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Cutting Social Security to Offset Paid Parental Leave Would Weaken Retirement Security

By Kathleen Romig and Kathleen Bryant

Two recently introduced bills allowing workers to trade part of their future Social Security retirement benefits for parental leave benefits after the birth or adoption of a child would undercut Social Security's benefits and structure, weakening the retirement security it offers workers. The United States needs paid leave, but it should not be financed by cutting Social Security benefits.

At some point in their lives, most workers in the United States will experience a major life event or emergency requiring them to take time off work, such as a serious illness, the birth of a child, or caregiving responsibilities for an aging parent.[1] A national, comprehensive paid family leave policy that is responsibly financed would provide much-needed economic support to workers during these times and ensure equitable access to paid leave for low-income people and people of color, who often do not have significant paid leave from their employers.

However, two recent paid leave proposals — the New Parents Act from Senators Marco Rubio and Mitt Romney[2] and the CRADLE Act from Senators Joni Ernst and Mike Lee — fall short of this standard in important ways:

- Unlike the paid leave programs of several pioneering states (and the federal Family and Medical Leave Act, which provides for *unpaid* leave), both bills would provide paid leave only to parents caring for newborn or newly adopted children, leaving out workers who need to care for their own serious health issues or those of a family member.
- Instead of pooling risks and resources across the entire workforce, as the rest of Social Security and the state paid family and medical leave programs do, these bills would ask individual parents to bear the cost of their parental leave benefits by cutting the Social Security retirement benefits they would receive decades later. This would weaken Social Security's near-universal social insurance protection by treating the program's guaranteed benefits like a

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[1] Dr. Sarah Jane Glynn, Katherine Eyster, and Vicki Shabo, "An Unmet, Growing Need: The Case for Comprehensive Paid Family and Medical Leave in the United States," National Partnership for Women & Families, July 2018, http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/an-unmet-growing-need-the-case-for-comprehensive-paid-leave-united-states.pdf.

[2] Reps. Ann Wagner and Dan Crenshaw have introduced companion legislation in the House.

private account from which individuals could draw. Essentially, both bills ask parents to choose between their current caregiving needs and their future retirement security.

Using Social Security partly as a piggy bank rather than an insurance policy is central to the design of these proposals. Carrie Lukas, president of the Independent Women's Forum — which first developed this approach — has written that getting workers to see Social Security as assets "to be used now or at retirement" is a first step toward partially privatizing Social Security.[3]

Moreover, under the two bills, parents opting for parental leave would face permanent cuts to their Social Security retirement benefits that would ultimately *exceed* their parental leave benefits. The cuts would amount to their parental leave benefits plus interest, as well as an additional reduction to cover the cost of the parental benefits provided to other parents who die or become disabled before they reach retirement and can't repay their own leave benefits. Leave-taking parents with moderate incomes, for example, would receive about $5,300 in benefits for each three months of parental leave, on average — and then lose about $15,100 in lifetime retirement benefits for each three months of leave, after adjusting for inflation, according to the Urban Institute.[4] All told, this amounts to losing about 3 to 4 percent of lifetime Social Security retirement benefits for each three months of leave, meaning that parents who take three periods of parental leave (after three births or adoptions) would lose roughly one-tenth of their lifetime Social Security retirement benefits.

Under both bills, parental leave benefits would essentially be treated like loans that accrue interest. For a typical worker who has her first child at age 26 and claims Social Security retirement benefits at about 65, interest would accrue for about 40 years.[5] Over such a long period, the amount of interest would ultimately exceed the amount of the benefit; in fact, the Urban Institute estimates that leave-takers would eventually pay back *nearly four times as much* as they received in leave benefits, on average.[6] These cuts would weaken retirement security and impose the greatest hardship on women and workers of color, as they already face less secure retirement than others.

At a time when many workers face shaky finances in retirement, policymakers shouldn't weaken Social Security, which is most workers' only source of guaranteed retirement income. Policymakers can provide paid leave *without* asking parents to sacrifice some of their retirement security. In fact, that's what every existing state program does, by financing benefits with modest payroll tax contributions. It's also what the overwhelming majority of workers prefer: when polled about the

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[3] Carrie Lukas, "Why Running Parent Leave Through Social Security Is The Smartest Live Option," The Federalist, February 2, 2018, https://thefederalist.com/2018/02/02/running-parent-leave-social-security-smartest-live-option/.

