

## CRADLE Act

The birth or adoption of a child is a happy experience for families across the country. But, for millions of working moms and dads, affording the time off to spend with their newborns is a much more complicated picture. This can be particularly difficult for working parents that may not benefit from any type of employer-sponsored leave benefit. In order to address this problem, Senators Ernst (R-Iowa) and Lee (R-Utah) have been working to develop a proposal to address the need for paid parental leave based on the following principles:

- (1) Voluntary Participation for Employees**
- (2) Budget-Neutral**
- (3) Family Focused**

The Senators seek Democrats and Republicans willing to work together to find common ground, recognizing that our federal entitlement system and labor policies no longer fit with the modern economy. Parents are looking for additional flexibility, and Congress can provide it by making an existing future benefit available early during the special time of starting and growing a family, which is truly unlike any other stage of life. It doesn't require raising taxes on American workers or further exacerbating the national debt.

### **(1) Voluntary Participation for Employees**

One of the core principles of our approach is providing paid leave as a voluntary benefit for employees and ensuring that those who do not participate, do not have children, or are no longer of child bearing age are not forced to pay for those who would like to participate. This is the impetus for an approach centered on Social Security, to which each individual worker already contributes. We view this as preferable to a payroll tax, which requires all to contribute regardless of his/her potential to use a paid-leave benefit and disproportionately hurts lower- and middle-income workers. Additionally, this would not add any new mandate on employers, but all employees meeting the proposal's eligibility requirements would be free to take the benefit if they so desired.

### **(2) Budget Neutral**

Our nation is in debt, driven to a great extent by our entitlement programs. Therefore, we are dedicated to ensuring our proposal would not hasten the insolvency of Social Security or add to our national debt. We emphasize the need for this proposal to be paid for in the short-term, with it being self-financing in the long-term. Additionally, housing the parental leave proposal in the Social Security system fits within the overall framework considering parents raise the next generation of workers who directly finance seniors' benefits through their FICA taxes.

### **(3) Family Focused**

Children do best when they can bond with their parents in those first precious few weeks after birth. Research into early child development shows that children of parents who were able to take parental leave generally had better health outcomes and development metrics, as well as future academic success. Studies also show distinct positive outcomes for both mothers and fathers. It is important to note that the critical element of leave that produces successful outcomes is the face-to-face time the parent spends with the child. The Ernst/Lee approach would be focused on providing moms and dads support to temporarily take off work and spend time with their children.