



The Daily Dish

December 16th Edition

DOUGLAS HOLTZ-EAKIN | DECEMBER 16, 2014

‘Tis the season for gifts and giving. [AAF released a new video](#) on the onerous regulations the administration has given the American people this year. The administration has been hard at work decorating the tree with red tape and leaving a sleigh full of expensive new regulations for taxpayers to unwrap. The EPA even has [plans to add](#) at least one more major regulation by the end of the year.

CBO Director Doug Elmendorf says [it is up to](#) Congress to request the use of dynamic scoring for legislation. The difference between dynamic and static scoring is whether you permit the size of the economy to change. You can read AAF’s Douglas Holtz-Eakin’s thoughts on [employing the tool more often here](#).

Eakinomics: Social Security Disability Insurance

The Social Security Disability Insurance ([SSDI](#)) program is in need of immediate [reform](#). The federal trust fund responsible for funding the program is projected to become insolvent in 2016, and risks immediate benefit cuts to 11.4 million disabled Americans. Potential reforms range from accounting changes (“gimmicks”), to throwing money at the problem (tax increases), to real reforms that control spending.

Accounting gimmicks include allowing the SSDI trust fund to borrow funds from the rest of the Social Security trust funds and allocating more of the Social Security payroll tax to the SSDI fund. Notice that both are tantamount to robbing Peter to pay Paul.

Tax increases mean either raising the rate, or increasing the taxable maximum; i.e., allowing a greater share of earnings to be taxed.

There *are* real reforms available. Some would simply reduce benefits for some or all recipients, while others would change the indexing to slow the growth of benefits. Another strategy is to slow the entry into the program by increasing work requirements or by extending the waiting period prior to receipt of benefits. One additional agenda item would be to reduce SSDI [fraud](#). The *Washington Examiner* reports that “Millions of dollars in disability fraud may go undetected due to Social Security Administration policies that discourage staff from reporting suspicious claims, according to a government watchdog.”

It is important for Congress to pursue real reforms. The remaining entitlement problems — Social Security retirement, Medicare, Medicaid, and the Affordable Care Act — are much larger in scale. It would be good to have some smaller-scale, bipartisan successes before pursuing these difficult policy fixes.

From the Forum

[Proposed Dishwasher Efficiency Standards](#) by Dan Goldbeck, Research Analyst

[Administration Still Stalling on Individual Mandate](#) by Sam Batkins, AAF Director of Regulatory Policy

[Video: Giving the Gift of Red Tape](#) by Michael Babyak, AAF Digital Director; and Sang Kim, AAF Graphic

Designer