



The Daily Dish

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Yesterday marked four years since President Obama signed into law his trademark legislation. Wish the President a happy anniversary on this legislation by visiting the new www.ACA2Z.com to learn more and receive updates as we track the law's delays and implementation.

Week in Regulation: Last week federal regulators published \$2.4 billion in total costs and 6.7 million paperwork burden hours. The EPA wins the week with the costliest rule, a proposal to protect agricultural workers from pesticides. “The regulation could add \$640 million in total costs, with \$73 million in annual costs, and \$14 million in annual benefits. AAF [examined the measure](#) last month and noted that EPA’s own data reveal a declining number of pesticide incidents since 2000. At 6.5 million paperwork burden hours, it is one of the most burdensome non-tax rules in 2014.”

Netflix made big news with a [blog post](#) on network neutrality. Will Rinehart, Director of Technology and Innovation Policy, [takes a look](#) into what the company means by “strong net neutrality” and how it can affect prices for the consumer.

[In comments submitted](#) to the FCC, Will Rinehart takes the view that “Regulations are far from costless, and with the dynamic nature of the Internet, implementing any sort of law requires a heavy burden of proof.” The research focuses on how the FCC should proceed after the Verizon v. FCC court case decision.

Eakinomics: Part-Time Work and the ACA

The Affordable Care Act, aka Obamacare, has potentially profound implications for the U.S. labor market. A recent [report](#) by the Congressional Budget Office highlighted the implications for labor supply. Specifically, the phase-outs of the insurance subsidies as workers earn more, act as implicit taxes on labor earnings, reducing the work incentives. The access to insurance subsidies themselves provides non-work economic resources that

reduce the incentive to work at all. The CBO's [upshot](#) is the loss of the equivalent of 2.5 million jobs.

Obamacare will affect the demand for labor as well. In 2015, employers with more than 100 workers (more than 50 workers from 2016 onward) are subject to the employer mandate requiring that they provide insurance to their full-time workers. The employer mandate has always been a bit mysterious, given that individuals are already required to have insurance. Moreover, the costs of the employer mandate may directly inhibit hiring. But a more direct route to avoid the costs of the mandate would be to substitute part-time workers for full-time employees.

The ACA sets the threshold for part-time work at 30 hours or less — a sharp contrast from the conventional cutoff of 40 hours per week. As the chart below (using data for 2012) shows, moving the definition to 40 hours a week would more closely align the definition of full-time with the reality of the labor market. With the threshold set at 30 hours, there would have to be a significant cutback in the hours of millions of workers to achieve part-time status — a large change for a minority of the labor market. The result would severely hurt the labor earnings of those workers. At the same time, employers would still face the costs of the mandate for the majority of the workers.



Moving the mandate to 40 hours would change the labor market implications dramatically. Employers could easily avoid the mandate by reducing the workweek of the majority of workers by only an hour or two. In contrast to the current law, there would be a small impact on a large number of workers and the mandate would remain in place for only a minority of the labor market.

In effect, changing the cutoff to 40 hours would be a *de facto* repeal of the employer mandate. The costs to business would largely be eliminated, the incentives for sharp cutbacks in hours of work would be reduced for most workers, and the penalties expected to be paid to the government would be reduced.

Conforming the ACA to the conventions of the labor market would be less disruptive to workers and effectively eliminate the employer mandate and its costs.