



Arnold & Porter

Innovative. Integrated. Industry-Focused.

Capital Snapshot: *Primaries Setting the Stage for November*

June 2026

This Month’s Capital Snapshot Includes:

- 119th Congress Calendars..... 3
- Congressional Updates..... 7
- Key Legislative and Policy Updates..... 15
 - Appropriations..... 16
 - Trade..... 19
 - Defense..... 23
 - Tax..... 25
 - Financial Services..... 28
 - Artificial Intelligence..... 31
 - Technology..... 34
 - Data Privacy..... 37
 - Health Care..... 39
 - Education..... 42
 - Energy and Environment..... 45
- 2026 Midterm Elections..... 47
- Mid-Decade Redistricting Updates..... 57
- Current Public Opinion Polling..... 65
- Economic Factors That Could Impact the Future Political Landscape..... 71



119th Congress Calendars

2026 Senate Calendar

- There are currently 70 legislative session days scheduled for the remainder of 2026.
- There are only 48 legislative session days before election day on November 3.
- The Senate’s next recess week is the week of June 29, and the Senate will be out of session on Friday, June 19, in observance of Juneteenth.
- The Senate’s annual August recess is scheduled from August 10 to September 11.
- The Senate will have its biennial election year October recess
- The Senate’s last day of session for the 119th Congress is currently scheduled for December 18, with the possibility of extending closer to Christmas if Congress needs to pass an omnibus package or Continuing Resolution (CR) before the end of 2026.

JOHN BARRASSO
Majority Whip

DICK DURBIN
Democratic Whip

UNITED STATES SENATE
119th Congress, 2nd Session
2026

TENTATIVE SCHEDULE

JANUARY							FEBRUARY							MARCH						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				①	2	3	1	2	3	4	5	6	7	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	①6	17	18	19	20	21	15	16	17	18	19	20	21
18	①9	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28
25	26	27	28	29	30	31								29	30	31				
Senate Convenes January 5, 2026																				
APRIL							MAY							JUNE						
				1	2	3						1	2	1	2	3	4	5	6	
5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13
12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	①9	20
19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
26	27	28	29	30			24	②5	26	27	28	29	30	28	29	30				
							31													
JULY							AUGUST							SEPTEMBER						
				1	2	③							1	1	2	3	4	5		
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	⑦	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26
26	27	28	29	30	31		23	24	25	26	27	28	29	27	28	29	30			
							30	31												
OCTOBER							NOVEMBER							DECEMBER						
				1	2	3	1	2	3	4	5	6	7	1	2	3	4	5		
4	5	6	7	8	9	10	8	9	10	①1	12	13	14	6	7	8	9	10	11	12
11	①2	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
18	19	20	21	22	23	24	22	23	24	25	②6	27	28	20	21	22	23	24	②5	26
25	26	27	28	29	30	31	29	30						27	28	29	30	31		

Red days = Senate not in session

○ = Federal Holiday

2ND SESSION CONVENES - JANUARY 5, 2026

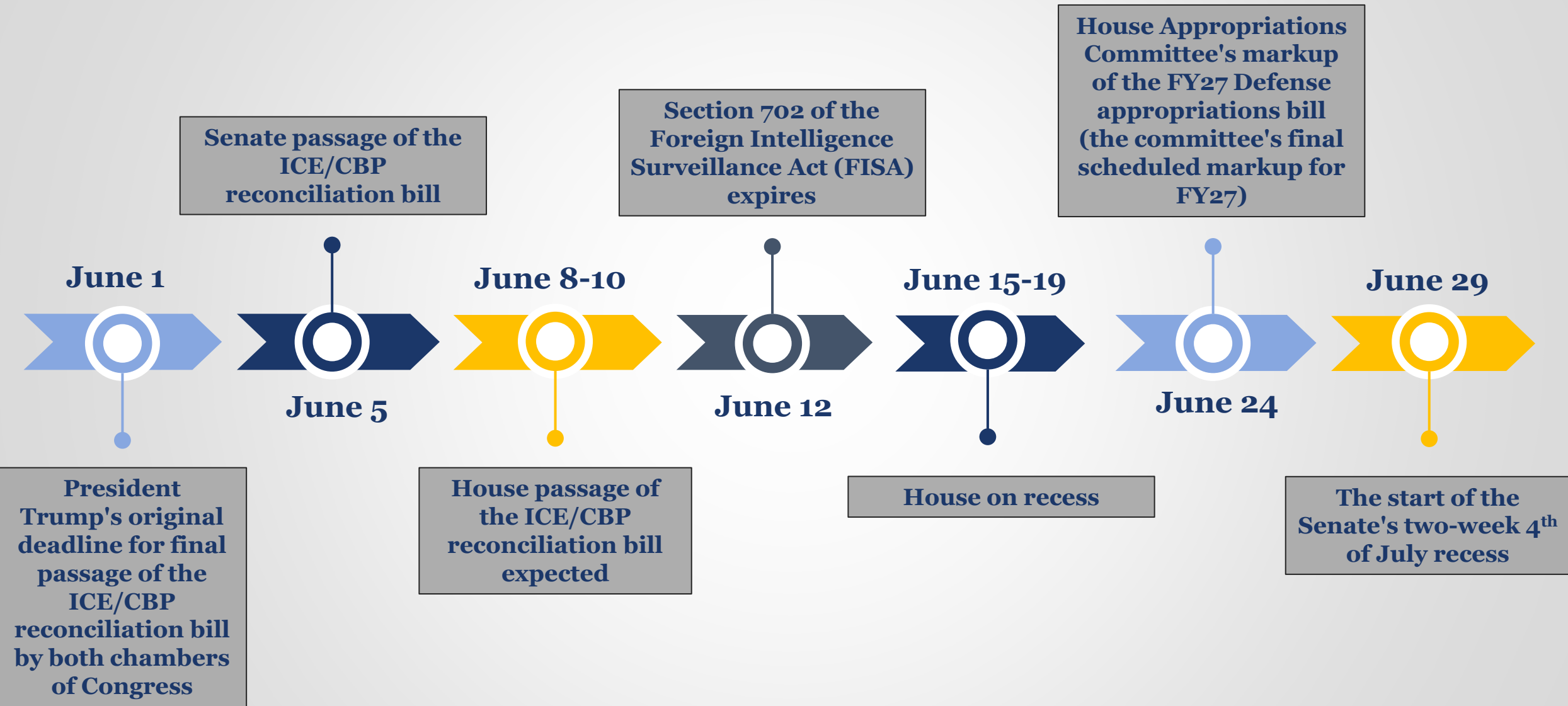
TARGET ADJOURNMENT - DECEMBER 18, 2026

2026 House Calendar

- There are currently 60 legislative session days [scheduled](#) for the rest of 2026.
- There are only 40 legislative session days before election day on November 3.
- The House will be on recess during the week of June 15 in observance of Juneteenth.
- The House's annual August recess will run from July 27 to August 28; the House's recess will begin and end two weeks earlier than the Senate's.
- The House, like the Senate, will have its biennial election year October recess from October 5 to November 6.
- The House's last day of session for the 119th Congress is currently scheduled for December 17.

STEVE  SCALISE			MAJORITY LEADER		
January			February		
1	2	3	1	2	3
4	5	6	4	5	6
7	8	9	7	8	9
10	11	12	10	11	12
13	14	15	13	14	15
16	17	18	16	17	18
19	20	21	19	20	21
22	23	24	22	23	24
25	26	27	25	26	27
28	29	30	28	29	30
31					
March			April		
1	2	3	1	2	3
4	5	6	4	5	6
7	8	9	7	8	9
10	11	12	10	11	12
13	14	15	13	14	15
16	17	18	16	17	18
19	20	21	19	20	21
22	23	24	22	23	24
25	26	27	25	26	27
28	29	30	28	29	30
31					
May			June		
1	2	3	1	2	3
4	5	6	4	5	6
7	8	9	7	8	9
10	11	12	10	11	12
13	14	15	13	14	15
16	17	18	16	17	18
19	20	21	19	20	21
22	23	24	22	23	24
25	26	27	25	26	27
28	29	30	28	29	30
31					
July			August		
1	2	3	1	2	3
4	5	6	4	5	6
7	8	9	7	8	9
10	11	12	10	11	12
13	14	15	13	14	15
16	17	18	16	17	18
19	20	21	19	20	21
22	23	24	22	23	24
25	26	27	25	26	27
28	29	30	28	29	30
31			31		
September			October		
1	2	3	1	2	3
4	5	6	4	5	6
7	8	9	7	8	9
10	11	12	10	11	12
13	14	15	13	14	15
16	17	18	16	17	18
19	20	21	19	20	21
22	23	24	22	23	24
25	26	27	25	26	27
28	29	30	28	29	30
31			31		
November			December		
1	2	3	1	2	3
4	5	6	4	5	6
7	8	9	7	8	9
10	11	12	10	11	12
13	14	15	13	14	15
16	17	18	16	17	18
19	20	21	19	20	21
22	23	24	22	23	24
25	26	27	25	26	27
28	29	30	28	29	30
31			31		

Congressional Key Dates for June 2026





Congressional Updates

Rep. Steve Cohen Announces Retirement

- On May 15, Rep. Steve Cohen (D-TN) announced he would not seek re-election in Tennessee's 9th congressional district.
- This came shortly after Tennessee Republicans passed a [new congressional map](#) which eliminated the state's lone Democratic district in Memphis by splitting Memphis into three different Republican districts.
- Tennessee Republicans drafted the new map after the Supreme Court's [ruling](#) pertaining to the Voting Rights Act's (VRA) application to congressional redistricting.
- In the new map, Rep. Cohen's 9th district shifts dramatically from D+23 to R+20.
- Rep. Cohen has served in the House since January 2007. He is a long-time senior member of the House Judiciary Committee, and he has also served on the Permanent Select Committee on Intelligence since 2025.



Rep. Steve Cohen (D-TN-9)

Two Incumbent Senators Lose Primary Elections

- On May 16, Senator Bill Cassidy, M.D. (R-LA) placed third in the primary election to be the Republican nominee for the U.S. Senate behind Rep. Julia Letlow (R-LA) and Louisiana State Treasurer John Fleming (R), ending Senator Cassidy's re-election bid.
 - President Trump endorsed Rep. Letlow in the race, citing Senator Cassidy's "disloyalty" for voting to convict the president following the events of January 6, 2021.
 - Senator Cassidy is the Chair of the Senate Health, Education, Labor, and Pensions (HELP) Committee. He is also a member of the Finance, Energy & Natural Resources, and Veterans' Affairs committees.
 - Senator Cassidy has served two terms in the Senate, beginning in January 2015.
- On May 26, Senator John Cornyn (R-TX) lost his primary run-off to Texas Attorney General Ken Paxton (R), who had been endorsed by President Trump.
 - Senator Cornyn has served in the Senate since December 2002 and served as Senate Majority Whip from 2015 to 2019. He has also been a major fundraiser for Senate Republicans.
 - The Senator serves on the Finance, Foreign Relations, Judiciary, Intelligence committees and the Joint Committee on Taxation.



Senator Bill Cassidy, M.D. (R-LA)



Senator John Cornyn (R-TX)

Three Incumbent House Members Lose Primary Elections

- On May 19, Rep. Thomas Massie (R-KY) lost to challenger Ed Gallrein (R) in the Republican primary for Kentucky's 4th congressional district by a margin of 54.9% to 45.1%.
 - President Trump endorsed Mr. Gallrein in the race; Rep. Massie has been one of the most prominent Republican critics of the president inside Congress, especially on spending, foreign policy, and the Epstein files.
 - Rep. Massie is a member of the Transportation and Infrastructure Committee and the Judiciary Committee.
- On May 26, Rep. Al Green (D-TX) lost the Democratic primary runoff to Rep. Christian Menefee (D-TX) for Texas' 18th congressional district by a margin of 69.4% to 30.6%. The two incumbents were forced to run against each other after their two Houston-based districts were consolidated into one in Texas' new congressional maps.
 - Rep. Green has served in Congress since January 2005 and has served on the Financial Services Committee and the Homeland Security Committee.
- In another Texas primary runoff, Rep. Julie Johnson (D-TX) lost to former Rep. Colin Allred (D-TX) for the Democratic nomination for the Dallas-based 33rd district by a margin of 53.9% to 46.1%.
 - Rep. Johnson is currently in just her first term in Congress. She is a member of the Foreign Affairs Committee, Homeland Security Committee, and House Administration Committee.



Rep. Thomas Massie (R-KY)



Rep. Al Green (D-TX)



Rep. Julie Johnson (D-TX)

Republicans Win Special Election for CA-1 House Seat

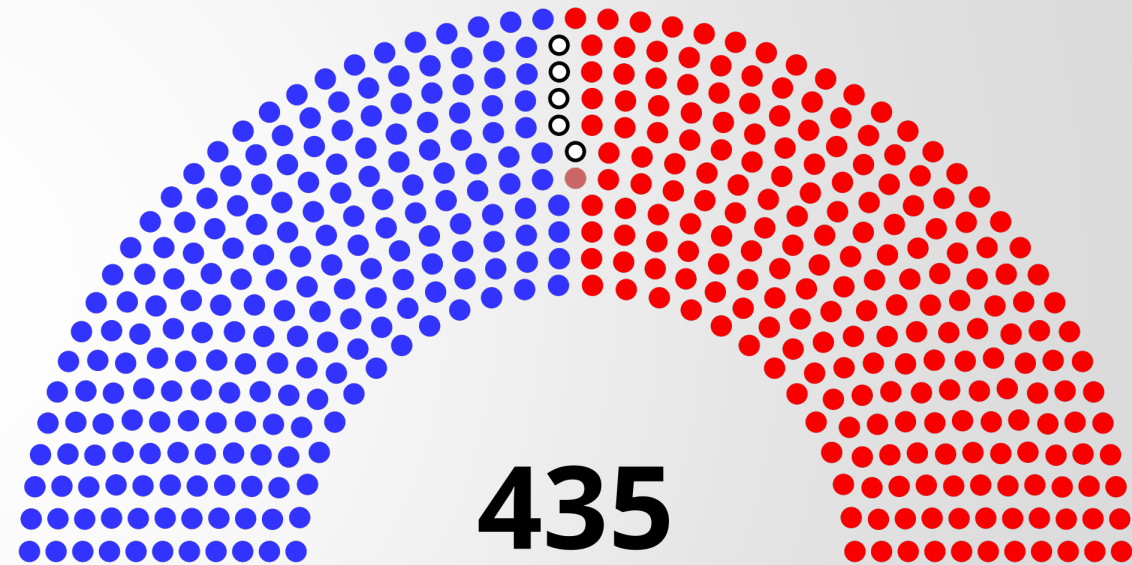
- On June 2, California State Assemblyman James Gallagher (R) defeated two Democratic challengers – Audrey Denney and Mike McGuire – in the special election primary for California's 1st congressional district (a Trump +25 seat).
- The seat has been vacant following the passing of the late Rep. Doug LaMalfa (R-CA) on January 6, 2026.
- Rep.-elect Gallagher was the Minority Leader of the California Assembly from 2022 to 2025.
- Since he won over 50% of the vote (61.6%), Rep.-elect Gallagher wins the special election outright and avoids an August runoff.
- Rep.-elect Gallagher is expected to be sworn in as a new House Member during the week of June 8. He will finish the current term of the late-Rep. LaMalfa through the end of this Congress.
- His swearing in would bring the House to **219 Republicans** (including an independent) and **212 Democrats**, increasing Speaker Mike Johnson's (R-LA) majority to three votes instead of two.
- Rep.-elect Gallagher faces tough re-election prospects, though. CA-1 was redrawn in California's new congressional map to shift it from a **Safe R** seat to a **Safe/Likely D** seat. He will face California State Senator Mike McGuire (D) in a rematch in November for a full term for the new CA-1.



Rep.-elect James Gallagher
(R-CA-1)

Current U.S. House – 119th Congress

- There are now a total of 61 Members of the House who have announced their plans to not run for re-election in 2026, either to retire or to seek another public office, comprising 24 Democrats and 37 Republicans.
- *The number of GOP retirements is the highest since 1930, the second-most being in President Trump's first midterm year of 2018.*
- Additionally, eight Members have already left office in the 119th Congress, while five Members have passed away.
- The House currently stands at **217 Republicans**, **1 independent** (who caucuses with the Republicans), **212 Democrats**, and five vacancies. This is just a *two-vote majority* for House Republicans (ties result in a failed vote). This will increase to **219 Republicans** (including an independent) when Rep.-elect Gallagher is sworn in, which would be a *three-vote majority* for the GOP.
- Once vacancies are filled in various special elections in the coming months, the tally will likely be **220 Republicans** (accounting for *1 independent*) and **215 Democrats**, still a two-vote majority.

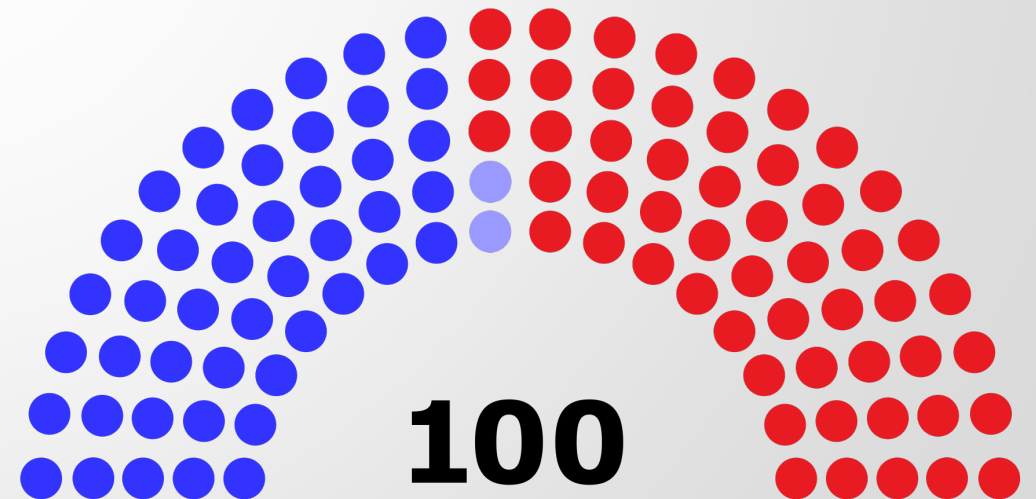
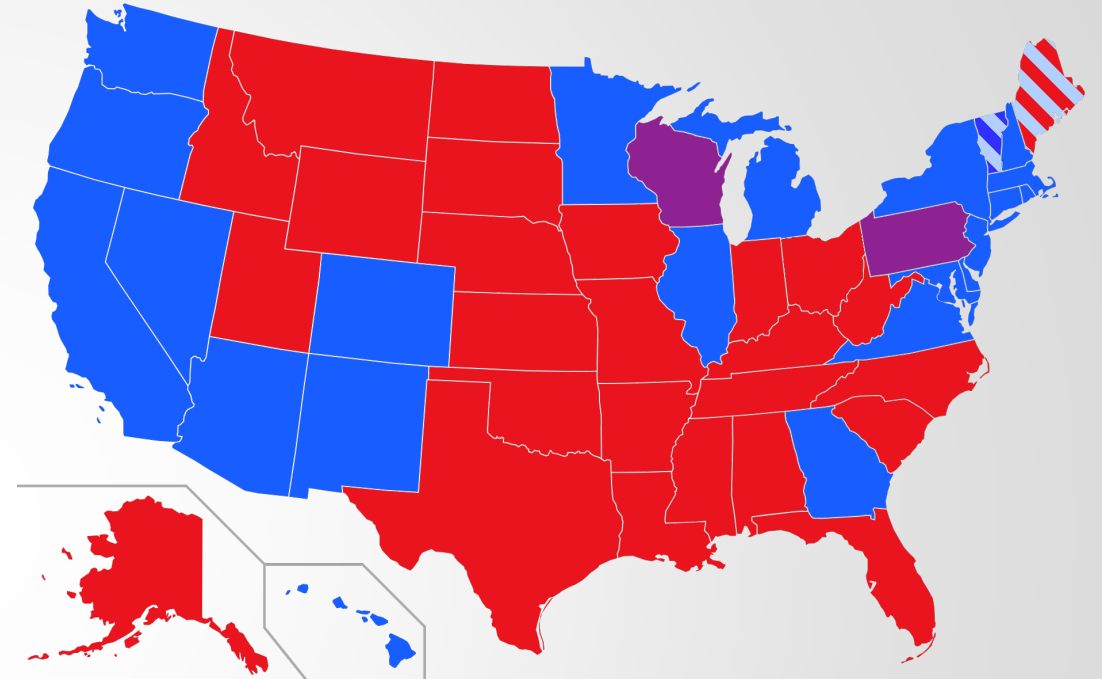


Overview of Current House Vacancies and Special Elections

District	Former Representative	Special Election Date	Race Rating
California-01	Late Rep. Doug LaMalfa (R)	June 2, 2026	Safe R; James Gallagher (R) wins with 61.6%
California-14	Former Rep. Eric Swalwell (D)	June 16, 2026 (primary) August 18, 2026	Safe D
Texas-23	Former Rep. Tony Gonzales (R)	TBA	Likely R
Florida-20	Former Rep. Sheila Cherfilus-McCormick (D)	TBA	Safe D (seat being redistricted)
Georgia-13	Late Rep. David Scott (D)	July 28, 2026 August 25, 2026 (runoff)	Safe D

Current U.S. Senate – 119th Congress

- Republicans hold a 53-47 majority, which is the same majority they held when they last controlled the Senate in January 2021.
- Two independent Senators caucus with the Democrats: Senator Angus King (I-ME) and Senator Bernie Sanders (I-VT).
- Vice President J.D. Vance, who also serves as the Senate President, can cast a tie-breaking vote if the final vote on any legislation or nominee is tied at 50-50.
- Senator Chuck Grassley (R-IA) is the President Pro Tempore of the Senate.
 - He previously held the position from Jan. 2019 to Jan. 2021.
- To date, 11 sitting Senators have announced they will not be seeking re-election in 2026.
 - This comprises seven Republicans and four Democrats.





