaize (U.S.)	3	\$1,578	\$1,377	\$201	15%
Dollar General	2	\$1,438	\$812	\$626	77%
Walgreens (U.S.)	2	\$885	\$1,695	-\$810	-48%
Albertson's	2	\$871	\$344	\$527	153%
Best Buy	2	\$591	\$503	\$88	17%
<b>TOTAL</b>		<b>\$63,391</b>	<b>\$46,728</b>	<b>\$16,662</b>	<b>40%</b>

\* Operating income for the U.S. sectors of the company.

Source: Company quarterly earnings as of November 2020.

Across the 13 companies in our analysis, revenue was up an average of 14% over last year, while profits rose 40%. Excluding Walgreens—whose business has struggled during the pandemic—profits rose a staggering 48%. Stock prices rose on average 30% since the end of February. In total, the 13 companies reported 2020 profits to date of \$63.4 billion, which is an additional \$16.7 billion compared to last year. The two largest companies—Amazon and Walmart—drove the lion’s share of this growth; combined, they reported \$10.7 billion in additional profit in the first three quarters of the year compared to last year. This is nearly two-thirds of the total for all 13 companies.

**Figure 13. As case numbers rise, so do the stock prices for many retail companies**



Note: Albertson’s is not included because its stock price information is only available since June 26, when the company became public.  
 Source: Brookings analysis of New York Time data for confirmed COVID-19 cases and company stock prices from February 28, 2020 to November 19, 2020.

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These large retail companies have benefited from government policy and spending. Early in the pandemic, state and local governments declared large retail companies as essential businesses, while many smaller retailers were forced to temporarily shut down. Sales at the top retail companies were further buoyed in the spring and summer by generous federal relief, including enhanced

unemployment benefits and stimulus checks. As taxpayer dollars fuel profits, are essential workers benefiting?

# Who benefits from windfall profits?

Against this backdrop of staggering profits and growth, we examine how generous the top retail companies have been in providing extra COVID-19 compensation to their frontline workers relative to their financial performance and expenditures.

Companies' decisions around stock buybacks during the pandemic are illustrative of their priorities and the relative weight they put on shareholder interests, even in extreme times. Of the nine companies that repurchased shares in 2020, all but one at least temporarily suspended their repurchase programs when the pandemic began. Ahold Delhaize continued to repurchase shares throughout the pandemic, buying \$860 million in their own stock since March 1, despite ending hazard pay for its employees. In the first three quarters of 2020, the company has spent more than 1.5 times on stock buybacks than on COVID-19 costs for worker safety and compensation.

In the third quarter, Walmart reported \$500 million in new share repurchases, but no additional hazard pay for its workers. The cost of Walmart's recent stock buyback was more than 40% what the company spent on hazard pay bonuses over the previous two quarters, before it ended the extra pay.

Lowe's plans an "expected repurchase of approximately \$3.0 billion of stock" through the fourth quarter of the year, even as the company declined to commit to further COVID-19 bonuses for workers.

After ending its "hero pay" in May, Kroger reported \$211 million in stock buybacks in the second quarter, and announced a new \$1 billion stock buyback program in September, sending stock prices up. Meanwhile, the company's frontline grocery workers have gone 181 days without hazard pay, and will enter this new, deadlier phase of the pandemic earning some of the lowest wages in the industry.

**Figure 14. Stock buybacks of retail companies**

Company	Stock buybacks since pandemic began	Planned stock buybacks through end of 2020	New stock buyback authorizations since pandemic	2019 stock buybacks
Ahold Delhaize	\$860 million	\$1.2 billion	\$1.2 billion	\$1.2 billion
Dollar General	\$602 million	\$2.5 billion	\$2 billion	\$1.2 billion
Lowe's	\$562 million	\$3 billion	-	\$4.3 billion
Walmart	\$500 million	-	-	\$5.7 billion
Kroger	\$247 million	\$600 million-\$1 billion	\$1 billion	\$465 million
Walgreens Boots Alliance	\$0	\$0	-	\$4.2 billion
Home Depot	\$0	-	-	\$7 billion
Target	\$0	\$0	-	\$1.6 billion
Best Buy	\$0	-	-	\$1 billion
Albertsons	\$0	-	\$300 million	-

Source: Company websites and quarterly earnings.

