

Post-Election Update

Democrats captured the White House and substantially improved their majorities in the U.S. Senate and House of Representatives during Tuesday's national elections. President-elect Barack Obama and his team plan to move quickly with a transition plan, with key cabinet positions possibly being announced as early as next week.

U.S. SENATE

Senate Democrats gained at least six seats, winning open seats in Virginia, Colorado and New Mexico. Democratic challengers also beat incumbents in New Hampshire, North Carolina and Oregon. The race between Senator Norm Coleman (R-MN) and challenger Al Franken appears headed to a recount, with Coleman's lead under 500 votes. In Georgia, Senator Saxby Chambliss (R-GA) failed to obtain 50 percent of the vote as required for election under Georgia law and will face a run-off election on December 2nd against his Democratic challenger. Assuming Coleman and Chambliss keep their seats; Democrats will hold a 57-43 majority in the Senate. However, this majority could slip by one vote depending on whether Democrats continue to allow Senator Joe Lieberman (I-CT) to caucus with them in light of his strong support for the Presidential campaign of Senator McCain and his critical remarks at the Republican National Convention. Reportedly, Senate Majority Leader Reid and Senator Lieberman are to meet this week on this subject. In addition, the ultimate fate of Senator Ted Stevens (R-AK) is yet to be decided. At this time, Stevens leads by 3,500 votes, but there are still 60,000 absentee ballots to be counted. If he wins re-election, he will need to survive an expected expulsion vote by his Senate colleagues in order to retain his seat.

Senate leadership will begin Senate organization during the week of November 17th. While substantial changes in party leadership on either side of the aisle are not expected, there will be numerous changes in committee chairmanships, ratios and membership. Committee chairs could change in as many as seven of the 13 major committees. Committee ratios are also expected to change. During the last Congress, Democrats held a one seat advantage on all committees. With at least 57 Senators in the next Congress, Democrats will maintain a 2-3 seat majority on all committees. This will create committee openings for Democrats on most committees, while Republican Senators could lose current committee assignments.

New Senators

- *Kay Hagan (D-NC) – defeated Elizabeth Dole (R-NC)*
- *Mike Johanns (R-NE) – replaced retiring Chuck Hagel (R-NE)*
- *Jeff Merkley (D-OR) – defeated Gordon Smith (R-OR)*
- *Jim Risch (R-ID) – replaced retiring Larry Craig (R-ID)*
- *Jeanne Shabean (D-NH) – defeated John Sununu (R-NH)*
- *Mark Udall (D-CO) – replaced retiring Wayne Allard (R-CO)*
- *Tom Udall (D-NM) – replaced retiring Pete Domenici (R-NM)*
- *Mark Warner (D-VA) – replaced retiring John Warner (R-VA)*

The election of President-elect Obama and Vice-President-elect Biden will create two Democratic Senate vacancies in January. Democratic Governors in Illinois and Delaware will select new Democratic senators to replace Senator Obama and Senator Biden.

U.S. HOUSE OF REPRESENTATIVES

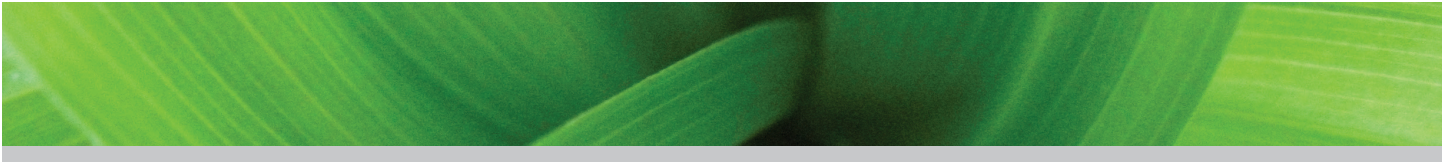
At this time, Democrats appear to have gained 19 seats in the House. While a few of these races will be subject to recount and change, the new makeup of the House should be approximately 255 seats for Democrats and 175 for Republicans. Of the 34 seats that were open across the country, 17 went to the Republican candidate, 16 to the Democrat. The open seat of Representative Jim McCrery (R-LA-4) will be determined in a runoff on December 6th. In addition, the general election for the seat held by Representative William Jefferson (D-LA) will also be held on December 6th.