Key Legislative and Policy Updates

Appropriations – FY26 Homeland Security Funding – Reconciliation



Acting Attorney General Todd Blanche

- On May 21, the House and Senate departed Washington, D.C. for the weeklong Memorial Day recess without passing a party-line reconciliation bill to provide multi-year funding for Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE). President Trump had previously urged Congress to pass the bill by June 1.
 - Votes were derailed in the Senate due to internal party tensions regarding White House ballroom and Secret Service funding and the Trump administration's announcement of a \$1.8 billion [Anti-Weaponization Fund](#).
- On June 2, acting Attorney General Todd Blanche announced during a House Appropriations Subcommittee hearing that the Trump administration will drop the controversial anti-weaponization fund.
- Soon after that announcement, Senate Republicans moved forward with advancing the ICE and CBP reconciliation package.
- After a lengthy "vote-a-rama" process during which an unlimited number of amendments can be offered, the reconciliation package passed in a near party-line vote of [52-47](#) early in the morning on June 5, with Sen. Lisa Murkowski (R-AK) joining all Democrats in opposition.
- The measure now heads to the House for their consideration during the week of June 8.
- In addition, the House Appropriations Committee held a subcommittee [markup](#) of the FY27 Homeland Security funding bill on June 5.

Appropriations – FY27 State of Play

- The House Appropriations Committee has continued its aggressive markup schedule for the FY27 appropriations bills.
- The committee has approved the following six appropriations bills:
 - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies ([Ag-FDA](#))
 - Commerce, Justice, Science, and Related Agencies ([CJS](#))
 - Energy and Water Development, and Related Agencies ([Energy and Water](#))
 - Financial Services and General Government ([FSGG](#))
 - [Legislative Branch](#)
 - [National Security, Department of State, and Related Programs](#)
 - The FY27 Interior, Environment and Related Agencies ([Interior](#)) and Transportation, Housing and Urban Development, and Related Agencies ([T-HUD](#)) bills have been approved by their respective subcommittees.
- House Republicans have deviated from some of the deep funding cuts proposed in the [President's FY27 Budget Request](#) (PBR), including in Energy and Water where they proposed a \$8.53 billion budget (\$1.4 billion above requested) for the Office of Science at the Department of Energy (DOE). Additionally, Republicans rejected the PBR's proposal to eliminate billions in funding under the Community Development Block Grant program within the House FY27 T-HUD spending bill, but reduced funding for other housing assistance programs.
 - Democrats have criticized spending cuts in the House appropriations bills, which they argue do not do enough to make life more affordable for Americans. They also have criticized Republicans' decision to move funding from the 2021 Infrastructure Investment and Jobs Act ([P.L. 117-58](#)) to other programs in the T-HUD and Energy and Water bills.
- In May, the House approved its first appropriations bill, Military Construction, Veterans Affairs, and Related Agencies ([MilCon-VA](#)), with a bipartisan vote ([400-15](#)). On June 4, the House narrowly passed another FY27 appropriations bill, the Ag-FDA measure ([H.R. 8646](#)), in a nearly party-line [213-210](#) vote. Additional spending bills are expected to move to the floor throughout June.
- House and Senate authorizing committees and appropriators continued to hold hearings with high-ranking administration officials to review the [President's FY27 PBR](#). Acting Attorney General Todd Blanche, National Institutes of Health (NIH) Director Jay Bhattacharya, and Secretary of Defense Pete Hegseth were among the officials who testified.



National Institutes of Health
Director Jay Bhattacharya

Appropriations – FY27 Look Ahead



Senate Appropriations Chair
Susan Collins (R-ME)

- The Senate Appropriations Committee was set to begin markups on their FY27 appropriations bills this past week, with Agriculture, Commerce, Justice, Science, and Legislative Branch bills to be marked up first. However, Senate consideration of the reconciliation bill ultimately caused these markups to be postponed.
- In June, the House Appropriations Committee plans to complete its markup on all 12 bills.
 - The FY27 Interior and T-HUD bills went through full committee [markup](#) on June 3.
 - The Labor, Health and Human Services, Education, and Related Agencies (L-HHS) and Homeland Security bills were marked up in subcommittee on June 5 and are scheduled for full committee markups on June 9 and 10, respectively.
 - The Defense appropriations bill is expected to be marked up by the subcommittee on June 11 and full committee markup on June 24.
- In June, officials from the Trump administration will continue to appear before Congress to discuss the FY27 PBR. Secretary of State Marco Rubio and Secretary of Homeland Security Markwayne Mullin testified several times before both chambers this week.
- With limited legislative days remaining before the end of the fiscal year (September 30), Congress is expected to pass a CR that will likely extend past the November midterm elections.

Trade –Recent Tariff Developments

- **Companies Begin Receiving IEEPA Refunds.** Certain importers have [begun](#) receiving refunds of International Emergency Economic Powers Act (IEEPA) tariffs for claims filed shortly after CBP launched the Consolidated Administration and Processing of Entries ([CAPE](#)) refund portal on April 20.
 - Limited entries are eligible for processing via CAPE during this first phase of refunds. As of May 22, CBP had received over 157,000 refund applications from companies or their customs brokers, of which over 108,000 cleared the system's initial validations, covering approximately 15.8 million entries. Approximately \$85 billion in potential and certified refunds have been accepted for processing in CAPE.
 - On May 29, the Department of Justice (DOJ) filed a motion indicating it plans to appeal a portion of the Court of International Trade's (CIT) order directing refunds of IEEPA tariffs. The motion indicates that the U.S. government will take the position that importers need to appear before the CIT to secure refunds of any entries that are more than 90 days past liquidation.
- **Section 122 Tariff Litigation Continues.** On May 8, the DOJ sought to pause the CIT's May 7 decision in *State of Oregon et al. v. United States*, which found the Trump administration's Section 122 tariffs to be unlawful.
 - The CIT's May 7 decision did not provide for a universal injunction, meaning the court's order only applied to named plaintiffs.
 - On May 12, the Court of Appeals for the Federal Circuit (CAFC) granted an "administrative" stay temporarily blocking the CIT's injunction while the courts consider a prolonged stay pending appeal. Section 122 tariffs continue to be collected from all importers.
 - On May 26, U.S. Trade Representative (USTR) Jamieson Greer [suggested](#) the Trump administration could extend Section 122 tariffs after the July expiration date without congressional approval, which would likely cause additional friction with Capitol Hill.
- **Pharmaceutical Section 232 Update.** On May 13, the Department of Commerce (DOC) published a [notice](#) describing procedures for companies to apply for agreements with DOC that provide company-specific relief from tariffs on branded pharmaceuticals and their ingredients.

Trade – U.S.-China Update

- **U.S.-China Bilateral Summit Concludes.** President Trump and Chinese President Xi Jinping met in Beijing, China from May 13-15 for a bilateral summit. Both sides used the visit to project stability and signal an overall desire to avoid confrontation.
 - The two sides [agreed](#) broadly to develop a "[constructive China-U.S. relationship of strategic stability](#)." Statements released by both countries also indicated that they agreed to establish a "Board of Trade" and "Board of Investment." The United States will [reportedly](#) open a public comment period for consideration of which goods will be included under the "Board of Trade."
 - President Trump said the summit produced "fantastic trade deals," but that tariffs were not discussed during the visit. However, Chinese officials [reported](#) that tariff reductions were discussed.
 - Additionally, the Chinese government has [reportedly](#) imposed export restrictions on certain fentanyl precursors.
- **China Section 301 review.** On May 6, USTR [initiated](#) the second statutory four-year review of the China Section 301 tariffs imposed in 2018.
 - The prior review under the Biden administration in 2022 resulted in increased tariffs on certain Chinese-origin products, including electric vehicles, semiconductors, critical minerals, and certain medical products.



President Trump and Chinese President Xi Jinping during the U.S.-China Summit in Beijing, China.

Trade – USMCA Updates



Mexican Secretary of Economy Marcelo Ebrard

- **Mexico.** On May 28-29, a USTR delegation met with Mexican Secretary of Economy Marcelo Ebrard for bilateral negotiations on the United States-Mexico-Canada Agreement (USMCA).
 - The delegations reportedly discussed rules of origin; supply chain security; and steel, aluminum, and auto manufacturing, among other topics. They agreed to meet again for further negotiations in June and July.
 - While negotiations have progressed with Mexico, ongoing tensions with Canada and the general slow pace of talks indicate the USMCA is unlikely to be extended for another 16 years by the July 1 deadline.
- **Congressional Interests.** Various Members of Congress continue to weigh in with USTR to address specific topics for the USMCA.
 - On May 18, all House Ways and Means Committee Democrats [sent a letter](#) to Amb. Greer outlining priorities for the USMCA review, which included combating offshoring, strengthening economic security, and evaluating rules of origin for effectiveness in supporting manufacturing.
 - On May 20, Sen. Tammy Baldwin (D-WI) led 14 other Democratic senators in a similar [letter](#) to Amb. Greer, calling for the Trump administration to prioritize items such as labor law enforcement, addressing offshoring, and ensuring strong rules of origin in the USMCA review.
 - On May 21, Sen. Jim Banks (R-IN) led seven other Senate Republicans in a [letter](#) to Amb. Greer requesting that the Trump administration strengthen guardrails in the USMCA to protect U.S. automakers from Chinese incursions in the North American auto industry.
 - On May 22, 20 House Ways and Means Committee Republicans [called](#) on Amb. Greer and Department of the Treasury (Treasury) Secretary Scott Bessent to hold Mexico accountable for its "onerous" tax practices in the USMCA review.

Trade – Country-Level Negotiations

- **EU.** On May 20, the European Union (EU) announced it had reached an [agreement](#) on implementing the U.S.-EU trade deal, moving toward a formal adoption process.
 - On May 27, EU governments [advanced](#) legislation removing duties on U.S. goods under the trade deal, which now will be considered by the European Parliament. This followed President Trump's [threat](#) to raise tariffs if the EU did not implement its tariff commitments by July 4.
- **Vietnam.** On May 29, USTR [announced](#) it was initiating a Section 301 investigation of Vietnam's Acts, Policies, and Practices Related to Intellectual Property Protection and Enforcement. This step follows USTR identifying Vietnam as a “priority foreign country” in its [2026 Special 301 Report](#) on U.S. trade partners’ protection and enforcement of intellectual property (IP) rights.
 - On May 5, Vietnamese Prime Minister Le Minh Hung [issued](#) an [order](#) for a May 7-30 government crackdown on IP infringement.
 - This step follows USTR identifying Vietnam as a “priority foreign country” in its [2026 Special 301 Report](#) on U.S. trade partners' protection and enforcement of IP rights.
- **India.** A U.S. delegation plans to [visit](#) India from June 1-4 with the intent of finalizing details for an "interim" U.S.-India trade agreement.



Vietnamese Prime Minister Le Minh Hung

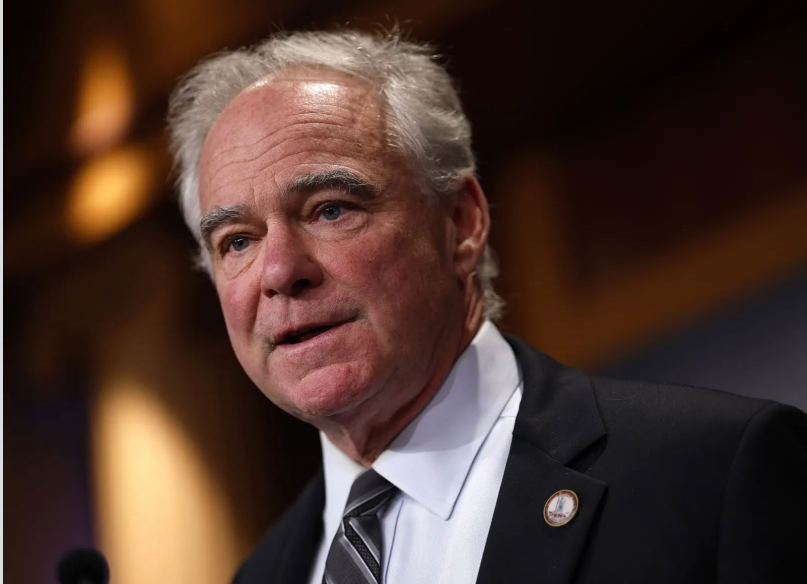
Defense – FY27 NDAA Outlook

- The House Armed Services Committee (HASC) held a [markup](#) of the FY27 National Defense Authorization Act (NDAA) on Thursday, June 4.
- Ahead of the markup, HASC released the chairman's mark for the NDAA ([H.R. 8800](#)), as well as the subcommittee prints. The chairman's mark authorizes roughly \$1.15 trillion for defense spending, with a focus on rebuilding the defense industrial base.
 - Subcommittee on Cyber, Information Technologies, and Innovation ([bill text](#))
 - Subcommittee on Intelligence and Special Operations ([bill text](#))
 - Subcommittee on Military Personnel ([bill text](#))
 - Subcommittee on Readiness ([bill text](#))
 - Subcommittee on Seapower and Projection Forces ([bill text](#))
 - Subcommittee on Strategic Forces ([bill text](#))
 - Subcommittee on Tactical Air and Land Forces ([bill text](#))
- **Next Steps:** During the markup, HASC considered the chairman's mark and hundreds of amendments, which will then need to be passed by the full House. The Senate Armed Services Committee (SASC) will conduct mostly closed-door subcommittee and full committee markups of its NDAA version June 8-10, and then the full Senate will consider the bill. Afterwards, the two chambers will conference their bills and negotiate a final version, likely after the midterm elections and before the end of the calendar year.



HASC Chair Mike Rogers (R-AL) and Ranking Member Adam Smith (D-WA)

Defense – Iran



Sen. Tim Kaine (D-VA)

- Despite recent military actions, the United States and Iran remain engaged in peace talks under the temporary ceasefire declared on April 8. President Trump has said negotiations are progressing toward a deal and [called](#) for Iran and Arab countries to sign the Abraham Accords. At the time of writing, the timeline for a deal is unclear.
 - On May 5, President Trump announced a pause on the U.S.-led effort to escort commercial transit through the Strait of Hormuz. The escort plan was [reportedly](#) halted after only 36 hours due to restrictions by Saudi Arabia and Kuwait on U.S. military use of their bases to carry out the plan.
 - On May 18, the United States [postponed](#) a planned attack on Iran to work towards a deal that would include a ban on Iranian nuclear weapons.
 - On May 25, the United States conducted self-defense strikes in Iran.
 - On May 27, Iran launched a missile towards Kuwait, as well as one-way attack drones. U.S. Central Command [said](#) the military action was an "egregious ceasefire violation." The United States also [launched](#) airstrikes on Iran the same day.
- On May 19, the Senate advanced a war powers resolution ([S.J.Res.185](#)) led by Sen. Tim Kaine (D-VA) in a [50-47](#) vote. Republican Sens. Susan Collins (R-ME), Lisa Murkowski (R-AK), Rand Paul (R-KY), and Bill Cassidy (R-LA) joined most Democrats in advancing the resolution. House Republican leadership has postponed a vote on the resolution to delay passage.
 - **Note:** The War Powers Act requires that U.S. forces be removed from a conflict after 60 days, absent authorization from Congress.

Tax – Congressional Developments

- **Reconciliation 2.0?, 3.0?** With midterm elections approaching, many Republicans hope to enact two more reconciliation packages to follow the One Big Beautiful Bill Act (OBBBA, [P.L.119-21](#)).
 - Reconciliation is a special set of rules, typically used for changes to tax policy, allowing Congress to pass revenue changes with a simple majority to avoid the Senate’s filibuster, for example, OBBBA or, under President Biden, the Inflation Reduction Act (IRA, [P.L.117-169](#)). Both bills made tax law and provided funding to policy priorities. For example, OBBBA included billions for national security, and the IRA funded green energy initiatives.
 - Reconciliation 2.0 is narrowly focused on providing funding to ICE and CBP.
 - The possibility of Reconciliation 3.0 is noteworthy because Chair Jason Smith (R-MO) previously [said](#) that another reconciliation bill would have “significant” involvement from the Ways and Means Committee. While the stated purpose of 3.0 is to fund the Department of War, including the Iran conflict, the possibility that the bill will include changes to tax law counsels following developments closely.
 - On May 4, the Senate Homeland Security and Government Affairs and Senate Judiciary Committees released their respective drafts for their portions of Reconciliation 2.0 ([text](#), [text](#)).
 - However, Congress was unable to advance a [revised](#) Reconciliation 2.0 bill before the Memorial Day recess, and the Republican Conference reportedly remains "narrowly-divided" on what a possible third reconciliation bill would entail.
- **JCT Publishes Blue Book.** On May 28, the Joint Committee on Taxation (JCT) [published](#) its “blue book” with explanations of tax code provisions in OBBBA that may require technical corrections.
 - Adjustments could be included in an end-of-year bill, though partisan priorities may jeopardize the current bipartisan work.