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By comparing the money companies spent on COVID-19 compensation with their profits, we can see how their *absolute* generosity compares to their *relative* generosity, taking into account their financial means. In the short run, extra pay to workers comes at the expense of profits.

We were able to calculate relative COVID-19 compensation generosity for the six companies in our analysis that have public data on the total cost of their extra compensation to workers. The numbers are stark—they paint a picture of most companies prioritizing profits and wealth for shareholders over investments in their employees. On average, the six companies' contribution to compensating workers was less than half of the additional profit earned during the pandemic compared to the previous year.

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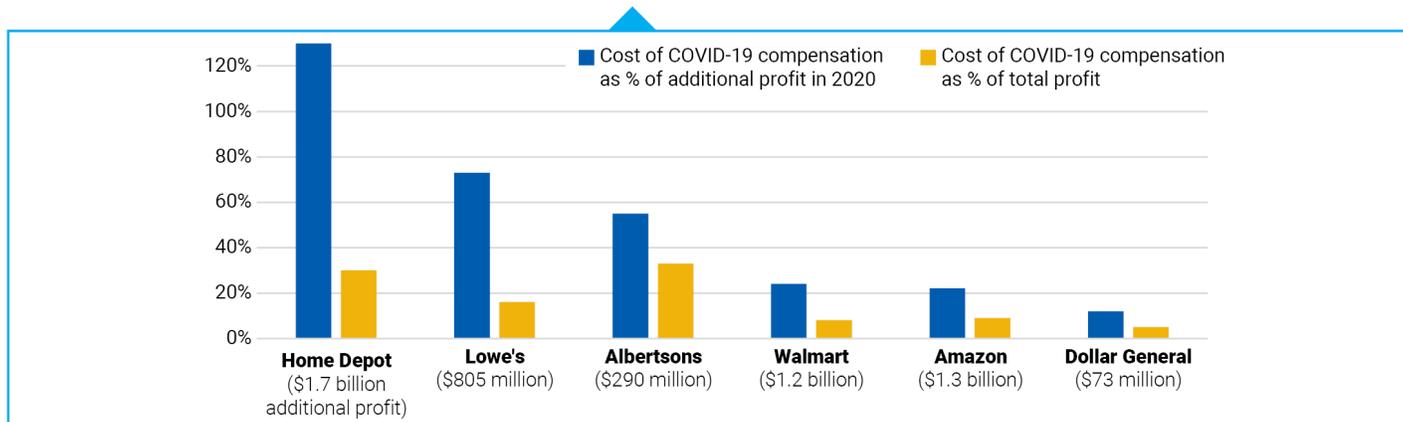
***Amazon and Walmart could have quadrupled the hazard pay they gave their frontline workers and still earned more profit than the***

*previous year.*

In other words, Amazon and Walmart could have quadrupled the hazard pay they gave their frontline workers and still earned more profit than the previous year. Albertsons has only reported two quarters of profits; with forthcoming third-quarter profits and no additional hazard pay provided to its workers, its relative generosity will be even less. Only one company—Home Depot—spent more on COVID-19-related pay than it earned in additional profit. Overall, the companies’ COVID-19 compensation to workers totaled just 17% of profits.

