



# *Giving Families More Choices, Not More Mandates*

By Carrie Lukas | President



## **INTRODUCTION**

Workers need to be able to take time off from work to care for themselves and their families, particularly when facing illness or the addition of a new child to the family. The question is: How best can we ensure that people can take time when they need it without infringing on other freedoms or eroding take-home pay?

The most common proposals to create new government programs or mandate that companies provide certain paid leave benefits ignore the costs associated with this approach, including higher taxes, lower take-home pay, reduced workplace flexibility, and fewer work opportunities for women.

Rather than a one-size-fits-all government program, the best solution is to make it easier for employers to offer leave benefits and foster an environment with many available work opportunities so workers can find options that provide their preferred compensation arrangement. Policymakers should also make it easier for people to save and prepare for time away from work.

## **BACKGROUND: How We Got Here**

Most working Americans, whether they are employed full-time or part-time, have access to paid time off.

- \* Eighty-two percent of American workers in the private sector receive paid sick leave, 81% receive paid holidays, and around 80% receive paid vacation.<sup>1</sup>
- \* However, only 27% of workers in America specifically have employer-provided paid family leave, which includes maternity leave.<sup>2</sup>
- \* The Family and Medical Leave Act (FMLA) requires companies with 50+ employees to provide 12 weeks of unpaid leave to workers with life events including childbirth, adoption, and family or personal illness.<sup>3</sup>
- \* Fourteen states, plus the District of Columbia, have created paid leave programs that provide benefits to qualifying employees, which are funded with a dedicated payroll tax. For instance, California collects 1.3% of employee wages through mandatory payroll deductions.<sup>4</sup> Washington collects 1.13% of employee wages.<sup>5</sup>

Many workers have less leave time than they would prefer, especially related to the birth or adoption of a child.

## SOLUTIONS: *Paths Forward*

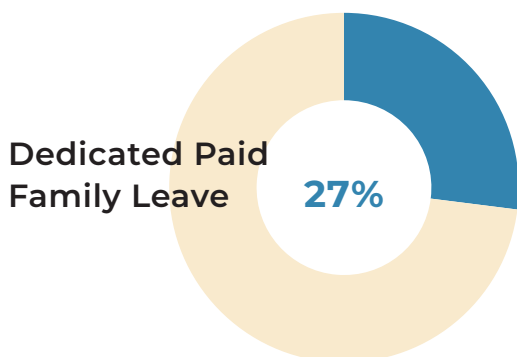
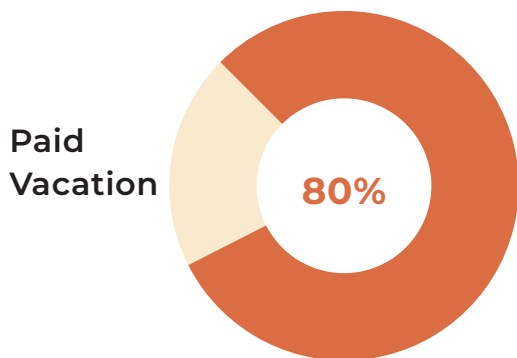
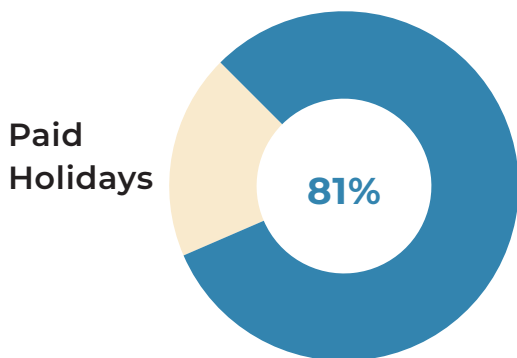
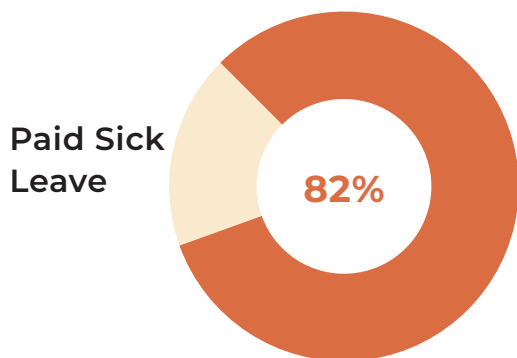
- 1. More and Better Job Opportunities:** A robust job market—with plentiful, diverse employment opportunities—is the best way to help workers get the benefits they want. Policymakers should preserve independent contracting and part-time work,<sup>6</sup> and embrace policies,<sup>7</sup> such as tax cuts, that let workers keep more of what they earn and that preserve true workplace flexibility.
- 2. Overtime Flexibility:** Hourly workers under the Fair Labor Standards Act should be allowed to opt for more paid time off, rather than collecting overtime pay.<sup>8</sup> Government workers have long enjoyed this option: Rather than getting paid time-and-a-half for every hour worked overtime, they can earn an extra hour-and-a-half of paid leave.<sup>9</sup> Private-sector workers deserve this option, too. The Working Families Flexibility Act would extend this voluntary option to private-sector employees, allowing workers to choose compensatory time off in place of overtime pay.
- 3. Earned Leave:** Independent Women proposed an “Earned Leave” approach that would allow workers to access their future Social Security retirement benefits to provide financial support during parental leave.<sup>10</sup> Workers who use Earned Leave would then have to wait a few months longer to be eligible for full retirement benefits.<sup>11</sup> This approach would be budget- and gender-neutral, does not raise taxes or expand government, and is completely voluntary, limiting its impact on other leave programs.