Rep. Jason Smith (R-MO),
Chairman of the House Ways
and Means Committee



Speaker of the House
Mike Johnson (R-LA)

Tax – Congressional Developments

- **Wyden Sees 2026 Passage of Tax Administration Bill.** Senate Finance Committee Ranking Member Ron Wyden (D-OR) reportedly stated that the committee's bipartisan tax administration package, the Taxpayer Assistance and Service Act (TAS Act, [S.3931](#)), could be slated for a markup in the “coming weeks,” to pass the bill by year’s-end.
 - It is not uncommon for the tax writing committees to develop a package of uncontroversial “good government” tax provisions to be passed after an election, during the “lame duck” session of Congress.
 - The Ways and Means Committee has taken a different approach, previously [marking up](#) and [passing](#) individual bipartisan tax bills. The House cleared seven non-controversial tax bills, six of which passed by voice vote, and the IRS Whistleblower Program Improvement Act ([H.R.7959](#)) was approved overwhelmingly by a [vote](#) of 346-10. Three of the bills ([H.R.7971](#), [H.R.6956](#), and [H.R.6495](#)) are included in the Senate Finance Committee's bipartisan tax package.
- **Crypto Tax.** House Ways and Means Chairman Jason Smith (R-MO) continues to suggest that his focus for the rest of the year will be bipartisan legislation, including a bill on the tax treatment of digital assets. The committee held a closed-door meeting on May 14 to brief members on the proposal.
 - On May 19, Ways & Means Committee Reps. Steven Horsford (D-NV) and Max Miller (R-OH) [introduced](#) the Digital Asset PARITY Act ([H.R.8899](#)), building on a bipartisan [discussion draft](#) released in March.



Sen. Ron Wyden (D-OR),
Ranking Member of the Senate
Finance Committee



Reps. Steven Horsford (D-NV) and
Max Miller (R-OH), members of the
Ways and Means Committee

Tax – Administration Updates

- **Bisignano Rebuts IRS Staffing Concerns, Promises Digital Upgrades.** On May 5, at a meeting with the National Association of Enrolled Agents, Internal Revenue Service (IRS) CEO Frank Bisignano touted the agency's increased [refunds](#), at the time 17.8% above the 2025 levels, and [stated](#) he has “zero staffing concerns.”
 - Critics remain skeptical that Bisignano has reduced the agency's enforcement capabilities by leaning into AI to replace career staff.
- **Treasury Eyes 2027 Deadline for OBBBA Guidance.** On May 14, Treasury Deputy Assistant Secretary for Tax Policy Kevin Salinger reportedly stated that the administration is looking to provide guidance on changes to various tax provisions enacted in OBBBA: (1) the treatment of executive compensation at tax-exempt organizations; (2) business meals and entertainment; (3) deductions for pass-through entities; (4) incentives for startup investments; and (5) treatment of tuition accounts.
 - Salinger noted the guidance is expected to be released by end of year.
 - Treasury also [signaled](#) a plan to repropose its regulation package on the 15% corporate alternative minimum tax (CAMT) in February of 2027.



IRS CEO Frank Bisignano



Treasury Deputy Assistant Secretary for Tax Policy Kevin Salinger

Financial Services – Key Policy Developments

- **Crypto Market Structure Bill Clears Senate Banking.** On May 14, the Senate Banking Committee [marked up](#) and advanced (15-9) the [Digital Asset Market Clarity Act](#), with Sens. Ruben Gallego (D-AZ) and Angela Alsobrooks (D-MD) voting alongside all committee Republicans.
 - The bill was reported favorably to the Senate with several [last-minute changes](#), after achieving a compromise on ethics related to elected officials and guarding against anti-money laundering risks.
 - The bill must still be merged with the Senate Agriculture Committee's [text](#) before it is considered on the Senate floor. If passed, the bill would go back to the House as the text was changed from the original House-passed CLARITY Act ([H.R.3633](#)). There will likely be pressure for the House to accept the Senate's version without changes.
- **Housing Bill Remains at an Impasse.** Financial Services policy leaders in the House and Senate have yet to find common ground on legislation to boost housing supply and homeownership.
 - On February 20, the House passed the 21st Century ROAD to Housing Act ([H.R.6644](#)) by a vote of [390-9](#). After bipartisan discussions by Senate Banking Chair Tim Scott (R-SC) and Ranking Member Elizabeth Warren (D-MA) to [amend](#) the bill, the Senate overwhelmingly [passed](#) ([89-10](#)) their [version](#) of the legislation.
 - The House has resisted moving the Senate version without undoing some of its changes, however, including paring back the Senate-added curb on large investors in the single-family home market. House Financial Services Chair Hill struck a deal with Ranking Member Maxine Waters (D-CA) to amend the Senate's version ([H.Res.1299](#)), sending the House's proposal back to the Senate ([396-13](#)) on May 20.
 - President Trump has [endorsed](#) both [versions](#); we view the House as most likely to prevail.



Sen. Tim Scott (R-SC), Chairman of the Senate Banking Committee.



Financial Services Chair French Hill (R-AR) and Ranking Member Maxine Waters (D-CA).

Financial Services – Administration Developments

- **CFTC Reasserts Jurisdiction Over Prediction Markets Amid White House Review.** The Commodity Futures Trading Commission (CFTC) continues to use litigation and regulatory efforts to exercise authority over the prediction market space. On May 27, the Office of Management and Budget (OMB) posted a [notice](#) that the White House is [reviewing](#) guidelines for event contracts.
 - On May 12, the CFTC filed an [amicus brief](#) in the U.S. Court of Appeals for the Sixth Circuit asserting the agency’s exclusive jurisdiction over prediction markets. The filing represents another step in the CFTC’s broader effort to protect its jurisdiction over prediction markets from an ongoing campaign of state encroachment.
 - On May 15, House Agriculture Committee Chair GT Thompson (R-PA) and Ranking Member Angie Craig (D-MN) sent a [joint letter](#) to President Trump [urging](#) the administration to appoint a full panel of bipartisan commissioners to join CFTC Commissioner Mike Selig.
 - Amidst heightened interest in prediction markets, on May 20, the Senate Commerce, Science, and Transportation (CST) Consumer Protection, Technology, and Data Privacy Subcommittee held a [hearing](#) entitled “No Sure Bets: Protecting Sports Integrity in America.” Democratic and Republican Senators scrutinized the role of prediction markets, compared them to traditional gambling and sports betting, and discussed how to effectively regulate prediction markets, as well as how to combat gambling addictions and protect minors.
- **Administration Issues Executive Order on Financial Regulation.** On May 19, President Trump issued an Executive Order (EO) entitled [Restoring Integrity to America’s Financial System](#), which required banks to more closely examine their clients’ citizenship and immigration status.
 - While the EO does not require banks to verify citizenship, it directs financial regulators to advise banks in identifying suspicious patterns, verifying customer identities, and assessing the financial risks of lending to undocumented individuals.
 - The administration’s continued scrutiny of non-citizens may lead to updated guidance on [Bank Secrecy Act](#) (BSA) regulations that determine compliance.

Financial Services – Administration Developments

- **Warsh Clears Senate, Sworn in as Fed Chair.** On May 22, Kevin Warsh was [sworn in](#) to serve as Chairman of the Federal Reserve Board of Governors (Fed), following the Senate's [54-45](#) vote to confirm his nomination ([P.N.855-1](#)).
 - During his swearing-in, President Trump stated, "I want Kevin to be totally independent."
 - Warsh replaced former-Fed Chairman Jerome Powell, who will [stay on](#) the Fed Board as a Governor.
- **SEC Proposes Ending Climate-related Disclosure Rules.** On May 4, the Securities and Exchange Commission (SEC) sent a [proposed rule](#) ending climate disclosure rules to OMB for regulatory review.
 - Under the Biden administration, the SEC issued a [final rule](#) requiring publicly-traded companies to disclose climate-related risks "that have materially impacted ... its business strategy, results of operations, or financial condition." However, the disclosure regulations were never implemented due to a slate of legal challenges.
- **SEC Proposes Amendments to Optional, Semi-Annual Reporting.** On May 5, the SEC [issued](#) proposed rule and form amendments that would constitute a significant overhaul of corporate disclosure rules that would allow public companies to file semiannual financial reports instead of quarterly earnings reports.
- **Treasury Meets with State Insurance Regulators on Private Credit Risks in Life Insurance Sector.** Secretary Bessent met with state insurance commissioners on May 7 and the National Association of Insurance Commissioners later in the month to discuss growing ties between the life insurance industry and private credit markets.
 - Officials focused on various issues, including the increasing use of offshore reinsurance structures, the movement of life and annuity reserves overseas, and evolving business models tied to private credit investments.

Artificial Intelligence – Administration Developments



Chair of the President's Council of Advisors on
Science and Technology David Sacks

- On June 2, President Trump signed the EO [Promoting Advanced Artificial Intelligence Innovation and Security](#) to address artificial intelligence (AI) cybersecurity threats. The finalized EO is a scaled-back version of the draft circulated in late May.
 - The EO seeks to improve cybersecurity and secure critical systems across the government. Additionally, the order asks AI companies to enter their frontier models into a voluntary government review program 30 days prior to public release. The previous version of the order asked developers to submit 90 days prior to release.
- On May 18, the DOJ indicated it is considering intervening in a [lawsuit](#) from the National Association for the Advancement of Colored People (NAACP) and the Southern Environmental Law Center against Elon Musk's xAI over its 27 natural gas turbines the group argue are operating without pollution controls or Clean Air Act permits. In a filing to the U.S. District Court for the Northern District of Mississippi, DOJ stated the case involves "legal and policy questions as to which the United States has a substantial interest, including its priorities with respect to promotion of artificial intelligence infrastructure." DOJ requested the court delay a decision to issue a preliminary injunction until mid-June to allow the Trump administration to evaluate the lawsuit.

Artificial Intelligence – Congressional Developments

- On May 7, Senate Minority Leader Chuck Schumer (D-NY) sent a [letter](#) to Department of Homeland Security (DHS) Secretary Markwayne Mullin, expressing concerns about cybersecurity risks associated with Anthropic's Claude Mythos model and OpenAI's newest GPT-5.5-Cyber. Sen. Schumer calls for DHS to take concrete steps to support state and local governments against cyber threats posed by advanced artificial intelligence models.
- On May 19, a group of 20 Senate Democrats, led by Sen. Ron Wyden (D-OR), [introduced](#) a joint resolution ([S.J.Res. 192](#)) that would provide for congressional disapproval of the rule submitted to the Centers for Medicare and Medicaid Services (CMS) related to the implementation of prior authorization using AI for select services under the Wasteful and Inappropriate Services Reduction ([WISeR](#)) Model. Reps. Greg Landsman (D-OH) and Suzan DelBene (D-WA) introduced an identical joint resolution ([H.J.Res. 187](#)) in the House.
- On June 4, Reps. Jay Obernolte (R-CA) and Lori Trahan (D-MA) [released](#) a long-awaited discussion draft of the Great American AI Act. The 269-page bill would require AI developers to implement plans to address potential risks associated with their advanced models, including cybersecurity threats, among others. The bill would establish a third-party audit system to ensure companies are complying with these plans. Controversially, the bill includes language preempting state laws on AI, causing Rep. Trahan to receive some criticism from her own party for working with Rep. Obernolte on the legislation.



Senate Minority Leader Chuck Schumer (D-NY) and Senate Finance Committee Ranking Member Ron Wyden (D-OR)

Artificial Intelligence –Related FY27 Developments

- On May 13, the House Appropriations Committee held a [markup](#) of the FY27 Commerce, Justice, Science, and Related Agencies [appropriations bill](#). The accompanying [committee report](#) contains several provisions related to AI. Notable language includes:
 - Center for AI Standards and Innovation (CAISI). The committee supports the work of CAISI at the National Institute of Standards and Technology (NIST) and provides up to \$15 million for AI research, standards development, and testing capabilities (p. 16).
 - Small Business and AI. The committee directs NIST to identify and develop resources to support small business use of AI (p. 17).
 - National Artificial Intelligence Research Resource (NAIRR). The committee recommends no less than \$30 million be used to support NAIRR at the National Science Foundation (NSF) (p. 108).
- On May 20, the House Appropriations Committee held a [markup](#) of the FY27 Energy and Water Development [appropriations bill](#). During the markup, the committee approved a bipartisan amendment package on voice vote that includes [language](#) advising the DOE to address data centers' impacts on energy and water consumption, ratepayers, transmission and distribution, and grid reliability. If enacted, DOE would need to evaluate strategies to use energy and water resources more efficiently while ensuring any new technologies meet federal, state, and local regulatory requirements.



House Appropriations Committee Chairman
Tom Cole (R-OK)

Technology – Congressional Updates

- On May 19, Sens. Jeanne Shaheen (D-NH) and Pete Ricketts (R-NE) introduced the U.S. Technology Procurement and Access to Trusted Hardware (U.S. Tech PATH) Act ([S. 4570](#)). The [bill](#) would establish an Office of United States Technology Procurement within the Department of State to “streamline the procurement of U.S. cyber and digital technologies by foreign allies and partners,” according to the [press release](#).
 - The bill would authorize Congress to appropriate \$500 million over five years to support implementation of the U.S. Technology Procurement Program.
- On May 20, the Senate passed the Stop Stealing our Chips Act ([S. 1473](#)) by unanimous consent. The bill would create a whistleblower program and incentives for individuals who report U.S. export control violations to the DOC's Bureau of Industry and Security (BIS).
 - House Foreign Affairs Committee Chair Brian Mast (R-FL) is advocating for this year's NDAA to serve as the legislative vehicle to pass export controls legislation, such as the MATCH Act ([H.R. 8170](#)), Chip Security Act ([H.R. 3447](#)), and AI OVERWATCH Act ([H.R. 6875](#)).



Senate Foreign Relations Committee Ranking
Member Jeanne Shaheen (D-NH)

Technology – Congressional Updates

- On May 13, the House Appropriations Committee advanced its FY27 CJS [appropriations bill](#) on a 32-28 party-line vote. Relevant funding levels include:
 - **BIS:** Authorizes \$450 million for BIS – \$215 million (92%) above the FY26 enacted level.
 - **NIST:** Authorizes \$1.3 billion for the NIST – \$547.378 million (30%) below the FY26 enacted level.
 - **USPTO:** Authorizes \$5.16 billion for the U.S. Patent and Trademark Office (USPTO) – \$204.25 million (4%) above the FY26 enacted level.
 - **OSTP:** Authorizes \$7.96 million for the Office of Science and Technology Policy (OSTP) – equal to the FY26 enacted level.
- Relevant [provisions](#):
 - **Technical Advisory Committees:** Encourages BIS to increase engagement with industry through regular and meaningful use of Technical Advisory Committees and other consultation forums.
 - **Foundry Due Diligence:** Directs BIS to conduct an analysis to identify opportunities to strengthen due diligence requirements for allied manufacturers of advanced logic or high-bandwidth memory chips.
 - **American AI Exports Program:** Directs the International Trade Administration to incorporate semiconductor manufacturing technologies, mature-node semiconductors, and energy and environmental control technologies into the program's scope.
 - **Multilateralization and Enforcement of Export Controls:** Supports the hiring of additional Export Control Officers (ECO), increased ECO end-use checks abroad, and efforts to promote international alignment of export control policies.
 - **Advanced Computing Testbeds:** Encourages NIST to support university-based advanced computing testbeds in partnership with industry and national laboratories, particularly in emerging technology hubs.
 - **Advanced Manufacturing Technology Transfer:** Encourages NIST to support initiatives that accelerate technology transfer, expand advanced manufacturing workforce development, and improve the ability of manufacturers to adopt emerging technologies such as AI, advanced materials, and digital manufacturing tools.
 - **Creating Helpful Incentives to Produce CHIPS R&D Investments:** Directs DOC to collaborate with industry to identify and prioritize semiconductor-related research topics of high strategic importance and directs CHIPS R&D investments to focus on certain priority areas.
 - **International Biotechnology Standards:** Encourages NIST and the Department of State to expand U.S. leadership in the development of international norms and standards for biotechnology.

Technology – Congressional and Administration Updates

- On May 18, the Senate [voted](#) 46-43 to confirm Arvind Raman to be Under Secretary of Commerce for Standards and Technology, a position that serves as Director of NIST.
 - NIST has been operating without a Senate-confirmed director since January 2025, with Deputy NIST Director Craig Burkhardt serving as Acting Director.
- The Trump administration has [reportedly approved](#) NVIDIA H200 chips sales to 10 Chinese firms. Each approved customer can purchase up to 75,000 chips. However, China has not yet approved sales of NVIDIA H200 chips domestically to protect its own advanced AI chip production market.
 - While NVIDIA CEO Jensen Huang attended the U.S.-China summit, Chinese companies have yet to make purchase orders for the chips.
- On May 22, the United States and Sweden signed a [Memorandum of Understanding](#) on technology cooperation. The Technology Prosperity Deal will facilitate bilateral cooperation on next-generation AI and network technologies; biomedical research and innovation; advanced manufacturing technologies; energy infrastructure, space security and space technology R&D; defense technologies; and quantum technology.



NIST Director Arvind Raman

Data Privacy – Congressional Updates



Rep. John Joyce (R-PA),
Lead Sponsor of the SECURE
Data Act

- The House Appropriations Committee’s FY27 CJS [appropriations bill](#) includes an [amendment](#), led by Rep. Adriano Espaillat (D-NY), that would prohibit federal law enforcement agencies from purchasing personal data from third-party brokers.
 - The committee [voted](#) 32-25 to approve the amendment during the May 13 full committee [markup](#).
 - The amendment is based on the Fourth Amendment is Not For Sale Act ([H.R. 4639–118th](#)).
- On June 3, House China Select Committee Chair John Moolenaar (R-MI), Rep. Jay Obernolte (R-CA), and Rep. Jennifer McClellan (D-VA) introduced legislation ([H.R. 9129](#)) that would block China-origin humanoid and quadruped robots from the U.S. market.
 - The [Guarding the U.S. Against Adversarial Robotics Dominance \(GUARD\) Act](#) would direct national security agencies to review robotics systems made by foreign adversaries. Products determined to pose significant national security risks will go on the Federal Communications Commission’s Covered List.
- On June 3, the House Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade held a hearing to examine the [Securing and Establishing Consumer Uniform Rights and Enforcement over Data \(SECURE Data\) Act](#) ([H.R. 8413](#)), which would establish a national framework for consumer privacy rights and the protection of personal data.
 - Currently, the bill only has Republican support, but Rep. John Joyce (R-PA) emphasized his commitment to continue working with committee Democrats to make the bill bipartisan.
 - Democratic members argued the bill is too industry-friendly and would place the burden of privacy protection on consumers instead of companies and platforms. Democrats raised concerns about the “expansive” state preemption standard and language that would limit the Federal Trade Commission’s enforcement authority.

Data Privacy – Administration Updates

- Last month, the Cybersecurity and Infrastructure Security Agency (CISA) [tapped](#) Ryan Donaghy to serve as its first Chief Operating Officer (COO). Dr. Donaghy previously served as CISA's Deputy Assistant Director for Stakeholder Engagement.
 - As COO, Dr. Donaghy “serves as the principal advisor to CISA’s Senior Leadership on agency operations, business functions, financial and acquisition management, policy development, and interagency efforts that support CISA’s strategic goals,” [according](#) to CISA.
 - CISA remains under the leadership of Acting Director Nick Andersen. President Trump has not yet named a new nominee to the role after Sean Plankey withdrew from consideration on April 22.
- On May 29, NIST released a draft [publication](#) outlining the agency’s proposed new approach to protect data in cloud networks, the latest report in NIST's series on hardware-enabled security technologies. The report "describes an example approach to protecting data being acted upon by artificial intelligence workloads on cloud infrastructures so that the datasets are protected from malware, data theft, and other security-related vulnerabilities," according to the [bulletin](#).
 - NIST is accepting comments on the report through July 13.



