



EXECUTIVE INSIGHT BRIEF – January 30, 2014

TOP 5 STORIES THIS WEEK

- President Obama delivered his fifth State of the Union address Tuesday evening, offering his plan to [reduce income inequality](#) in the United States, and [emphasizing his willingness to act alone](#), should lawmakers fail to support his agenda.
 - **Look ahead:** While executive orders may be Obama's best option in some cases, there are [clear limits](#) to the efficacy of this approach.
- Rep. Cathy McMorris Rodgers, R-Wash., delivered her party's official response to Obama's address, drawing on her personal background to argue that "[the president's policies are making people's lives harder](#)," while Sens. [Mike Lee](#), R-Utah, and [Rand Paul](#), R-Ky., offered alternate rebuttals to the president.
 - **Look ahead:** The abundance of Republican responses underscores the [ongoing battle](#) over the direction of the party.
- The [House passed a compromise farm bill](#) that ends direct payments to farmers, reduces the number of conservation programs operated by Agriculture Department, and [cuts about \\$8 billion in funding](#) to the Supplemental Nutritional Assistance Program.
 - **Look ahead:** The farm bill is [expected to clear the Senate](#) by the end of the week and head to the president for his signature.
- Republicans [reiterated their demands](#) that a debt-limit increase must be paired with policy changes, while the White House repeated its criticism of Republicans' approach.
 - **Look ahead:** House Speaker John Boehner signaled this week that



House Republicans are [unlikely to extract major concessions](#) such as deficit-reduction measures during negotiations.

- House Republicans are expected to release a [statement of principles on immigration](#) Thursday; the document is expected to address issues of border security and enforcement, as well as a path to legal status—but not citizenship—for undocumented immigrants.
 - **Look ahead:** Conservative Republicans [raised concerns](#) about the immigration push, noting the [difficulty of passing major legislation](#) during an election year.

WHITE HOUSE

- During his fifth State of the Union address Tuesday, President Obama outlined proposals designed to [reduce income inequality](#) in the United States, and [emphasized his willingness to act alone](#), should lawmakers fail to support his agenda.
- Obama also used the speech to [promote the Affordable Care Act](#), urging Americans to obtain coverage, and to [defend](#) his "all of the above" energy policy.
- The president will sign an executive order [raising the minimum wage for federal contract workers](#) to \$10.10 per hour.
- President Obama toured a Costco store in Lanham, Md., on Wednesday, continuing his [push to increase the federal minimum wage](#) and praising local governments that have taken action to raise wages in their areas.
- Obama toured a U.S. Steel plant near Pittsburgh and signed a [memorandum](#) directing the Treasury Department to [finalize rules for myRA](#), which would enable individuals to begin saving their post-tax income without requiring a substantial initial investment.

Look ahead

- While executive orders may be Obama's best option in some cases, there are [clear limits](#) to the efficacy of this approach.
- Every time the president talks about taking unilateral action, he risks making it that much [harder for Democrats to hold onto the Senate](#).
- Existing federal contracts, for which the minimum wage is the federal standard of \$7.25 per hour, will be unaffected.
- The myRA program is [geared toward](#) lower- and middle-income Americans who lack access to employer-sponsored retirement plans, and would function similarly to a Roth IRA, but with investments solely in

government savings bonds.

CONGRESS

- The [House passed a compromise farm bill](#) that ends direct payments to farmers, reduces the number of conservation programs operated by the Agriculture Department, and [cuts about \\$8 billion in funding](#) to the Supplemental Nutritional Assistance Program.
- Republicans [reiterated their demands](#) that a debt-limit increase must be paired with policy changes, while the White House repeated its criticism of Republicans' approach.
- House Republicans are expected to release a [statement of principles on immigration](#) Thursday; the document is expected to address issues of border security and enforcement, as well as a path to legal status—but not citizenship—for undocumented immigrants.
- In the official Republican response to the president's State of the Union address, Rep. Cathy McMorris Rodgers, R-Wash., drew on her personal background to argue that "[the president's policies are making people's lives harder](#)."
- In the tea-party response, Sen. Mike Lee, R-Utah, [singled out the Affordable Care Act](#) as an "inequality Godzilla" that has exacerbated the "inequality crisis" facing the country.
- Sen. Rand Paul, R-Ky., [outlined his view](#) of the origins of and the administration's response to the financial crisis, and revisited his December proposal of "economic freedom zones" that would reduce taxes in areas of high unemployment.

