# 3 Things Employers Need to Know As Congress Returns from Summer Recess

Insights
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Congress is returning from its summer recess on September 9 with several critical deadlines looming that employers should closely monitor. Understanding the potential impacts of political events is essential for making informed business decisions. Here are the three key issues you need to be aware of. You can also visit our Election Season Resource Center for Employers to review all our thought leadership and practical resources.

**1. The Looming Election Shapes the Legislative Landscape**

The federal elections on November 4 will impact Congress and the Presidency both before and after that date. Representatives and Senators may be unlikely to enact sweeping policy changes prior to the election, wary of taking action that could jeopardize their election chances. Given that the Republicans control the House and the Democrats the Senate, compromise on major policy questions is not expected. Instead, both bodies are likely to spend their time on messaging bills and calculating whether or not a government shutdown (see number 2, below) would help their election chances.

After November 4, the election's outcome will shape the degree of cooperation before the newly elected officials take over. The composition of the new Congress and the party that controls the White House will set the tone for the next two years by impacting regulatory policies, tax laws, and economic initiatives.

But it will also influence whether "lame duck" officials wish to take one last shot at shaping policy before they head into retirement. In past lame duck sessions sometimes-surprising compromises have emerged. Employers should be prepared to adjust their strategies based on the outcome on November 4, both in the short term and in light of whatever new political landscape emerges.

**2. Congress Must Pass Appropriations Bills or a Continuing Resolution by September 30**

Congress returns with the House having passed 5 of 12 appropriations bills, the Senate having passed zero, and the expiration of current spending authority quickly approaching. The 12 appropriations bills are necessary to fund the federal government for the upcoming fiscal year. If these bills are not passed by September 30, the federal government could face a shutdown.

The usual outcome in such cases is for Congress to pass a Continuing Resolution (CR), a procedure that has become quite familiar to lawmakers in the past few decades. In fact, Congress has only passed all its appropriations bills on time in four fiscal years since passage of the 1974 Congressional Budget Act (1977, 1989, 1995 and 1997). A CR temporarily fixes spending at a rate somewhere near the existing spending authority. However, as a classic "must pass" bill, CRs also tend to contain other measures needed to obtain the requisite number of votes to pass.

The most likely outcome is that Congress will pass a short-term spending bill to keep the government funded through the election, then will take up the spending issue again in the lame duck session. However, another, more disruptive outcome is also possible. Given the high-stakes involved and the divided political alignment of the Administration, the Senate, and the House, it is possible that lawmakers do not reach a spending compromise by September 30. If in such case a government shutdown occurs, various government services that businesses rely on will be disrupted, including regulatory approvals, contract awards, and workforce support programs.

Employers should pay close attention to any CR to be aware of any meaningful labor, employment, or other consequential measures that may be attached. Employers should also be prepared to deal with the impacts on their operations of a government shutdown, if one occurs.

**3. The Debt Ceiling Must Be Raised by January 2, 2025**

Another issue yet to be resolved by Congress is the impending deadline to raise the debt ceiling. The current Congress must pass an increase by January 2, 2025, to avoid the federal government being placed in the awkward position of not having the funds necessary to meet its financial obligations. The consequences of failing to raise the debt ceiling could be severe, including market volatility, increased borrowing costs, and disruptions in government payments.

Past debates around raising the debt ceiling have at times been resolved by simple resolutions increasing borrowing levels. At other times, the debt ceiling has led to sweeping changes across a broad swath of government functions and services. In the post-election environment there may be an increased willingness to play "hard ball," depending on which party will control the levers of government in the new year. There may also be a reluctance to compromise, depending on election results. Employers should monitor developments closely, as uncertainty surrounding the debt ceiling could impact access to government services, business planning and financial strategies.

**Conclusion**

As Congress tackles these critical issues, employers must stay vigilant and ready to adapt to changes. We will continue to monitor developments and provide updates as necessary, so make sure that you are subscribed to receive Government Relations news through Fisher Phillips' Insights to get the most up-to-date information direct to your inbox. For further information or assistance, reach out to your FP attorney, the author of this insight, any member of the legislative advocacy team at FP Advocacy, or any member of our Government Relations team. You can also visit our Election at FP Advocacy, or any member of our Government Relations team. You can also visit our Election Season Resource Center for Employers to review all our thought leadership and practical resources.

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**Gregory Zerzan**
Of Counsel
214.220.8317
Email

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