

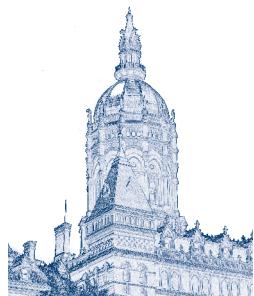
The Capitol Update

NOVEMBER 2012

**MURTHA
CULLINA**

CLIENT ALERT: POST ELECTION WRAP UP AND ANALYSIS

*Plus Ça Change, Plus C'est Même Chose**



An update on Connecticut State Government and Politics from The Government Affairs Group of Murtha Cullina LLP.

Elizabeth M. Gemski
Michael J. Martone
David J. McQuade
Janemarie W. Murphy

Visit our website at:
www.govtaffairsgroup.com

Murtha Cullina LLP
CityPlace I
185 Asylum Street
Hartford, CT 06103

In Boston:
617.457.4000
In Hartford:
860.240.6000
In Madison:
203.245.9991
In New Haven:
203.772.7700
In Stamford:
203.653.5400
In Woburn:
781.933.5505

www.murthlaw.com

Election Day has passed, television advertising has reverted back to automobile, mattress and beer commercials, and those endless political robo calls finally have faded into the nether land. Once again, the citizens of this fair state can shelve their partisan concerns and begin to worry about their next mortgage and student loan payments, where to find affordable health care, if Big Bird survived the campaign and whether Snooki Polizzi and her girlfriend JWovw will find a new summer home on the devastated Jersey shore.

National Politics

Remarkably, after a total of \$6 billion was spent on Presidential and Congressional campaigns, there was no change at the White House and little change in Congress, as the parties continue to be divided along the lines of the last two years. President Barack Obama, in an impressive stretch run, bested Republican candidate Mitt Romney in both the national popular vote and the projected Electoral College balloting. U.S. Senate Democrats maintained a majority of 55 members (which includes two Democrat leaning independents) to 45 Republicans, and the U.S. House of Representatives will see a division of 234 Republicans and 201 Democrats.

A few national races stand out. WWE mogul Linda McMahon once again tried to convince Connecticut voters that her experience in the "entertainment" world would benefit this state and shake up the U.S. Senate. After spending more than \$43 million on campaign staff, consultants, television and political tchotchke, McMahon drew fewer votes in this year's

contest than she did two years ago in a similar race against former Connecticut Attorney General Richard Blumenthal. Democrat challenger Chris Murphy received 55 percent of the votes to become Connecticut's next U.S. Senator.

In both Missouri and Indiana, tea party-type Republican candidates stumbled over abortion issues, leading to the surprising election of two endangered Democrat candidates for the U.S. Senate, Joe Donnelly in Indiana and Claire McCaskill in Missouri. In New Hampshire, women candidates for Congress and Governor completed a clean sweep. The entire Congressional delegation, and the state's governor, will be women for the first time in New Hampshire history. Wisconsin Congresswoman Tammy Baldwin became the first openly gay politician elected to the U.S. Senate. And the only married pair in Congress, Representative Connie Mack (R-Fla.) and wife Representative Mary Bono Mack (R-Calif.), both lost their electoral contests – Connie Mack for U.S. Senate and Mary Bono Mack for her current seat in Congress.

National Issues

Now that the election is over, the hard part begins; the need to govern. With a Republican majority in the U.S. House and less than 60 Democrat votes in the U.S. Senate, President Obama has to use his campaign victory momentum and bully pulpit to address federal tax and

budget policies in an effort to avert the looming “fiscal cliff.” A host of tax reductions, tax credits, deductions and other incentives are scheduled to expire after December 31, 2012. In addition, the federal government is operating under a sequester rule passed in the 2011 Budget Control Act that requires the federal government to trim its budget by \$1.2 trillion, \$110 billion this next fiscal year.

