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JUST LIKE THE GOOD OLD DAYS

This week has the potential to resemble one of those classic frenzied weeks just before a recess when Congress magically solves knotty problems – dare we say Gordian knots – just before taking a break. The break is a modest one by congressional standards – just a mere week for Fourth of July celebrations, and the reality is that the frenzied action is more a result of congressionally self-created expiration dates that just happen to coincide with a traditional break.

The two issues are the surface transportation programs' reauthorization and the interest rate on federal subsidized student loans.

As has been frequently reported here, reauthorization of the highway bill, as it is often called, has been a painful process this time around, with several short-term extensions. In the last week or so, there has been a more traditional approach to working it out. I don't want to jinx it but the end may be in sight.

Lead negotiators have been slogging through the most contentious substantive issues while the histrionics on the non-germane controversial issues continue to play out in the media. I won't say those will "melt away," but if the core issues are cleared quietly, good chance we will witness one of those traditional magic moments when face saving techniques are used to resolve the seemingly impossible outliers.

The student loan interest rate loan issue results from the fact that four years ago, the Democrats took a page out of the Republicans' book, and convinced Congress to pass a temporary reduction in the loan rate – by half from 6.8 to 3.4 percent. Now, Republicans say it was never meant to be permanent, but it has become a "how could we ever allow it to increase again" matter. (And yes, I will be happy to remind those Democrats to remember that when the discussion shifts back to the expiring tax provisions.)

The debate on the student loan interest rate is all about the revenue increase or spending decrease offsets. Again, looks like we will get a face-saving splitting of the hairs at the last moment to get a renewal to the finish line this week. Some revenue offset options do have a potential impact on employers that have pension programs. But, for the most part, the impact should fall on larger employers that, for example, in one option, make payments to the Pension Benefit Guaranty Corporation. I will wait to see what the final composition of the offsets looks like, and then report on the details.

While I am opining on the good old days, I will observe that last week resembled them in the Senate. The Senate magically made a monster-sized mound of amendments to the farm programs' reauthorization disappear. If you closed your eyes, you would have thought it was the Senate of yesteryears.

Finally, when Congress returns from this mini break, it will have roughly four weeks to complete any meaningful activity. When it slips into the August recess, the traditional campaign season begins and the tradition of using floor debates in September and October as a campaign platform will kick in and that is one tradition I do not expect Congress to change.

HEALTH CARE REFORM

Like everybody, we are waiting for the health care reform decision by the United State Supreme Court. I am certain we will have our analysis. I am equally certain, regardless of the nature of the decision, your challenges in providing health care benefits to your employees will continue.