Mid-Term Elections Yield Split Congress, Leadership Changes

House of Representatives: Focus turns to GOP leadership
As most are either agonizing or reveling as to why the Democrats got, as President Obama eloquently commented, "shellacked" on November 2nd, those on the Hill have already turned their attention to determining and vying for the new leadership and chairman seats needing to be filled due to the switch of power to the GOP in the House. Equally, many, such as Rep. Mike Pence (R-IN), are focusing and strategizing on the 2012 elections. House leadership elections for the 112th Congress will likely be held on November 17th, although they might be pushed back, and the Senate plans to hold theirs on November 16th. Out of 435 House races, six remain undecided as of Thursday, November 11.

Current House breakdown: 239 Republicans and 190 Democrats, with six races undecided. To view the latest House race results, visit Venable's Election Center.

House Leadership
- Speaker: John Boehner (OH)
- Majority Leader: Eric Cantor (VA)
- Majority Whip: Kevin McCarthy (CA)
- Conference Chair: Jeb Hensarling (TX)
- Freshman Representative: TBD
- Minority Leader: Nancy Pelosi (CA)
- Minority Whip: TBD
- Caucus Chair: TBD

Senate: Alaska remains a question mark
As of Thursday, November 11, all but one of the Senate races have been called. Write-in candidate and incumbent Lisa Murkowski and Tea Party backed Joe Miller remain in a fierce battle for Alaska's Senate seat. Counting of the 92,500 write-in ballots has officially begun, accounting for 40.2 percent of the votes. In an 11th-hour move, Miller filed a Federal lawsuit earlier in the week that claimed many of the ballots had Murkowski's name incorrectly spelled and should be thrown out; however, a U.S. District Court Judge denied the injunction stating that "Miller has demonstrated no potential for irreparable harm." The race is expected to be determined within the next week or so.

Current Senate breakdown: 51 Democrats, 47 Republicans, and two independents with Alaska still undecided (although it will be held by a Republican). To view the latest Senate race results, visit Venable's Election Center.

Senate Leadership
- Majority Leader: Harry Reid (NV)
- Majority Whip: Dick Durbin (IL)
- Minority Leader: Mitch McConnell (KY)
- Minority Whip: Jon Kyl (AZ)

Changes In Store for Key Committees

House Committee on Appropriations: Earmark reform likely, elimination doubtful
Rep. Jerry Lewis (R-CA), now serving his 16th term in Congress, is poised (but not certain) to take the gavel as Chairman of the powerful House Appropriations Committee. Despite Republican calls for a complete elimination of all earmarks and Rep. Lewis' public support of an extension of the earmark ban, it is doubtful they will be successful in their efforts. Even if such measures were to pass the House they would likely get hung up in the Senate, making it more probable that we'll simply see reforms of the earmarking process instead. Lewis and other GOP lawmakers have said that they are committed to returning overall spending to 2008 levels, but with both the House and Senate now more partisan than ever, the only certainty is gridlock.
Rep. Fred Upton (R-MI) is considered the leading candidate to takeover as Chairman of the House Energy and Commerce Committee should the Steering Committee reject Rep. Joe Barton’s waiver request. The Republican’s top legislative priority will be to give tremendous scrutiny to the implementation of the recently enacted health care legislation. It is also expected that Upton will depend heavily on committee oversight in investigating independent agencies.

Following the Republican takeover of the House, Rep. Spencer Bachus (R-AL) is now in position to claim chairmanship of the Committee on Financial Services. With Bachus as chairman we expect an increase in oversight hearings, particularly on the past practices and reshaping of Fannie Mae and Freddie Mac, as well as a review of certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act—specifically the controversial Consumer Financial Protection Bureau.

Rep. Dave Camp (R-MI) is now poised to take over the chairmanship of the powerful tax-writing Committee on Ways and Means. Camp has advocated for “fundamental” tax reform that will lower rates and shape “a fairer, simpler more understandable tax code.” Furthermore, the Michigan congressman favors a permanent extension of the Bush tax cuts for all levels of income. If Congress is unable to come to agreement on the Bush tax cuts during the lame-duck session, it will place Camp front and center in the debate beginning January 2011.

With the House switching over to Republican control, Rep. Howard "Buck" McKeon (R-CA) is first in line to take over as Chairman of the House Armed Services Committee. Republicans likely will press President Obama and his Administration to loosen the July 2011 deadline to begin withdrawing troops from Afghanistan. Additionally, we can expect to see the committee use congressional hearings as a means to obtain clarification from the Pentagon regarding the administration’s war strategy. Interestingly, the current chairman, Rep. Ike Skelton (D-MO), lost his reelection bid.

Rep. Chris Van Hollen (D-MD), the current chairman of the Democratic Congressional Campaign Committee, has announced that he is seeking the ranking position on the House Budget Committee, which will be chaired by Rep. Paul Ryan (R-WI).

Rep. Nick Rahall (D-WV) is the current chairman of the House Committee on Natural Resources, but has announced that he is seeking the ranking position on the House Committee on Transportation and Infrastructure. Therefore, Rep. Edward Markey (D-MA) has announced that he is seeking the ranking spot on the House Natural Resources Committee. If he is successful, he will leave his position as ranking member on the House Energy and Commerce Subcommittee on Energy and Environment.

With Blanche Lincoln's defeat, Debbie Stabenow (D-MI) will likely take the Senate Committee on Agriculture, Nutrition and Forestry gavel. However, Kent Conrad (D-ND), currently chairman of Budget Committee, has indicated that he may pursue the gavel as well.

