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Capital Snapshot – Special Edition: Post-Election Analysis

November 5, 2026

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2026 Midterm Elections: Topline Results



HOUSE

155 GOP

251 Dem

[218 seats needed to win]

29 races have not yet been called
As of this moment, Democrats are projected to win over 255 seats.

DEMOCRATIC FLIP

DEMOCRATS take control of the House

SENATE

44 GOP

54 Dem

[51 seats needed to win]

2 races have not yet been called
As of this moment, Democrats are slightly favored in 1 seat (AK), and the other seat (MS) is a toss-up.

DEMOCRATIC FLIP

DEMOCRATS take control of the Senate

Called races as of 3:00 pm ET, November 5, 2026.

Source: The Associated Press (AP)

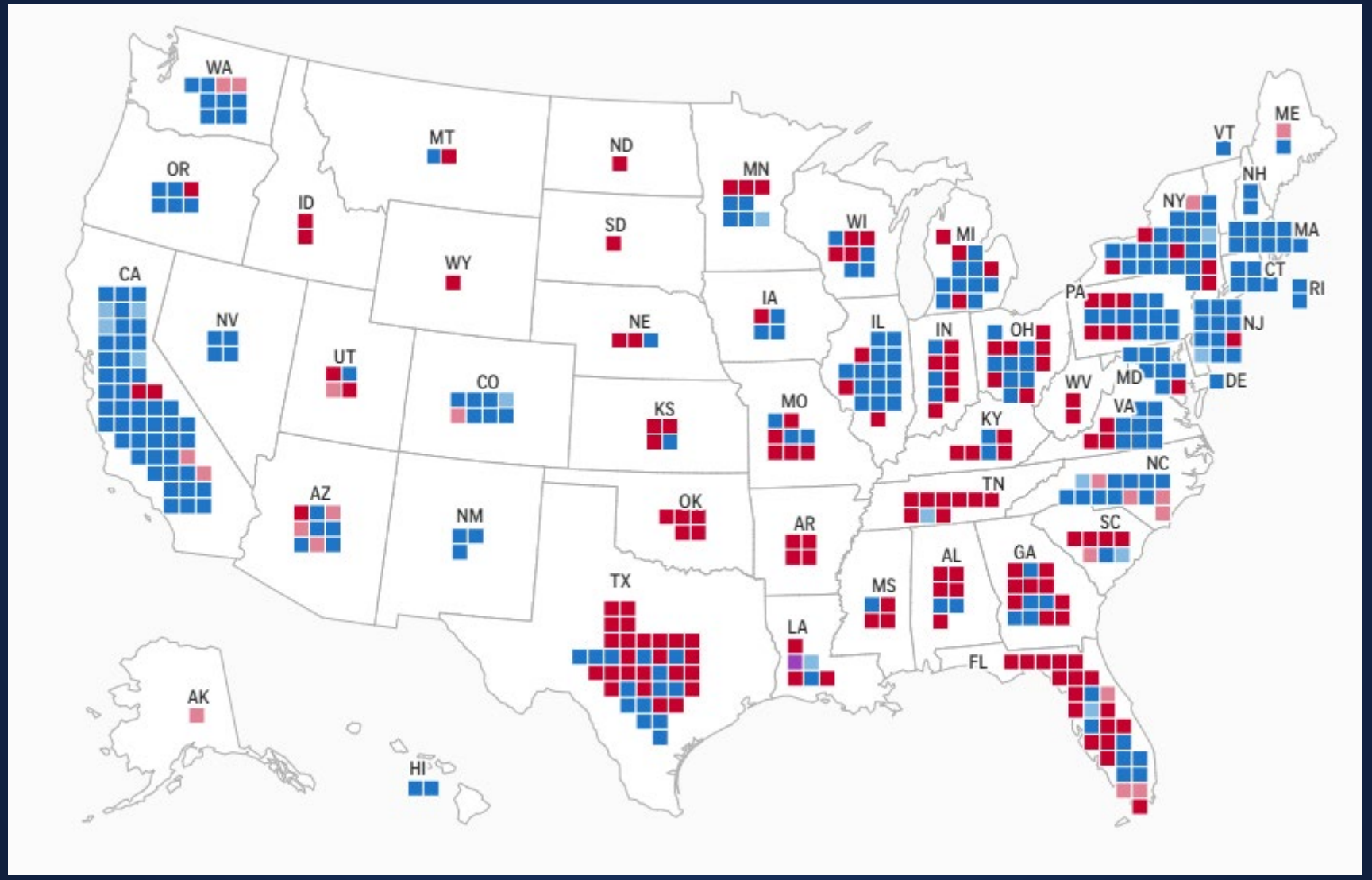
Democrats Flip Control of the House

- With nearly 35 races yet to be called, Democrats are projected to win a significant majority of around 250 seats.
- Democrats will pick up 60-70 new Members in the House.
- Democrats will control the House for the first time since January 3, 2023.
- This ends a six-year period of very narrow House majorities for one party or another.
- Pundits focused on 20-25 projected toss-up seats nationwide, but the Democratic campaign message and candidate recruitment created dozens more competitive seats in previously safe Republican districts.
- A historically diverse leadership team will run the House in 2027-28:
  - Minority Leader Hakeem Jeffries (D-NY) will become the first African-American Speaker of the House.
  - Minority Whip Katherine Clark (D-MA) will become the first female House Majority Leader.
  - Democratic Caucus Chair Pete Aguilar (D-CA) will be the first Hispanic-American to serve as House Majority Whip.
  - Democratic Caucus Vice Chair Ted Lieu (D-CA) may become the first Asian-American Caucus Chair.



House Minority Leader Hakeem Jeffries (D-NY), who is likely to become the next Speaker of the House