Acting CISA Director Nick Andersen and COO Ryan Donaghy

Health Care – Administration Updates

- On May 18, President Donald Trump [announced](#) an expansion of [TrumpRx.gov](#), an online platform for the direct-to-consumer (DTC) sale of discounted prescription drugs.
 - President Trump was joined by executives from Cost Plus Drugs, GoodRx, and Amazon Pharmacy for the announcement to feature TrumpRx's new mail order services and the addition of over 600 generic drugs to TrumpRx's portfolio of products.
 - TrumpRx also added a feature that allows users to browse and compare prices across different local pharmacies.
- What's Next: At the TrumpRx event, Health and Human Service (HHS) Chief Counsel Chris Klomp detailed the three mechanisms for how the Trump administration will continue to lower prescription drug prices: (1) negotiating more most-favored-nation (MFN) drug pricing deals with smaller-scale pharmaceutical manufacturers, (2) negotiating international trade agreements that establish relatively lower prescription drug prices for Americans, and (3) developing legislation to codify President Trump's [Great Healthcare Plan](#) and the MFN deals.
 - Notably, Chris Klomp has been labeled as the primary negotiator for the Trump administration in the MFN deals.



President Donald Trump and Mark Cuban, Founder of Cost Plus Drugs, at a TrumpRx Event

Health Care – Agency Updates

- On May 12, Food and Drug Administration (FDA) Commissioner Marty Makary [resigned](#) from the agency. Kyle Diamantas, the former Deputy Commissioner for Food, is now serving as Acting Commissioner.
 - Michael Davis has taken over as Acting Director of the Center for Drug Evaluation and Research (CDER), and Karim Mikhail will serve as Acting Director of the Center for Biologics Evaluation and Research (CBER).
- On May 20, HHS Secretary Robert F. Kennedy Jr. reportedly informed agency staff that Stephanie Haridopolos will begin serving temporarily as U.S. Surgeon General.
 - She has served as the Principal Deputy Assistant Secretary for Health Policy in the Office of the Assistant Secretary for Health and Chief of Staff to the Office of the Surgeon General.
- On May 20, HHS Secretary Robert F. Kennedy Jr. [reportedly](#) fired two leaders of the U.S. Preventive Services Task Force (USPSTF), a group of external experts responsible for determining which health care services are preventative under the Affordable Care Act (ACA).
- On May 20, CMS released a [proposed rule](#) related to state-directed payments (SDPs) for health providers.
 - The proposal would codify Section 71116(a) of the OBBBA ([P.L. 119-21](#)) by requiring, for rating periods beginning on or after July 4, 2025, a reduction of the payment rate limit for certain SDPs with inpatient hospital services, outpatient hospital services, nursing facility services, and qualified practitioner services at an academic medical center to 100% of the total published Medicare payment rate for an expansion state, or 110% of the total published Medicare payment rate for a non-expansion state.
 - Of note, the proposed rule goes further than the OBBBA by extending the payment limit to all SDPs for services in all states, Washington, D.C., and territories for rating periods beginning on or after January 1, 2029.
- On May 28, CMS, DOL, Treasury, and OPM [published](#) a [final rule](#) titled “Federal Independent Dispute Resolution (IDR) Operations.”
 - The rule finalizes changes to the Federal IDR process under the No Surprises Act (NSA), including new information sharing requirements, revisions of batching provisions, reduction of administrative fees, and federal IDR registration for payers.
- What’s Next: Leadership vacancies across the Centers for Disease Control and Prevention (CDC), FDA, and the Office of the Surgeon General persist, with Senate HELP Chairman Cassidy’s primary loss adding uncertainty to the confirmation pathway and likely prolonging interim leadership arrangements.

Health Care – Congressional Updates

- Senators Bill Cassidy (R-LA) and John Cornyn (R-TX) recently lost their primary re-election races. Sen. Cassidy currently serves as the Chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee, while Sen. Cornyn sits on the Senate Finance Committee.
 - Top CDC, Surgeon General, and FDA posts remain vacant, further complicated by Sen. Cassidy’s primary loss given the HELP Committee’s role in confirmations.
- On April 29, the House Appropriations Committee held a [markup](#) of the FY27 Ag-FDA funding [bill](#) and released the accompanying [committee report](#).
 - The committee reported the bill favorably to the House by a vote of 35-25. The measure, totaling \$7.1 billion, would appropriate \$3.36 billion to the FDA.
 - On May 21, the Senate Appropriations Committee’s L-HHS Subcommittee held an FY27 [budget hearing](#) for the NIH. Full Committee Chair Susan Collins (R-ME) shared her concerns related to the administration's efforts to cap indirect research costs at 15%.
- Committees with jurisdiction over health care held markups, signaling bipartisan priorities despite greater political tensions.
 - On May 21, the House Energy & Commerce (E&C) Committee [advanced](#) 14 health bills to the House by unanimous vote, including the Destruction of Hazardous Imports Act ([H.R. 2715](#)) and the FDA Modernization Act 3.0 ([H.R. 2821](#)).
 - On May 21, the House Ways & Means (W&M) Committee held a [markup](#) of eight bills, including the Provider Reimbursement Stability Act of 2026 ([H.R. 8163](#)). The bill was advanced to the House, as amended, by unanimous vote.
 - On May 21, the House Education and the Workforce Committee unanimously [advanced](#) the PBM Kickback Prohibition Act ([H.R. 7895](#)) and the Transparency in Billing Act of 2026 ([H.R. 8684](#)) to the House.
- What’s Next: Both chambers will continue to work through the FY27 appropriations process. On May 21, Senate Majority Leader John Thune (R-SD) recessed the Senate without passing Republicans’ Reconciliation 2.0 bill, with the House adjourning shortly thereafter.
 - The package, as currently drafted, does not include any health policy provisions. We expect at least one vote on a drug-pricing amendment, specifically one related to Most-Favored-Nation drug-pricing, during the “vote-a-rama” process needed to pass the bill, though the amendment is not expected to be adopted.

Education – Congressional Updates



Chairman Tim Walberg (R-MI)

- On May 14, the House Education and Workforce Committee held an oversight [hearing](#) with Education Secretary Linda McMahon on the Department of Education's (ED) FY27 [budget request](#).
 - Chairman Tim Walberg (R-MI) and several Republican members emphasized ED's efforts to reduce bureaucracy, expand state flexibility, advance school choice, strengthen fraud detection, and use interagency agreements to improve efficiency.
 - Ranking Member Bobby Scott (D-VA) and Democratic members raised concerns about graduate and professional loan caps, staffing reductions, civil rights enforcement, student aid administration, program consolidation, and whether interagency agreements could shift responsibilities away from ED.
- Separately, Democratic lawmakers sent several oversight letters raising concerns about ED's capacity to carry out core oversight responsibilities and regarding the delayed release of appropriated funding.
 - The letters focused on issues related to [Federal Student Aid](#) (FSA) operations and borrower servicing, [staffing reductions](#), Title IV program oversight, timely obligation of Institute of Education Sciences [funding](#), and the reported elimination of the [Office of English Language Acquisition](#).
- Republican China Select Committee and Education Committee leaders also continued to push for increased oversight of foreign gifts and contracts at institutions of higher education, sending [letters](#) to several colleges and universities requesting information about potential foreign influence, including ties to entities aligned with the Chinese Communist Party.
- Looking ahead, the House Education and Workforce Committee announced it will hold a higher education AI [hearing](#) titled "Building an AI-Ready America: Higher Education in the Age of AI" on June 3. This is the seventh hearing this year in a series of hearings focusing on AI.

Education – Agency Funding Updates



Education Secretary Linda McMahon

- On May 27, ED released new higher education grant opportunities administered with DOL through interagency agreements.
 - These included the [TRIO Training Program](#) and [FIPSE competitions](#) focused on basic needs, veteran student success, and open textbooks.
- ED announced several other joint grant competitions under its interagency agreements with other federal agencies, including competitions for the [Competitive Grants for State Assessments](#), Career Pathways Exploration, and Teacher Quality Partnership [programs](#).
- The administration also [announced](#) plans to redirect \$350 million in FY26 discretionary funding previously associated with Minority-Serving Institution programs toward a one-time Strengthening Institutions Program competition.
 - The announcement emphasized low-income students, workforce readiness, and artificial intelligence.

Education – Regulatory Updates

- On May 18, ED released a [final rule](#) implementing Workforce Pell following the Accountability in Higher Education and Access Through Demand-Driven Workforce Pell negotiated rulemaking process. The rule clarifies eligibility for workforce programs and institutions, student eligibility, program accountability metrics, the process for governor approval of eligible workforce programs, and partnerships with ineligible entities.
 - The rule is scheduled to take effect July 20, with early implementation available July 1.
- ED also [announced](#) negotiators reached consensus on the Accreditation, Innovation, and Modernization rulemaking package, which revises the federal accreditation framework by reducing barriers for new accreditors, simplifying accreditor changes, strengthening transfer-of-credit policies, and limiting certain conflicts of interest.
 - Stakeholders have raised concerns that the overhaul could weaken accountability and increase uncertainty for institutions by changing accreditor oversight expectations, including around student outcomes, academic freedom, civil rights, First Amendment protections, and intellectual diversity.
- Democratic lawmakers introduced a bicameral Congressional Review Act resolution ([S.J. Res. 182](#) / [H.J. Res. 155](#)) targeting ED's Reimagining and Improving Student Education rule, which implements new graduate and professional student loan caps, phases out Grad PLUS loans, and restructures repayment options, to block the rule from taking effect. The CRA is not expected to advance under the current Republican-controlled Congress.
 - July 1 implementation remains a central issue for institutions, with 25 Democratic-led states and the District of Columbia filing [suit](#) over ED's professional degree definition.
- Additionally, FSA [released](#) new FAQs, a dedicated implementation inbox, webinars, virtual office hours, and a scheduled in-person town hall to support OBBBA implementation.
 - Many higher education stakeholders, however, remain concerned about institutional readiness and the tight implementation timeline ahead of the July 1 deadline.

Energy and Environment – FY27 Appropriations

- In May, the House Appropriations Energy and Water Development and Related Agencies Subcommittee released its FY27 appropriations [bill text](#) and [report](#).
 - The House bill provides \$58.5 billion in discretionary funding, with \$23.5 billion for non-defense funding, for agencies with jurisdiction over large-scale energy and water projects.
 - On May 20, the spending bill [advanced](#) out of committee.
- On May 20, the House Appropriations Interior, Environment, and Related Agencies Subcommittee [released](#) its FY27 appropriations [bill text](#).
 - The House bill provides \$38.9 billion in discretionary funding but includes a 20% reduction to the Environmental Protection Agency (\$1.8 billion).
 - The full House Appropriations Committee held a [markup](#) of the spending bill on June 3.



**US Army Corps
of Engineers®**



**United States
Department of the Interior**



**— BUREAU OF —
RECLAMATION**

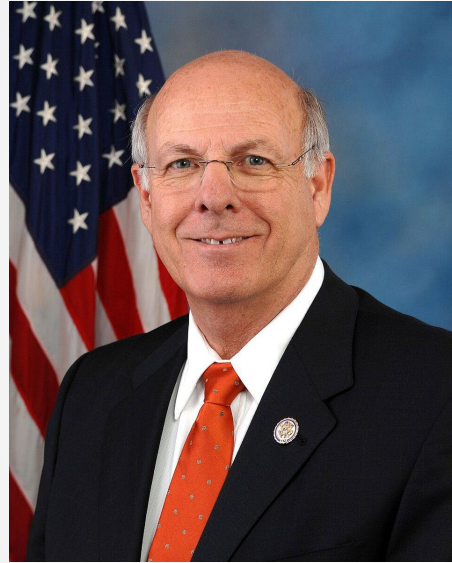


Energy and Environment – Administration Updates

- On May 18, the Senate [confirmed](#) four energy and environment nominees:



Kyle Haustveit as
Undersecretary of
Energy at the
Department of
Energy



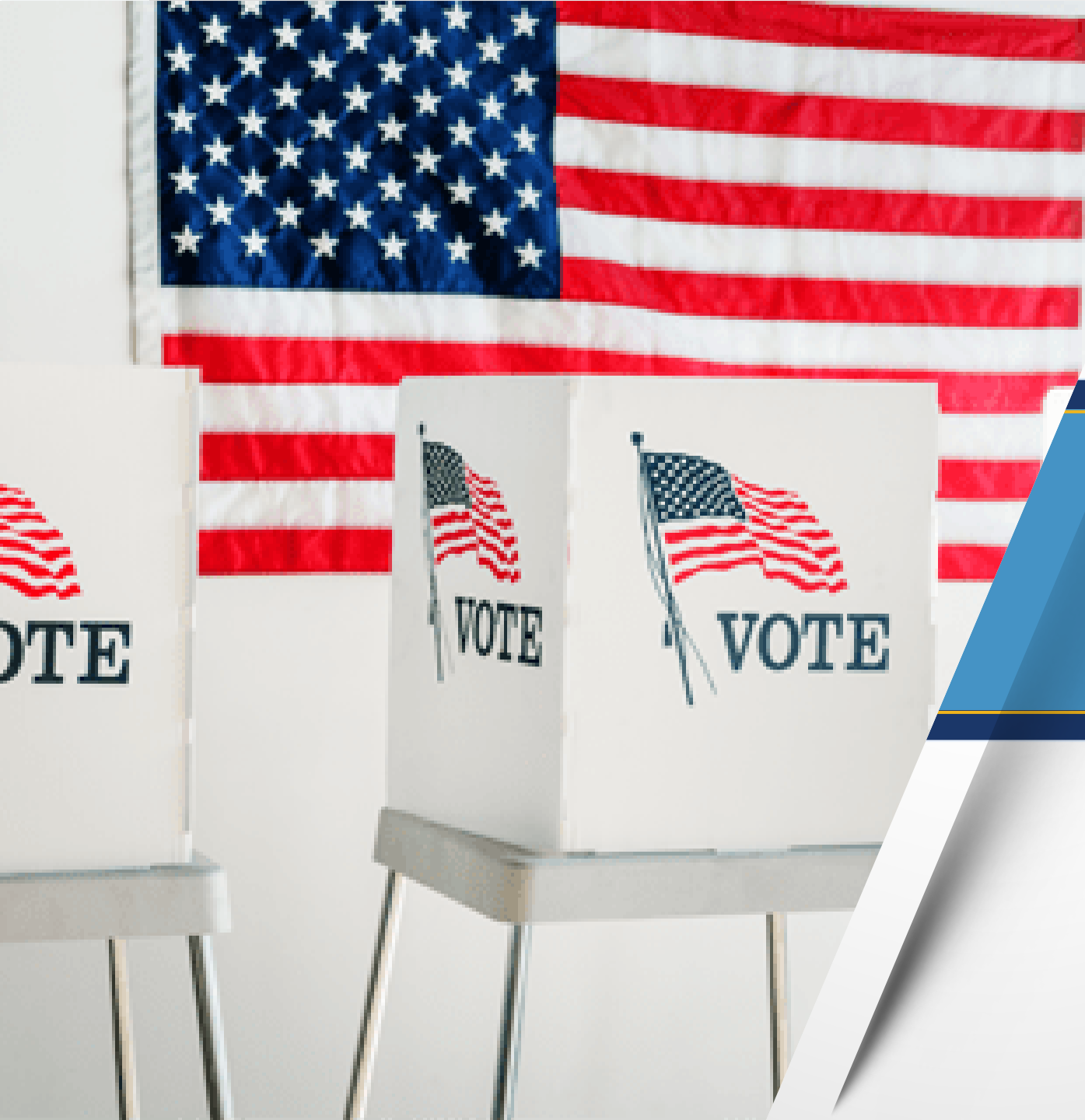
Former New Mexico
Rep. Steve Pearce to
be Director of the
Bureau of Land
Management



Commissioner
Douglas Weaver for
another term at the
Nuclear Regulatory
Commission



Commissioner David
LeCerte for another
term at the Federal
Energy Regulatory
Commission



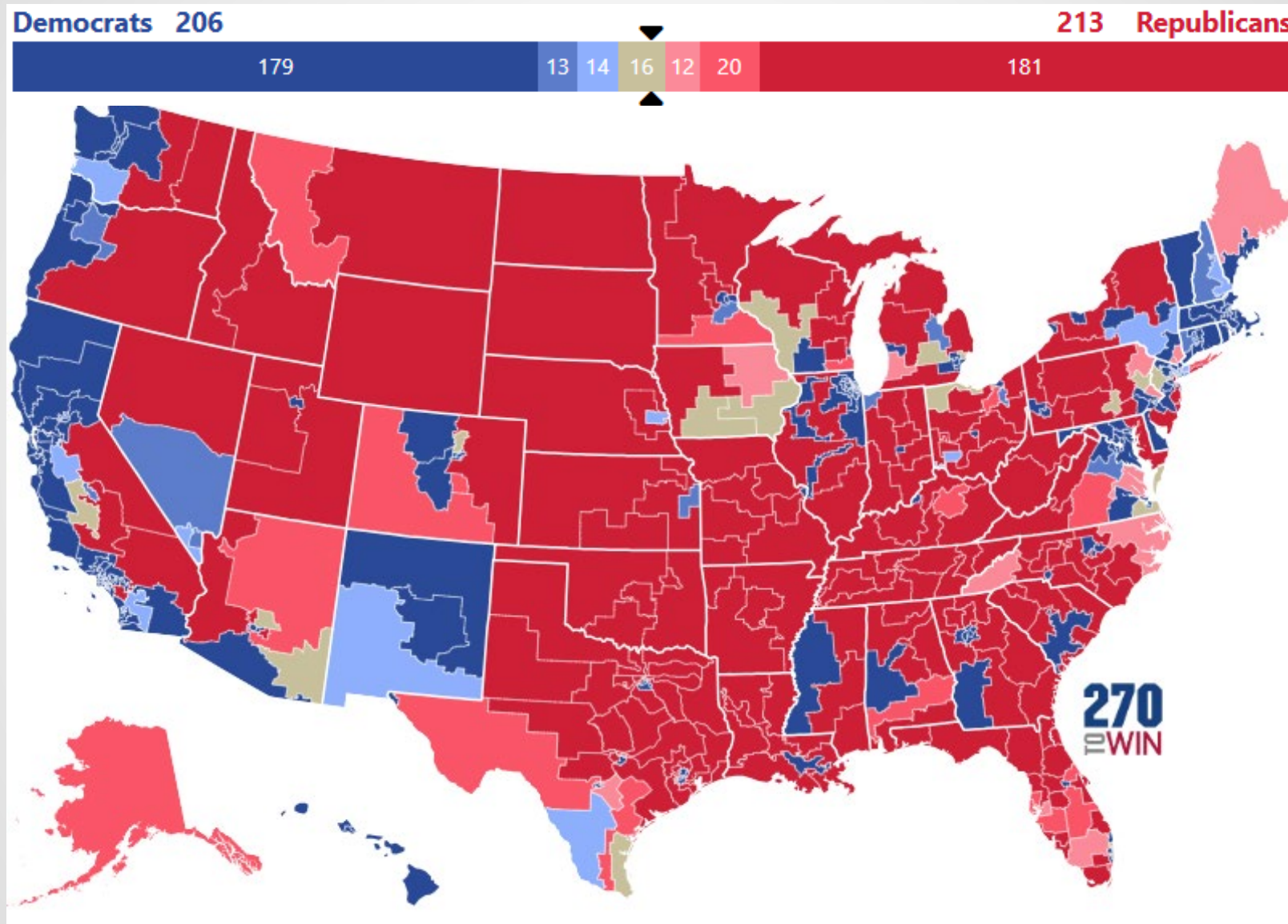
2026 Midterm Elections

House Outlook for 2026 Midterms

- Democrats need to flip a net of just **3 seats** in 2026 to win control of the House (218 is needed for a simple majority), but this does not consider redistricted seats.
- For the 2026 midterm elections, 181 seats are currently projected as “Safe R,” while **213** seats are rated as Safe, Likely, or Leans R.
- Conversely, **179** seats are rated as “Safe D,” while **206** seats are rated as Safe, Likely, or Leans D.
- **On average, since the 1930s, the party in power loses 24-28 House seats in the midterms.**
 - Republicans are likely to gain 13-16 seats via mid-decade redistricting, while Democrats are expected to gain 4-6 new seats, though pending litigation could impact these numbers.
 - Democrats currently lead in generic congressional ballot polls by an average of 6.5-7.0%.
- **Only 15-20 toss-up seats are expected out of the 435, most of which are currently held by Republicans.**
- Due to high political polarization, net redistricting gains for Republicans, and limited toss-up seats, the 2026 midterms for the House are expected to be very close despite the party in power usually losing seats in the midterms.