- a. In 2019, Senators Marco Rubio and Mitt Romney introduced the New Parents Act, which aimed to provide a voluntary option for paid family leave by allowing new parents to draw from their future Social Security benefits with later repayment to avoid impacting retirement.<sup>12</sup>
  - b. In the same year, Senators Mike Lee and Joni Ernst introduced the CRADLE Act, which proposed a budget-neutral paid parental leave option, allowing new parents (natural or adoptive) to take 1-3 months of paid leave by drawing from future Social Security benefits and delaying retirement accordingly.<sup>13</sup>
4. **Making Existing Benefits More Flexible:** Similar to the Earned Leave concept, Senators Kristin Sinema and Cassidy offered legislation to give new parents the option to take a \$5,000 advance on the child tax credit (CTC).<sup>14</sup> Again, this avoids creating new taxpayer costs, but could help parents when they need it most.

## LIST OF SPECIFIC BILLS

- \* **Working Families Flexibility Act of 2025 (H.R.2870):** Allows private-sector employees to voluntarily choose compensatory paid time off instead of overtime pay, providing greater workplace flexibility.<sup>15</sup>
- \* **Paid Family and Medical Leave Tax Credit Extension and Enhancement Act (S.400):** Expands and extends the employer tax credit for voluntarily providing paid family and medical leave, encouraging businesses to offer benefits without imposing federal mandates.<sup>16</sup>
- \* **Cassidy-Sinema Bipartisan Proposal:** Would allow new parents to receive an advance on the Child Tax Credit to help cover expenses during parental leave, with repayment through future tax credits rather than new government spending.<sup>17</sup>
- \* **More Paid Leave for More Americans Act:** Encourages employers to voluntarily offer paid family leave by improving and expanding tax incentives instead of creating a new federal entitlement.<sup>18</sup>
- \* **Expanding Small Employer Pooling Options for Paid Family Leave Act of 2021 (H.R.5161):** Allows small employers to join together to offer paid family leave benefits, making coverage more affordable and accessible for smaller businesses.<sup>19</sup>
- \* **The FAMILY Act (S.1714/H.R.3481):** Creates a national paid family and medical leave program funded through mandatory payroll taxes, establishing a federal entitlement available to qualifying workers.<sup>20</sup>

## Most Workers Already Have Access to Some Form of Paid Time Off



## Government-Sponsored Paid Leave Isn't Free

**MANDATORY**

Payroll Tax



**LOWER**

Take-Home Pay



**Government-Administered Leave Benefit**

**VERSUS**

**HIGHER**

Take-Home Pay



**MORE FREEDOM**

to Save, Spend, Or Prepare For Leave



**Employer-Provided Benefits, Earned Leave, and Flexible Leave Options**

Source: U.S. Bureau of Labor Statistics. "What data does the BLS publish on family leave?" *U.S. Department of Labor Statistics*, accessed Jul. 20, 2026. <https://www.bls.gov/ebs/factsheets/family-leave-benefits-fact-sheet.htm>.

## MISPERCEPTIONS VS. FACTS

**MISPERCEPTION:** Government paid leave programs help the most vulnerable workers most.

**FACT:** Higher-income workers disproportionately use these programs, making them regressive.<sup>21</sup> They take money from lower-income workers (via payroll taxes) to subsidize benefits primarily used by those with higher earnings and better job protections.

**MISPERCEPTION:** Mandated or government-run paid leave programs increase workers' take-home pay and financial security.

**FACT:** New payroll taxes or mandates raise costs for employers, which are often passed on through lower wages, reduced benefits, or fewer hiring opportunities—particularly harming women's earnings and labor force participation over time.<sup>22</sup> Workers end up with less in their pockets throughout their lives, making it harder to make ends meet or save and prepare for family needs.

**MISPERCEPTION:** A federal paid leave entitlement would give all workers additional benefits.

**FACT:** Many companies would likely scale back or eliminate their existing paid leave offerings once employees are required to fund and participate in the government program, leaving many workers with less flexibility and less generous leave than they have today.<sup>23</sup>

**MISPERCEPTION:** Without a new government program, most workers lack any access to paid time off for family needs.

**FACT:** The majority of American workers already have access to paid sick leave, vacation, holidays, and other benefits through private employers (with 80%+ coverage in many categories per BLS data).<sup>24</sup> Market-driven flexibility, higher take-home pay, and voluntary options like Independent Women's Earned Leave (drawing on future Social Security benefits without new taxes) better empower families.

### BOTTOM LINE

Families flourish when they have the freedom to choose the workplace benefits and leave arrangements that best fit their unique circumstances. Rather than imposing one government-designed model, policymakers should expand opportunity, preserve flexibility, and empower workers to prepare for life's biggest moments in the ways that work best for them.

## ENDNOTES

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