



washington dc update

November 22, 2011

DC Updates and Happy Thanksgiving

We wish everyone a wonderful Thanksgiving and a safe holiday weekend!

The completely anticipated “failure” of the Congressional “Super Committee” is hardly news. But there are two important issues associated with this failure.

First, while both Congress and the President are now warning of severe automatic sequesters for both defense and non-defense spending, please don't let this ruin your holidays. Remember that these horrible cuts don't begin until January, 2013 and the Congress can rescind any or all of them at any time. It's sort of like us saying that we are going on a post-holiday diet.....beginning in 2013.

Second, there is another more immediate consequence of the failure of the Super Committee. The plan was for the Committee to report tomorrow, November 23rd, on its recommendations. And then for the full Congress to vote on these recommendations, up or down, no later than December 23rd. With the November 23rd deadline kaput, the December 23rd deadline has no meaning any more.

The current Continuing Resolution for FY12 that is keeping most Federal agencies open is set to expire on December 16th. The betting is that Congress will clear as many FY12 Appropriations bills on or about December 16th. After that, they will have two options. (1) Kick all of the remaining unpassed FY12 bills into a year-long continuing resolution. (2) Kick these bills into calendar year 2012, perhaps through March.

Many of the people we are talking with on the Hill believe that Congress will go with option (1) for the simple fact that 2012 is going to be such a contentious year that there is little chance that issues like Appropriations bills can be settled amicably.

There is a chance that the FY12 Energy and Water Appropriations bill might be passed as a stand-alone measure. The good news is that when it adjourned last week, the Senate was debating this bill. The bad news is that so many Senators filed amendments on the bill that Leader Reid suggested that he might have to pull it from consideration

Stay tuned. The only guarantee is that it won't be boring.

Summary & Take-Away .

With the anticipated failure of the 'Super Committee', the talk of automatic and severe cuts in 2013, and the fact that Congress does not have to vote on the 'Super Committee' recommendations, there are two expectations:

1. All remaining FY12 Appropriations bills will be lumped into a year-long CR; or
2. All these bills will go into 2012, perhaps through March or so.

The sound money is on option 1 currently.

There is still a chance for a stand-alone FY12 Energy & Water Appropriations bill; we will have to wait and see.



Have a Great Thanksgiving!



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