



Senator John Barrasso, Chairman

January 13, 2015

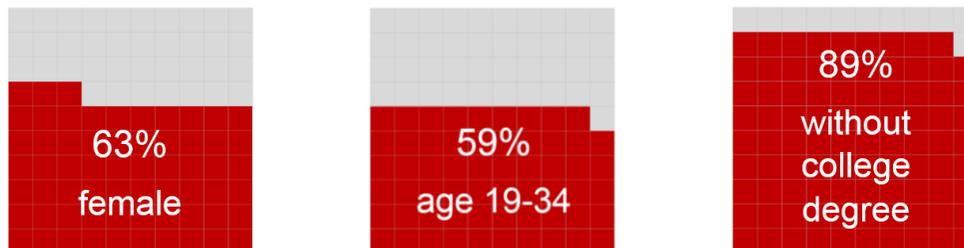
Ending Obamacare's 30-Hour Work Week

- Twelve House Democrats voted with Republicans to change Obamacare's definition of a full-time worker from 30 to 40 hours per week.
- The bill would lower tax penalties and lead to more jobs and higher wages, particularly for women and the young.
- Largely because of its unworkability, the Obama administration has already delayed the employer mandate twice.

On January 8, the House of Representatives [passed](#) the Save American Workers Act by a vote of 252 to 171. Twelve Democrats joined a unanimous Republican caucus in supporting the legislation. For purposes of the employer mandate, the bill replaces Obamacare's definition of a full-time employee from someone who averages 30 hours per week to someone who averages 40. If enacted, the bill will reduce the number of employers subject to the mandate penalties and will reduce the amount of the penalties for firms in violation of the employer mandate requirements. As a result, fewer workers will have their hours cut to below 30 hours per week. Senators Collins, Donnelly, Murkowski, and Manchin have introduced similar bipartisan [legislation](#) in the Senate.

Women and the young harmed most by 30-hour rule

At greatest risk of losing hours



Source: Hoover Institution

Obamacare's employer mandate requires that all businesses with at least 50 full-time equivalents provide their full-time workers with coverage that satisfies the law's requirements. This mandate was set to take effect January 2014, but in mid-2013 the White House delayed it until after the 2014 elections. For this year, the administration also reduced the number of firms subject to the mandate by imposing it only on firms with at least 100 full-time equivalents. Employers who fail to offer coverage that satisfies the employer mandate are subject to a penalty of up to \$3,000 per worker.

After the enactment of Obamacare, one fast-food employer [testified](#) to Congress that the employer mandate would force businesses like his to "increase the number of part time employees; decrease

the number of full time employees and attempt to automate positions (such as replacing cashier positions with ordering kiosks).” An analysis by the Hoover Institution [found](#) that there were 2.6 million workers at risk of having their hours cut because of the 30-hour work week rule. According to the study, 63 percent of those most at risk of lost hours are female and almost 60 percent are between the ages of 19 and 34. The study also found that those most vulnerable to the 30-hour rule are less educated – 89 percent lack a college degree. The median income of workers at risk is \$14,333 per year for individuals and \$29,126 for families.

Last year, Investor’s Business Daily compiled a [list](#) of 450 employers across the country that announced they’ve cut positions or reduced workers’ hours because of the law. The list includes more than 100 school districts that have been forced to pay for Obamacare’s costly mandates at the expense of janitors, cafeteria workers, bus drivers, and teachers’ aides. Obamacare is likely a main contributing factor to the 6.8 million Americans who [want](#) full-time employment but are stuck in part-time jobs. In September 2014, CBO [reported](#) that the magnitude of part-time employment resulting from workers’ inability to find full-time employment remains much higher than it was before the recession.

Effects of moving to a 40-hour work week

The Congressional Budget Office [estimates](#) that replacing the 30-hour per week definition with 40 hours per week will free employers from \$45 billion in tax penalties over the next decade. The burden of the employer mandate tax primarily falls on workers in the form of lower wages and fewer jobs, and on consumers in the form of higher prices. Changing Obamacare’s definition of the work week to 40 hours will lead some employers to increase wages, to add jobs, and to lower prices for consumers. CBO [expects](#) that only “a small percentage of employers would either redistribute or reduce hours of employees who work 40 hours per week or slightly more” since employers generally offer health insurance coverage to 40-hour-a-week workers.

Since the bill makes the mandate less costly for businesses, slightly fewer employers will offer insurance. CBO does not expect the rule change to affect many firms’ decision because employees tend to prefer workplace coverage over insurance policies offered through the individual market or exchanges. CBO projects that the number of people receiving employer-based coverage will decline by about one million people. It also projects that the majority of these people will obtain coverage through Medicaid, the Children’s Health Insurance Program, or the exchanges. As a result, CBO estimates that government spending will increase by \$21.4 billion over the next decade.

Supreme Court could rule employer mandate is illegal in most states

Later this year, in the case King v. Burwell, the Supreme Court will decide the legality of the [IRS rule](#) that extends health insurance subsidies to people in the 37 states with a federal exchange. Since the employer mandate is only triggered for a business if at least one worker receives an exchange subsidy, a ruling that the IRS regulation is unlawful would invalidate the employer mandate in those 37 states. By one [estimate](#), this would free more than 250,000 businesses and 57 million workers from the employer mandate. No workers in those states would have to fear losing their job or having hours cut because of Obamacare.