House Outlook for 2026 Midterms – Current Ratings



House Outlook for 2026 Midterms – Early Ratings of Key Races

Democrats		
TOSS-UP (3)	LEANS DEMOCRATIC (14)	LIKELY DEMOCRATIC (13)
Jared Moskowitz (FL-23)	Adam Gray (CA-13)	Jim Costa (CA-21)
Marcy Kaptur (OH-9)	Derek Tran (CA-45)	Kevin Kiley (CA-6)*
Vicente Gonzalez (TX-34)	CA-48 Open (Issa)	Jahana Hayes (CT-5)
	NE-2 Open (Bacon)	Frank Mrvan (IN-1)
	NH-1 Open (Pappas)	Sharice Davids (KS-3)
	Nellie Pou (NJ-9)	MN-2 Open (Craig)
	Gabe Vasquez (NM-2)	K. McDonald Rivet (MI-8)
	Susie Lee (NV-3)	Maggie Goodlander (NH-2)
	Laura Gillen (NY-4)	Steven Horsford (NV-4)
	Josh Riley (NY-19)	Dina Titus (NV-1)
	Tom Suozzi (NY-3)	Janelle Bynum (OR-5)
	Greg Landsman (OH-1)	Emilia Sykes (OH-13)
	Henry Cuellar (TX-28)	Eugene Vindman (VA-7)
	M. Gluesenkamp Perez (WA-3)	

SAFE DEM PICKUP (3)
CA-1 New
CA-41 New
UT-1 New

Total seats rated Safe Democratic: 179

Total seats rated Safe, Likely, or Leans D: 206

Republicans		
TOSS-UP (13)	LEANS REPUBLICAN (12)	LIKELY REPUBLICAN (20)
Juan Ciscomani (AZ-6)	Kathy Castor (FL-14)	Nick Begich (AK-AL)
AZ-1 Open (Schweikert)	FL-22 New	AL-2 New
David Valadao (CA-22)	IA-2 Open (Hinson)	Eli Crane (AZ-2)
Gabe Evans (CO-8)	ME-2 Open (Golden)	Jeff Crank (CO-5)
M. Miller-Meeks (IA-1)	Bill Huizenga (MI-4)	Jeff Hurd (CO-3)
Zach Nunn (IA-3)	Don Davis (NC-1)	Gus Bilirakis (FL-12)
Tom Barrett (MI-7)	Chuck Edwards (NC-11)	Anna Paulina Luna (FL-13)
MI-10 Open (James)	Mike Lawler (NY-17)	Cory Mills (FL-7)
Tom Kean Jr. (NJ-7)	Rob Bresnahan (PA-8)	María Elvira Salazar (FL-27)
Ryan Mackenzie (PA-7)	Brian Fitzpatrick (PA-1)	Darren Soto (FL-9)
Scott Perry (PA-10)	TX-35 New	FL-16 Open (Buchanan)
Jen Kiggans (VA-2)	Rob Wittman (VA-1)	KY-6 Open (Barr)
Derrick Van Orden (WI-3)		Brad Finstad (MN-1)

SAFE GOP PICKUP (5)
LA-6 New
Emanuel Cleaver (MO-5)
TN-9 Open (Cohen)
TX-9 New
TX-32 New

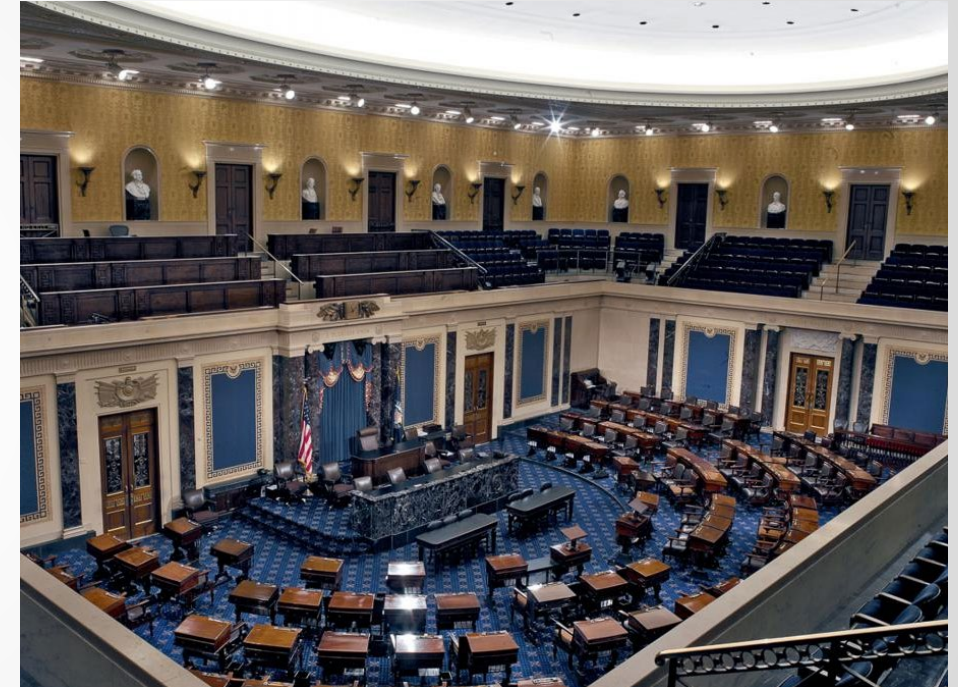
MT-1 Open (Zinke)
Nick LaLota (NY-1)
Max Miller (OH-7)
Monica De La Cruz (TX-15)
TX-23 Vacant (Gonzales)
John McGuire (VA-5)
Bryan Steil (WI-1)

Total seats rated Safe Republican: 181

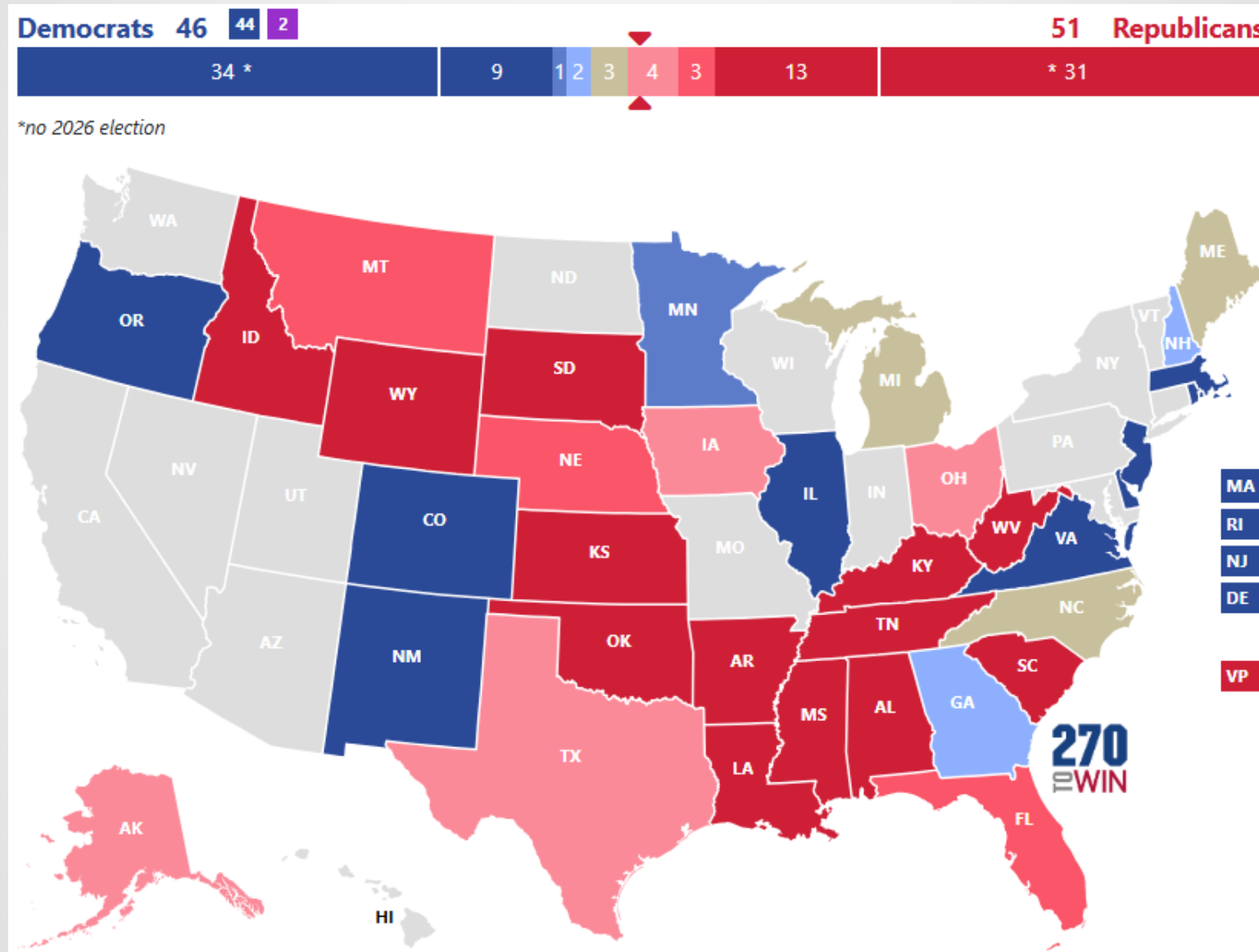
Total seats rated Safe, Likely, or Leans R: 213

Senate Outlook for 2026 Midterms

- **Currently: 53 Republicans** and **47 Democrats** (includes **2 independents**)
- The president's party has lost an average of four Senate seats in the midterms since 1934, but this trend is not entirely consistent, especially recently.
 - For example, in 2018, during President Trump's first term, while Democrats achieved a net gain of 41 seats in the House, Republicans gained a net of two seats in the Senate.
- It is expected that there will be **3-4 Toss-Up seats** in the Senate in the 2026 midterms. Georgia has oscillated between Toss-up and Leans D.
 - Democrats will be defending Michigan and Georgia.
 - Republicans will be defending North Carolina and Maine.
- If Democrats win all toss-up seats, Republicans will still lead **51-49**.
- Additionally, if the Senate is 50-50, Republicans would still control the chamber, since Vice President J.D. Vance (R) is the Senate President through January 2029.
- Democrats would need to win all toss-up seats **and** win two seats in **Leans R** or **Likely R** states to re-capture the Senate majority.
- Even in a strong Democratic year, Republicans are favored to hold the Senate after the 2026 midterms, due to a favorable map.



Senate Outlook for 2026 Midterms – Current Ratings



Key 2026 Senate Races (Seats Currently Held by Democrats)

State	Democratic Candidates	Republican Candidates	Race Rating
Michigan	Rep. Haley Stevens State Senator Mallory McMorrow Abdul El-Sayed	Former Rep. and 2024 Senate Nominee Mike Rogers	Toss-Up
Georgia	Sen. Jon Ossoff	Rep. Mike Collins Derek Dooley	Toss-Up / Leans D
New Hampshire	Rep. Chris Pappas	Former Sen. (MA) Scott Brown Former Sen. John Sununu	Leans D
Minnesota	Rep. Angie Craig Lt. Gov. Peggy Flanagan	Former State Sen. David Hann 2024 U.S. Senate Nominee Royce White	Likely D

Sources: Center for Politics, Sabato's Crystal Ball

Key 2026 Senate Races (Seats Currently Held by Republicans)

State	Democratic Candidates	Republican Candidates	Race Rating
Maine	Graham Platner	Sen. Susan Collins	Toss-Up
North Carolina	Former Governor Roy Cooper	Former RNC Chair Michael Whatley	Toss-Up
Alaska	Former Rep. Mary Peltola	Sen. Dan Sullivan	Leans R
Ohio*	Former Sen. Sherrod Brown	Sen. Jon Husted	Leans R
Texas	State Rep. James Talarico	Texas Attorney General Ken Paxton	Leans R
Iowa	State Rep. Josh Turek	Rep. Ashley Hinson	Leans R
Nebraska	Dan Osborn (Independent)	Sen. Pete Ricketts	Likely R
Florida**	Lieutenant Colonel Alexander Vindman (Ret.)	Sen. Ashley Moody	Likely R
Montana	Alani Bankhead Seth Bodnar (Independent; former President of the Univ. of Montana)	Former U.S. Attorney Kurt Alme	Likely R

Sources: Center for Politics, Sabato's Crystal Ball

Midterm Primaries – California

- Of note, California has “jungle primaries,” in which the top two candidates, regardless of party, advance to the November general election.
- Gubernatorial primary:
 - With 60% of votes reported, conservative political commentator Steve Hilton (R) stands at 27.2%, with former HHS Secretary Xavier Becerra (D) at 26.0%, and businessman and liberal political activist Tom Steyer (D) at 20.2%.
 - Mr. Hilton and Secretary Becerra are currently favored to advance to the general election, though Democratic-leaning mail ballots that still must be counted could give Mr. Steyer a chance to make up the gap and reach the top two. The race has not been called for any candidate yet.
- California 6th congressional district primary:
 - With 53% of the votes in, incumbent Rep. Kevin Kiley (I-CA) currently is at 26.8%, with Michael Stansfield (R) at 22.2%. The best performing Democrat, Richard Pan, is currently in 3rd place at 21.2%.
 - Remaining mail-in ballots are likely to push Mr. Pan into second place.
 - This is worth monitoring though to see if Democrats get “locked out” from the general election, especially since California Democrats redrew this district in their new congressional map to shift it from **Likely R** to **Likely D**. If a Democrat does not advance, this seat would suddenly change from a likely Democratic pick-up to a guaranteed Republican hold (Rep. Kiley, while an independent, caucuses with House Republicans).
- California 40th district primary:
 - Incumbent Reps. Ken Calvert (R-CA) and Young Kim (R-CA) are running against each other. With 59% of the votes in, Rep. Calvert has received 35.9% and has officially been projected to advance to the general election.
 - Rep. Kim stands at 21.3%, with Democrat Esther Kim-Varet at 15.9%. While Ms. Kim-Varet could narrow that gap with mail-in ballots, as of now, Rep. Kim is favored to face Rep. Calvert in the general election for the seat, which would mean Democrats would be “locked out” in this district. The seat is rated **Safe/Likely R**, though.



Midterm Primaries – Iowa

- Gubernatorial primary:
 - Businessman and farmer Zach Lahn (R) narrowly won the Republican nomination by less than 2,000 votes over Rep. Randy Feenstra (R-IA). Rep. Feenstra was endorsed by President Trump.
 - Rob Sand (D), the Iowa State Auditor, secured the Democratic nomination in an uncontested race.
 - Race rating: Toss-up
- U.S. Senate primary:
 - Rep. Ashley Hinson (R-IA) won the Republican nomination by nearly 50% over Jim Carlin, a right-wing former state senator.
 - Iowa state Rep. Josh Turek (D), a former Paralympic athlete, defeated Iowa state Sen. Zach Wahls (D) by about 25% to win the Democratic nomination.
 - Race rating: **Leans R**
- Iowa 1st congressional district primary:
 - Former Iowa state Rep. Christina Bohannon (D) won the Democratic primary. She will face Rep. Mariannette Miller-Meeks, M.D. (R-IA) in the general election in a rematch of the 2022 and 2024 elections for this seat. Rep. Miller-Meeks won in 2024 by just 799 votes.
 - Race rating: Toss-up
- Iowa 2nd congressional district primary:
 - Former Iowa state Rep. Joe Mitchell (R) won the Republican nomination, while Iowa state Rep. Lindsay James (D) secured the Democratic nomination. This seat is currently held by Republican Senate nominee Rep. Hinson.
 - Race rating: **Leans R**
- Iowa 3rd congressional district primary:
 - Iowa state Sen. Sarah Trone Garriott (D) won the Democratic nomination in an uncontested race. She will face incumbent Rep. Zach Nunn (R-IA) in the general election.
 - Race rating: Toss-up