**Figure 15. Walmart, Amazon, and Dollar General’s investment in COVID-19 compensation pales in comparison to company profits**  
 COVID-19 compensation as a % of total 2020 profits; additional profits earned in 2020 compared to same period in 2019; stock buybacks since the start of the pandemic; and 2019 stock buybacks

	Cost of COVID-19 comp.	Additional profit in 2020	Additional profit in 2020 as a % of COVID-19 comp.	Total profit 2020 (two/three quarters reporting)	Profit as a % of COVID-19 comp.	Stock buybacks since the pandemic	COVID-19 comp. as % of stock buybacks since pandemic	2019 stock buybacks	COVID-19 comp. as % of 2019 stock buybacks
Dollar General	\$73 million	\$626 million	12%	\$1.4 billion	5%	\$602	12%	\$1.2 billion	6%
Amazon	\$1.3 billion	\$5.8 billion	22%	\$14.1 billion	9%	\$0	-	\$0	-
Walmart	\$1.2 billion	\$4.9 billion	24%	\$15.6 billion	8%	\$500	240%	\$8.2 billion	15%
Albertsons	\$290 million	\$527 million	55%	\$871 million	33%	-	-		-
Lowe’s	\$805 million	\$1.1 billion	73%	\$4.9 billion	16%	\$621 million	130%	\$4.3 billion	19%
Home Depot	\$1.7 billion	\$1.2 billion	130%	\$10 billion	30%	\$0	-	\$8.1 billion	21%



Source: Company quarterly earnings reports as of November 2020.

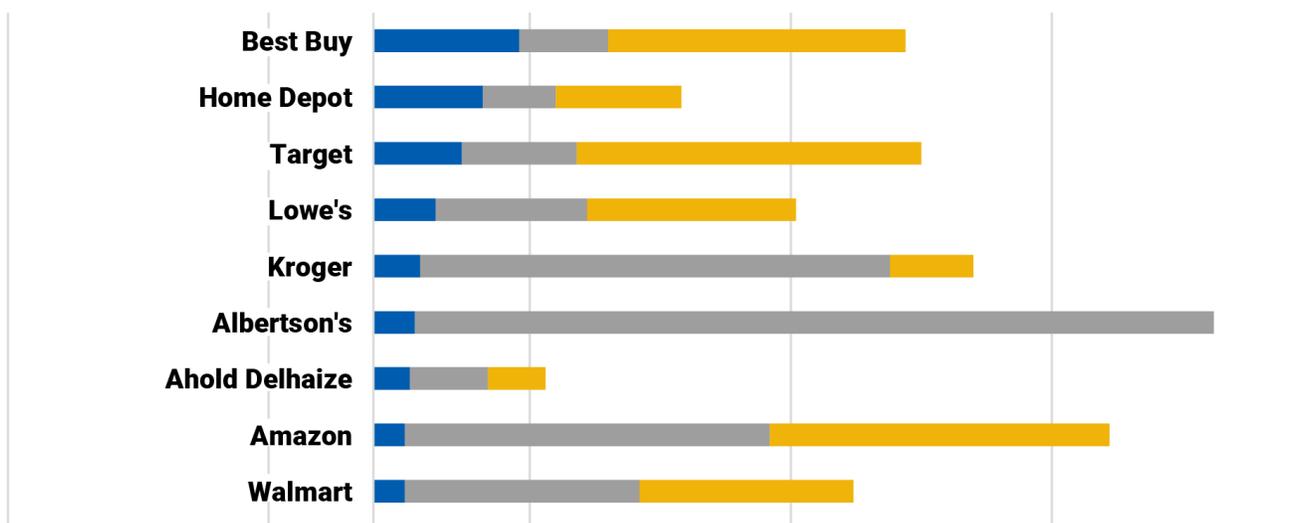
Dollar General stands out as performing especially poorly on both relative and absolute generosity.

