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BUSINESS

How Much Covid-19 Cost Those Businesses That Stayed Open

From \$198,000 to \$1 billion, public companies start to disclose the amount spent on paying workers and protecting them and customers



Walmart's coronavirus-related costs include masks, gloves and bonuses for employees, additional cleaning and expanded sick-leave pay.

PHOTO: KENNETH MARTIN/ZUMA PRESS

By [Inti Pacheco](#)

June 23, 2020 7:09 am ET

A food distributor has paid \$20 million for testing and plexiglass. [T-Mobile US Inc.](#) has spent \$50 million on extra cleaning and safety gear. [Walmart Inc.](#)

[WMT -0.35% ▼](#) and three other big retail chains have put more than \$3 billion into higher salaries, benefits and other Covid-19 measures.

Staying open during the pandemic wasn't cheap. Big companies say they spent anywhere from hundreds of thousands to almost a billion dollars in Covid-19-related costs. Some say they expect the costs to keep rising in coming quarters,

even as they face uncertain demand from consumers.

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The figures include increased pay for front-line workers, expanded cleaning and sanitization protocols, and the purchasing of coronavirus testing or personal protective equipment, according to a Wall Street Journal review of recent quarterly reports and

earnings-call transcripts. These are extra expenses and don't reflect extra revenue or lost business. Some essential retailers that were open as well as makers of safety gear had a surge in revenue during the lockdown.

The disclosures provide an initial picture of the costs of doing business during a pandemic and resulting restrictions. Most companies haven't broken out the added expenses. In April, the Securities and Exchange Commission directed companies to "provide as much information as is practicable" about how they were responding to the pandemic.

"We do expect some Covid-related costs to continue beyond the first quarter as we continue to invest in associate and customer safety as well as support heightened digital demand," said Kroger Co. Chief Financial Officer Gary Millerchip.

A group of U.S. labor unions and socially responsible investors sent a June 16 letter to the SEC calling for increased disclosures, including the impact on cash flows, policies for identifying sick employees and any material changes to executive compensation.



Kroger increased pay, enhanced benefits, provided personal protective equipment and offered Covid-19 testing to associates based on symptoms and medical needs.

PHOTO: LUCY NICHOLSON/REUTERS

Here is a sampling of what companies have revealed. Many of these examples are companies with quarters that ended later than March 31 and included more of the lockdown. A clearer picture will come when more firms report their results for the current quarter, beginning next month.

\$1 billion

Target Corp. said last week it would keep its starting wage at \$15 an hour, after temporarily raising it in March. The company said it expects to spend \$1 billion more this year than last on worker-related expenses, including wages, paid leave and safety equipment such as masks.

\$900 million

Walmart spent around \$900 million in its quarter ended April 30. The company said this included masks, gloves and bonuses for employees, additional cleaning and expanded sick-leave pay. Walmart has about 1.5 million employees in the U.S., and more than 270,000 have taken a coronavirus-related leave. In May, executives said they expected similar costs in the second quarter.

\$830 million

Kroger said in a June 18 securities filing it had spent more than \$830 million in the quarter ended May 23. The company increased pay, enhanced benefits, provided personal protective equipment and offered Covid-19 testing to associates based on symptoms and medical needs.

\$640 million

Home Depot Inc. spent \$640 million in the quarter ended May 3 on added employee benefits, which included weekly bonuses and expanded paid time off. Chief Financial Officer Richard McPhail said in mid-May much of that was from paid-leave expenses that weren't expected to recur.

\$117 million

T-Mobile included a \$117 million "Covid-19-related costs" line item in its financial

statement for the quarter ended March 31. The carrier said the amount covered an increase in employee payroll, third-party commissions and cleaning enhancements. Chief Financial Officer Braxton Carter said the company spent \$50 million just on cleaning and equipment for employees. For the second quarter, the company, which in April acquired Sprint, said it expected Covid-related costs of \$350 million to \$450 million.

\$20 million

United Natural Foods Inc. included Covid-19 testing for employees as part of its new expenses. The company said it increased operating costs by \$20 million and included the use of partitions for workers and decals in facilities to maintain social distancing. The food distributor, which had 21,000 employees as of March 2020, also increased pay. Jill Sutton, the company's general counsel, said the company is committed to investing in the safety and risk-management initiatives that kept its employees safe during the pandemic.

\$198,000

One of the lowest numbers came from Red Robin Gourmet Burger Inc., which included a \$198,000 line item for "Covid-19 related charges" for the quarter ended April 19. The Colorado-based company said the number included purchasing personal protective equipment for employees at its 452 restaurants. After shutting in March, the company started reopening restaurants on April 28, and two-thirds were open by its June 10 filing. The company declined to comment beyond its filing.

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Corrections & Amplifications

For the second quarter, T-Mobile US Inc. expects Covid-related costs of \$350 million to \$450 million. An earlier version of this article incorrectly said it expected Covid-related costs to go up to \$550 million. Also, United Natural Foods is a distributor and doesn't operate stores. A previous version of this article incorrectly referred to its facilities as stores. (Corrected on June 23)