



Obamacare penalties may come as a [surprise to half of uninsured](#) adults. According to a new study, 25 percent of uninsured people above the poverty line heard “nothing at all” and 20 percent have heard “only a little” about the penalty. As the law currently stands, those without insurance and who are not exempt will have to pay \$95 per person or 1 percent of their income, whichever is higher.

The EPA will (finally) complete a proposal for the [Renewable Fuels Standard for 2014](#). The administration was short on specifics as to when it would come, just telling reporters that it would be at the end of spring. The proposal will include the tardy 2014 standards as well as 2015 and 2016.

The Department of Housing and Urban Development’s inspector general found the department has been paying [\\$37 million a month](#) to people who are not eligible for assistance. The report shows that by allowing tenants who did not comply with HUD rules, others remained on waiting lists. The report continued to show that if HUD does not change course, then they will pay \$448 million this year to ineligible people.

Eakinomics: Walmart, Low-wage Workers, and the Social Safety Net

Walmart [announced](#) yesterday it was spending \$1 billion on training and raising the wages of its workers. The result is raises for about 40 percent of its 1.3 million U.S. employees. Some of the business press have interpreted it as an attempt to shed Walmart’s image as a low-wage employer and shed the [attacks](#) that it is subsidized by Medicaid, food stamps, and other social safety net programs.

Take Walmart out of the equation and think about the issue more broadly. Are lower-wage employers subsidized by the existence of the social safety net? Certainly — as the table below illustrates for Medicaid, Food Stamps and Temporary Assistance for Needy Families — working families do collect benefits from the social safety net.

Working Families						
Program	Families	Average Family Size	People	Cost per Family	Cost per person	Total Cost (bil.)
Medicaid	15,294,000	4.3	66,349,731	\$9,600	\$2,213	\$146.8
Food Stamp	13,851,000	4.4	60,338,474	\$2,416	\$555	\$33.5
TANF	1,571,000	5.0	7,931,930	\$2,934	\$581	\$4.6

But, in comparison to non-working families (below), they collect less per person than those families that do not work.

Non-Working Families						
Program	Families	Average Family Size	People	Cost per Family	Cost Per Person	Total Cost (bil.)
Medicaid	8,125,000	2.7	22,080,971	\$14,090	\$5,185	\$114.5
Food Stamp	11,222,000	2.8	31,247,928	\$2,001	\$719	\$22.5
TANF	1,379,000	3.9	5,378,697	\$3,822	\$980	\$5.3

Still, isn't this a subsidy? No.

The economics of subsidy from the social safety net to low-wage employers would require that as the social safety net becomes more generous, the wages that employers must pay can decline. This is unlikely. For that to happen, an increase in the generosity of the social safety net must lead to a sharp influx of low-wage workers into the labor market, leading to a decline in wages. Other things being the same, a more generous social safety net will cause a decrease in the supply of low-wage workers and an increase in wages.

In short, low-wage employers are in competition with the safety net as a source of income, and they will have to raise wages to meet greater competition. There are some caveats to this simplified story — the most important being pervasive work requirements that offset the economic fundamentals — but they are unlikely to change the bottom line.

From the Forum

[Premium Prices Depend Largely on Where You Live](#) by Conor Ryan, AAF Senior Health Care Data Analyst

[Dodd-Frank Fails at Measuring Costs and Benefits](#) by Sam Batkins, AAF Director of Regulatory Policy