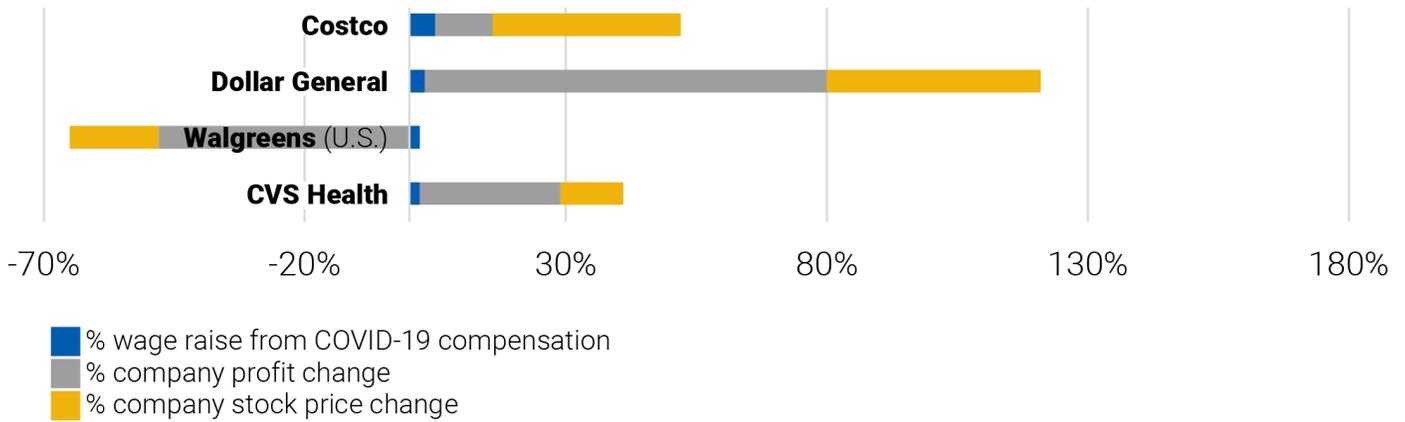
The company could have given its frontline workers COVID-19 bonuses worth 10 times the amount it gave them in the spring and still have earned more profit than the previous year. In the second quarter, Dollar General spent more than eight times the amount of money on stock buybacks in the middle of the pandemic than it spent on COVID-19 compensation in the first half of the year. In their second quarter earnings report, the company stated it expected to repurchase a total of \$2.5 billion in stock by the end of the fiscal year ending in January 2021—14 times the amount it pledged to spend on COVID-19 compensation and more than twice the amount it spent last year on share repurchasing.

Another way to examine the relative generosity of companies' COVID-19 compensation is to compare the growth in workers' wages to the growth in the companies' profits and stock prices over the pandemic. The companies we analyzed were already profitable companies; the "growth" in profit reflects the extra profit companies earned during the pandemic that was not passed on to workers through additional wages, benefits, and safety measures.

Overall, the least generous companies were the ones posting the biggest profit growth on average—a finding that isn't entirely surprising, as wage increases reduce the profits reported in a quarter. The profit of the nine companies whose frontline workers earned less than 10% wage growth since March grew on average by 49%. The average profit growth at more generous companies (those that boosted pay between 12% and 28%) was 21%.

**Figure 16. Walmart, Amazon, and Dollar General's investment in COVID-19 compensation pales in comparison to company profits**





Source: Brookings analysis on hourly wage increase from COVID-19 compensation between March 13, 2020 and November 19, 2020; company quarterly earnings reported for 2020 compared to same time period in 2019; company stock price data compared from February 28, 2020 to November 19, 2020.

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Over the course of the pandemic, stock prices rose much higher on average at the most generous companies than at the less generous companies. Stock prices at the four most generous companies (which boosted wages more than 10%) grew on average 47%, compared an average of 26% stock price growth at the less generous companies.

Target, which tied for first place in our rankings of COVID-19 compensation generosity, also had the highest growth in its stock price. Best Buy and Target's stock prices have soared even after—and perhaps *because of*—their investments in workers. Target's exceptional financial performance in the third quarter demonstrates that generosity toward workers is not inconsistent with strong returns for shareholders. In the company's recent earnings call, Target's CEO highlighted the company's strategic focus on investments in its workforce, calling Target's team the "secret sauce" and responsible for the best quarter in the company's 50-year history.

