The Daily Dish

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A new report by the inspector general of the Department of Health and Human Services finds that half of the doctors listed as serving Medicaid patients are unavailable. The watchdog found “callers were sometimes told that the practice had never heard of the provider, or that the provider had practiced at the location in the past but had retired or left the practice. Some providers had left months or even years before the time of the call.”

House Republicans will introduce a bill to lift the 1970s ban on crude oil exports. According to The Hill, Representative Barton (TX) has been “planning the bill since earlier this year,” but won’t expect much of the talk to pick up until the new Congress is sworn in. AAF Solutions presented a better way forward on crude exports earlier this year.

Both the House and Senate have goals of wrapping up the lame duck session by Thursday, but the deadline is in question with “cromnibus” discussions stalling. Among the sticking points are a grouping of provisions aimed to restrict the EPA’s power and an extension of the Terrorism Risk Insurance Act.

Eakinomics: Minimum Wage’s Price Tags, Guest Authored by Ben Gitis, AAF Policy Analyst?

Last week, protestors in 190 cities demanded the fast-food industry pay a “living wage” and the federal government increase the minimum wage to $10.10 or even $15 per hour. Advocates often claim that a central benefit of raising the minimum wage is that it would save the federal government money. These supporters claim that as low wage workers get a raise their dependence on public assistance will fall causing federal spending on safety net programs to decrease as well. Sounds great, right? Not quite. In new research, AAF finds that raising the federal minimum wage fails to significantly reduce federal outlays, and the policy’s detrimental costs to the labor market would far outweigh any fiscal savings. ?

According to the UC Berkeley Labor Center, between Medicaid, food stamps, the EITC, and TANF, the federal government spends $243 billion per year on working families. However, how much of that spending would actually decrease if the minimum wage went up? Not much. In order for the government to significantly spend less money on safety net programs, increasing the minimum wage would have to greatly improve the well-being of low-income families. But, it doesn’t. For instance, only about 20 percent of minimum wage earners are in poverty. Meanwhile, 37 percent still live with their parents and benefit from average family incomes over $100,000.

As a result, raising the minimum wage to $10.10 would only minimally reduce government spending. According to the Economic Policy Institute, spending on public assistance programs would only fall $7.6 billion. This decrease in outlays is marginal compared to the $243 billion the government spends on working families.

Meanwhile, what happens in the labor market? While research is mixed regarding the impact of the minimum wage on employment levels, it is evident that raising the minimum wage would slow job creation. Specifically, raising the federal minimum wage to $10.10 would cost 2.2 million new jobs across the country. This reduction in hiring means that workers would lose $19.8 billion in earnings each year.

The idea that the U.S. should raise the minimum wage in order to save the federal government money completely ignores the policy's labor market consequences. Clearly, the labor market costs far outweigh the marginal budgetary benefits.

From the Forum

Better Decisions in a Time of Scarce Resources by Emil Frankel, AAF Transportation Expert