Look ahead

- The farm bill is [expected to clear the Senate](#) by the end of the week.
- Lawmakers in both parties are expressing concerns that the farm bill's compressed timetable—48 hours between filing and a House vote—[could be the new normal](#).
- House Speaker John Boehner signaled Tuesday that House Republicans, who hope to avert a confrontation over the nation's borrowing limit that could risk default, are [unlikely to extract major concessions](#) such as deficit-reduction measures during negotiations.
- Conservative Republicans [raised concerns](#) about the immigration push, noting the [difficulty of passing major legislation](#) during an election year.

POLITICS

- Rep. Henry Waxman, D-Calif., announced Thursday that he [will retire at the close of the 113th Congress](#), citing frustration with the body's rising partisanship and diminished productivity.
- Senate Democrats are pursuing a political approach to the [fight to extend unemployment benefits](#), asking voters to back their effort, not just by sharing their stories, but also by offering their financial support.
- Ready for Hillary, a super PAC supporting a possible 2016 presidential bid by former Secretary of State Hillary Clinton, assembled a diverse group of Democrats for a [series of strategy sessions](#) over the weekend.
- Montana Lt. Gov. John Walsh, who is seeking the seat held by Sen. Max Baucus, said Monday that he has advised Gov. Steve Bullock of his [interest in an interim appointment](#), which would boost his chances in November.
- Clay Pell, grandson of the late Sen. Claiborne Pell, D-R.I., a former Coast Guard attorney and veteran of the Obama administration, [launched his gubernatorial campaign](#) with an emphasis on infrastructure, small business, and education.
- Former Sen. John Warner, R-Va., [endorsed the reelection bid of his successor](#), Sen. Mark Warner, D-Va., declining to support Ed Gillespie, a former chairman of the Republican National Committee.
- Rep. Trey Radel, R-Fla., [tendered his resignation](#), despite an earlier vow to continue his work in the House after pleading guilty to cocaine possession.

Look ahead

- Historically, Senate candidates struggle where their party's president is the least popular. And, as Gallup's 2013 state approval-rating averages show, [President Obama is very, very unpopular](#) in the states Democrats have to defend in the 2014 elections.
- Senate Majority Leader Harry Reid and Democratic Senatorial Campaign Committee Chairman Michael Bennet, D-Colo., will meet with the president next week to discuss the [ways Obama can aid members this cycle](#).
- Former state Rep. Paige Kreegel had previously declared a primary challenge to Radel, while former Rep. Connie Mack and state Sen. Lizbeth Benacquisto are [reportedly weighing bids](#).
- Rep. Collin Peterson, D-Minn., said this week that he [will decide by March](#) whether to seek reelection this fall.

DEFENSE & FOREIGN AFFAIRS

- According to sources, Syria has [removed just 4.1 percent](#) of its chemical weapons stockpile thus far.
- The number of nuclear-missile crew members accused of cheating [has approximately doubled](#), Pentagon officials said Tuesday.
- The US Air Force will emerge from sequestration with a smaller, more cost-efficient force, according to the service's top civilian appointee.
- The president argued that diplomacy matters just as much as military might in his State of the Union speech Tuesday. [Read more](#)
- US aerospace giant Boeing Wednesday reported a big jump in quarterly earnings, but signaled a leaner 2014 profit outlook after last year's boom. [Read more](#)
- The U.S. Air Force wants to transform its Joint Surveillance Target Attack Radar System airborne battle command system into an open-source system mounted on business jets. [Read more](#)
- Responding to this week's Defense News story that the Pentagon is strongly considering moves to reduce the US aircraft carrier fleet, 11 congressmen, led by Rep. Randy Forbes, R-Va., sent a letter Tuesday to Defense Secretary Chuck Hagel in support of current fleet levels. [Read more](#)
- Ninety-two officers are now connected to the cheating investigation at Malmstrom Air Force Base, Mont., the Air Force announced Thursday. [Read more](#)
- The first round of talks about a long-term agreement on Iran's nuclear program [will take place in New York next month](#).
- The United States [resumed nonlethal aid to some Syrian opposition groups](#).
- The White House has given budget guidance [through 2019](#) to the Pentagon this week.

