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It is Election Day in Kentucky, Virginia, Mississippi, and Louisiana, and approximately one year until Election Day 2024. But before everyone begins over-analyzing results from these contests, we'd like to share our latest thoughts and analysis on the current state of politics and policy.

## Political Environment

Washington, of course, has focused its attention on the melodrama surrounding the election of a new Speaker of the House. While it is debatable whether recent events will matter to voters next year, it very much matters now for both lawmaking and the day-to-day grind of politics on Capitol Hill.

Speaker Johnson is being vetted in real time, with possible surprises to come, as both parties race to define him either as “MAGA Mike” or a fresh-faced, happy warrior for the right. In winning the speakership, one House Member told us admiringly that Johnson was “appropriately vague” in making his case, and we point out it was no small feat to become the first unanimously elected (by Republicans) candidate for Speaker in 11 years. His humble demeanor and self-characterization as a “servant Speaker” struck the right chord with a GOP conference that was exhausted and stressed after weeks of turmoil. For Republicans, many of whom increasingly see previous government service as a detriment and not an attribute, the notion of an unassuming speaker, especially one with few obvious enemies, was a welcomed relief.

After making the quantum leap from low-level leadership post to speaker, it is natural to assume Johnson will make mistakes. We heard one former leadership aide sniff the new speaker's staff, “don't even know where the bathrooms are”. But, so far, Johnson has avoided major miscues and seems to have chosen a defensible mix of former personal staff, leadership types and a few off-Hill hires for his office. Our assumption is for the near-term that policymaking in the House will not follow a top-down model as the speaker and his team find their footing, and he could likely follow the McCarthy model of giving great latitude to his committee chairs.

More broadly, most analysts now predict toss-up decisions for the House, Senate, and White House all in 2024. Republicans have embraced the White House's promotion of the “Bidenomics” theme and hope to turn it on its head by arguing a declining president is responsible for increases in gas prices, food costs, and rent/mortgage rates. Democrats

increasingly seem wedded to promoting experience and relative stability as opposed to following “MAGA extremists” into a dangerous future. If you watch television in the Washington, D.C. market, you cannot miss the incessant portrayals of Democrats as “soft on crime” and Republicans “opposing all abortion”, two themes that could play out nationwide next year.

The smoldering problems in the Middle East pose a real threat to the Biden presidency as well as its re-election efforts. Although the president came into office with a long foreign policy resume, the Israeli counterattack is beginning to splinter the Democratic coalition, notably in swing states with large Arab populations like Michigan. While it goes without saying that domestic issues and the economy traditionally outweigh foreign affairs when it comes to voters' concerns, the more that dangerous situations around the world dominate the headlines, the more the president's campaign message of veteran experience is undercut.

Although the House majority has held for every presidential cycle going back to 1952, the now-continual redistricting process combined with the public increasingly opting for straight-ticket voting makes many analysts question the efficacy of relying on historical trends. In the meantime, the 18 House Republicans in Biden districts and five Democrats in Trump country have a treacherous path to follow. In the Senate, both sides more and more are honing in on the three Democrats in toss-up races – Brown, Manchin, and Tester – to the exclusion of all else. Democrats have been paying lip services to races in Florida and Texas, but do not seem to have their hearts in it. Republicans are talking up recruits in Pennsylvania and Michigan, and cling to hope of making the Wisconsin race close, but all have a feel of Lucy tricking Charlie Brown into trying to kick the football again.

Finally, though it appears 2024 could see close federal races across the board, one senator recently explained to us that there really are very few outright surprises in elections anymore. Close races, yes; but shocking surprises, not so much. Between broad media coverage and the pervasiveness of polling, it is hard to find individual races that “snuck up” on the political class in recent years, save the election of Trump in 2016.

## Legislative Agenda

Could this be the year where Congress finally breaks the habit of working up until the last possible moment before Christmas recess? It is less than two weeks until government funding expires, and there is a strong possibility we will see spending authority extended until January 15th. Speaker Johnson seems to enjoy enough goodwill in his honeymoon period to be successfully convincing the House Republicans to support an extension that, ironically, was part of Speaker McCarthy's undoing. Also, the sharp congressional focus on supplemental spending for Israel and Ukraine is attracting most of the fervor that would normally surround a continuing resolution. In the end, we expect both measures will be relatively “clean” and free from extraneous items.

Assuming there is a CR into 2024, that means there are only two “big” bills likely to be enacted for the balance of this year – the supplemental spending package and the annual defense authorization measure. Defense policymakers are targeting the first week of December for consideration of a conference report. Every other legislative target of note – FAA reauthorization, Farm Bill, etc. – will be pushed to next year. For lawmakers who have hoped to pass pet projects or provisions before the end of the year, the number of options is quickly shrinking: it is hard to see defense-minded representatives acquiescing to making their bill a late season Christmas tree.

Peering around the corner, the Hill will continue to wrestle with FY24 spending. In this debate, also expect increasing discussion about the looming 1% across-the-board sequester under the Massie Amendment that could take effect in the spring. The Biden Administration will continue its aggressive use of the regulatory process which means we will see Republicans propose a series of rollback resolutions under the Congressional Review Act in 2024. For instance, we have already heard from GOP leadership staff who are preparing for debates on Labor Department's rule on overtime compensation as well as CMS requirements for staffing at skilled nursing facilities (SNFs).

## Worth a Read

Just getting on the ballot may be the biggest [challenge](#) to running for presidency. Does anyone [really want](#) this election?

This [book](#) posits a fascinating theory behind today's trying times.

Over 40 countries will hold [elections](#) in 2024.

## Calendar

- Dec. 7 Hanukkah begins.
- Dec. 9 SantaCon 2023 in New York City.
- Jan. 15 Iowa Republican caucuses.
- Feb. 3 South Carolina Democratic primary election.
- Feb. 22 First spring training baseball game.
- March 31 Easter Sunday



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