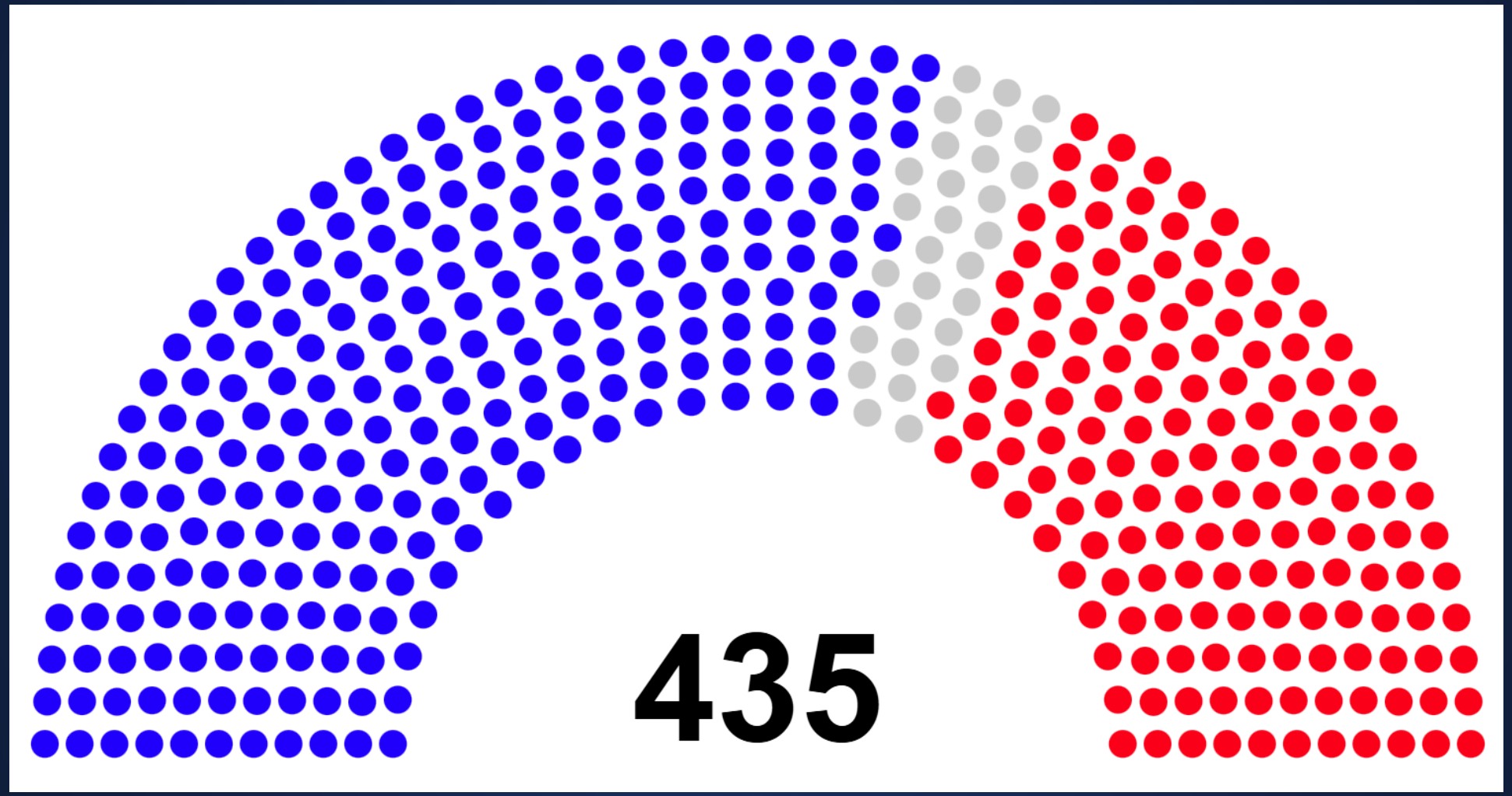
House of Representatives Election Map



Darker blue and red indicate called seats; lighter blue and red indicate which party leads in *uncalled* seats.

Source: The Associated Press

Composition of the House



Gray seats have not yet been called.

Source: Parliament Diagram Tool

Key 2026 House Races – Toss-Up Seats, Republican Incumbents



District	Democratic Nominee	Republican Nominee	Result
Colorado-05	Jessica Killin	Rep. Jeff Crank	D Pickup
Kentucky-06	Zach Dembo	Former State Sen. Ralph Alvarado	D Pickup
Michigan-07	William Lawrence	Rep. Tom Barrett	D Pickup
Michigan-04	State Sen. Sean McCann	Rep. Bill Huizenga	D Pickup
Michigan-10	Christina Hines	Mike Bouchard Jr.	D Pickup
Missouri-02	Fred Wellman	Rep. Ann Wagner	D Pickup

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

Key 2026 House Races – Toss-Up Seats, Republican Incumbents



District	Democratic Nominee	Republican Nominee	Result
Montana-01	Sam Forstag	Aaron Flint	D Pickup
New York-17	Cait Conley	Rep. Mike Lawler	D Pickup
Ohio-07	Brian Poindexter	Rep. Max Miller	D Pickup
Pennsylvania-01	Bob Harvie	Rep. Brian Fitzpatrick	D Pickup
Virginia-05	Former U.S. Special Envoy Tom Perriello	Rep. John McGuire	R Hold
Virginia-01	County Attorney Shannon Taylor	Rep. Rob Wittman	D Pickup

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

Key 2026 House Races – Toss-Up Seats, Democratic Incumbents



District	Democratic Nominee	Republican Nominee	Result