[4] Richard W. Johnson, "Paid Leave is a Worthy Goal, But So Is a Secure Retirement," Urban Institute, April 25, 2019, https://www.urban.org/urban-wire/paid-leave-worthy-goal-so-secure-retirement. The Urban study defines "moderate income" as a worker earning about $4,000 per month (about $48,000 per year).

[5] Centers for Disease Control and Prevention, "Births and Natality," January 20, 2017, https://www.cdc.gov/nchs/fastats/births.htm; SSA Annual Statistical Supplement, Table 6.B5, https://www.ssa.gov/policy/docs/statcomps/supplement/2017/6b.html#table6.b5.

[6] Richard W. Johnson and Melissa M. Favreault, "How Much Would Senator Rubio's Proposed Paid Leave Program Help New Parents?" Urban Institute, August 2018, https://www.urban.org/sites/default/files/publication/98945/how_much_will_senator_rubios_paid_leave_program_help_new_parents_1.pdf.

best funding mechanism for a national paid family and medical leave policy, just 3 percent of voters preferred drawing from the Social Security trust funds.[7]

Future proposals should not force workers to choose between the paid leave they need and their hard-earned retirement security, but should instead finance a national paid family and medical leave program through modest payroll tax contributions or other sources of revenue. A broad-based financing mechanism would recognize that paid leave programs are an asset not only to those taking leave, but also to society at large.

Bills Would Cut Future Social Security Benefits to Offset Parental Leave

The Rubio-Romney and Ernst-Lee bills are modeled after a proposal by the conservative Independent Women's Forum.[8] Under both bills, eligible parents could take up to three months of paid leave when they have a new child.[9] Their benefits during that period would be calculated using the same progressive formula as Social Security disability benefits, which are based on a worker's past earnings.[10] Benefits would replace about 44 percent of earnings for a typical moderate-income parent.[11]

Raising Retirement Age Cuts Benefits No Matter When a Worker Retires

Social Security's "full retirement age" is the age at which retirees can receive full Social Security benefits. Workers are free to claim benefits as early as age 62, but those benefits are permanently reduced for each month that a worker claims them before reaching her full retirement age — and are permanently increased for each month that she delays claiming benefits beyond the full retirement age (up to age 70). For example, a worker whose full retirement age is 67 (as is the case for workers born in 1960 or later) has her monthly benefits reduced for the rest of her life by 30 percent if she retires at 62, or increased by 24 percent if she retires at 70. The adjustments are based on the benefit claim age in order to ensure that, on average, workers receive the same total lifetime retirement benefit no matter at what age they begin drawing benefits.

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[7] National Partnership for Women & Families, "Voters' Views on Paid Family and Medical Leave: Findings from a National Survey," October 2018, http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/voters-views-on-paid-family-medical-leave-survey-findings-august-2018.pdf.

[8] Kristen A. Shapiro, "A Budget-Neutral Approach to Parental Leave," Independent Women's Forum, January 2018, http://pdf.iwf.org/budget-neutral_approach_parental_leave_PF18.pdf; Johnson and Favreault, 2018.

[9] Stephen C. Goss, "Estimates of the Financial Effects on Social Security of S. 920 and H.R. 1940, the 'New Parents Act of 2019,' introduced on March 27, 2019 by Senator Marco Rubio and Representative Ann Wagner," Social Security Office of the Chief Actuary, April 9, 2019, https://www.ssa.gov/oact/solvency/RubioWagner_20190409.pdf; Stephen C. Goss, "Estimates of the Financial Effects on Social Security of the 'Child Rearing and Development Leave Empowerment Act' or 'CRADLE Act,' released publicly as a discussion draft on March 13, 2019 by Senator Mike Lee and Senator Joni Ernst," Social Security Office of the Chief Actuary, March 14, 2019, https://www.ssa.gov/oact/solvency/LeeErnst_20190314.pdf.

[10] Barry F. Huston, "How Social Security Benefits Are Computed: In Brief," Congressional Research Service, May 3, 2019, https://fas.org/sgp/crs/misc/R43542.pdf.

[11] Johnson 2019.