Absent Congressional action, many economists suggest the United States runs the risk of plunging our modestly growing economy back into a deeper recession. The Obama administration will attempt to broker an agreement drawn from House and Senate bills passed in July that sought to temper the “fiscal cliff.” A one-year extension of the Bush-era tax cuts may be part of this package.

Number one on the President’s agenda has to be job creation and this won’t be an easy task. With the Gross Domestic Product estimated to grow at a modest 2 percent annual rate, slowing growth in Europe and Asia and corporate executives sitting on their hands until they have a clearer picture of the economy, the President and Congress will be mightily challenged to expand employment opportunities. First to hit Congressional desks will be a White House plan to help state and local governments retain and hire teachers and first responders, as well as a new infrastructure renewal program.

Other items on the national agenda will be the recalibration of defense spending, fine tuning health care reform under the Affordable Care Act, fixing the broken immigration system, expanding America’s lead in new technologies and carving a new path in our foreign policy by rebuilding alliances and recognizing the challenges faced by evolving 21st century diplomacy.

Connecticut Politics

Connecticut’s federal delegation continues to be entirely Democrat. The failure of Linda E. McMahon to succeed in her second attempt to win an open U.S. Senate seat as the Republican nominee and the failure by Republican State Senator Andrew Roraback to capture the open Congressional seat in the Fifth District means there will be only two Republicans in Congress in the entire New England region--Maine’s Senator Susan Collins and New Hampshire’s Senator Kelly Ayotte. Connecticut incumbent Congressional candidates John Larson, Joe Courtney, Rosa DeLauro and Jim Himes coasted to easy victories with margins averaging 38 percent of the vote. Propelled by Obama’s (58%) and Democrat U.S. Senate candidate Chris Murphy’s (55%) coattails, Democrat candidate Elizabeth Esty ran a strong race in the Fifth District with overwhelming

majorities in the district’s cities to win a convincing victory for a Congressional newcomer (52%).

This election was a bi-year for Connecticut Governor Dannel Malloy (D). With two more years left in his term of office, he played a supporting role to his party’s candidates. The 2012 election of the members of the General Assembly was reminiscent of the movie “Groundhog Day” where Bill Murray is caught in a time loop continuously reliving the same day. Prior to the election, the State House of Representatives consisted of 99 Democrats and 52 Republicans and the State Senate was divided with 22 Democrats and 14 Republicans. Following the election, the ratio of Democrats in the House and the Senate stayed exactly the same. Party caucuses that followed the election saw the re-nomination of Senate President Pro Tempore Donald Williams to lead the Senate and current House Majority Leader Brendan Sharkey to be Speaker of the House. State Senator Martin Looney was elected to his sixth term as Majority Leader in the upper chamber and House Democrats selected Joe Aresimowicz to be their new Majority Leader. The current Senate Minority Leader John McKinney and House Minority Leader Lawrence Cafero are expected to be re-elected to their positions by their respective caucuses. Committee chairmanships will be decided by Democrat leadership between now and the end of December.

Connecticut Issues

By far the most vexing issue facing Connecticut’s Governor and the General Assembly in January will be a difficult state budget. State revenues are off 6.1% from the prior year, the state budget office is predicting a \$100 million shortfall in funds budgeted for Medicaid and Connecticut’s economy continues to be tortured by an 8.9% unemployment rate – well above the U.S. average of 7.8%. Members of the Malloy Administration and legislators will have to deliberate over a proposed two-year budget for FY14 and FY15 containing projected deficits based on anemic revenue forecasts and current services spending requirements. Resolution of these difficult budget issues will be compounded by the state’s spending cap law and the state’s effort to convert to Generally Accepted Accounting Principles. Clearly, Connecticut has yet to climb out of the budget hole tied to the Great Recession.

In addition to state budget issues, the new legislature will be reviewing the Governor’s “Comprehensive Energy Strategy” that establishes energy policy goals

for the next forty years. Recommendations in this plan place emphasis on energy efficiency, renewable power, greater use of natural gas, transportation-oriented development and market-based opportunities for clean fuels and clean vehicles. Continued action will also occur on development of affordable health care, reviewing new coastal zone development rules and regulations, creating job expansion through industry incentives and further streamlining Connecticut state government.