Alabama-02	Rep. Shomari Figures	State Rep. Rhett Marques	D Hold
Florida-14	Rep. Kathy Castor	Former State Rep. Mike Beltran	D Hold
Florida-22	Pia Dandiya	Casey Askar	D Hold
Ohio-09	Rep. Marcy Kaptur	Former State Rep. Derek Merrin	D Hold
Texas-35	Johnny Garcia	Carlos De La Cruz	D Hold

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

Key 2026 House Races – Leans Republican Seats



District	Democratic Nominee	Republican Nominee	Result
Alaska-At-Large	**Bill Hill** (Independent)	Rep. Nick Begich	R Lead
Arizona-02	Former Navajo Nation President Jonathan Nez	Rep. Eli Crane	R Lead
Colorado-04	Eileen Laubacher	Rep. Lauren Boebert	D Lead
Florida-13	Leela Gray	Rep. Anna Paulina Luna	R Hold
Florida-27	Eliott Rodriguez	Rep. María Elvira Salazar	R Lead
Maine-02	State Auditor Matthew Dunlap	Former Governor Paul LePage	R Lead
Minnesota-01	Jake Johnson	Rep. Brad Finstad	D Lead

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

Key 2026 House Races – Leans Republican Seats



District	Democratic Nominee	Republican Nominee	Result
Nevada-02	Former State Assembly Majority Leader Teresa Benitez-Thompson	David Flippo	D Pickup
New York-21	Blake Gendebien	Anthony Constantino	R Hold
Ohio-15	Don Leonard	Rep. Mike Carey	D Pickup
Ohio-10	Kristina Knickerbocker	Rep. Mike Turner	D Pickup
South Carolina-01	Nancy Lacore	Jenny Costa Honeycutt	D Pickup
Texas-23	Katy Padilla Stout	Brandon Herrera	D Pickup
Wisconsin-01	Mitchell Berman	Rep. Bryan Steil	D Pickup