# Companies can—and should—do more. But policymakers shouldn't wait.

If ever there was a moment that called for a rebalancing of profits and people, it is now. Large companies are earning windfall profits, buoyed by federal stimulus. There is a national reckoning on racial equity, while disproportionately Black and brown retail workers earn low wages and risk their lives on the job. Alarm is growing about runaway inequality and the unequal sacrifices shouldered by

frontline workers putting their lives on the line.

At the outset of the pandemic, COVID-19 compensation to frontline workers looked promising. Every company in our analysis introduced some form of hazard pay in the spring. The extra pay was modest, averaging just \$1.10 per hour since the start of the pandemic across the 13 companies (and was as little as \$0.21 per hour). Given the low starting wages that retail workers earn, the extra hazard pay was still not enough for a typical frontline worker to earn a \$15 hourly wage at most companies. But it was a start.

Since then, even these small pay increases ended, despite a 40% growth in earnings and nearly \$17 billion in additional profit for the companies in this analysis. A few employers stood out as exceptions: Home Depot continued weekly bonuses until mid-November, while two companies—Best Buy and Target—permanently raised wages to \$15 per hour. But at most big retail companies, extra hazard pay ended in June, an average of 133 days ago.

The American public overwhelmingly supports pay increases for frontline workers. A May survey showed a surge in respect and admiration for grocery workers and other frontline workers who have carried on during the pandemic, even as millions of Americans sheltered safely at home. A survey by Just Capital found that two-thirds of Americans support companies' provision of hazard pay. National support for raising the federal minimum wage has grown since the pandemic began, especially among Republicans and independents. A recent survey found that more than seven in 10 Americans support raising the minimum wage, including a majority of Republicans.

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***“You’re making billions and billions of dollars, so spread the wealth. Spread it to the people who are responsible for you making the billions of dollars, for the people who rolling up their sleeves every day, making sure that these companies are running. That’s where you need to put the money.”***

Jeffrey Reid

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The failure of most companies in our analysis to include frontline workers more fully in their

pandemic-enabled success highlights the limitations of capitalism and voluntary corporate action. Policy change and structural reform are needed. Policymakers have many ways to change the rules of the game for corporations, from raising the federal minimum wage to reigning in stock buybacks to enabling workers to collectively bargain. With a new presidential administration incoming and control of the U.S. Senate potentially flipping, federal lawmakers must consider ways to permanently aid our frontline workforce in absence of corporate support.

And even if the most successful retail companies are not legally forced to pay their workers a decent wage, they should anyway. At a time when millions of American families are struggling and hundreds of thousands of small businesses are shuttering, these large companies are earning more profit than ever.

Frontline workers will face even greater risks this winter. These companies should listen to employees like Jeffrey Reid, a meat clerk at a Giant Food outside Washington, D.C., who had this to say in October:

“Know that grocery workers are human,” said Reid. “They take pride in their work. They want to be compensated. They don’t mind a hard day’s work for a fair wage. Just don’t insult a person’s integrity. When these stores are making billions and billions of dollars, and then you want to do stock buybacks and take away the hazard pay, it’s like a slap in their face. It’s just a matter of doing right by your workers. Just do the right thing. You’re making billions and billions of dollars, so spread the wealth. Spread it to the people who are responsible for you making the billions of dollars, for the people who rolling up their sleeves every day, making sure that these companies are running. That’s where you need to put the money.”

## About the Authors





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Molly Kinder’s research examines the present and future of work, especially for low-wage workers and women. Molly’s current research brings the voices and perspectives of workers at the frontline of COVID-19 to inform policy recommendations to better compensate, protect, and support essential workers.



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# How Indoor Ventilation Systems Can Help Prevent or Permit the Spread of COVID-19

Outdoor interactions are safer when it comes to COVID-19, but what can be done to improve ventilation in buildings?

