



**The Daily Dish**

## May 26th Edition

DOUGLAS HOLTZ-EAKIN | MAY 26, 2016

The American Action Forum released new research yesterday examining the regulatory burden that has resulted from the Supplemental Nutrition Adjustment Program (SNAP). Due to recent revisions to the program, the Department of Agriculture has gone from the ninth most burdensome agency to the third, more than doubling the agency's overall paperwork burden by 168 percent. The program is costing households, states, and local governments \$958 million to comply. Click [here](#) to read the research.

Health Insurers in both Florida and Nebraska have [announced](#) their requests for rate increases under the federal health care law. The average rate increase is around 13 percent, while one plan by Humana would increase its rate by as much as 44%. Insurers are citing rising health care and prescription drug costs as the main impetus behind the rate hikes.

### ***Eakinomics: (More) Fuzzy Thinking on the Minimum Wage***

The National Low Income Housing Coalition is out with a new report that, according to the Wall Street Journal, concludes "Simply raising the minimum wage won't be enough to solve the country's affordable housing crisis for low-income renters." Why? "A family would need to earn \$20.30 an hour working full time to afford a typical two-bedroom apartment in the U.S., compared to \$19.35 last year. That is the equivalent of working 2.8 full-time jobs at minimum wage."

Looking to the minimum wage to "solve" and an "affordability crisis" is wrong-headed on two counts. The solution to an undesirably high price is to change the market fundamentals; in particular to expand supply. The report hints at this by noting that a dearth of low-cost supply is partly the culprit. Yes, and what policies are best suited to solving such a shortage? Local land use policies, like zoning, lot sizes, and apartment density restrictions. The municipalities that have a "crisis" also have the tools to fix it.

The second problem with a minimum wage increase is that more affluent renters will demand more housing, not less, and further drive up rents. If you want to lower rents with demand side policy, the key would be to cut wages and reduce demand. Clearly that is not what advocates have in mind.

Minimum wages are not housing policy. Minimum wages are not anti-poverty policy. Minimum wages are not stimulus policy. Minimum wages are not a social safety net. Minimum wages are a mandated transfer from business owners, business customers, and potential hires to current employees. It is unsurprising that a transfer system with distortions to hiring and investment decisions doesn't solve any real problems. It is surprising that people expect them to.

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

[Perspectives on the Need for Tax Reform](#) by Doug Holtz-Eakin, AAF President

[Senate Votes to Rescind Labor's Fiduciary Rule](#) by Sam Batkins, AAF Director of Regulatory Policy

[What a Rise in Food Stamps Looks Like in Regulation](#) by Sam Batkins, AAF Director of Regulatory Policy