



## EXECUTIVE INSIGHT BRIEF – May 2, 2014

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### TOP 5 STORIES THIS WEEK

- A Democratic effort to raise the federal minimum wage to \$10.10 per hour [failed to advance on a 54-42 Senate vote](#) that featured just one Republican backing the motion to proceed.
  - **Look ahead:** Democrats [plan to bring up the bill again and again](#) in a bid to energize voters and draw a contrast between their party and the GOP.
- The White House Task Force to Protect Students from Sexual Assault issued its first [report](#), which encourages colleges to [conduct annual "climate surveys"](#) to gauge the prevalence of sexual assaults and students' knowledge of and attitudes on rape.
  - **Look ahead:** The administration also [launched a new website](#) offering information for victims and statistics on assault at various institutions.
- The administration launched a [new round of sanctions against Russia](#), including exports of military technology and targeting key allies of President Vladimir Putin.
  - **Look ahead:** While the president has sought to maintain a united front with Europe, some advisers are [advocating a tougher stance against Russia](#), on the assumption that Europe ultimately will follow suit.

- The Supreme Court heard oral arguments this week in [Riley v. California](#) and [U.S. v. Wurie](#), which address the question of [whether police may examine the contents of cellphones](#) without first obtaining a warrant.
  - **Look ahead:** The justices seemed [unwilling to sanction limitless warrantless searches](#), but appeared torn on where to draw the line.
- This week's Federal Open Market Committee meetings yielded the expected [\\$10 billion reduction in the Fed's monthly asset purchases](#), as well as projections for accelerated growth in the coming months, [spurring a rally on the markets](#).
  - **Look ahead:** Despite their unanimity on tapering, [FOMC members are divided over key questions](#), including the impetus for and timing of an increase in the benchmark interest rate, and potential responses to asset bubbles.

## WHITE HOUSE

- The president is [expected to nominate Mark Lippert](#), a longtime Obama adviser who currently serves as chief of staff to Defense Secretary Chuck Hagel, as U.S. ambassador to South Korea.
- The White House said Wednesday that [recently released September 2012 email correspondence](#) reflected what its officials "[understood to be the facts at the time](#)" about the attacks in Benghazi, Libya.
- The administration sent Congress a [four-year, \\$302 billion transportation plan](#) that includes approximately \$150 million in additional funding for the federal Highway Trust Fund, which is projected to be depleted by late August, triggering delays in aid to states and layoffs of construction workers.
- Homeland Security Secretary Jeh Johnson, whom the president has tasked with a review of the administration's immigration enforcement practices, said that [changes are forthcoming](#), and emphasized the need to maintain "[the sanctity of the family unit](#)."
- The president's visit to Japan ended without a trade deal, though both allies touted "[a path forward](#)" on a bilateral agreement to serve as the foundation for the Trans-Pacific Partnership.
- Following an [outcry from families over space restrictions](#) at a planned joint commencement, the White House announced that the [first lady will speak May 16](#) at a ceremony commemorating the 60th anniversary of the *Brown v. Board of Education* ruling, while the five high schools will hold individual graduation ceremonies.

## ***Look ahead***

- Next month, Obama [will attend ceremonies in Warsaw](#) to mark the 25th anniversary of Poland's first democratic elections, take part in the Group of Seven summit in Brussels, and commemorate the 70th anniversary of the D-Day invasion at Normandy.
- In a scheduled Friday meeting with German Chancellor Angela Merkel, Obama is expected to [press for stronger European action against Russia](#).
- The U.S. and Japan [remain at odds over key issues](#), such as market access for agricultural goods and automobiles, though Japanese Economy Minister Akira Amari says "[the gaps are steadily narrowing](#)."

