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& Associates GOVERNMENT RELATIONS

**To: Paul McIntosh, Executive Director
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**From: Joe Krahn/Tom Joseph
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Re: Post-Election Update

After an eight-year hiatus, Democrats recaptured the presidency as Illinois Sen. Barack Obama registered a convincing victory over Sen. John McCain (R-AZ). Sen. Obama's victory marked only the fourth time that the Democrats have won the White House in the last 11 presidential elections.

In addition to carrying 29 states, including the District of Columbia, Sen. Obama garnered 53 percent of the popular vote, which represents one of the largest margins of victory in the past several presidential elections.

With regard to the congressional elections, both houses of Congress remain under control of the Democrats, expanding their majority to at least 57 seats in the Senate (including two Independents), a gain of six seats. For their part, Republicans will control no less than 40 Senate seats. Three seats are still to be determined.

On the other side of Capitol Hill, Democrats picked up a minimum of 20 seats in the House of Representatives and now have at least 256 members, compared to 174 for the GOP. Four House seats are still too close to call. All incumbent House members from California were re-elected to office.

There were two open seats, however, and Rep.-elect Duncan Hunter from the 52nd Congressional District prevailed in his bid to replace his father in the House of Representatives. As of the writing, the race in the 4th Congressional District between Republican Tom McClintock and Democrat Charlie Brown was too close to call.

Outlook for the Remainder of 2008

There are a number of possible legislative scenarios for the rest of 2008 and all are speculative at the moment. Perhaps the 'best guess' among Capitol Hill staff is that there will be some kind of economic stimulus package, even if lawmakers merely agree to another extension of unemployment insurance.

In any event, members of Congress will be returning to Washington the week of November 17, with the Senate wrapping up several pieces of legislation, as well as organizing for the new 111th Congress. The House also will gather for organizational meetings to select its leadership for the upcoming session. As noted above, both houses of Congress are talking about moving an economic stimulus package next week, but details on the possible legislation remain sketchy at this point.

Prior to adjourning, Congress passed and President Bush signed into law a continuing resolution that funds government programs through March 6, 2009. Therefore, there is no immediate pressure to fund this year's spending measures before next year. With the exception of three appropriations bills, funding for fiscal year 2009 would essentially remain at the fiscal 2008 level.

With regard to organizational business next week, Senate Democrats are poised to again name Sen. Harry Reid (D-NV) as the majority leader and Sen. Richard Durbin (D-IL) as the majority whip. For their part, the Republicans are expected to keep Kentucky Sen. Mitch McConnell as the minority leader and Sen. Jon Kyl of Arizona as the minority whip.

The House Democratic majority is expected to again tab Nancy Pelosi (D-CA) as Speaker and Steny Hoyer (D-MD) as the party's majority leader. House Republicans also will choose their leadership team for the new Congress during the week of November 17 and are likely to retain Rep. John Boehner (R-OH) as minority leader and promote Rep. Eric Cantor (R-VA) to minority whip, replacing Rep. Roy Blunt (R-MO).

Key Committee Assignments for the 111th Congress

With the Democrats retaining (and expanding) their majority on Capitol Hill, few committee chairs are expected to change. One potential committee change, however, is the House Energy and Commerce Committee where the current chairman, John Dingell (D-MI), is being challenged by Rep. Henry Waxman (D-CA).

Of interest to California, Rep. George Miller (D-CA) is expected to retain his chairmanship of the House Education and Labor Committee. Noted below are some of the key congressional committees that deal with issues of interest to CSAC.

House Appropriations Committee: This important committee is responsible for allocating the actual funding for all federal programs, including transportation, health and human services, and criminal justice programs.

The full committee is expected to be chaired again by Rep. Dave Obey (D-WI), with Rep. Jerry Lewis (R-CA) likely to retain the ranking minority seat. Further, Rep. Obey will also likely keep his position as chairman of the Labor/Health and Human Services (HHS) Subcommittee, a panel that provides funding for many of the health and social services programs of interest to counties.

House Education and Labor Committee: This committee has jurisdiction over a number of health, employment, and labor programs. As with other committees, Democrats will expand their majority on this committee to reflect Democratic gains at the polls.

As noted above, California Rep. Miller is expected to continue to chair the committee, with Rep. Howard "Buck" McKeon (R-CA) remaining the ranking member.

House Energy and Commerce Committee: Among many other responsibilities, the committee has jurisdiction over various health-related programs, including the federal-state Medicaid program. In the 110th Congress, seven members from California serve on this panel.

As previously mentioned, Rep. Waxman is mounting a challenge to Chairman Dingell, with Rep. Joe Barton (R-TX) likely to keep the top Republican spot on the panel.