Mid-Decade Redistricting Updates

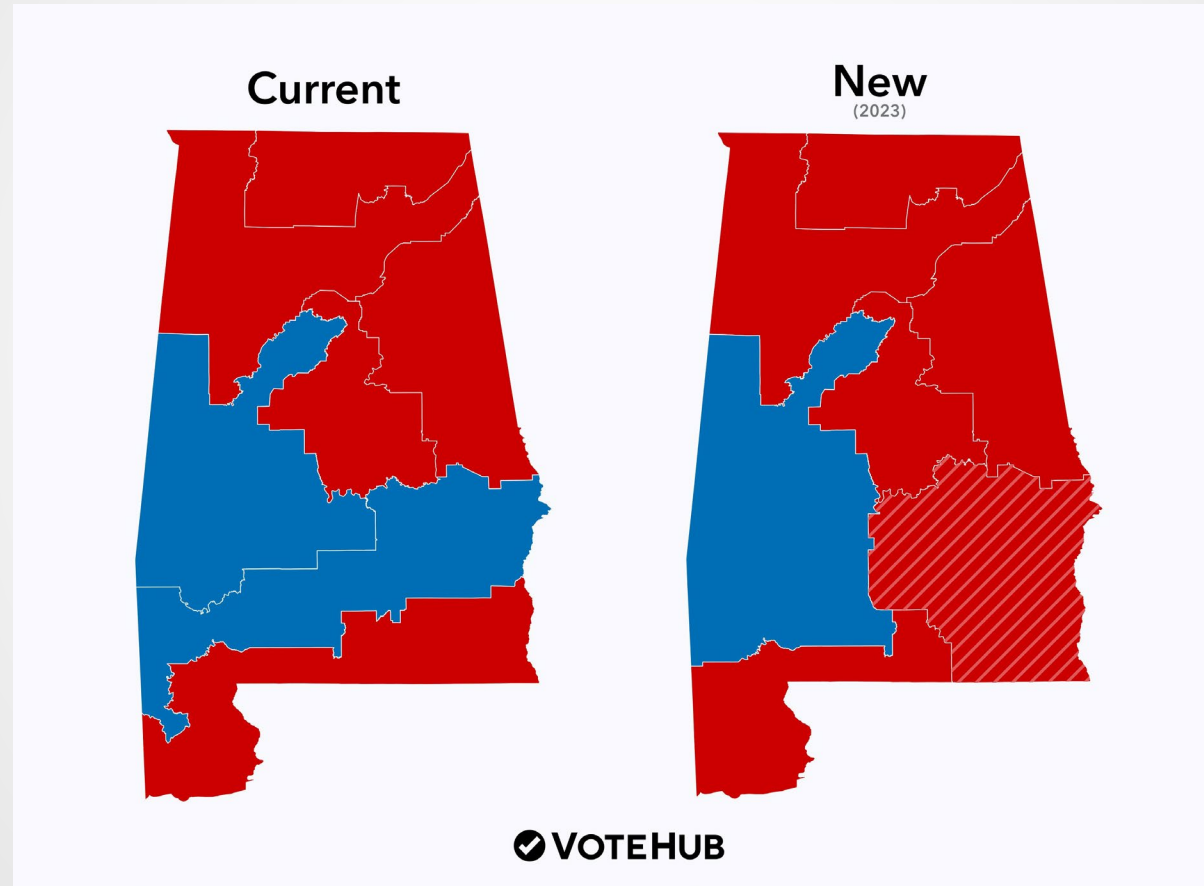
Congressional Redistricting – Alabama

- The U.S. Supreme Court's (SCOTUS) recent [decision](#) in *Louisiana v. Callais* effectively weakens the application of Section 2 of the Voting Rights Act (VRA), which prohibited voting practices or procedures that discriminate on the basis of race. Section 2 was established to allow for the creation of majority-minority congressional districts (where Americans that identified on the census as part of a racial minority make up a majority of constituents) wherever possible, especially in the South.
- After the SCOTUS decision, Alabama Republicans quickly moved to reinstate their 2023 congressional map, which had a **6R-1D** split, compared to the current **5R-2D** split of Alabama's court-ordered 2024 map.
- On May 11, SCOTUS vacated an earlier lower court ruling against Alabama's 2023 map and sent the case back to the district court for reconsideration under the new legal framework from *Callais*.
- On May 26, a three-judge federal panel again blocked the state's 2023 **6R-1D** map and ordered the state to continue using the **5R-2D** court-drawn map that was used in 2024.
- On May 27, Alabama filed an emergency appeal to SCOTUS seeking to allow the state to use its legislature-drawn **6R-1D** map for the 2026 elections.
- On June 2, SCOTUS stayed the district court's injunction and allowed the state to use the **6R-1D** map.
- With the **6R-1D** map now in place for the 2026 elections, Rep. Shomari Figures (D-AL-2) will be drawn out of his seat, with that district shifting from **Safe D** to **Likely R**. Rep. Terri Sewell (D-AL-7) will keep her seat, though its boundaries will shift some.



Congressional Redistricting – Alabama

- Due to the Supreme Court stay on June 2, the state will revert to the 2023 (right) map for the 2026 midterm election cycle and beyond. This is a 6R-1D map.



Comparison of Alabama congressional maps

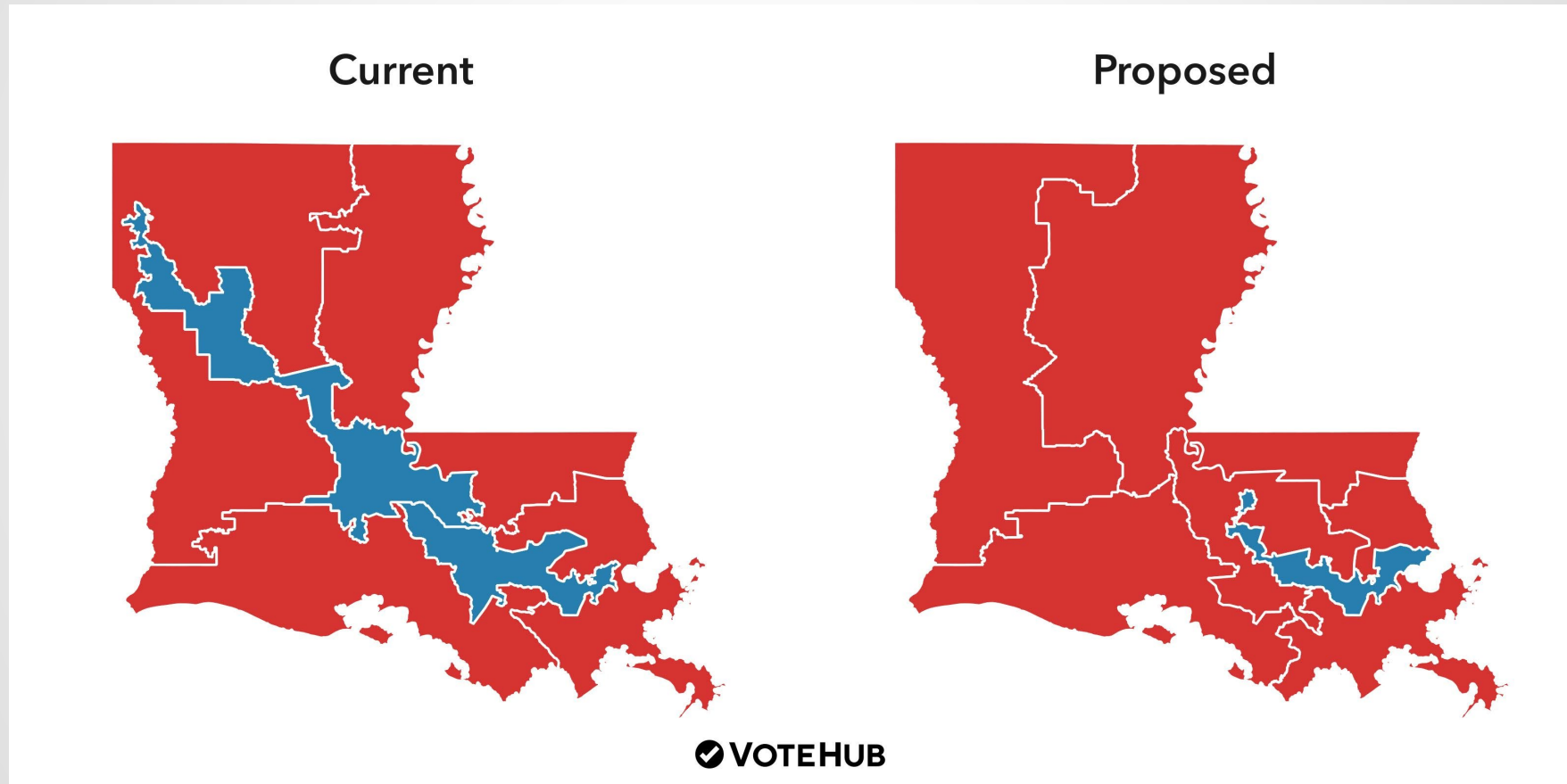
Congressional Redistricting – Louisiana

- Considering the *Louisiana v. Callais* [ruling](#) that struck down Louisiana's current congressional map, Louisiana Governor Jeff Landry (R) suspended the state's House primaries to give the state time to draw and implement a remedial congressional map. The primaries had been scheduled for May 16.
- On May 28, the Louisiana House passed a new map in a 66-35 vote, and the state Senate then passed that version 28-10 on May 29. Governor Landry signed the new map into state law later that day.
- Rep. Cleo Fields's (D-LA-6) current district, which was the district at the heart of the SCOTUS decision, shifts from a moderately Democratic district to a solidly Republican district in the new map.
- While state Republicans considered shifting Rep. Troy Carter's (D-LA-2) current New Orleans-based district to also favor Republicans, they ultimately kept it as a Democratic-leaning seat. The district stretches from New Orleans to downtown Baton Rouge along the Mississippi River. Rep. Carter is a member of the powerful House E&C Committee.



Congressional Redistricting – Louisiana

- Louisiana's most recent map (left) was **4R-2D**. The newly implemented map (right) will be **5R-1D**. The new map imperils Rep. Cleo Fields (D-LA), but Rep. Troy Carter (D-LA) will be able to keep his seat.



Comparison of Louisiana's old map (left) and newly-implemented map (right)

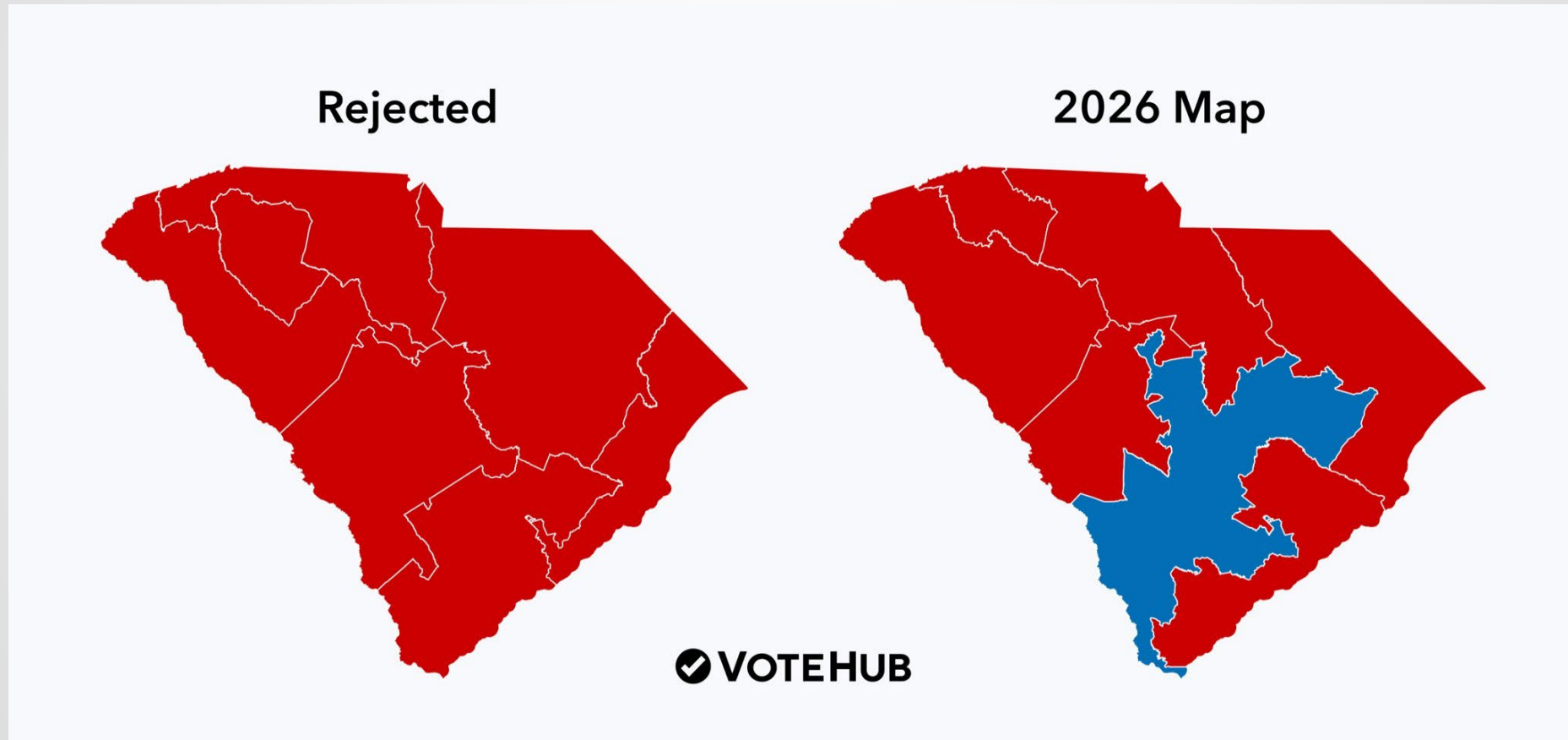
Congressional Redistricting – South Carolina

- Following the *Louisiana v. Chavis* decision, some South Carolina Republicans pushed for a mid-decade redraw of the state's congressional map, with particular attention on the district represented by longtime Rep. Jim Clyburn (D-SC), the state's only Democratic member of Congress.
- Governor Henry McMaster (R) called a special legislative session on May 14 to consider a new potential congressional map that would shift the state's delegation from **6R-1D** to **7R-0D**.
- The South Carolina House passed a new map on May 20 that would shift Rep. Clyburn's 6th district from a solidly Democratic seat to a Republican-leaning one.
- On May 26 though, the state Senate failed to advance the proposed map after some Republicans joined with all Democrats to defeat a vote to end debate on the map. The state Senate then adjourned.
- South Carolina will now very likely not adopt a new congressional map for the 2026 midterms, but it's possible they could do so for the 2028 elections.



Congressional Redistricting – South Carolina

- If South Carolina Republicans had been able to pass their proposed map (left), the state likely would have had an all-Republican congressional delegation next year. The current map (right) will remain in place though, ensuring Rep. Clyburn another term in Congress.



Rejected South Carolina map (left) and current map (right)

2026 Redistricting Recap and Summary

- This current mid-decade congressional redistricting wave is the most significant such case in modern U.S. history. Typically, most states only redistrict once per decade, after the latest census.
- To date, nine states have enacted new congressional maps: California, Florida, Louisiana, Missouri, North Carolina, Ohio, Tennessee, Texas, and Utah.
- As of now, it appears that there will be no additional redistricting for 2026.
- Georgia and Mississippi both plan to draw new maps that will add new Republican seats, but their respective maps will not be implemented until 2028.
- Republicans are likely to achieve a net gain of 9-10 seats over Democrats for 2026 via mid-decade redistricting. This could help Republicans maintain the House even if Democrats win the national popular vote for the House.
- The plethora of partisan redistricting will likely lead to even fewer moderate districts and toss-up seats.
- This would impact the political and legislative dynamics by further increasing political polarization in Congress.

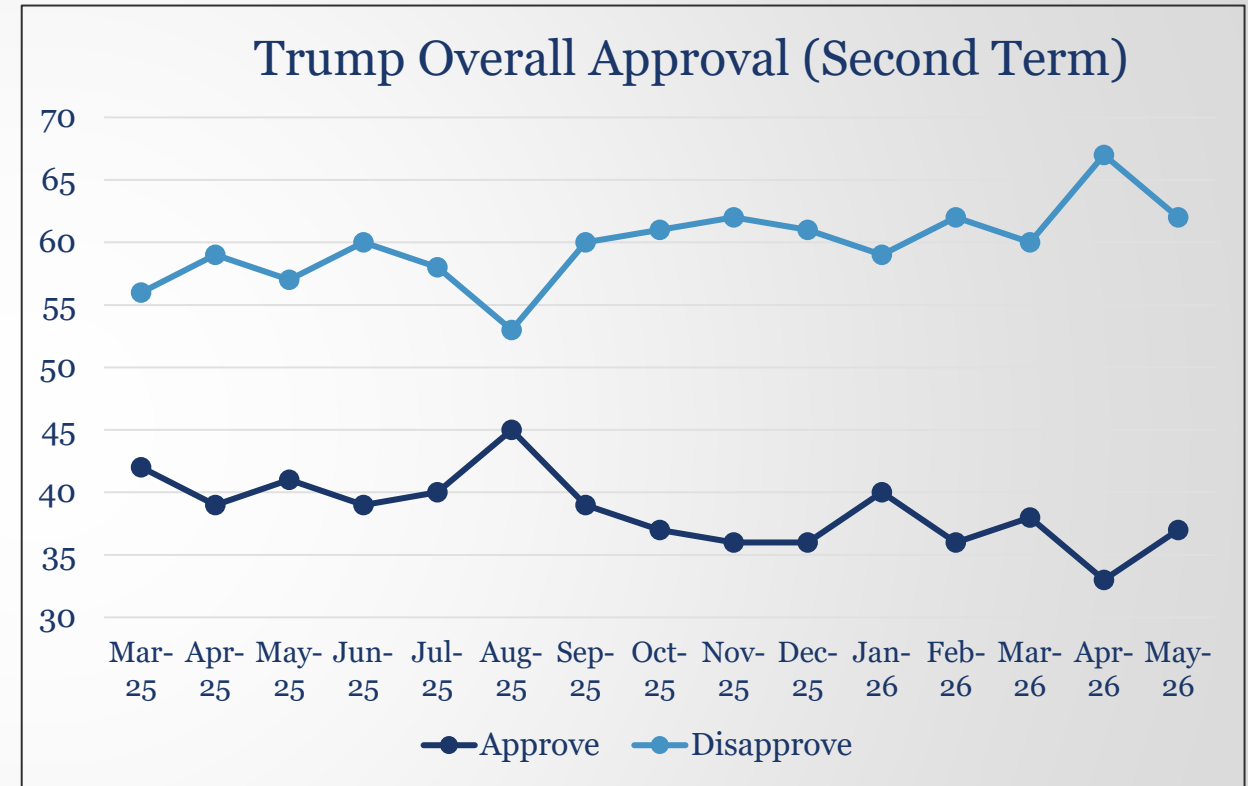
State	Net New Seats
Texas	Republicans +4-5
Missouri	Republicans +1
Ohio	Republicans +1-2
North Carolina	Republicans +1
Florida	Republicans +3-4
Tennessee	Republicans +1
Louisiana	Republicans +1
Alabama	Republicans +1
California	Democrats +3-5
Utah	Democrats +1

Current Public Opinion Polling

*Polling results may vary from poll to poll based on polling methodology and reporting.
Results reported here are for context only.