## **CONGRESS**

- Legislation to raise the federal minimum wage to \$10.10 per hour [failed to advance on a 54-42 Senate vote](#) that featured just one Republican, Bob Corker of Tennessee, backing the motion to proceed.
- The [legislative agenda set by Majority Leader Eric Cantor](#) focuses on ACA repeal and includes plans to make permanent six business tax breaks.
- Senate Banking Committee Chairman Tim Johnson, D-S.D., and ranking member Mike Crapo, R-Idaho, [postponed the panel's vote on their plan](#) to overhaul Fannie Mae and Freddie Mac [amid Democratic divisions](#) over the proposal.
- Lawmakers returned this week to a bevy of business, including two fiscal 2015 spending bills in the House as [Congress begins the appropriations process](#).
- House Speaker John Boehner, who generated headlines by criticizing Republican intransigence on immigration reform, called the president the "[biggest impediment](#)" to progress on the issue.
- House Oversight and Government Reform Committee Chairman Darrell Issa, R-Calif., and 16 other Republicans are [seeking information on the Justice Department's role](#) in the IRS's scrutiny of tea-party groups.
- The five Republican members of Louisiana's House delegation aim to delay OMB Director Sylvia Mathews Burwell's confirmation as HHS secretary [until the administration withdraws the individual mandate](#) of the Affordable Care Act.

## ***Look ahead***

- [Democrats plan to bring the minimum-wage bill back up](#) again and again; it is one part of their 2014 election-year legislative agenda, intended to energize voters and draw a contrast between Democrats and the GOP.

- There is little expectation that the House and Senate will fully hash out and pass all 12 annual spending measures by the Oct. 1 start of the new fiscal year.
- While legislation to overhaul Fannie Mae and Freddie Mac appears to have sufficient backing to advance out of the Senate Banking Committee, the panel's leaders [aim to shore up support](#) to prevent Majority Leader Harry Reid from delaying a vote.
- The move by Louisiana Republicans, an attempt to force Democratic Sen. Mary Landrieu to take a position, has [little chance of succeeding](#) in the wake of last year's changes to Senate procedure on executive nominations.

## POLITICS

- House Republicans weighed in on an [eventual successor to NRCC Chairman Greg Walden](#), who is expected to retain the post through the 2016 cycle.
- Democrats from North Carolina to Alaska—and in the Senate, as well as the House—are [attempting to cast Rep. Paul Ryan's budget as a radical Republican vision](#) and an attack on Medicare.
- Rep. Michael Grimm, R-N.Y. was indicted Monday on [20 federal criminal counts](#) related to his [past ownership of a Manhattan restaurant](#).
- Former Saratoga Springs Mayor Mia Love [earned the backing of 78 percent of delegates](#) at the state Republican convention, allowing her to bypass a primary in her bid to succeed retiring Rep. Jim Matheson, R-Utah.
- U.S. District Judge Lynn Adelman [struck down](#) Wisconsin's voter-ID law, on the grounds that it [places an undue burden on indigent and minority voters](#).
- Pulaski County Circuit Judge Tim Fox [ruled](#) that Arkansas' voter-ID law, which took effect this year, violates the state constitution by [imposing a new prerequisite for casting a ballot](#).
- U.S. District Judge Paul Crotty [struck down a New York state law limiting donations](#) to independent super PACs.

## Look ahead

- The filing deadline for New York's GOP primary was April 10, and the [deadline for Grimm to remove himself from the ballot](#) was April 14. Grimm's legal troubles could [boost the prospects of Democratic challenger](#) Domenic Recchia.
- [Eight states currently have laws on the books](#) similar to the one voided by Adelman; in total, 31 states have voter-ID laws in place.
- Former President Clinton [will headline the annual fundraiser](#) for the Center for American Progress on May 14.

## DEFENSE & FOREIGN AFFAIRS

- The Pentagon's request for [another round of base closures](#) and [cuts to benefits](#) was rejected by a pair of House Armed Services subcommittees, as lawmakers kick off work on an annual defense bill.
- The United States and the Philippines signed a 10-year defense deal that [will return American troops to the island nation](#) for the first time since the end of the Cold War.
- The United States and the European Union [rolled out another round of sanctions](#) against Russian officials in an attempt to pressure President Vladimir Putin to end the Ukrainian crisis diplomatically.
- The Syrian government missed [an April 27 deadline](#) to destroy or export its chemical-weapons arsenal.
- The Marshall Islands is suing the United States and eight other countries, arguing that they are [violating the Nuclear Nonproliferation Treaty](#).
- A key US House Democrat on Thursday urged his colleagues to embrace some of the Obama administration's proposed weapon program cuts, arguing the savings will allow the military to buy new platforms and remain ready for war. [Read more](#)
- The US Senate late Wednesday confirmed Robert Work as deputy defense secretary. The chamber approved Work's nomination by a voice vote, nearly three months after he was nominated by President Barack Obama. [Read more](#)
- A US House Armed Services subcommittee on Tuesday released legislation that would require Pentagon officials to conduct several sweeping reviews of military intelligence programs. [Read more](#)
- The House Seapower subcommittee markup that was revealed on Tuesday offered at least one surprise — cutting the Navy's request for three littoral combat ships to only two — but the bill supports the other new ship requests, including two destroyers and two submarines. [Read more](#)
- The U.S. House of Representatives approved the fiscal year 2015 Military Construction and Veterans Affairs Appropriations bill (H.R. 4486) on a nearly unanimous 416-1 vote. [Read more](#)
- A retired U.S. general came under sharp criticism from a Republican committee chairman on Thursday after testifying that the Obama administration reacted weakly to the deadly 2012 attack on the U.S. mission in Benghazi, Libya. [Read more](#)

