In testimony before the Senate Budget Committee this morning, AAF President Douglas Holtz-Eakin discusses the interaction between the social safety net and the labor market.

His central points:

- The most recent data suggest that up to 1 in 5 workers receive federal aid in the form of either Medicaid or Supplemental Nutrition Assistance Program (SNAP);

- It is a mistake to assume that these facts imply that firms are subsidized by the taxpayers, as the economics indicate the opposite – the presence of the social safety net forces firms to pay higher wages; and

- Raising the federal minimum wage significantly at this time would be a dramatic policy error.