



## The Daily Dish

# July 24th Edition

DOUGLAS HOLTZ-EAKIN | JULY 24, 2014

Recent graduates are facing lower wages due to the sluggish economy. According to a new study reported on [Bloomberg](#), “Students entering the job market in 2010 and 2011 took a 19 percent pay cut from what they could have expected without a recession.” The report continues to explain that though joblessness is down, many graduates were forced to take jobs for which they were over qualified out of desperation.

This week the House passed the Travel Promotion, Enhancement, and Modernization Act of 2014, in part extending the Travel Promotion Act of 2010 (TPA). AAF has a new insight discussing how the TPA does something rare for a program sponsored by the government; it ends up bringing in a bit more money to the Treasury than it spends. Brand USA, established through the TPA, supports 53,000 jobs and has increased tourism by \$7.4 billion, “providing a successful model that should be pursued where possible in other areas of public policy.” You can [read the full insight here](#).

Is the administration delaying at least \$34 billion in regulations until after the mid-term elections? A new study by AAF has identified fifteen regulations slated for release from November 2014-January 2015. Many of these are controversial including one EPA rule that does not yet have a price tag, but when originally proposed in 2011, had potential to cost up to \$90 billion. “It could be a coincidence, but \$34 billion with an additional potential \$90 billion on the line is far above even this administration’s level of regulatory costs,” says [Sam Batkins](#), AAF Director of Regulatory Policy. You can [read the full study here](#).

### *Eakinomics: Erroneous Obamacare Payments*

I’m not going to say I told you so. [But I did](#). And now the [Government Accountability Office](#) (GAO) has turned worry to fact, with its finding of profound problems with verifying subsidies in Obamacare.

Recall that the basic problem is really, really hard: identify those in the 314 million Americans whose income makes them eligible for Obamacare subsidies, verify that their employer has not provided them with “affordable” insurance, compute the correct amount of the subsidy and deliver it to the insurance company of choice in their state of residence. And repeat monthly adjusting for raises, layoffs, marriage, divorce, newborns, and the other vagaries of life. If one just contemplates it for a second, it is clear that the law is asking too much in the way of federal competence. Examining the [details](#) only reinforces this concern.

As it turns out, the enforcement problem is “simpler” at the moment because the employer mandate has been temporarily waived, thus relieving the Obamacare system of reconciling the individual income eligibility and employer insurance provision. As noted in the testimony to the Ways and Means Committee, however, that makes the administrative challenge of the current ACA quite similar in structure to the Earned Income Tax Credit (EITC). The bad news is that erroneous payments constitute 20 to 25 percent of all EITC payments. The GAO findings do nothing to suggest that Obamacare will do any better.

The lesson is that running the health care system from Washington is not just a bad idea; it won't work. It would be useful to start over and fix the problems of health care cost and accessibility in an effective fashion.

***From the Forum***

[And They Are Off: The House Considers Bills to Reauthorize the Higher Education Act](#) by Chad Miller, AAF Director of Education Policy

[White House Delaying \\$34 Billion in Regulations Post-Election?](#) by Sam Batkins, AAF Director of Regulatory Policy

[The Travel Promotion Act: A Public-Private Partnership in Practice](#) by Gordon Gray, AAF Director of Fiscal Policy