



# Stimulus Package 2020

By Kenneth Clark

The various branches of government have several stimulus proposals on the table for consideration. At the time of preparation of this document, these are the main items under discussion:

- One plan would give all families, up to a TBD income cap, a check for \$1000. That will be mailed directly to families.
- Under consideration is a temporary tax cut that by itself would add nearly \$1 trillion to the national debt.
- A suspension of all Social Security payroll taxes through the end of the year.
- The government would, through the end of the year, stop collecting the 6.2 percent Social Security tax currently taken out of workers' paychecks and the 1.45 percent tax taken for Medicare.
- It would also suspend equally large payroll taxes paid on behalf of workers by their employers.
- Self-employed workers would be relieved of the entire 15.3 percent tax they currently pay.
- The latest version of the bill limits eligibility for 12 weeks of paid family leave only to parents who are caring for children whose schools have closed at 67 percent of the person's normal pay, up to \$200 per day.
- Gig workers and people who are self-employed also get these benefits in the form of a tax credit.
- Bill grants two weeks of paid sick leave at 100 percent of the person's normal salary, up to \$511 per day.
- Small businesses under 50 employees and many health care providers can now be exempted from paying sick leave.
- The bill, supported by President Trump and headed to the Senate, aims to give paid leave to workers who did not have it and extend paid leave for workers who only got a few days.
- These benefits would last for a year.
- They would only apply to workers stuck at home due to the coronavirus.
- If sick leave or family and medical leave ends up costing more than the Social Security bill that the employer would normally pay, the U.S. government will send the employer a check to cover the remaining costs. How is TBD.
- President has asked for \$50B in lending authority to SBA.

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**Other related summary information:**

The House capped paid sick leave at \$511 per day and paid family leave at \$200 per day. In other words, paid sick leave would fully compensate employees earning up to about \$130,000 a year for that two-week period, and paid family and medical leave would fully compensate employees earning up to about \$75,000 a year for the three-month period, according to the Center on Budget and Policy Priorities, a left-leaning think tank.

A person is eligible to take up to three months of paid leave to care for a child whose school or child-care facility is closed due to the coronavirus.

**The benefits are in place for a year:** The House bill covers coronavirus-related sick leave taken during the next 12 months.

**Many part-time workers are covered:** The bill says part-time employees also get paid sick leave equivalent to the number of hours they typically work during a two-week period.

For workers, earnings that are no longer subject to the payroll tax would now be subject to federal income taxes. Because lower-paid workers have lower marginal income tax rates, they would see a slightly larger percentage increase in their pay than workers with higher salaries.

If enacted, such a package would most likely push the federal budget deficit to over \$2 trillion for the year.

Some legislators feel that the payroll tax waivers will take too long to get money into the hands of citizens, will take even longer to get into circulation, and that it will not help anyone without a job today. The direct payment to citizens could have more immediate impact on the economy and the lives of people.

We will update this information as bills are passed by Congress and signed by the President.

