



Client Note: House Leaves Town, Senate Sticks Around

Congress Leaves Some To-Dos for Next Year

Congress made progress this week on high-priority items, but in many cases it just punted bigger decisions, setting up four major deadlines early next year.

Not surprisingly, the biggest challenges are related to finalizing an agreement on border security. Senate Majority Leader Chuck Schumer (D-NY) argued at the end of this week that enough progress had been made, and the deal important enough, to remain in session next week to ensure Senators are available to vote on a possible deal. Some Senate Republicans, however, have already said they'll informally stick with the scheduled recess and stay home since they don't think a deal will come together. Speaker Mike Johnson (R-LA) agreed with Senate Republicans and sent the House home for the holidays. Timing has challenges on both sides – if they can't get to an agreement soon it gives the impression that an agreement can't be reached; if they do get to an agreement and Congress doesn't quickly pass it, opponents of the package have more time to kill it. Leader Schumer might be hoping for just that. His optimal scenario this week may be to put a package on the floor that moderate Democrats can vote for and brag about, but see it fail due to attacks from the hard right; in this scenario, he would have pleased his vulnerable Democrats but avoided bad immigration policy becoming law, a win-win in some ways, though it may come at the cost of additional funding to Israel and Ukraine.

For Speaker Johnson's part, he'd much rather wait and have the immigration debate tied to a government shutdown, which has more political salience than the failure of international aid, giving him more leverage. Republicans can hold government funding hostage to their border demands and use those as their rationale for a shutdown, something they never coalesced behind during former Speaker McCarthy's tenure. Never mind that causing a shutdown has never benefited the party shutting down the government – in the minds of the Freedom Caucus, previous attempts were tactical failures, believing they just hadn't kept the government shut down long enough to extract concessions.

Here is an update on other key outstanding issues for Congress:

- **NDA**: Both the House and Senate passed the 2024 National Defense Authorization Act this week with large bipartisan majorities, sending it to the president for his signature.
- **Appropriations**: No public progress has been made, and recently several appropriators have been quoted saying there will need to be significant progress over the holiday break (including agreeing on topline spending figures and agreed-on amounts for each bill) for Congress to pass the first tranche of funding bills by January 19.
- **FAA**: The House easily passed a three-month extension earlier this week (setting up a March deadline for full reauthorization). Senate Democrats, led by Senator Michael Bennet (D-CO), prevented quick passage of the bill to set up a final vote next week, requiring Senators to stick around to continue negotiating (and hopefully vote) on a security/border package.

- **FISA:** As mentioned last week, a four-month extension was included in the NDAA, setting up an April deadline to pass a full reauthorization. Speaker Johnson initially said the House would vote on competing FISA reform bills this week, but canceled that plan given the challenging politics.
- **Farm Bill:** No public progress has been made, but rumors abound that House Republicans will try to pass their version of a Farm Bill early next session, possibly by the end of February.
- **Military Promotions:** In addition to voting on FAA reauthorization next week, Leader Schumer is expected to tee up votes on the remaining military promotions to keep members in town (and clear the decks going into next year).

Fed Leaves Rates Unchanged, Plans to Decrease Next Year

On Wednesday, the central bank opted to close out the year leaving interest rates unchanged, between 5.25-5.50 percent. The widely expected move was underpinned by recent data indicating both a softening labor market and taming inflation. Last month, [the economy](#) also beat expectations, adding nearly 200,000 jobs with a declined unemployment rate of 3.7 percent – both improvements since October. And earlier this week, the consumer price index [remained in check](#) by showing a slight decline in year-over-year inflation to 3.1 percent, largely driven by decreases in energy and gas prices in November.

The Fed’s meeting shed light on what to expect in the coming years, with its [economic projections showing](#) three rate cuts in 2024, [which is](#) “less than what the market had been pricing, but more aggressive than what officials had previously indicated.” The market priced in double that amount following Chairman Powell’s remarks. The central bank’s “dot plot” indicated borrowing costs set at 2-to-2.5 percent by the end of 2026, with a full percentage point reduction anticipated throughout next year.

Major market indexes [rallied](#) after the news broke, with many investors relieved by the Fed’s indication that easing the nation’s borrowing costs won’t create a recession and that it may have pulled off the fabled soft landing.

The challenge for Chair Powell moving forward will be normalizing (read: cutting) rates amidst a fraught Presidential election. We know that former President Trump teed off on the Fed during his own Administration and can expect that he’ll attack Chair Powell again as a puppet for President Biden when he starts cutting rates, potentially as soon as the meeting scheduled for March 21-22. That will be two weeks after Trump has likely sealed the Republican nomination. Congress will hear from Chair Powell during the semi-annual monetary policy hearings at the Senate Banking Committee and House Financial Services Committee sometime in February.

[Funding Opportunities](#)

The [State of Michigan’s Office of Climate and Energy](#) issued an RFI seeking input on the potential creation and design of a [State Energy Financing Institution](#) program that would leverage federal funding from DOE’s Loan Programs Office for businesses pursuing clean energy projects in Michigan. Find out more [here](#) and submit your input [here](#).

DOE [announced](#) \$7 million for research projects supporting large-scale solar siting processes and outcomes for local communities and the industry. Between four and six awards ranging from \$1 million to \$2.5 million are expected from this funding opportunity, which requires concept papers by January 30.

Pioneer and Clients in the News

[Joe Britton](#) [was quoted in an E&E article](#) discussing Republicans' long-shot attempts and hypocrisy in attacking Biden's clean energy policy.

[Climate Power](#) [talked about](#) Big Oil companies' ongoing investment in expanding oil and gas production and is [putting \\$80 million behind a campaign](#) to make sure Americans know about President Biden's clean energy investments.

[AELP](#) [was quoted in a CNN article](#) about the new landmark case in which Google was found guilty on all counts of monopolistic practices and antitrust violations, saying that it represents a new leaf in consumers' relationship with Big Tech.

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