President Trump's Approval Rating

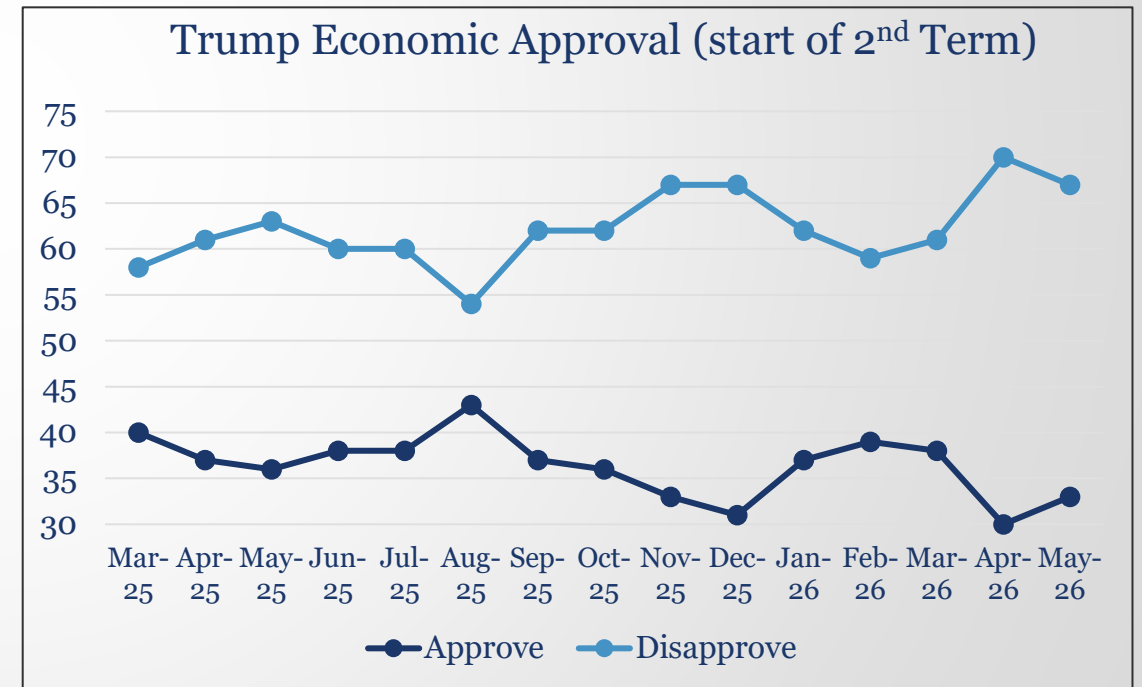
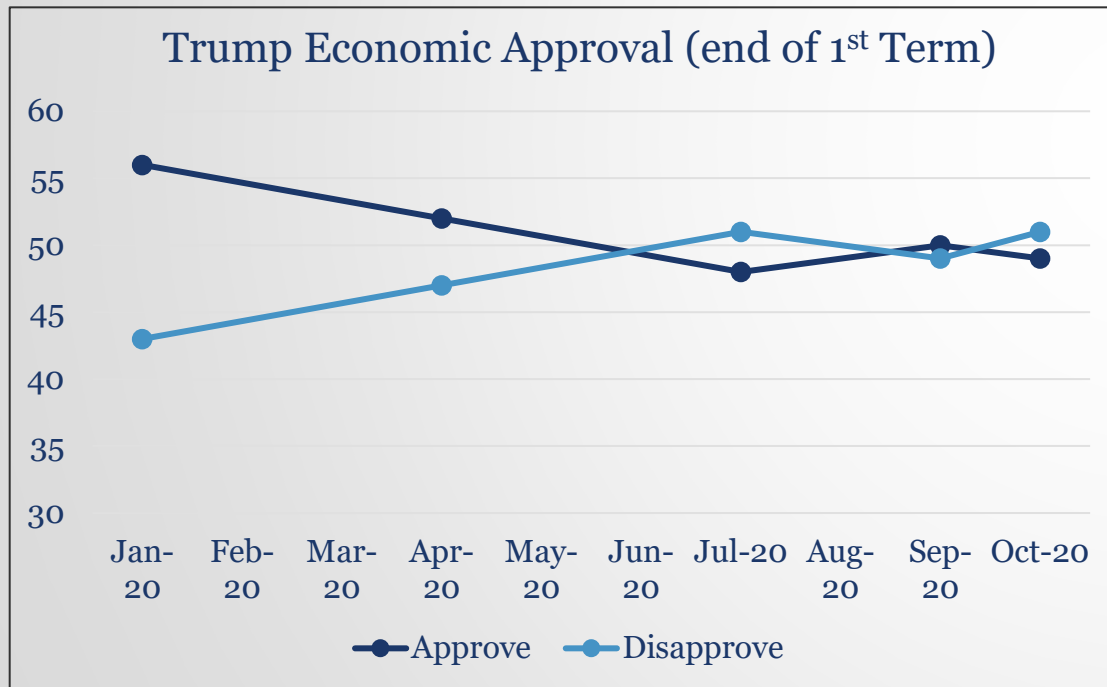
- President Trump's approval rating is currently 37%, according to the May 2026 Associated Press-NORC (AP-NORC) poll.
- President Trump had a 42% approval rating in the first AP-NORC poll of his second term (March 2025).
- President Trump's approval rating never got higher than 43% in the AP-NORC poll during his first term (January 2017 to January 2021).
- In August 2025, he reached his highest approval rating across his two terms, 45%, according to the AP-NORC poll.
- The president's current disapproval rating is 62%. His highest disapproval rating in the AP-NORC poll was 67% in December 2017 and April 2026.



Source: AP-NORC Poll, May 14-18, 2026
1,117 adults; Online and telephone interviews
Margin of sampling error: +/- 3.8 percentage points

President Trump's Approval Rating on the Economy

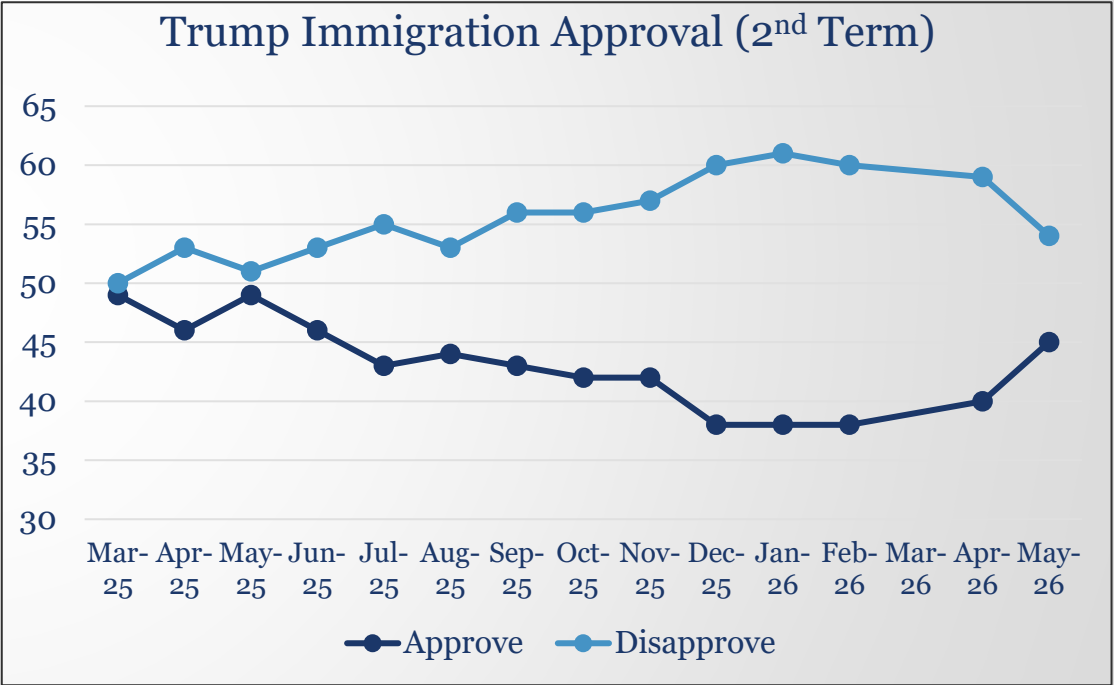
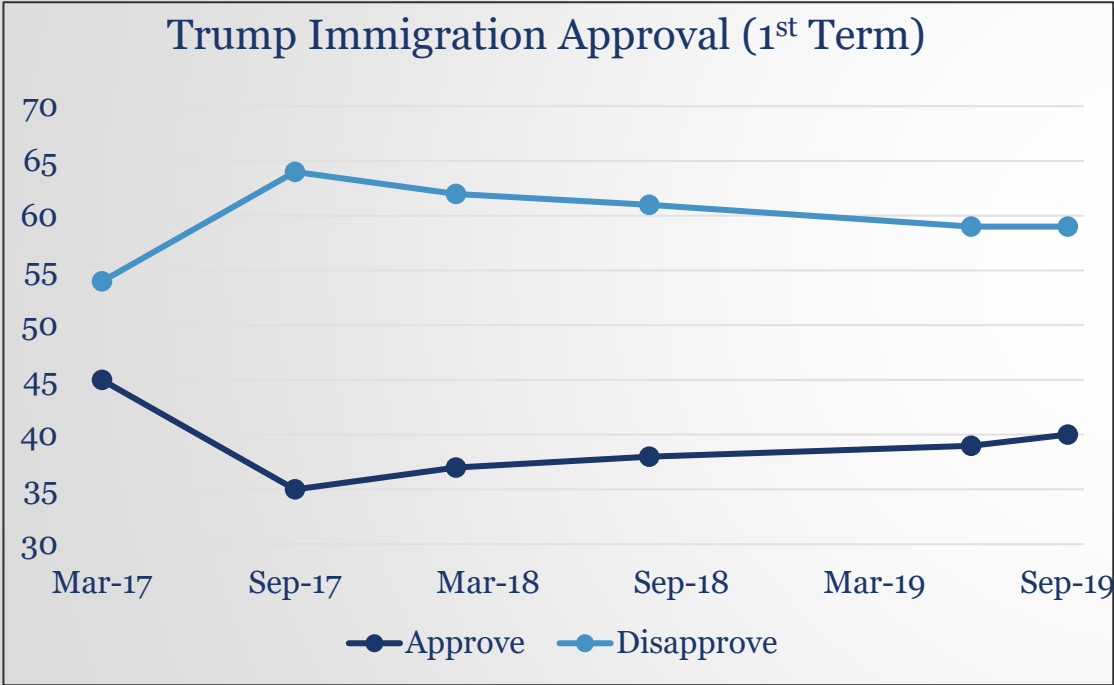
- President Trump currently has low approval ratings on the economy, with just 33% of Americans approving of his handling of the economy.
- 67% disapprove of the president's economic policies. His highest economic disapproval rating to date in either of his two terms in office occurred in April 2026 (70%).
- President Trump enjoyed strong economic ratings in early 2020, though those numbers decreased as the COVID-19 pandemic progressed and worsened. Still, he hovered near 50% on the economy for most of the second half of 2020.



Source: AP-NORC Poll, May 14-18, 2026
1,117 adults; Online and telephone interviews
Margin of sampling error: +/- 3.8 percentage points

President Trump's Approval Rating on Immigration

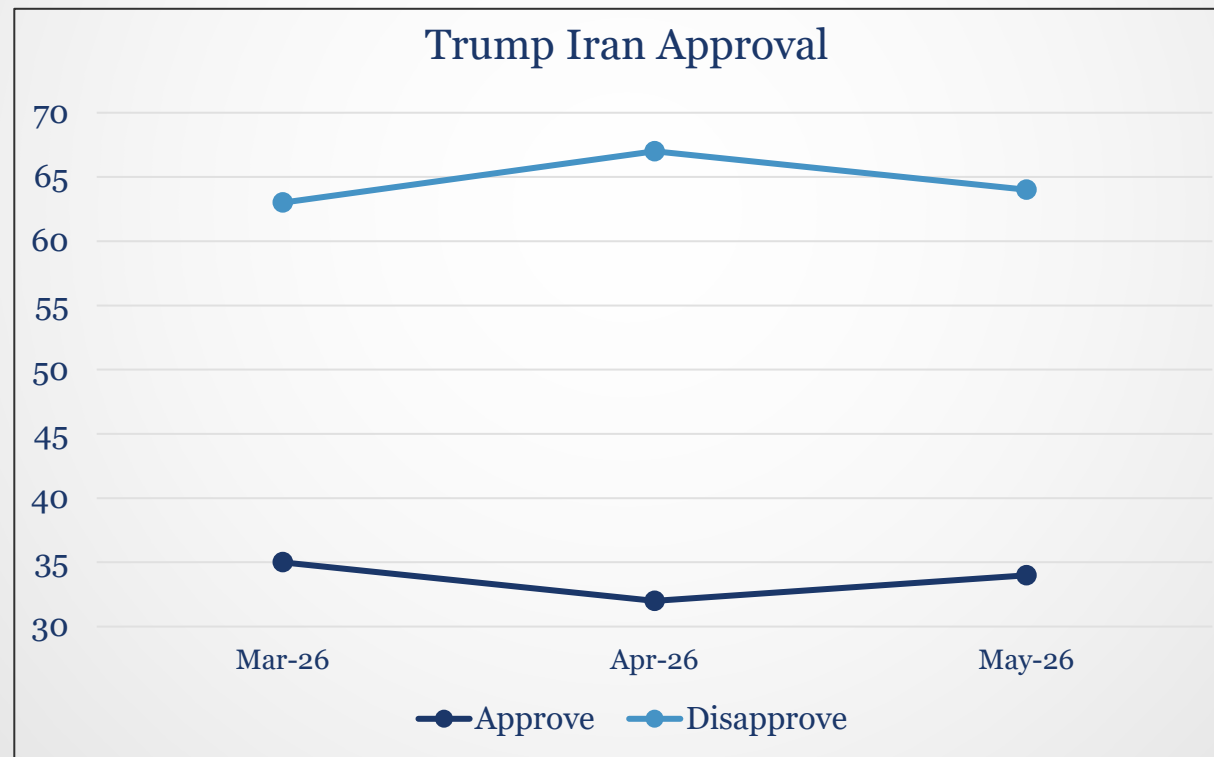
- In what used to be one of President Trump's strongest issue areas during the 2024 campaign and at the start of his second term in winter 2025, the president has seen his approval ratings on immigration continue to worsen throughout the last nine months (45% approve; 54% disapprove).



Source: AP-NORC Poll, May 14-18, 2026
1,117 adults; Online and telephone interviews
Margin of sampling error: +/- 3.8 percentage points

President Trump's Approval Rating on Iran

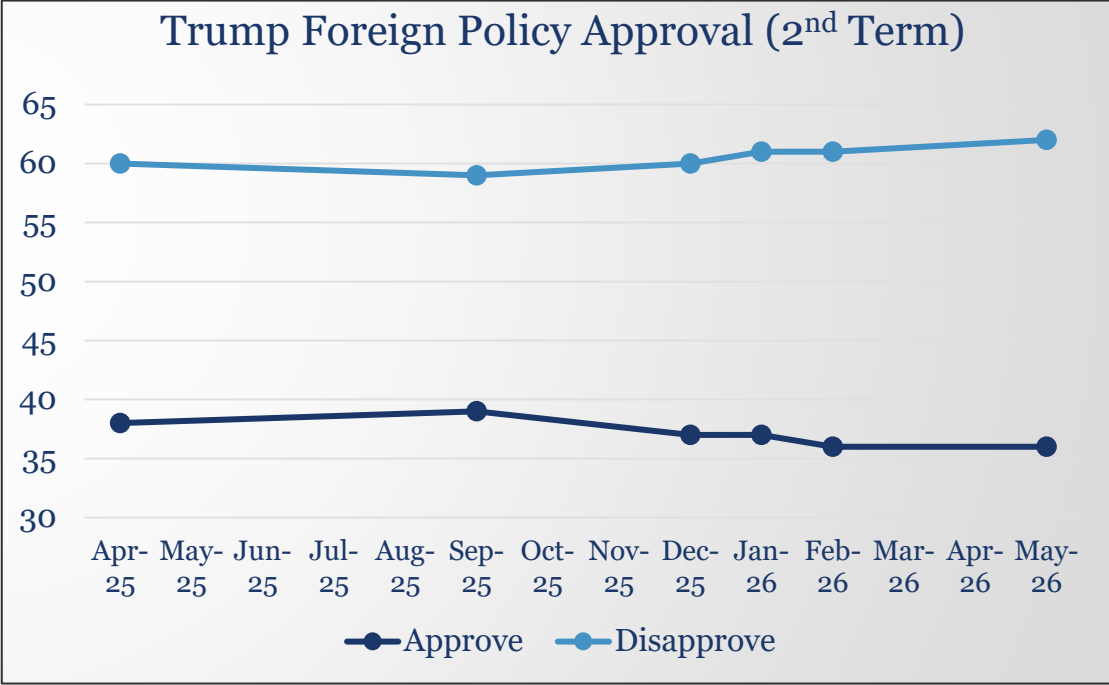
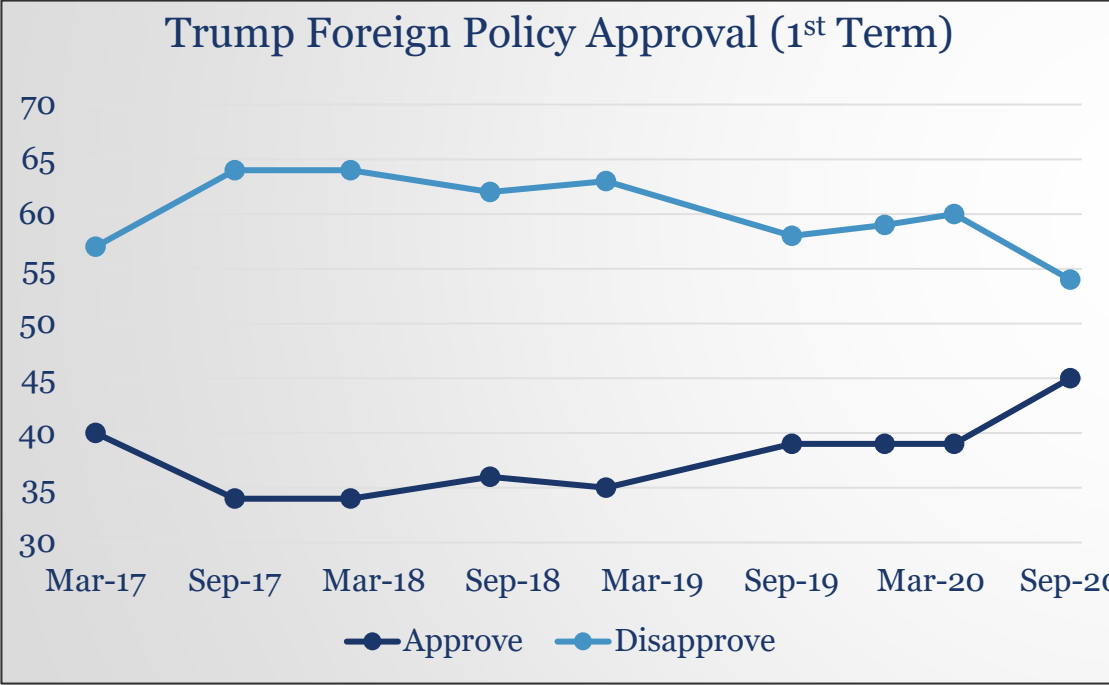
- President Trump's approval rating pertaining to the conflict with Iran sits at 34%. There has been little variance in his approval level over the past couple of months, with April at 32% and March at 35%.
- 64% of the American public disapprove of the president's handling of the Iran conflict, indicating that a solid majority of Americans do not agree with the president's decision-making on this matter.



Source: AP-NORC Poll, May 14-18, 2026
1,117 adults; Online and telephone interviews
Margin of sampling error: +/- 3.8 percentage points

President Trump's Approval Rating on Foreign Policy

- President Trump's approval rating on foreign policy in general is similar to his approval rating on the Iran conflict; he is currently at 36%. His 2nd term approval rating on foreign policy has remained consistent, as he has hovered between 36-39% during his 2nd term.
- His 1st term foreign policy approval rating was also mostly in the 30s, though it reached a high of 45% in September 2020.

