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## *David Turch and Associates*

WASHINGTON UPDATE

OCTOBER 30, 2015

### **BUDGET/DEBT DEAL**

Following on the heels of the House vote, the Senate early this morning passed a two-year budget deal that breaks the sequestration caps imposed by the 2011 Budget Control Act and lifts the debt ceiling until March 2017. The deal, negotiated behind closed doors by President Obama and the Big Four – former Speaker John Boehner, Democratic Leader Nancy Pelosi, Senate Majority Leader Mitch McConnell and Democratic Leader Harry Reid – avoids in one fell swoop the threats of a government shutdown and national default. The legislation passed the Senate by a vote of 64 to 35 and the House by a vote of 266 to 167. Efforts by Senators Ted Cruz (R-TX) and Rand Paul (R-KT) to delay if not thwart the vote were unsuccessful. According to a White House statement released this morning, President Obama will sign the bill into law “as soon as it reaches his desk.”

The budget agreement increases discretionary spending by \$80 billion over the next two years, equally split among domestic and military programs. The deal fixes a number of pressing issues including preventing an up to 52 percent Medicare premium spike for certain beneficiaries, authorizes Social Security funding to help backfill the nearly bankrupt Social Security Disability Fund; allocates \$32 billion to the Pentagon’s Overseas Contingency Operations account (considered additional funding above and beyond the \$40 billion discretionary plus up); and repeals a major provision of ObamaCare known as the auto-enrollment mandate, which would require large employers to automatically enroll workers into healthcare plans.

In order to pay for the extra spending, offsets were found in making changes to Medicare and Social Security, selling 58 million barrels of crude oil from the Strategic Petroleum Reserve; auctioning off government owned spectrum; facilitating the Internal Revenue Services’ (IRS) ability to audit hedge funds and private equity firms; and making it easier for debt collectors to robocall delinquent student loan borrowers.

This agreement essentially clears the deck for newly elected Speaker Paul Ryan to start fresh without having the threat of a government shutdown or national default hanging over his head. It also marks the end of the annual budget crises that have come to define President Obama’s relationship with congressional Republicans.

### **THE NEW HOUSE SPEAKER – BY THE NUMBERS**

Representative Paul Ryan (R-WI) was elected the 54<sup>th</sup> Speaker of the House yesterday by a vote of 236 votes out of a GOP Conference of 247 – easily breaking the 218 minimum threshold needed to win the first ballot. In a sign that Ryan may experience some difficulty in managing the hard-right wing of his party, Representative Daniel Webster (R-FL) received nine votes from members of the tea party Freedom Caucus. Out of a total of 187

Democratic members, Minority Leader Nancy Pelosi secured 184 votes. The final three votes were cast for people who were not running for the speakership: Rep. Jim Cooper (D-TN), Representative John Lewis (D-GA) and Colin Powell. At the ripe old age of 45, Paul Ryan is the youngest Speaker in the last 150 years and the first Member of Congress from the State of Wisconsin to hold the gavel. This mid-term election represents only the fifth time in the last 100 years that a House Speaker has been elected in the middle of a congressional session.

### **EX-IM BANK DISCHARGE PETITION AND REAUTHORIZATION ADOPTED**

In a highly controversial procedural maneuver, forty-two moderate House Republicans joined 182 Democratic members in signing a Discharge Petition overcoming House GOP leadership, Committee and tea party opposition to force a floor vote on reauthorizing the Export-Import Bank, whose charter expired this past June. When the final vote was cast, 127 GOP members, a majority of the House Republican conference, joined forces with Democrats to pass the reauthorization bill by a 313 to 118 vote. Such a large, bipartisan vote sends a strong, unambiguous message to both House and Senate leaders about the level of congressional support for extending the Bank's charter. Legislative language reauthorizing the Ex-Im Bank is now in the form of a stand-alone bill adopted by the House, in a six-year transportation authorization bill passed by the Senate, and in the House surface transportation reauthorization bill scheduled for a floor vote next week.

House tea party members, who had championed the effort to "kill" the Ex-Im Bank – attacking it as corporate welfare – are furious at both their colleagues and GOP leadership team for being unable to prevent a Bank vote to hit the floor. A Discharge Petition requires the signature of at least 218 members, a majority of the House, which allows the bill to bypass the committee process and go directly to a vote on the House floor. The last time a discharge petition was successfully executed was in 2002.

### **STOPGAP PATCH FOR TRANSPORTATION AUTHORIZATION BILL**

Earlier this week, Congress passed another short-term transportation authorization bill extending highway and transit authority through November 20, 2015. Had Congress failed to move a temporary patch by October 29, federal transportation programs would have come to a screeching halt, disrupting thousands of transportation construction projects across the country. The three week extension should provide enough time for the House and Senate to pass a long-term transportation reauthorization measure. Included in the stopgap measure is an extension for railroads to install positive train control (PTC) to December 2018 from 2016, with an option to waive the deadline for an additional two-years. President Obama signed the bill into law.

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