To offset the cost of a worker's parental leave benefits, both bills would raise Social Security's full retirement age and early eligibility age by two months for every month of parental leave.[12] Raising the full retirement age would mean deeper monthly benefit reductions in retirement (relative to current law) or smaller monthly bonuses regardless of the age at which workers chose to begin receiving retirement benefits.[13] (See box.)

Workers could not avoid the cut in lifetime retirement benefits by delaying the point at which they begin receiving those benefits. For example, if a worker who received three months of parental leave payments had planned to claim Social Security retirement benefits at age 65 but delayed her claim by six months, her *monthly* benefit amount would be about the same as it would have been at age 65 in the absence of the parental leave benefits — but she would receive six fewer months of retirement benefits over her lifetime.

Under the Rubio-Romney bill, beneficiaries would have the option to take a deeper benefit cut for the first five years of retirement, after which their benefits would return to current-law levels. But regardless of whether they chose this accelerated schedule, the *lifetime* reduction in retirement benefits would be the same, on average.

Under the Ernst-Lee bill, many parents seeking federal parental leave benefits who also receive parental leave benefits from other sources (such as employers or state programs) would have their federal parental leave benefits reduced. Yet they would face the *same* Social Security cut as if they'd received full federal benefits. As a result, Social Security's actuaries estimate that few if any parents facing these offsets would take up federal benefits under the Ernst-Lee bill.

Bills Would Weaken Retirement Security for Parents Taking Leave

As noted, the Rubio-Romney and Ernst-Lee bills would weaken retirement security for parents opting for parental leave. An analysis by the Urban Institute shows the degree to which cutting Social Security to offset parental leave benefits would harm workers' retirement security. A moderate-income worker (earning about $48,000 in 2018) would receive $5,300 in leave benefits if she took three months of parental leave. Her retirement benefits would subsequently be cut by about $15,100, after adjusting for inflation. (See Figure 1.)[14] This reduction in retirement benefits amounts to about 3 to 4 percent of lifetime retirement benefits per period of parental leave, meaning that parents who take three leaves would lose roughly one-tenth of their lifetime Social Security retirement benefits.[15]

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12 Kathleen Romig, "Raising Social Security's Retirement Age Cuts Benefits for All Retirees," Center on Budget and Policy Priorities, January 20, 2016, https://www.cbpp.org/blog/raising-social-securitys-retirement-age-cuts-benefits-for-all-retirees.

13 Goss, March 2019; Goss, April 2019.

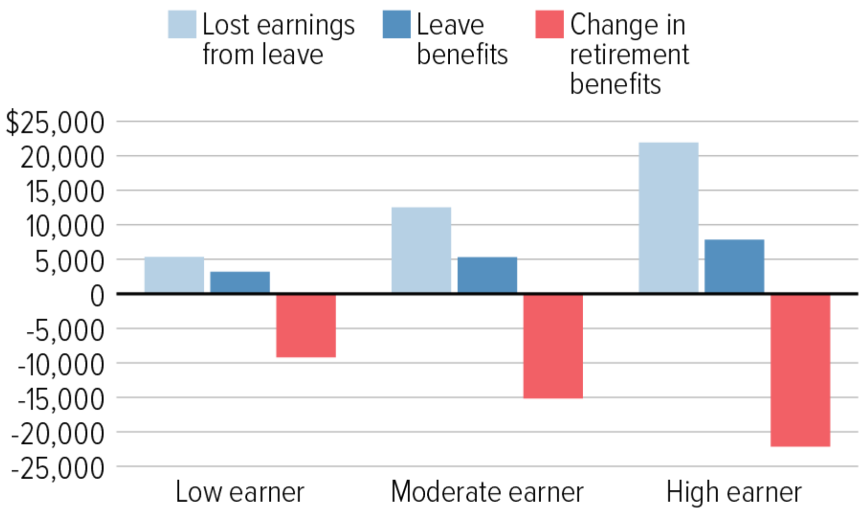
14 Johnson 2019.

15 *Ibid.*

FIGURE 1

Under New Parents Act, Social Security Benefit Cuts Would Exceed Paid Leave Benefits

Inflation-adjusted 2018 dollars



Source: Richard Johnson, "Paid Leave Is A Worthy Goal, But So Is A Secure Retirement," The Urban Institute.

