



**The Daily Dish**

## December 18th Edition

DOUGLAS HOLTZ-EAKIN | DECEMBER 18, 2015

According to President Obama there is '[no solid evidence that a higher minimum wage costs jobs](#).' Yet evidence shows that raising the minimum wage will cost jobs, specifically for the country's least skilled workers. [Economists writing on this topic](#) have pointed out that when you raise the price of something less of it will be demanded. [AAF research found](#) that raising the minimum wage to \$15 per hour in New York, would impact 3.1 million workers and cost 432,500 jobs in the state.

The U.S. and Cuba have reached an agreement to allow up to 110 regularly scheduled commercial flights per day between the two countries. The [deal announced yesterday](#) would ease the process for American citizens to legally travel between the two countries.

### ***Eakinomics: Didn't See This One Coming***

According to the Hill newspaper former Obama Administration Secretary of State and current presidential hopeful Hillary Clinton made the case about the damaging impact of the Affordable Care Act (ACA) on incentives for full-time employment: "Well that's why they're going to part-time, that and also the Affordable Care Act (ACA)..." This concern emanates from an unlikely source, but reflects the incentives created by the employer mandate to provide affordable health insurance and the ACA's choice of 30 hours as the definition of full-time work. (These are concerns above and beyond the Congressional Budget Office's (CBO's) conclusion that the ACA has cost the U.S. economy 2 million jobs or, more generally, the CBO conclusion that "Repeal of the ACA would raise economic output, mainly by boosting the supply of labor; the resulting increase in GDP is projected to average about 0.7 percent over the 2021–2025 period.")

The employer mandate is one of the most bitterly debated (and frequently delayed) features of the ACA. Originally scheduled to go into effect January 2014, the mandate began in 2015 for employers with 100 or more workers, by 2016 businesses with 50 or more will have to comply. Because the law defines full-time employment as working at least 30 hours per week, it classifies some current part-time workers as full-time, and thus subject to the mandate. The obvious solution for someone working, say, 32 hours is to simply reduce their weekly hours and avoid the mandate. While this provision's exact impact on labor markets will be difficult to gauge until the employer mandate is fully implemented, it does open the door to a potentially dramatic reduction in work hours and earnings. An early AAF estimate put the number of workers at risk in the vicinity of 2.3 million.

Candidate Clinton is on to something. Changing the definition of full-time work to 40 hours per week would mitigate these issues and prove to be much more beneficial to workers than the current law.

### ***From the Forum***

[Mental Health A Common Reason for Hospital Stays and Readmissions](#) by Jonathan Keisling, AAF Health Care Data Analyst

[Charting the Economic Recovery](#) by Jacqueline Varas, AAF Data Analyst

***Fact of the Day***

The most expensive Dodd-Frank rule to date adds \$5.2 billion in burdens onto America's financial system.