A total of 13 incumbent Republicans and 4 Democrats lost their bids for reelection. Two sitting incumbents, Rep. Virgil Goode (R-VA) and Rep. Dave Reichert (R-WA), are in races that are still too close to call. Three other seats that were vacated by Republicans are also still too close to call. Those include California 4 (Rep. Doolittle retired), Maryland 1 (Rep. Gilchrest lost in a primary), and Ohio 15 (Rep. Pryce retired). The incumbent members who were defeated are as follows:

- *Thelma Drake (R-VA)*
- *Marilyn Musgrave (R-CO)*
- *Ric Keller (R-FL)*
- *Joe Knollenberg (R-MI)*
- *Phil English (R-PA)*
- *Chris Shays (R-CT)*
- *Jon Porter (R-NV)*
- *Randy Kuhl (R-NY)*
- *Steve Chabot (R-OH)*
- *Tom Feeney (R-FL)*
- *Tim Walberg (R-MI)*
- *Robin Hayes (R-NC)*
- *Bill Sali (R-ID)*
- *Tim Mahoney (D-FL)*
- *Nancy Boyda (D-KS)*
- *Nick Lampson (D-TX)*
- *Don Cazayoux (D-LA)*

As in the Senate, the Democratic and Republican leaders in the House are expected to organize during the week of November 17th, at which time both parties may make leadership changes. On the Democratic side, Rep. Rahm Emanuel (D-IL) will move to the White House to serve as chief of staff, and Rep. James Clyburn (D-SC) is mentioned for a senior position in the new Administration. On the Republican side, challenges of party leadership positions are expected.

Leadership changes also are possible in two House Committees. Rep. Henry Waxman (D-CA) has announced that he will challenge Chairman John Dingell (D-MI) for the Chairmanship of the Committee on Energy and Commerce. A Waxman accession to the Chair of Energy and Commerce will not only result in a substantial shift in the policy direction of that Committee, but will also leave a vacancy in the Chairmanship of the Committee on Oversight and Government Reform.



Democrats generally held a committee advantage of five seats on the major committees during the 110th Congress. That ratio could increase to an advantage of seven or eight for Democrats to reflect their election gains. We will see additional openings for Democrats on most committees, and some Republicans likely will lose committee assignments.

CONGRESSIONAL LAME DUCK SESSION

Congress will return the week of November 17th for a lame duck session during which Congress could consider an economic stimulus package to provide an extension of federal unemployment benefits and low income heating assistance. It is also expected to include funding for traditional infrastructure projects ready to go to construction, alternative energy infrastructure projects and “green” jobs around the country. Whether this package is enacted will depend upon the willingness of President Bush and the Congressional Republicans to be cooperative. The lame duck Congress is also expected to consider omnibus lands and parks legislation that stalled during the waning days of the last Congressional work period in September. Congressional leaders will also use this period to begin organizing for the 111th Congress.

PRESIDENTIAL TRANSITION

President-elect Obama has a transition effort in place to ensure that the new Administration will be fully engaged when the President is sworn into office on January 20th. This transition effort, under the leadership of former Clinton White House chief of staff, John Podesta, started as early as ten weeks ago, and is organized into about a dozen teams of six to eight people that will map out the approach for each federal agency, identify budget issues and administrative problems, and produce policy agendas and lists of recommended appointees for each agency. The transition teams will be assisted by Pete Rouse, President-elect Obama’s Senate chief of staff and senior campaign advisor, and Valerie Jarrett, an Obama Chicago confidante who was also on the campaign team.

House Democratic Caucus Chairman Rahm Emanuel (D-IL) will serve as White House Chief of Staff. Emanuel and Podesta, as well as other Democrats that worked closely on the Obama campaign, are expected to be part of group of transition team advisors that will recommend top level administration appointees and cabinet level officials for the new Obama administration.

The Obama transition team has launched a website, www.change.gov, for the public to follow and participate in the transition process.

FOR ADDITIONAL INFORMATION

We will continue to provide timely updates as developments and events warrant. If you would like a more in-depth analysis of any of the expected policy and/or personnel changes, please contact Curt Rich, our Government Policy Practice Coordinator, at jcr@vnf.com (202-298-1886) or your usual Van Ness Feldman contact.

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