INTERVIEW BY [STEPHANIE DESMON](#) | SEPTEMBER 29, 2020

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Indoor ventilation systems could help prevent the spread of COVID-19, but they may also make things worse.

Stephanie Desmon talks with [Ana María Rule](#), PhD '05, MHS '98, a ventilation expert and assistant professor in [Environmental Health and Engineering](#), about how ventilation systems can reduce the risk of exposure, whether heating and air conditioning are different, and whether airplanes' ventilation systems are better or worse than buildings'. Rule also breaks down a case study of a restaurant in China that traced an outbreak of COVID-19 to poor ventilation.

**STEPHANIE DESMON:** We're hearing a lot more about how the virus can be spread by ventilation systems. Can you talk about what the risks are?

**ANA RULE:** In general—even before COVID—we used ventilation systems to reduce the risk of exposures to any harm that is in the air.

So, we should see ventilation systems as our friends in this quest to control or to help with the virus. Having said that, the ventilation system should be well-maintained and should be working as expected. Filters should be in place—the best filters that are available. Not all ventilation systems are able to move air through really high-efficiency filters, but most systems can handle *relatively* high-efficiency filters that are able to control the virus. So in general, ventilation systems are used to minimize the risk in indoor environments. They should not increase the risk.

**SD:** Should we be trying to improve the filters that we use in buildings?

**AR:** This is typically not something that you and I would do in our homes. You can, of course, buy a better filter and try to improve the ventilation in your home. But in buildings, we need to contact the experts. The maintenance facilities and janitorial staff know the ventilation systems, so they are the ones that you should be relying on.

For a couple of months, we have been seeing this whole emphasis on ventilation, and the building facilities people have already been improving their systems: checking that everything is working and increasing the airflow.

If you're really worried about the air in your building, contact your facilities or janitorial person or the manager. There's very little that you're going to be able to do personally.

**SD:** We all know that the virus spreads more indoors than out. Why is that?

**AR:** It's a relatively simple question of concentration. You can imagine a plume when, for example, somebody is smoking. When you exhale the cigarette smoke, immediately you see this plume. The more air circulation and airflow in the space, then the easier that plume is going to dissipate and the particles will dilute. All aerosols work the same, and so there are a couple of things that happen indoors.

First of all, you may have a higher concentration of people indoors. If you have two or three people that may be infected, they may be generating these particles that are carrying viruses. Then, if you have low ventilation or low airflow, those particles or those concentrations just accumulate. That's one of the reasons that indoors is higher risk. You increase the concentration because you increase the number of people and there is lower ventilation.



## Public Health On Call

This conversation is excerpted from the September 10 episode of Public Health On Call.

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But if you increase the ventilation and reduce the number of people—which is what we have been trying to do with the stay-at-home orders—then that reduces the risk of increasing the concentration and improves the chances of not being infected.

**SD:** We heard that in China, an air conditioning system may have spread the virus. Does air conditioning help or hurt?

**AR:** This particular case that was published about the ventilation system was very interesting. It was a case of a really, really badly designed ventilation system.

If you read the paper, the case was at a relatively big restaurant. It had the fan on one end, pushing air toward the building, and then on that same fan—on that same ventilation unit—was the return air. So the air was just being kind of shot for a little bit and then brought back in, and that's not how you are supposed to design a ventilation system. You're supposed to have the exhaust on one end and the inlet on another end.

The air was not being filtered. It was just recirculated without any filtering, and there was high density. There were, I think, three or four of the tables, side by side, and all of them were occupied. And so, this is a very good case of what not to do. But in general, ventilation systems are supposed to help, not hurt.

**SD:** We are heading toward the end of summer and the beginning of when you might use heat. What's the difference between air conditioning and heating, and is one better for ventilation?

**AR:** In all ventilation systems, there are a couple of very simple parts: the fan or the motor that moves the air, the filter that traps contaminants before the air is introduced into the place, and then heating or cooling, depending on the season. So, it's typically the same ventilation system; it's just a slightly different route that it takes, whether you need to heat it or cool it. A well-maintained system with the proper filters and the right fan, moving enough air through the system, should be enough both in the winter and the summer.