Note: Analysis assumes that those who take paid leave take a three-month leave at age 30 and retire at age 67. Monthly age-30 earnings are $1,700 for the representative low earner, $4,000 for the moderate earner, and $7,000 for the high earner.

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Under both bills, parental leave benefits would essentially be treated like loans that accrue interest. For a typical worker who has her first child at age 26 and claims Social Security retirement benefits at about 65, interest would accrue for about 40 years.[16] Over such a long period, the amount of interest would ultimately exceed the amount of the benefit; in fact, the Urban Institute estimates that leave-takers overall (not just those with moderate incomes) would eventually pay back *nearly four times as much* as they received in leave benefits.[17] Few consumers would think that taking out a private loan of $5,000 and then allowing interest to accrue for 40 years before paying it back over perhaps 20 more years was a wise financial decision.

The bills would require retirees who take parental leave not only to repay their *own* leaves with interest, but also to cover the costs of parents who are unable to repay their leaves because they die or become disabled before reaching retirement. About one-quarter of leave-takers could be unable to repay their leaves, according to the Urban Institute, significantly increasing the Social Security cuts for those who must cover their costs.[18]

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[16] Centers for Disease Control and Prevention, "Births and Natality," January 20, 2017, https://www.cdc.gov/nchs/fastats/births.htm; SSA Annual Statistical Supplement, Table 6.B5, https://www.ssa.gov/policy/docs/statcomps/supplement/2017/6b.html#table6.b5.

[17] Johnson and Favreault, 2018.

[18] *Ibid.*

For leave participants, the two bills would raise not only Social Security's full retirement age but also its early eligibility age, prohibiting these individuals from claiming Social Security benefits when they turn 62. While many of today's young workers hope to continue working longer than that, it is impossible to predict whether any individual worker will be able to do so. In fact, nearly 4 in 10 older workers retire sooner than planned, typically because of health problems, job loss, or an elderly parent moving in.[19]

Apart from any family and medical leave proposal, some lawmakers — including Senators Romney, Rubio, and Lee, all sponsors of these bills — have also proposed to narrow Social Security's long-term financing gap by raising the age at which today's younger workers become eligible for full retirement benefits, which would cut benefits for future retirees. Senator Lee, for example, has proposed to raise the full retirement age to 70, an increase of three years for today's younger workers, which would amount to an across-the-board cut of nearly 20 percent in lifetime Social Security benefits, on average.[20] If his solvency proposal were to become law *in conjunction with* his paid leave proposal, a typical parent of two who took two three-month paid parental leaves would lose more than a quarter of her lifetime Social Security benefits.

Retirement Cuts Would Disproportionately Harm Women, Workers of Color

Many of today's seniors struggle to get by, particularly women and workers of color. Tomorrow's seniors may face even greater retirement security challenges, since they are less likely to be offered traditional pensions than workers in past generations and many have little saved for retirement.[21] If current trends persist, gender and racial disparities in retirement security will continue for future retirees. These groups would face even greater hardship from the Social Security reductions in the Rubio-Romney and Ernst-Lee bills.

Currently, few fathers take parental leave of a month or more (the minimum required to receive parental leave benefits under the bills), while most mothers do.[22] The bills would do little to change that imbalance; independent analyses assume that mothers would be about twice as likely to take up leave benefits as fathers.[23] That would leave mothers with a disproportionate share of Social Security benefit cuts.

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[19] Alicia H. Munnell, Matthew S. Rutledge, and Geoffrey T. Sanzenbacher, "Retiring Earlier Than Planned: What Matters Most?" Center for Retirement Research at Boston College, February 2019, https://crr.bc.edu/wp-content/uploads/2019/01/IB_19-3.pdf. Older workers with the most serious health problems may qualify for Social Security Disability Insurance; if so, they would not be required to repay their leaves under these bills.

[20] Stephen C. Goss, Alice H. Wade, and Christopher J. Chaplain, "Estimated Financial Effects of 'The Social Security Solvency and Sustainability Act'; legislation introduced as S. 804 (112th Congress) on April 13, 2011 by Senator Lindsey Graham, Senator Rand Paul, and Senator Mike Lee," Social Security Office of the Chief Actuary, April 13, 2011, https://www.ssa.gov/oact/solvency/GrahamPaulLee_20110413.pdf.