Look ahead

- Syria will miss the Feb. 6 deadline to [remove all toxic agents from the country](#).
- Proponents of undoing Congress' \$6 billion in benefit cuts may be ahead this round, but [there's a bigger battle with the Pentagon looming](#).
- Defense officials said they wouldn't include changes to veteran's retirement in [their 2015 fiscal-year budget request](#).
- The Pentagon could get more money than currently allowed under congressional budget caps [after 2016](#).

BUDGET & ECONOMY

- [Figures](#) released Thursday by the Bureau of Economic Analysis show that the U.S. GDP grew at an [annualized rate of 3.2 percent](#) in the fourth quarter of 2013, on the strength of increased personal consumption and business investment.
- In a [statement](#) Wednesday, the central bank's Federal Open Market Committee outlined its plans to [reduce the Fed's monthly bond purchases by \\$10 billion](#), to \$65 billion.
- More than 30 Senate Democrats signed a letter to Federal Housing Finance Agency Director Mel Watt, urging the agency to direct Fannie Mae and Freddie Mac to [resume their payments](#) to trust funds for affordable housing.
- Governors from both parties—many of them seeking reelection—are eyeing [tax cuts, tuition freezes, and educational spending increases](#) as their states pull out of the recession.
- New-home sales [declined 7 percent](#) in December, exceeding economists' projections.
- For the first time, the [majority of recipients of food stamps are working-age adults](#)—a shift from prior years, when children and the elderly comprised the largest contingent.

Look ahead

- Economists are hopeful that the strong fourth quarter signals [positive momentum](#) in 2014.
- The [housing recovery still appears on track](#), due to low inventory, persistent high prices, and the fact that existing-home sales account for a significantly larger share of the overall market.

ENERGY & ENVIRONMENT

- A new Pew Research Center poll shows that just [29 percent of the public believes global warming](#) should be a top priority for the White House and Congress this year.
- An anti-ethanol coalition that includes conservatives, clear-air advocates, and Pizza Hut is [pressing lawmakers](#) to pare back the national biofuels mandate.
- Natural gas is helping reduce greenhouse-gas emissions, but [not enough to prevent a climate crisis](#).
- Solar power has become [the front line in a battle](#) among conservatives over whether to support renewable energy.

- Sens. Barbara Boxer, D-Calif., Joe Manchin, D-W.Va., and Jay Rockefeller, D-W.Va., [introduced a bill to bolster state regulation](#) of chemical storage facilities and emergency-response plans.
- In his State of the Union, the president [rebuffed environmentalists](#) who want him to abandon his support for domestic oil-and-gas drilling.
- The California GOP delegation in the House [put forward legislation](#) aimed at addressing the state's water shortage.

Look ahead

- Organizers of this year's Super Bowl are planning to make it [the greenest on record](#), including plans to compost food waste generated by the event.
- The Obama administration is [pressing a federal court](#) to continue BP's suspension from receiving new federal contracts, arguing the oil giant hasn't shown that it's a responsible contractor.
- Sen. Mary Landrieu, D-La., said she is 'certain' that [legislation will have to be introduced](#) to lift the current ban on crude-oil exports.