### *Look ahead*

- The Senate Veterans Affairs Committee will examine allegations that [40 veterans died](#) while waiting for appointments at a VA clinic in Arizona.

- The Pentagon is planning to [destroy \\$1.2 billion in ammunition](#).
- The Syrian presidential election is set for June 3. President Bashar al-Assad [is expected to win a third term](#).
- The Organization for the Prohibition of Chemical Weapons [announced](#) plans to [launch a fact-finding mission](#) "soon" into alleged chlorine-gas attacks in Syria.

## BUDGET & ECONOMY

- The Commerce Department [reported](#) Wednesday that the nation's gross domestic product grew at an annualized pace of just 0.1 percent in the first quarter—the [second-worst figure since the end of the recession](#).
- This week's Federal Open Market Committee meetings yielded the expected [\\$10 billion reduction in the Fed's monthly asset purchases](#), as well as projections for accelerated growth in the coming months, [spurring a rally on the markets](#).
- Federal Reserve Chair Janet Yellen's directive to display FOMC members' quarterly projections as dots on a chart, intended to clarify the central bank's thinking, has instead [led to confusion](#).
- While the recession eliminated substantial numbers of middle- and high-wage jobs, [low-wage positions have seen the strongest growth](#) during the ensuing recovery, according to a [report](#) from the National Employment Law Project.
- The index of [existing home sales rose 3.4 percent in March](#) for its first gain in nine months and strongest figure since May 2011, according to the National Association of Realtors.
- Export-Import Bank President Fred Hochberg [urged lawmakers to renew the bank's charter](#) and avoid endangering American jobs and exports.
- The Senate Banking Committee approved the nominations of Stanley Fischer, Lael Brainard, and Jerome Powell, who are expected to earn the backing of the full Senate but first [must navigate a backlog of presidential nominees](#) awaiting confirmation.

## Look ahead

- Despite their unanimity on tapering, [FOMC members are divided over key questions](#), including the impetus for and timing of an increase in the benchmark interest rate, and potential responses to asset bubbles.
- The minutes from this week's FOMC meeting will be released on May 21.

## ENERGY & ENVIRONMENT

- More than a dozen freight cars carrying oil ran off the tracks, spilling the fuel into the James River, [causing a major fire and prompting evacuations](#)

- The House Energy and Commerce Committee [approved legislation](#) to speed up the federal review of liquefied natural gas export proposals.
- The American Lung Association's annual [State of the Air report](#) found that 147 million Americans, or nearly half the country, live in areas with unhealthy ozone and particulate-matter levels.
- Southern Co. announced a new delay to the [operation of its power plant](#) in Kemper, Miss., that would implement carbon and capture sequestration.
- The Supreme Court reinstated a major Environmental Protection Agency regulation to curb soot- and [smog-forming power-plant pollution](#) that crosses state lines and damages air quality in the Eastern United States.
- BP's \$3.2 billion first-quarter earnings are [down 23.5 percent relative](#) to a year ago, despite the fact that the company continues to shed holdings.

### ***Look ahead***

- Houston-based oilfield-services giant Baker Hughes has said it will begin to [disclose 100 percent of the chemicals](#) it uses in its hydraulic fracturing formula, not even making exemptions for trade secrets.
- Gazprom executives say that the company [does not plan to halt the flow of natural-gas supplies](#) to European countries despite the fact that Ukraine has not yet repaid the money it owes to the company.