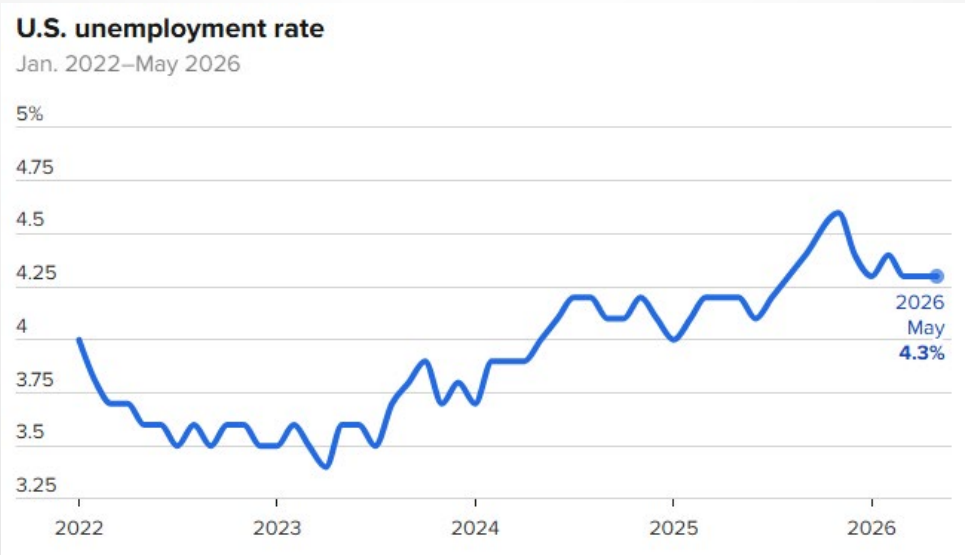
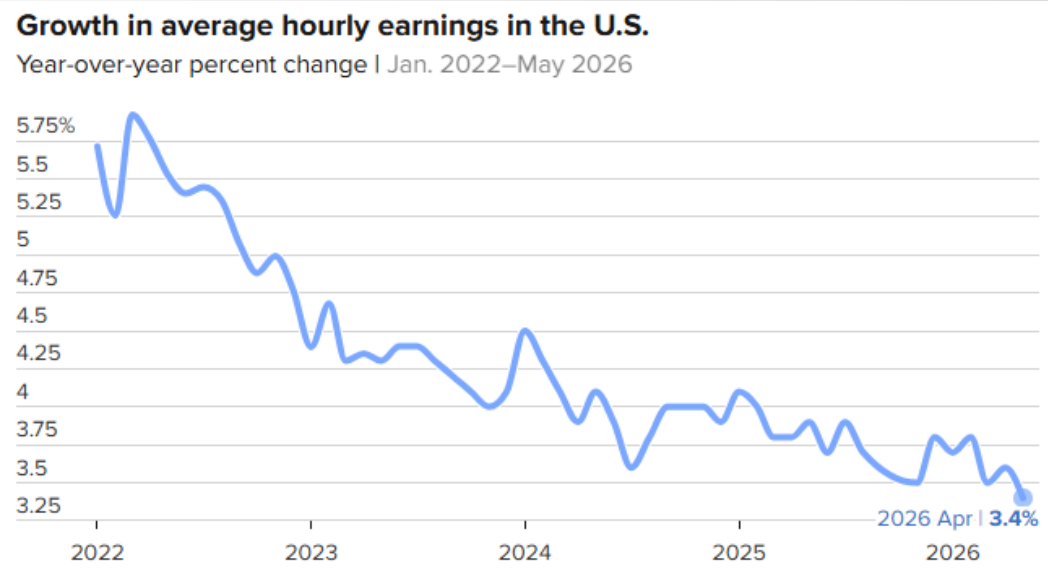
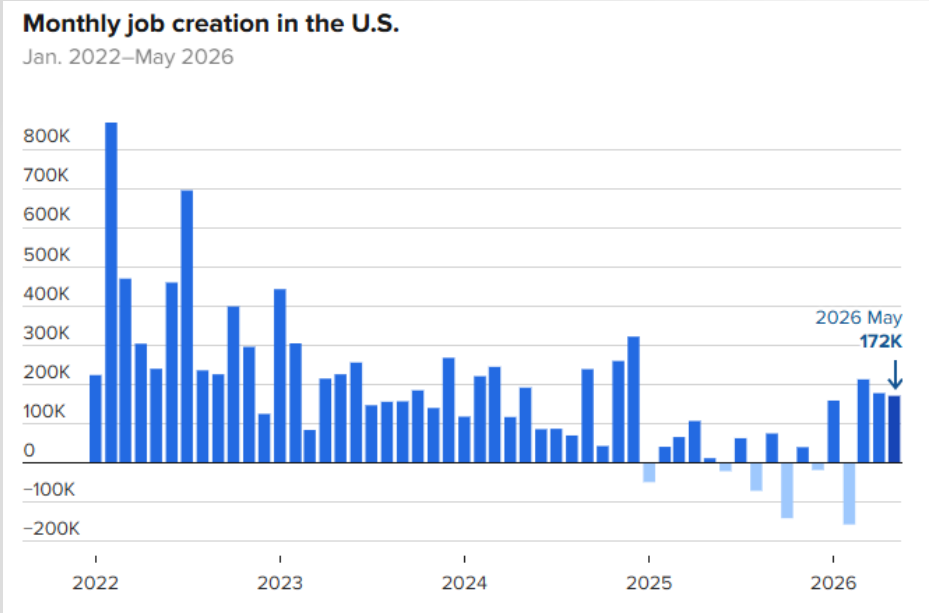


Economic Factors That Could Impact the Future Political Landscape

Most Recent Jobs Report – May 2026

- On June 5, the Department of Labor’s Bureau of Labor Statistics (BLS) [announced](#) that total nonfarm payroll employment increased by **+172,000** in May.
 - Economists with the Dow Jones estimated an *increase* of 80,000 jobs, meaning May job growth came in well above expectations.
 - The unemployment rate came in at 4.3% for the third consecutive month; it has not fallen below 4% since April 2024.
- Leisure and hospitality led all industries with job increases (**+70,000**), followed by local government (**+55,000**), health care (**+35,000**), and social assistance (**+12,000**).
- The financial activities sector lost **-22,000** jobs, however. And while transportation and warehousing saw an increase of **+1,000** in May, the sector is down by -92,000 since its February 2025 peak.
- The unemployment rate came in at 4.3% for the third consecutive month; it has not fallen below 4% since April 2024.
- A broader measure of unemployment that includes discouraged workers and those holding part-time jobs for economic reasons is 8.1%, down 0.1 point from May 2026.
- Revisions of prior jobs reports were also positive:
 - The April 2026 count rose by +64,000, increasing the job gains for that month to +115,000, while the March 2026 number increased by +29,000, bringing that month’s total to +214,000.
 - With these revisions, employment in March and April combined is +93,000 higher than previously reported.
- The average job gains per month in 2026 are now 114,000. The average monthly job gains in 2025 were just 10,000.
- While there was a net increase in employment in May, full-time employment fell by -79,000 for the month, while part-time employment rose by +266,000.
- Average hourly earnings came in where expected, increasing by 0.3% for the month and 3.4% on an annual basis.
 - Of note, though, the 3.4% wage gains are the lowest in five years (since May 2021) and are below about 4% inflation.

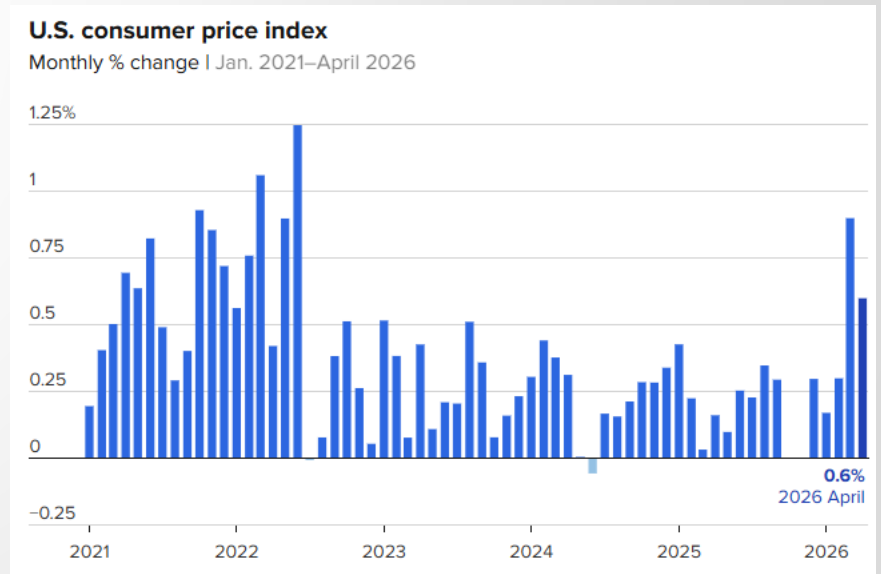
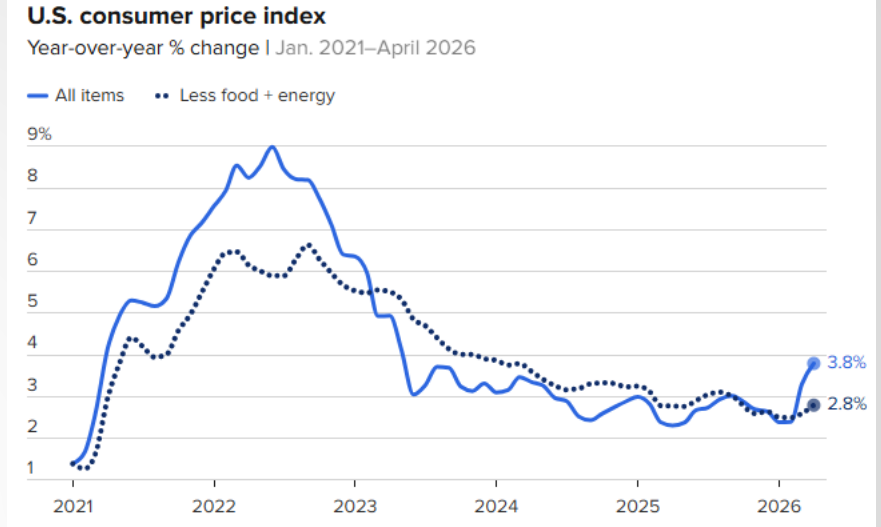
May 2026 Jobs Report – Key Data and Trends



April 2026 Inflation Report

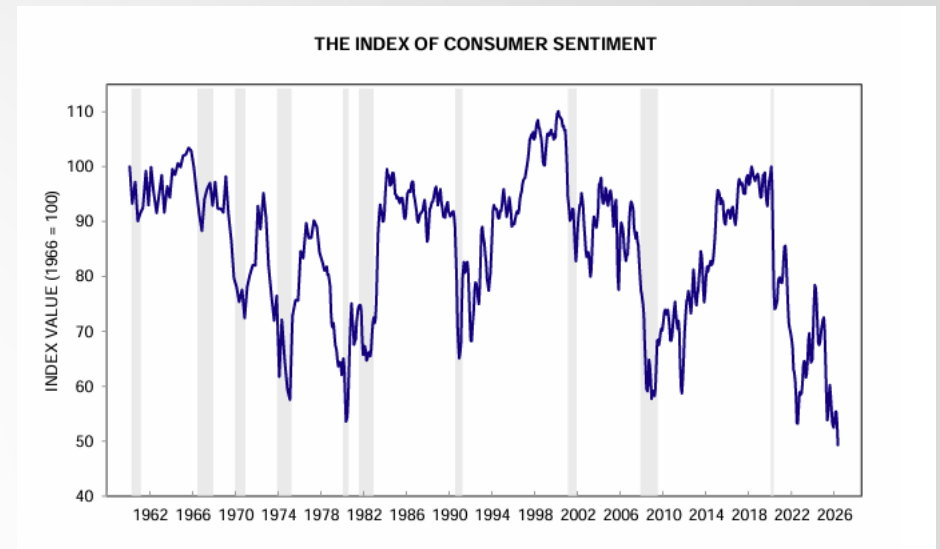
- On May 12, the BLS [announced](#) the Consumer Price Index (CPI) increased 0.6% in April 2026 on a seasonally adjusted basis.
 - This was in line with experts' forecasts.
 - This is the biggest one-month jump since June 2022, when inflation reached its highest point of the decade.
- The BLS also reported that the CPI increased by 3.8% from April 2025.
 - This figure was 0.1 percentage point above the Dow Jones consensus.
 - This annual rate is the highest since May 2023 and is up from 2.4% in February 2026.
- Though energy, and in particular gasoline, has been much of the headline story, inflation pressures also came from a variety of other areas.
 - Shelter costs rose 0.6% after easing in prior months, the apparel category increased 0.6%, and airline fares accelerated 2.8%.
- “Core CPI,” which excludes food and energy prices, rose 0.4% in April 2026 and by 2.8% on an annual basis from April 2025.
 - This increase was above the increase for 0.2% in the preceding two quarters.

** The Consumer Price Index for May 2026 is scheduled to be released on June 10, 2026, at 8:30 A.M. Eastern Time.*



Consumer Sentiment Report

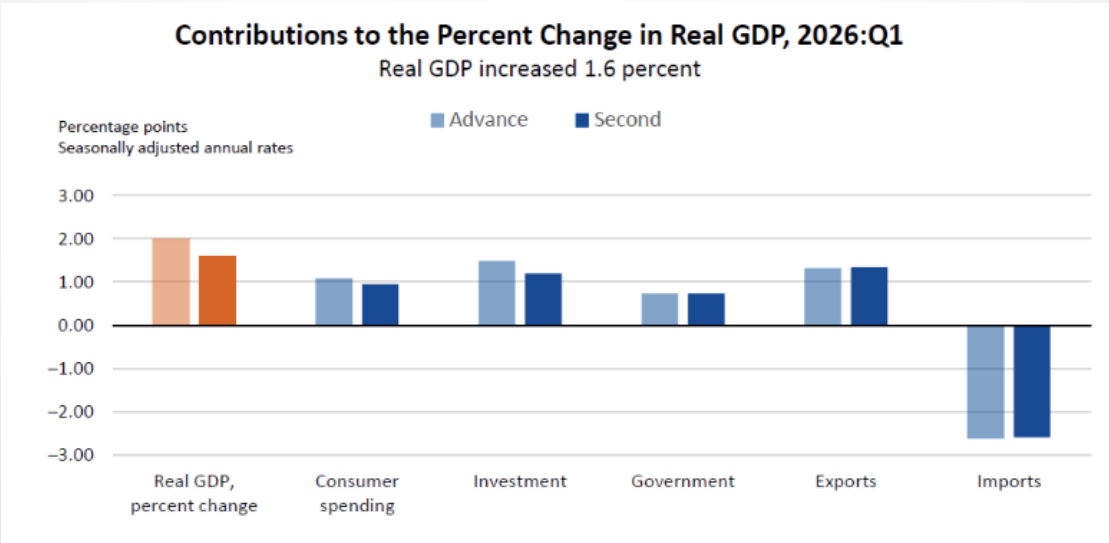
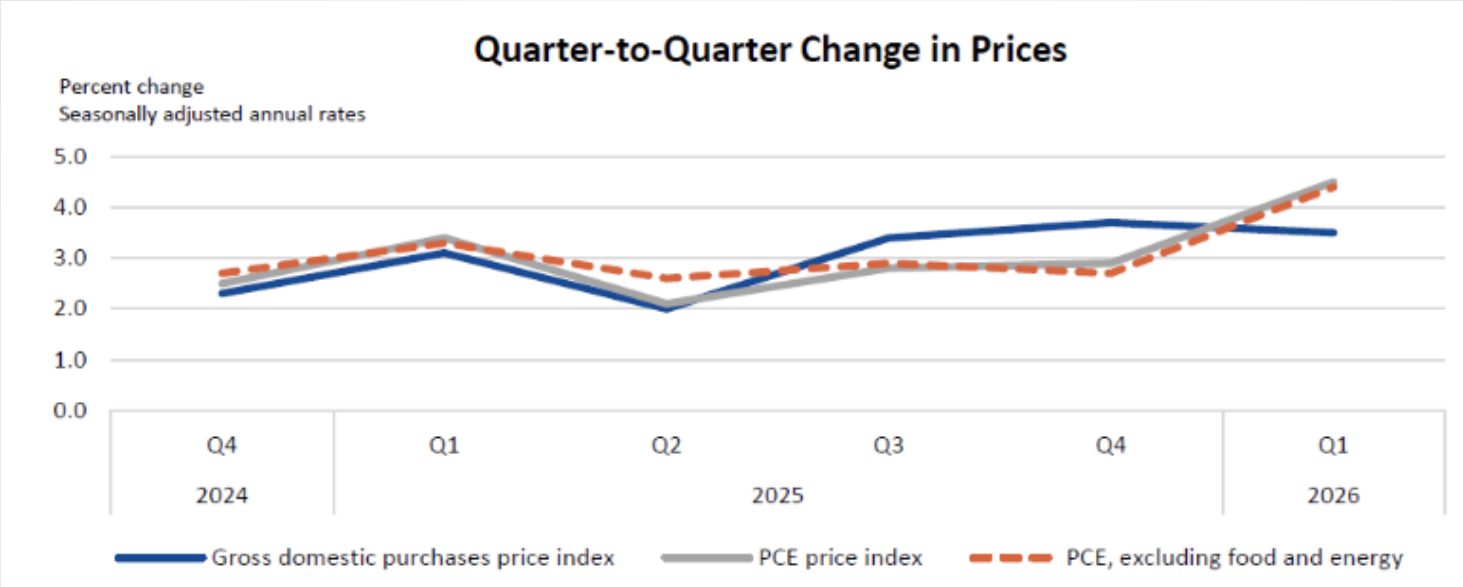
- Consumer sentiment for April 2026 decreased to 44.8, which is a 10.0% *decrease* from April 2026 (49.8).
 - This is an annual *decrease* of 14.2% from May 2025 (52.2).
 - 44.8 is a record low consumer sentiment (readings began in 1952), lower than the previous all-time low last month.
 - The reading is notably lower than the last spring (52.2), when tariffs were implemented, and the large inflation spike in summer 2022 (50.0).
- The Index of Consumer Sentiment varies by political party.
 - 32.8 among Democrats (+0.3 from April 2026).
 - 40.6 among Independents (-6.7 from April 2026).
 - 84.6 among Republicans (-5.8 from March 2026).
- Expectations for personal finances, labor markets, inflation, and business conditions:
 - Year-ahead inflation expectations inched up from 4.7% last month to 4.8% this month.
 - The current reading substantially exceeds the 3.4% reading seen in February 2026 prior to the start of the Iran conflict, along with all 2024 readings.
 - Long-run inflation expectations climbed from 3.5% in April to 3.9% in May, notably higher than the 2.8% to 3.2% range seen in 2024.



GDP Reports and Economic Outlook

- On May 28, the DOC's Bureau of Economic Analysis (BEA) [released](#) its “second estimate” of U.S. real gross domestic product (GDP) for the first quarter (Q1) of 2026. The BEA estimates that real GDP increased at an annual rate of 1.6%, revised down the advanced estimate of 2.0% by 0.4%.
 - This increase was a large jump up from the 0.5% GDP increase reported in Q4 2025.
 - Real final sales increased 2.4% in the first quarter, revised down 0.1 percentage point from the previous estimate.
- The price index for gross domestic purchases increased by 3.5% in Q1 2026, revised down slightly by 0.1% from the Q1 2026 advanced estimate. This figure remains above the 3.4% estimate for Q3 2025.
- Consumer spending contributed to the increase in real GDP in Q1 2026, but it decelerated compared with Q4 2025. However, the BEA did not provide numerical data on the personal consumption expenditures (PCEs).
 - The “advanced estimate” report shows PCE increased by 1.6% in Q1 2026 from the previous quarter (down 0.4% from the initial estimate). This remains below the 3.5% increase in Q3 2025 and the 2.5% increase in Q2 2025.
- The PCE price index, which is a key inflation variable for the Federal Reserve, increased 4.5% in Q1 2026, compared to the 2.9% annualized pace for Q4 2025.
 - This was in line with the previous estimate for Q1 2026.

Real GDP Growth Over the Last Six Quarters



Thank you



Arnold & Porter

www.arnoldporter.com