[21] William G. Gale, Hilary Gelfond, and Jason Fictner, "How Will Retirement Saving Change by 2050? Prospects for the Millennial Generation," Brookings Institution, March 2019, https://www.brookings.edu/wp-content/uploads/2019/03/How-Will-Retirement-Saving-Change-by-2050.docx.pdf.

[22] U.S. Department of Labor, "Paternity Leave: Why Parental Leave for Fathers Is So Important For Working Families," https://www.dol.gov/asp/policy-development/PaternityBrief.pdf.

[23] Johnson and Favreault, 2018.

Women already pay a lifelong price for providing the bulk of child care: they not only forgo wages when they take time off to provide care but also face a "motherhood penalty" of lower lifetime earnings and lower Social Security benefits. The Rubio-Romney and Ernst-Lee bills would add to that penalty by reducing retirement benefits for leave-taking women, who would primarily fund the new paid leave benefit.[24] Women who are unmarried during retirement (including those who are divorced or whose spouses have died) would face the greatest harm, as they have much higher elderly poverty rates than married women and unmarried men.[25]

If well-designed, a paid family leave program would particularly assist families of color.[26] The racial wealth gap leaves them with fewer resources with which to take time off work to care for a family member. In addition, African American and Latina mothers are likelier than white mothers to be the family's main or sole breadwinner on top of their caregiving responsibilities. And workers of color are less likely to be offered workplace paid leave programs. A paid leave policy has the potential to narrow these racial disparities.

However, the Rubio-Romney and Ernst-Lee proposals pair paid leave benefits with a retirement cut that would disproportionately harm workers of color. Those workers are overrepresented in low-wage jobs that offer little margin for saving, and they are less likely have access to workplace pensions or retirement savings plans.[27] As a result, people of color tend to rely more heavily on Social Security for their retirement income.[28] While about two-thirds of elderly white Americans have retirement income beyond Social Security, fewer elders of color do: roughly 55 percent of Black retirees, 38 percent of Asian retirees, and 37 percent of Hispanic retirees.[29]

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24 Matthew S. Rutledge *et al.,* "How Much Does Motherhood Cost Women in Social Security Benefits?" Center for Retirement Research at Boston College, October 2017, https://crr.bc.edu/wp-content/uploads/2017/10/wp_2017-14.pdf.

25 Social Security Administration, "Marital Status and Poverty," May 2016, https://www.ssa.gov/policy/docs/population-profiles/marital-status-poverty.html.

26 National Partnership for Women & Families, "Paid Family and Medical Leave: A Racial Justice Issue – and Opportunity," August 2018, http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/paid-family-and-medical-leave-racial-justice-issue-and-opportunity.pdf.

27 Alicia H. Munnell and Christopher Sullivan, "401(k) Plans and Race," Center for Retirement Research at Boston College, November 2009, https://crr.bc.edu/wp-content/uploads/2009/11/IB_9-24.pdf.

28 Kilolo Kijakazi *et al.,* "African American Economic Security and the Role of Social Security," Urban Institute, July 24, 2019, https://www.urban.org/research/publication/african-american-economic-security-and-role-social-security.

29 Adam Bee and Joshua Mitchell, "Do Older Americans Have More Income Than We Think?" U.S. Census Bureau SESHD Working Paper #2017-39, July 2017, https://www.census.gov/content/dam/Census/library/working-papers/2017/demo/SEHSD-WP2017-39.pdf.

Bills' Focus on New Parents Leaves out Other Workers Needing Leave

In addition to their problematic financing mechanism, both bills also offer a much narrower set of benefits than other leave programs and proposals. The Rubio-Romney and Ernst-Lee bills would provide benefits only to *new parents,* unlike the federal Family and Medical Leave Act (which provides *un*paid leave to workers), the paid leave programs of several pioneering states, and the FAMILY Act (the paid leave bill now before Congress that has the most cosponsors). By recognizing only the needs of parents caring for newborn or newly adopted children, the bills leave out workers who need to care for their own serious health issues or those of a family member — including children with serious health conditions, aging parents, and others — groups that make up three-quarters of workers now taking FMLA leave.