House Ways and Means Committee: This committee has jurisdiction over certain health programs and family support issues. Five lawmakers from California are members of this powerful committee.

Ways and Means likely will be chaired again by Rep. Charles Rangel (D-NY). Either Rep. Wally Herger (R-CA) or Rep. Dave Camp (R-MI) is expected to be the panel's leading Republican.

House Judiciary Committee: Among other issues, this panel has programmatic jurisdiction over criminal and juvenile justice legislation in the lower chamber. California is well-represented on the committee, with nine Californians sitting on the panel.

Committee Chairman John Conyers (D-MI) is expected to retain the gavel, while Texas Rep. Lamar Smith is likely to stay on as the top GOP member of the committee.

House Transportation and Infrastructure Committee: This is the largest committee in the House of Representatives and handles virtually all transportation legislation in the lower chamber. The committee will have its hands full in 2009 as the panel wrestles with the reauthorization of the nation's surface transportation law, which expires September 30, 2009.

It is unlikely that the top Democratic or GOP posts on the Transportation and Infrastructure Committee will change in the 111th Congress. Chairman James Overstar (D-MN) and Ranking Member John Mica (R-FL) are expected to retain their positions on the committee.

Senate Appropriations Committee: The committee chairmanship is expected to be given to Sen. Daniel Inouye (D-HI). The current chairman, Sen. Robert Byrd (D-WV), will be 91 on November 20 and is stepping down as leader of the spending panel. Sen. Thad Cochran (R-MS) will likely continue on as the ranking minority member.

Like its House counterpart, the committee funds various federal programs, including transportation, health and human services and criminal justice programs. Sen. Dianne Feinstein (D-CA) serves on the committee and is a member of five of its subcommittees, including the Interior, Commerce, Justice, and Science, and Transportation subcommittees.

Senate Finance Committee: One of the key committees in the Senate, the Finance Committee has jurisdiction over a whole host of health issues, including Medicaid. Despite the political landmines associated with those issues, the leaders of the committee have tried to work in a bipartisan fashion in the past few years.

In 2009, the committee will likely be led again by Sen. Max Baucus (D-MT), with Sen. Chuck Grassley (R-IA) expected to hold on to his position as the panel's top Republican. Neither California senator serves on the committee.

Senate Health, Education, Labor and Pensions Committee: This committee has jurisdiction over certain health programs and labor issues. During the past few years, the committee has operated in a bipartisan fashion and is expected to continue to do so in the 111th Congress.

Health permitting, Sen. Ted Kennedy (D-MA) most likely will chair the committee, with Sen. Michael Enzi (R-WY) probably serving as the ranking minority member. Again, neither Sen. Feinstein nor Sen. Barbara Boxer (D-CA) is a member of the Health, Education, Labor and Pensions Committee.

Senate Judiciary Committee: This committee handles virtually the same issues as its House counterpart. Currently, Sen. Feinstein serves on the panel and is expected to continue to do so in the next Congress.

Sen. Feinstein is rapidly gaining in seniority on the Judiciary Committee. With Vice President-Elect Joe Biden surrendering his Senate seat, Sen. Feinstein will be the fourth-ranking Democratic member of the panel. Only Chairman Patrick Leahy (D-VT), who is expected to retain the gavel, Sen. Kennedy, and Sen. Herb Kohl (D-WI) are ranked ahead of California's senior senator.

As for the GOP, Sen. Arlen Specter (R-PA) is likely to keep his post as the top Republican on the committee.

Senate Environment and Public Works (EPW) Committee: The committee has jurisdiction over federal highway and bridge programs in the upper chamber and will be responsible for drafting the Senate version of the reauthorization of the nation's surface transportation law (SAFETEA-LU). It should be noted that the Banking, Housing, and Urban Affairs Committee has jurisdiction over mass transit legislation in the Senate.

Sen. Boxer will once again lead the EPW Committee, with Sen. James Inhofe (R-OK) retaining his position as ranking member. In addition to the rewrite of SAFETEA-LU, the committee is expected to tackle several other high-profile issues beginning next year, including major climate change legislation.

Outlook for County Programs Next Year

Although it is still too early to tell how the election might change programs of interest to CSAC, an Obama administration and continued Democratic control of Congress may very well create a positive environment for a number of county-related issues.

Funding for infrastructure, social services, and criminal justice programs might grow as President-elect Obama, as well as the Democratic leadership, may be sympathetic to increased investment in these areas. However, given the mounting budget deficit and the accompanying fiscal constraints, any significant funding increases could be problematic at best.

The federal budget shortfall for fiscal year 2008 that ended September 30 was about \$450 billion, and the federal government could run an annual deficit approaching \$1 trillion in the next year or two – not exactly a rosy environment for substantial hikes in discretionary domestic spending, or expansion in entitlements.