### **HEALTH CARE**

- An advisory panel recommended April 24 that the Oregon exchange, Cover Oregon, [move to HealthCare.gov next year](#) rather than attempt to salvage its own failed system. The full board approved the suggestion, and [federal and state officials have agreed](#) the change is for the best.
- Much of the back end of *HealthCare.gov* is [still under construction](#), and it could lead to higher costs for consumers.
- Relatively few—about 77,000—Americans [have requested](#) that the penalty for going without health insurance be waived, and so far the Obama administration has rejected none of the applications it has processed.
- The Fifth Circuit Court of Appeals on Monday [considered](#) whether to uphold an injunction against a law that would close the only remaining abortion clinic in Mississippi.
- Payment is [shifting away from a fee-for-service model](#) and toward one that rewards quality of care, but a report commissioned by the Obama administration found that these policies unfairly penalize providers who treat large numbers of poor people.



- The Affordable Care Act doesn't always easily translate to foreign markets, so the House voted 268-150 on Tuesday to [exempt health plans provided to expatriates](#) who live abroad for more than six months from key requirements of the law.
- The House Energy and Commerce Committee [released a report](#) that one-third of ACA enrollees had not paid their premiums as of April 15, but administration officials, experts, and the insurance industry questioned the findings.

### ***Look ahead***

- Sylvia Mathews Burwell, Obama's nominee to replace Health and Human Services Secretary Kathleen Sebelius, [will appear May 8](#) before the Senate Health, Education, Labor, and Pensions Committee. The Senate Finance Committee [has yet to set a date](#) for its own hearing.
- The House Energy and Commerce Committee will [hold a hearing May 7](#) on the ACA and the insurance industry.

## **EDUCATION**

- The Department of Education named [55 college and universities facing Title IX investigations](#) over their handling of sexual assault complaints.
- Education Secretary Arne Duncan sparred with House Republicans [over the administration's proposed college-ranking system](#).
- Traditionally black colleges [lag behind their mostly white counterparts](#) as measured by the percentage of students who study abroad and enrollment of foreign students.
- The percent of high school students who enrolled in college during their senior year [declined to less than 66 percent in October 2013](#).
- The percent of students graduating from high school reached a high point in 2012, [with 80 percent of students earning a diploma](#).
- College officials [must take further steps to prevent sexual assault](#), according to a White House report released Tuesday, as the administration tries to highlight its rape-prevention campaign.

### ***Look ahead***

- The Obama administration is building a system for rating teacher-preparation programs. A proposal is [expected to be unveiled by this summer](#).
- The decline in college enrollment could signal that the recent upward trend has stalled or even been reversed.



- Students are increasingly pressing [to get access to student course evaluations](#), but professors worry what impact releasing undergraduate evaluations could have on their chances for a promotion.

## TECHNOLOGY

- Federal Communications Commission Chairman Tom Wheeler [defended his net-neutrality proposal](#) that would allow Internet providers to charge a fee for faster service, vowing that the commission would have “tough, enforceable” rules.
- Edward Snowden accused the U.S. of spying on its own citizens [more than any other country](#), saying the government is “making a choice, a binary choice, between security of our communications and the vulnerability of our communications.”
- Critics say the Obama administration supports government surveillance so much that it comes [at the expense of cybersecurity](#), since the agency needs to find certain insecurities in order to do its job. “Surveillance at the scale they want requires insecurity,” said one advocate.
- Supreme Court justices seemed unwilling to allow for limitless [searches of cell phones without warrants](#), but appeared torn on where to draw the line in arguments in *Riley v. California* and *U.S. v. Wurie*.
- Twitter’s stock dropped to an all-time low after its quarterly report showed [declining growth](#).

## Look ahead

- If FCC net-neutrality rules allow Internet providers to create fast and slow lanes by charging online companies a fee, it would be “just one more way the playing field is [tilted for the rich and powerful](#),” Sen. Elizabeth Warren wrote in a Facebook post blasting FCC Chairman Tom Wheeler’s proposal to allow fees for faster Internet speeds.
- Ukraine hopes to become [the Silicon Valley of Europe](#), attracting outsourced IT jobs from the U.S. with a new campaign aimed at Western businesses, and even used its current crisis to help the promotion, making fliers that say, “Support Democracy. Increase Your Profits. Cloudsource to Ukraine.”
- NASA will use a [new version of its Z-2 space suit](#) that was chosen by voters in an online poll; the winner resembles the costumes in the sci-fi movie *Tron*.