Bills' Likely Budgetary Impact Greater Than Advertised

The bills would provide paid leave benefits only temporarily: the Rubio-Romney bill for 11 years, the Ernst-Lee bill for five years. Because of these artificial sunsets, the Social Security Administration's official cost estimates of the bills are significantly smaller than if the benefits were authorized permanently, as all other Social Security benefits are. The bill's authors have provided no policy justification for ending paid leave benefits after a few years and do not appear to have mentioned the sunsets in any public release or press interview. The sunsets mask the proposals' true cost.

The bills' authors have also claimed that the bills would not increase deficits or debt. In reality, though, both bills would add to deficits and debt during the decades between the payment of parental leave benefits and the cuts to Social Security retirement benefits.[30] The cost of the benefits provided by the Rubio-Romney bill would eventually reach about $8 billion a year, adding $85 billion (including interest costs) to the debt held by the public by the time the program sunsets, according to Social Security's actuaries.[31] The annual cost of Ernst-Lee would reach about $5 billion a year, ultimately adding $24 billion to the debt held by the public by the time its benefits sunset.[32] Cuts in retirement benefits wouldn't begin to significantly offset the parental leave benefits until at least 30 years after the first parental leave benefits were paid. The Ernst-Lee bill would temporarily transfer general revenues to Social Security's trust funds, but that wouldn't pay for the benefits or lessen the overall deficit and debt impact — it would simply move money from one part of the budget to another.

[30] Senator Romney has stated that the New Parents Act "will give parents the flexibility to take time off from work . . . without growing our national debt." Senators Ernst and Lee have said that the CRADLE ACT is a "path forward for a budget neutral paid leave option" and that their plan "provides every new mom and dad the flexibility to stay home . . . without adding to our ever-growing deficit." See Senator Marco Rubio, "Rubio, Romney, Wagner, Crenshaw Unveil Bill Giving Parents an Option for Paid Family Leave," March 27, 2019, https://www.rubio.senate.gov/public/index.cfm/press-releases?ContentRecord_id=971F62DA-11A3-4A67-A486-0D3AC28C89A7; Senator Mike Lee, "Sens. Ernst, Lee Put Forward Paid Parental Leave Plan That is Budget Neutral and Flexible for Parents," March 12, 2019, https://www.lee.senate.gov/public/index.cfm/2019/3/sens-ernst-lee-put-forward-paid-parental-leave-plan-that-is-budget-neutral-and-flexible-for-parents.

[31] Goss, March 2019.

[32] Goss, April 2019.

Bills Would Weaken Social Security's Insurance Protection

Nearly all workers contribute to Social Security, pooling their resources and risks to provide benefits to any qualifying applicant who retires, dies, or becomes disabled — as well as to their qualifying dependents. Pooling resources across the workforce and across the various risks facing families makes social insurance protection affordable by spreading costs widely. Workers may die before their children grow up, may face a life-changing diagnosis, or may live to be 100; it is difficult for individuals to prepare for every possibility. But they know Social Security will protect them and their families in any of these situations.

The Rubio-Romney and Ernst-Lee bills would undercut that promise. Instead of all workers contributing to ensure that any worker who needs a paid parental leave could get it, individual parents would bear the cost of their parental leave benefits — and then some.

Moreover, Social Security beneficiaries have never been required to repay a program benefit, even if they receive benefits more than once over a lifetime, as many do. For example, a child may receive a benefit when her father dies and then again when she retires. She owes Social Security no debt; both circumstances are insured events that the program covers. Requiring parents to borrow against their future retirement benefits would upend this design. Treating insurance payouts as debts would also be unthinkable in the private insurance market.

The Rubio-Romney and Ernst-Lee bills are not the first proposals to reduce workers' future Social Security benefits in order to avoid raising revenues to pay for a new benefit. Other, similarly problematic proposals would cut retirement benefits in exchange for tuition assistance for mid-career education or training or for partial student loan forgiveness.[33] Policymakers should responsibly finance their ideas, not weaken Social Security or ask workers to sacrifice part of their retirement security.