Post-Election Analysis

Connecticut has gone from a Blue to Purple State, giving Obama this year a fourteen point margin. What is truly remarkable is that we elected a President who had a 38 percent favorability rating last October and won with the highest unemployment rate of any president since Franklin D. Roosevelt. A review of election data and the campaign strategies provides some important hints on how the Obama team pulled this off and offers some lessons for the future candidates. Starting in December 2008, almost immediately after being elected to his first term, President Obama gave the go ahead to a small group of trusted advisors to start building the resources and strategies for the 2012 campaign. Obama's number crunchers began to look at the changing demographics in this country. They noted that non whites, who made up 20 percent

of the electorate in 2000, now made up 28 percent of the electorate. They further saw the decline of the mainstay of the Republican Party--white males. White males in the electorate declined from 46 percent in 1972 to 34 percent today. They also noted an upward trend for single women in the voting population. These women now represent 23 percent of the voting block. Utilizing analytics, data mining and solid field organizations in hundreds of targeted districts across the country, Obama's ground team thoroughly out organized the challenger. At the national level, Obama married this strategy with political messages of taxing the rich, immigration reform, maintaining social safety net programs, women's freedom of choice and the promise of across-the-board prosperity for all.

Of course, the President now will have to build consensus and deliver on these goals; much easier said than done in a divided Congress. We still have Congressmen like U.S. Representative Jason Chaffetz (R-Utah) who shortly after the election was quoted as saying, "The President may think that he has a mandate, but so do we. The President may have won a second term, but I won a third term." For the sake of America, we hope the President can overcome this partisan divide, for as Abraham Lincoln eloquently stated in 1858, "A house divided against itself cannot stand."

** Translation: "The more things change, the more they stay the same"*

UPCOMING EVENTS:

JOIN US IN HEARING FROM DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT COMMISSIONER CATHERINE SMITH

Catherine Smith, Commissioner of the Department of Economic and Community Development, will be highlighting the benefits of the state's new economic development strategy. Through the implementation of economic programs supported by Governor Malloy and the General Assembly - more recently including the Small Business Express and First Five programs - the State of Connecticut is able to offer tremendous opportunities and incentives for companies looking to expand or relocate business in the state.

You will hear, first-hand, how small businesses, and some of state's largest or newest employers such as ESPN, Jackson Labs and NBC Sports have partnered with the state to increase business in Connecticut. Come learn how the State of Connecticut can help your business grow jobs and gain a competitive advantage in today's economy.

Monday, December 3, 2012

5:00 - 7:30 p.m.

Stamford Marriott

243 Tresser Boulevard | Stamford, CT

For more information or to RSVP, please contact Jackie Rowe at 860.240.6140 or jrowe@murthalaw.com, or visit www.murthalaw.com.

BOSTON

99 High Street
Boston, MA 02110
Tel: 617.457.4000
Fax: 617.482.3868

HARTFORD

CityPlace I
185 Asylum Street
Hartford, CT 06103
Tel: 860.240.6000
Fax: 860.240.6150

MADISON

71 Wall Street
Madison, CT 06443
Tel: 203.245.9991
Fax: 203.245.9997

NEW HAVEN

Whitney Grove Square
Two Whitney Avenue
New Haven, CT 06510
Tel: 203.772.7700
Fax: 203.772.7723

STAMFORD

177 Broad Street
Stamford, CT 06901
Tel: 203.653.5400
Fax: 203.653.5444

WOBURN

600 Unicorn Park Drive
Woburn, MA 01801
Tel: 781.933.5505
Fax: 781.933.1530

The Capitol Update is a publication of the Government Affairs Group of Murtha Cullina LLP. For further information or assistance, please contact David McQuade at (860) 240-6141 or dmcquade@murthalaw.com.