Due to term limits, Senator Chuck Grassley (R-IA) will vacate his position as ranking member on the Senate Finance Committee and move to the Committee of the Judiciary as ranking member. Therefore, Orrin Hatch (R-UT) will become ranking member on the Senate Committee on Finance.
What to Expect: Thoughts and Analysis from Venable

For more in-depth analysis from Venable attorneys on these and other pertinent issues, please click here.

Congressional Oversight and Investigations

Ray Shepherd and Will Nordwind: "With the Republicans gaining control of the House, the Republican-controlled chamber will rely heavily on committee oversight to highlight policy differences between the Republican Conference (and some moderate Democrats) and both the Obama Administration and the Democratic-controlled independent agencies. We expect significant oversight of Health and Human Services, particularly with respect to implementation of the recently enacted health care reform law, Food and Drug Administration, and such independent agencies as the Environmental Protection Agency, Federal Communications Commission, Federal Trade Commission, and Consumer Product Safety Commission."

"The House likely will seek to advance legislation repealing significant aspects of, or all, of the health care reform law, and the House Energy and Commerce Committee will figure prominently in that debate. Additionally, without Chairmen Waxman and Towns investigating company misconduct, Senators Harkin, Rockefeller and Levin will fill the investigative void and keep the banks, insurance and the pharmaceutical industry busy."

Financial Services

Bill Donovan: "Banking issues are going to be front and center of the 112th Congress. Revisiting portions of Dodd-Frank, retooling or possible winding-down of Fannie Mae and Freddie Mac, FHA reforms, re-examination of the Community Reinvestment Act - regardless of who's chairing the Senate Banking and the House Financial Services Committees, you can count on these issues being the subject of lively hearings and legislative actions. The new leadership of both the Senate Banking and House Financial Services Committee are likely to focus on GSE reform, a close monitoring of the CFPB and scores of oversight hearings on studies and reports mandated by the financial reform legislation - and that's just for starters."

Tax Policy

Sam Olchyk: "As the 2012 election season began November 3rd, Republicans and Democrats, as well as President Obama, will stake out differing positions on tax policy. But barring some quick and significant economic turnaround, the deficit and national debt will severely hamstring the new Congress and the Administration's tax policy agenda."

Transportation and Cap and Trade

Jim Burnley: "The Obama Administration is not interested in increasing fuel taxes, and most Republicans will also be opposed. I expect repeated short-term extensions of the old bill until after the 2012 election."

On Cap and Trade legislation: "Increased Republican strength will significantly impact proposals to reduce greenhouse gases. I cannot envision either house in the next Congress enacting cap and trade legislation that regulates transportation."

Earmark Reform
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Greg Gill: "Some in Congress would like to see earmarking eliminated completely, but the most you're likely to see are additional reforms to the earmarking process. Both sides of the debate have strong champions who have no interest in giving in to their opponents. At the same time, a coalition of lobbyists and public interest advocates are promoting additional earmark reforms that deserve serious consideration."

Committee Assignments

Powell Moore: "Appropriations and Finance are the two most coveted committees because they deal with money. With seven Republican vacancies on the Appropriations Committee and two on the Finance Committee, expect a high-stakes game of musical chairs in the Republican Conference as senators jostle for positions on these prestigious committees."

International Trade

Ashley Craig: "Many government reforms become stalled in the doldrums of Congress, so it's notable that the President's 'Export Control Reform Initiative' has moved forward so quickly. Since Secretary of Defense Robert Gates first discussed the Obama administration's interagency review of U.S. export controls earlier this year and called for fundamental reform of the current Cold War-era system, many new regulations and Executive Orders have been and, I expect will continue to be, enacted."

Energy

Richard Powers, Jr.: "The Administration has not proposed comprehensive energy or climate legislation. Rather, it has waited on Congress and pushed energy and climate policy through regulatory actions at various agencies, including the EPA, DOE and DOI, ensuring that the courts will continue to play an active role in these issues."

"Congressional efforts on climate change have gone nowhere and energy legislation is scattered among various committees, with no real discernable overall plan. With the upcoming shifts in both the House and the Senate, some key committee changes will be made regardless of who takes control. Combined with the huge budget deficits and the poor state of the economy, this means that it will be difficult to enact comprehensive energy or climate legislation."

Telecommunications

Rick Joyce: "There's a perception among many Republicans that Net Neutrality legislation is a 'solution in search of a problem.' Privacy, on the other hand, tends to cut across party lines. I believe that there may be some momentum next year to look at bolstering consumer privacy laws either on the basis of existing telecom statutes or through updating electronic privacy laws. Times of economic difficulty and calls for fiscal restraint in the past have had an interesting impact on the telecom industry."

Congressional Operations
Rob Smith: “Boehner may have been the only one around for the GOP takeover in 1994, but Republicans will understand that they won because the electorate is not happy with the ‘change’ that came to Washington two years ago, rather than because Republicans are now a great brand. They have a ton of potential, but also a lot to prove.”

Privacy and Data Protection

Stuart Ingis: “The Commerce Committees have been holding hearings and introducing legislation that would have broad implications for the collection and transfer of consumer data online and offline. In addition, the Judiciary, Banking and Commerce Committees have also been active on data security legislation and have introduced bills.”

SEC Enforcement

Nancy Grunberg and Treazure Johnson: “As an independent executive agency, the SEC is not as affected as other federal agencies by changes in the governing party. Irrespective of which party has control of Congress, enforcement of the securities laws will likely remain a priority. Wall Street continues to be perceived as the bad guy in the financial meltdown and, even with the Republicans regaining a majority, the meltdown still happened on their watch.”

Tracking the Races

To track the latest election updates and results for every House and Senate race, please visit Venable's Election Center.

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