HEALTH CARE

- Republicans hope to make abortion a focus of their campaign strategy, which [may appease the party's base](#), but whether it can win elections is another story.
- A [Gallup tracking poll](#) found that the uninsured rate has declined [from 17.3 percent in December to 16.1 percent](#) so far in January.
- Enrollment in ACA exchanges hit 3 million, which is [only slightly behind schedule](#), despite the early woes of *HealthCare.gov*.
- The Supreme Court said the nursing homes run by the Little Sisters of the Poor [will not be subject](#) to the ACA mandate penalty while their case is pending in the 10th Circuit Court of Appeals.
- Republicans unveiled their ACA replacement bill, which requires people to [pay for more of their health care](#).
- As the battle over the ACA's contraception mandate moves toward the Supreme Court, lawmakers are [dividing along party lines](#) to voice their support or disapproval for the provision.

Look ahead

- The House passed the [No Taxpayer Funding for Abortion Act](#), but it is not expected to pass in the Senate, and the president has expressed his opposition to the measure.

- Republican Gov. Gary Herbert said Thursday that [Utah will expand Medicaid](#) under the ACA, and that he is considering which expansion plan to choose.

EDUCATION

- President Obama touted an initiative intended to help [boost college graduation rates for poor students](#).
- Average annual college endowment returns [hit 11.7 percent in 2013](#), according to a survey released Tuesday.
- Officials told members of Congress at a hearing Tuesday that some colleges have [reduced adjunct professors' hours to avoid having to provide health insurance](#) under the Affordable Care Act.
- Witnesses and members of Congress discussed changing guidelines for the Federal TRIO Programs, which aim to help students from disadvantaged backgrounds, so that they are [similar to the Pell Grant's eligibility requirements](#).
- A study released Monday suggests [intensive tutoring paired with counseling](#) could help below-grade-level students catch up to their peers.
- Students at a community college that transferred to a for-profit college [made less money over a decade](#) than community-college students that transferred to public or nonprofit colleges, according to a new study.

Look ahead

- During his State of the Union speech, the president said more community colleges should partner with companies [so students can receive on-the-job training](#).
- "Open textbooks"—reputable books available online—[could help more students afford textbooks](#) at a time when an increasing number aren't buying required books because of the cost, a report released Monday found.

TECHNOLOGY

- During his State of the Union address, President Obama announced a [step forward](#) in his proposal to improve Internet access in schools, via actions by the FCC and tech companies that will bring high-speed broadband Internet to more than 15,000 schools and 20 million students over the next two years.
- The Obama administration announced Monday that it will permit Internet companies to [disclose government data requests](#) for consumer

information.

- The NSA has tapped Rebecca Richards, a senior official within the Homeland Security Department, to serve as its inaugural [civil-liberties and privacy officer](#), NSA chief Keith Alexander announced Wednesday.
- Two members of Norway's Socialist Left Party [nominated Edward Snowden](#) for the Nobel Peace Prize, claiming the former contractor has helped to restore the balance between national security and individual freedoms.
- Director of Intelligence James Clapper, CIA Director John Brennan, and FBI Director James Comey largely [avoided](#) giving details on the agencies' spying activities during testimony Wednesday before the Senate Intelligence Committee, instead promising to provide more information as soon as possible.
- Uzbekistani refugee Jamshid Muhtorov filed a motion in Denver's federal court to [toss out any evidence](#) gathered via Section 702 of the FISA Amendments Act, which authorizes much of the NSA's foreign surveillance, on grounds it "fails to comply with the Fourth Amendment's most basic requirements."
- Attorney General Eric Holder told the Senate Judiciary Committee on Wednesday that his department is [investigating the massive data](#) breach of customer credit and debit cards that struck Target late last year.

Look ahead

- FCC Chairman Tom Wheeler hinted Tuesday that he has no immediate plans to formally reinstate his agency's net-neutrality regulations and instead favors a [case-by-case approach](#).
- Under FCC approval, two L.A. television stations will join together for a [pilot project](#) to share the same channel to reduce costs and free up spectrum.