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Post-Election 2022: A Look into the Next Congress

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There are plenty of politics to discuss at the table this Thanksgiving, whether family is grateful for that or not.

After weeks of tabulations, the midterm election results are largely known. While some individual races remain to be called, the power shift in Congress has been confirmed: Republicans will take control of the House of Representatives while Democrats will maintain control of the Senate. The next Congress, and the way it interacts with the Biden Administration, will create new challenges and demand fresh strategies for how the business community approaches Washington.

House of Representatives

The narrow Republican takeover of the House was made possible by GOP wins in New York and California. Though the specter of President Trump and his recently announced 2024 presidential campaign looms large over much of the Republican Conference, the new, less controversial members from the coasts will have an outsized influence over the chamber. Hoping to lead as speaker is Minority Leader Kevin McCarthy (R-Calif.), who was nominated last week by a majority of his Republican colleagues but still must secure 218 votes on the floor of the House in January to earn the title. Given his narrow margin of control, McCarthy cannot afford to lose the support of more than a few Republicans when it comes time to elect the next speaker – and his governing margin in the next Congress to pass legislation will be slim and bipartisan collaboration will likely be required to move most measures. This will be McCarthy's second bid for the job, having dropped out of the race to replace John Boehner in 2015.

For the first time in 20 years, the other side of the aisle will experience a leadership changeover. In a floor speech last Thursday, Speaker Nancy Pelosi (D-Calif.) announced her decision to step down from caucus leadership. Following the announcement, Majority Leader Steny Hoyer (D-Md.) announced that he, too, would leave his leadership position. Current Majority Whip James Clyburn (D-S.C.) announced his bid to become the fourth-ranking Democrat in the House. This paves the way for a new slate of Democrats to assume leadership roles: Reps. Hakeem Jeffries (D-N.Y.), Katherine Clark (D-Mass.), and Pete Aguilar (D-Calif.) will be elected to the top three positions next week.

Republican committee chairs are likely to focus on aggressive oversight of the Biden Administration and industry. Incoming committee leaders have signaled an interest in investigating pandemic relief funding, including that which buoyed healthcare providers, as well as programs and provisions included in the Bipartisan Infrastructure Law, Inflation Reduction Act, and American Rescue Plan, such as the Department of Energy loan guarantee office. Some Republicans have also committed to examining ESG investing, putting corporate and financial sector executives in the hot seat.

The narrow majority will also make must-pass annual legislation, like bills funding the federal government and authorizing the Defense Department, grueling exercises that will require at least some bipartisan collaboration. Though there has been some posturing over repealing certain provisions of the major laws passed since 2021, there will not be a serious opportunity to do so. Instead, we can expect Republicans to use the power of the purse to curtail some of the Biden Administration's priorities. Moreover, McCarthy has said publicly he plans not hold votes to increase the debt ceiling without securing cuts to entitlement programs.

Industry would be well-served to ramp up engagement in 2023. In addition to the new Republican majority and new Democratic leadership, the chamber will have at least 77 new members. Proactive strategies to introduce sectors, policies, and issues, are especially critical during periods of significant change in Washington. For new members and staff, now is the time to help form their views on many issues.

Senate

With one Senate race remaining—the Georgia runoff—control of the upper chamber has already been decided. Having picked up a seat in Pennsylvania, Democrats maintain control of the Senate regardless of Sen. Raphael Warnock's (D-Ga.) re-election. Majority Leader Chuck Schumer (D-N.Y.) will continue to lead Senate Democrats and Minority Leader Mitch McConnell (R-Ky.) handily beat back a challenge to

remain in his position.

The Democratic majority will allow President Biden to continue to make appointments to the federal bench and to positions throughout his administration. Without 60 votes, though, meaningful legislation will require bipartisan agreement. Over the past two years, Democrats in Congress have made use of a special procedure called budget reconciliation to pass major legislation with only a simple majority in the Senate. With Republicans in control of the House, that tactic is no longer available.

So far, there are seven new members of the Senate. The Georgia runoff and the Alaska ranked-choice election could bring the number to nine. Only two of these new senators previously served in the House. With Senate deal-making more important than ever, efforts are already underway to meet and forge relationships with these incoming senators.

ML Strategies

Congressional change is nothing new to ML Strategies. The bipartisan team in Washington has lived through power shifts before and remains well-positioned to help our clients and colleagues navigate the new Congress and the next two years of the Biden Administration. Details of a webinar we are planning for December will be posted after Thanksgiving. Expect to see our colleagues Frank Guinta, a former member of the House Republican Conference, and Pamela Mejia, a former Clark aide, in the program. In the meantime, do not hesitate to contact our team with questions.

Authors



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