Better Financing Options Exist for Paid Family and Medical Leave

As detailed above, the financing mechanisms of the New Parents Act and the CRADLE Act have major structural flaws. Better alternatives exist. The United States can and should establish a national paid family and medical leave policy that is responsibly financed without substantially cutting workers' Social Security benefits. Instead of forcing workers to choose between paid leave and retirement security, federal policymakers should follow the lead of the existing state programs and finance a national paid leave policy through a modest payroll tax increase or other new revenue streams.

Research on existing state-level paid leave programs makes a strong case for such a national policy, showing that access to paid leave provides a host of benefits to workers and their families. For instance, mothers with access to paid parental leave are more likely to return to the labor force

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[33] Debra Whitman *et al.,* "Social Security Lifelong Learning Benefits," AARP, January 2018, https://www.aarp.org/content/dam/aarp/ppi/2017/10/social-security-lifelong-learning-benefits.pdf; Stephen C. Goss, "Estimates of the Financial Effects on Social Security of H.R. 4584, the 'Student Security Act of 2017,' introduced on December 7, 2017 by Representative Thomas Garrett," Social Security Office of the Chief Actuary, January 31, 2018, https://www.ssa.gov/oact/solvency/TGarrett_20180131.pdf.

and less likely to experience poverty in the year following the birth of a child.[34] Paid parental leave is also strongly associated with positive child development outcomes, including lower infant mortality rates, reductions in low birthweights, and improved health outcomes for children in early elementary school.[35] Paid leave can also mitigate the substantial financial and psychological strain of caring for aging or gravely ill family members full time — a scenario that will likely become more common in future years as the population ages.[36]

Even those who never take a paid leave from work would benefit from a national paid family and medical leave policy, in several ways. For instance, research shows that paid leave policies can boost business productivity by improving employees' morale and increasing retention of skilled workers.[37] Women who take paid leave after the birth of a child have higher labor force participation rates following the leave than women who do not, which helps the economy overall.[38] Better health among babies and young children reduces public and private health care spending[39] and can improve children's longer-term education and health trajectories, helping them reach their full potential and contribute more to the economy as a whole.[40]

Moreover, a paid leave plan that covers not only leave for new parents but also leave that workers need to care for their own or a family member's health issues would benefit a far broader swath of workers. And all workers would benefit from the knowledge that they have coverage if they need it.

The financing mechanism for a national paid family and medical leave program should reflect the society-wide benefits of paid leave policies. A modest payroll tax increase relying on contributions from all workers (regardless of whether they take a leave) or some other broadly shared revenue source would ensure that all workers have access to paid leave to care for themselves or a family member.

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[34] Julia Isaacs, Olivia Healy, and H. Elizabeth Peters, "Paid Family Leave in the United States," Urban Institute, May 2017, https://www.urban.org/sites/default/files/publication/90201/paid_family_leave_0.pdf.

[35] Zero to Three and National Partnership for Women and Families, "The Child Development Case for a National Paid Family and Medical Leave Program," December 2018, http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/the-child-development-case-for-a-national-paid-family-and-medical-leave-insurance-program.pdf; Maya Rossin-Slater and Lindsey Uniat, "Paid Family Leave Policies and Population Health," Health Affairs/RWJF Health Policy Brief, March 28, 2019, https://www.rwjf.org/en/library/research/2019/03/paid-family-leave-policies-and-population-health.html.

[36] National Partnership for Women and Families, "Older Adults and Family Caregivers Need Paid Family and Medical Leave," November 2015, http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/older-adults-and-caregivers.pdf.

[37] National Partnership for Women and Families, "Paid Family and Medical Leave: Good for Business," September 2018, http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/paid-leave-good-for-business.pdf.

[38] Isabel V. Sawhill, Richard V. Reeves, and Sarah Nzau, "Paid leave as fuel for economic growth," June 27, 2019, https://www.brookings.edu/blog/up-front/2019/06/27/paid-leave-as-fuel-for-economic-growth/.

[39] Zero to Three and the National Partnership for Women and Families, December 2018.

[40] A substantial body of research shows that various investments in the well-being of young children have long-term effects on educational attainment and health outcomes that can last through their teenage years and into adulthood. See Sarah Cohodes *et al.,* "The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions," October 2014, http://www.nber.org/papers/w20178.pdf; David Brown, Amanda Kowalski, and Ithai Lurie, "Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?" January 2015, http://www.nber.org/papers/w20835.pdf.