**SD:** Great! I've been reading a lot about airplanes. Are they worse than buildings or actually better because of their constant air circulation? Even though you're in a really small, contained area, is it possibly better because of how much air is circulating?

**AR:** It's exactly the same thing on airplanes.

I have read a couple of case studies of airplanes—I think it was SARS—where they traced back however many people got infected with one case. It turns out, the filters were not installed, and I think the plane was sitting on the tarmac for a couple of hours without any air conditioning. So again, it depends on the ventilation system.

But, in general, airplanes have really good ventilation systems. Unfortunately, they also pack people very closely together. So there are two things. There's a huge range of sizes of particles, some of them bigger, that can't be removed immediately with the ventilation system, and those particles can reach another person.

Also, there are different routes of exposure. You can inhale the aerosols or you can get direct contact from another person that is infected. Or you can touch surfaces and, like we've been hearing from the beginning—don't touch your face, don't touch your eyes, don't touch your mouth.

So, because there's this combination of three different ways that you can get infected, airplanes might not be the safest places to be, even though they have good ventilation.

**SD:** So, we've abandoned our offices and they've been empty for, in some cases, six months. When we do start to go back, are there concerns about getting sick in some other way? I've read about [Legionnaire's disease](#) and I'm wondering if there are risks associated with going back to offices after all the time away?

**AR:** It is possible. But, some of the essential personnel that have been going to work while we safely work at home have been these maintenance and facilities people. And, believe me, they have been—in most of the

places that I know—working overtime to make sure that those ventilation systems do not become a potential risk of what you mentioned.

Is there still a risk? Yes, I think there's still a risk. But I would like to think that the risk is relatively low. If you are concerned, and if you suspect that the building where your office is located has been completely shut down, make sure to contact your administrator or your facilities person. Good cleaning and good maintenance should be enough.

**SD:** Your message here is that a good ventilation system is going to help with COVID, and a bad one could make us really sick. A lot of school buildings are old and a lot of the windows don't open. Are schools a potentially bad place for ventilation problems?

**AR:** Yes. I think this is one of the things that we have recognized for a couple of months now, that there's no easy answer, right? I'm sure there are some school districts that have really good buildings and really good ventilation. There's been a huge renovation efforts in Baltimore City. We have renovated a good proportion of the schools, but that's not the case in the rest of the U.S.

Most schools are, like you said, in relatively old buildings where I don't think investments have been made recently. So, it's on a case-by-case basis. Some schools may be OK, and some schools, maybe not so much.

**SD:** Is there a way to retrofit? Could you just throw a good HEPA filter onto an old school? Would that do anything?

**AR:** I don't know if it's that easy. Because a HEPA filter is so efficient, it's harder to pull air through it. People have maybe seen this with their vacuum cleaners—if you have a HEPA filter vacuum cleaner, it just sounds louder. The motor is more potent because it needs to pull air through more resistance—that is that filter. So not all ventilation systems can be retrofitted with a HEPA filter.

You can retrofit with the best filter available, but you would maybe need to change the motor, and that's going to be a little more expensive than just putting in a filter.

Having said that, though, there are a couple of models that have used those portable air purifiers—HEPA air purifiers—which are relatively small, relatively inexpensive units that you can put in a couple of places, and those help move and clean the air. I don't know if I've seen data on it, but I have seen models.

There are some things that can be done. But it's definitely, like you say, not a completely safe environment.

**SD:** So, the bottom line is that ventilation is going to help. At the same time, we can't crowd people, and older systems just aren't going to be up to the task.

*Stephanie Desmon is the cohost of the [Public Health On Call](#) podcast. She is the director of public relations and marketing for the [Johns Hopkins Center for Communication Programs](#), the largest center at the Bloomberg School.*

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