



Tom Barrett
Mayor, City of Milwaukee

September 16, 2020

The Honorable, the Common Council of the
City of Milwaukee
Room 205 City Hall

Honorable Council Members:

The Trump Administration recently created an optional payroll tax deferral program for employers. The program is a short-term reduction in Social Security tax withholding for employees, resulting in a temporary increase in take-home pay. Employers who choose to participate are required to pay the full amount of Social Security tax deferred to the Treasury in early 2021.

After consulting with the Comptroller, the Department of Employee Relations, and the City's Budget & Management Division, I believe the City should not participate in this program. The design of the program puts the potential \$3.1 million cost and risk of repayment squarely on the City's taxpayers. This is simply a short-term loan offered at the expense of revenue for our country's Social Security system.

We should all be able to see this for what it is: a gimmick by the current Presidential administration to use another part of the Federal government for purely political purposes. Workers may see short-term gains, but those are likely to be recouped from employees through increased withholding in the future. This is simply a bait and switch that will come back out of the pockets of working families after the November election is over.

At the Federal level, we have seen that direct stimulus can work to keep our economy afloat and support families. The stimulus was critical to economic recovery during the Great Recession, and during the initial stages of the Covid-19 pandemic. I certainly support the Federal government creating additional stimulus programs for families, small businesses, local governments and our public health response.

This tax deferral is not a stimulus, it is a bait and switch. It shifts the cost entirely to businesses and employers instead of the government that was elected to lead in times of crisis. It passes the check around, literally, to implement something the current Presidential administration is not courageous enough to fund on its own. It creates frustration and conflict between employees and employers at a time when we all need to be together.

I ask that you join me in declining to participate in this program. I also invite you to join me to call for a meaningful Federal stimulus to help those struggling to make ends meet keep a roof over their head and food on the table.

Sincerely,

A handwritten signature in black ink that reads "Tom Barrett". The signature is written in a cursive style with a large, sweeping initial "T".

Tom Barrett
Mayor