



The Daily Dish

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New AAF insight- **The Problem with ACA's 30 Hour Work Week:** “Contradicting the conventional 40 hour work week, the law defines full-time employment as working at least 30 hours per week...it does open the door for a potentially dramatic reduction in work hours and earnings” “According to Current Population Survey (CPS) data, in 2012, 71.1 percent of employees worked 40 or more hours per week...the employer mandate could result in a dramatic reduction in work hours for millions of workers.”

New AAF insight- **Low H-1B Visa Caps Don't Reflect Market Reality:** “The U.S. Citizenship and Immigration Services (USCIS) begins accepting applications for H-1B visas for 2015 today.” 65,000 visas are available for highly skilled temporary workers and 20,000 for highly skilled workers with temporary degrees. “The 85,000 visas available will likely be exhausted within a matter of days...” According to a 2013 study from Regional Economic Models, Inc., by “...increasing the number of visas available to levels recommended by last year's Senate Gang of 8 immigration bill...227,000 jobs would be created in the first year,” and by 2045, 227,000 jobs would be created. “Continuing to keep H-1B visa caps too low to satisfy market demand is harmful. Increasing H-1B visas is a smart reform to our immigration system that will quickly pay dividends in the labor market and our economy.”

Eakinomics: Budgets

Budgets serve the crucial function of connecting policy aspirations to the reality of resources. Budgets that come to balance deliver policies that are feasible and match the reality of resources to the rhetoric and aspirations. By ignoring the budget process and delivering budget after budget of gimmicks and red ink, the administration has counted on the president's oratorical skills and campaign-style sales jobs to mask the reality that not only do the policies not add up, they also imperil the next generations, and fail to deliver jobs, incomes, and prosperity.

As for this year's budget process, the Senate has already announced its intention to dodge it entirely, as it's done 4 out of the past 5 years. Ignoring the siren call of an undisciplined policy process, the House Budget Committee announced yesterday it plans to produce one. Last year the House followed a “balanced” approach to the budget — that is, it actually came to balance! Notice the sharp contrast to the undisciplined White House approach that is sold heavily as “balanced.” How an average deficit of nearly \$500 billion is “balanced” is unclear to me.

Unfortunately, producing federal budgets this year has been made harder by the administration's economic failures. In January 2013, the CBO expected GDP growth of 2.7 percent for the year; now it thinks 2013 probably clocked in at closer to 2.1 percent growth. CBO used to think the economy would expand at a 3.4 percent rate in 2014; this has been scaled back to 3.1 percent. And growth in the several years thereafter was anticipated to be at a 3.6 percent annual rate. Now it looks to be 3.4 percent initially and falling to 2.7 percent. In short, growth has been poor and CBO has been forced to mark down the economic assumptions underpinning the budget outlook accordingly.

Put differently, the 2013 House budget that came to balance last year immediately ends with about a \$100

billion shortfall this year. There are two ways to think about this. First, the House will have to modify its proposals to accommodate the budgetary reality. That is, the budget will be very similar, but not a carbon copy, of the House-passed budget from a year ago.

The second possibility is to recognize that better budget policies will improve growth, and to reflect this reality in the House budget itself. For over a decade, the CBO has been providing a macroeconomic analysis of the president's budgetary proposals. It would be straightforward to do so for the House budget (or the Senate, if it did one, for that matter). The feedback from good budget proposals to faster growth would automatically narrow the budget gap and likely bring the budget back to balance.

Budgets are an important discipline and it is refreshing to see that discipline trumping political expediency. The objectives should be to produce a budget, come to balance, and generate better growth.