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

Key 2026 House Races – Leans Democratic Seats



District	Democratic Nominee	Republican Nominee	Result
Arizona-06	JoAnna Mendoza	Rep. Juan Ciscomani	D Pickup
Arizona-01	Former State Rep. Amish Shah	Jay Feely	D Pickup
California-22	Randy Villegas	Rep. David Valadao	D Pickup
Colorado-08	Former State Rep. Manny Rutinel	Rep. Gabe Evans	D Pickup
Florida-25	Rep. Jared Moskowitz	Scott Singer	D Hold
Iowa-01	Former State Rep. Christina Bohannan	Rep. Mariannette Miller-Meeks	D Pickup
Iowa-03	State Sen. Sarah Trone Garriott	Rep. Zach Nunn	D Pickup
Iowa-02	State Rep. Lindsay James	Former State Rep. Joe Mitchell	D Pickup
North Carolina-01	Rep. Don Davis	Former Assistant Defense Secretary Laurie Buckhout	D Hold
North Carolina-11	Jamie Ager	State Rep. Jennifer Balkcom	D Pickup
New Jersey-07	Rebecca Bennett	Rep. Tom Kean Jr.	D Pickup

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

Key 2026 House Races – Leans Democratic Seats

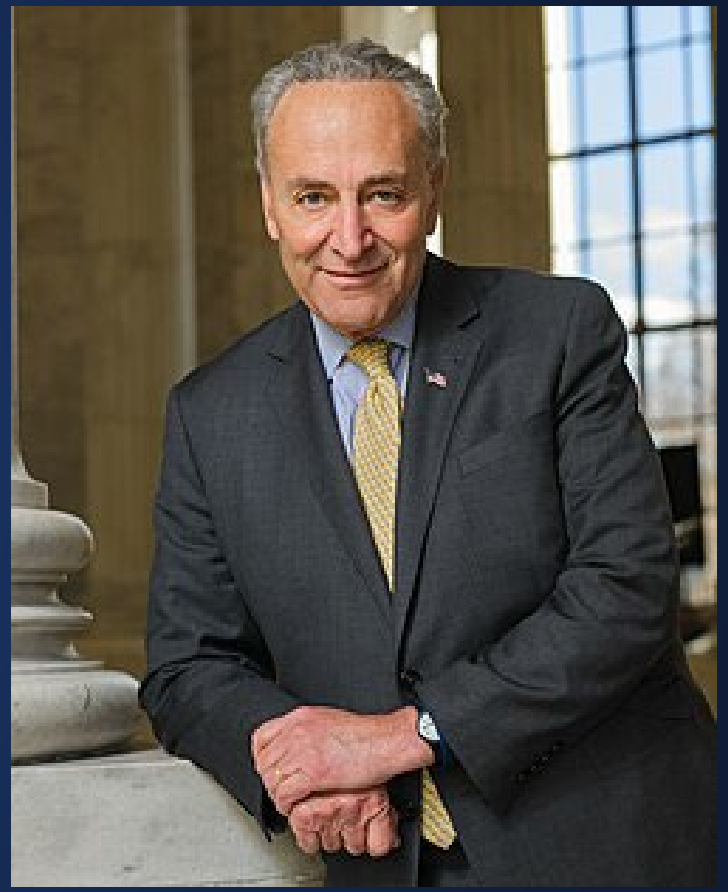


District	Democratic Nominee	Republican Nominee	Result
New Mexico-02	Rep. Gabe Vasquez	Greg Cunningham	D Hold
New York-03	Rep. Tom Suozzi	Former State Rep. Mike LiPetri	D Hold
Pennsylvania-08	Scranton Mayor Paige Cognetti	Rep. Rob Bresnahan	D Pickup
Pennsylvania-07	Bob Brooks	Rep. Ryan Mackenzie	D Pickup
Pennsylvania-10	Janelle Stelson	Rep. Scott Perry	D Pickup
Texas-28	Rep. Henry Cuellar	Tano Tijerina	D Hold
Texas-15	Bobby Pulido	Rep. Mónica de la Cruz	D Pickup
Texas-34	Rep. Vicente Gonzalez	Eric Flores	D Hold
Virginia-02	Former Rep. Elaine Luria	Rep. Jen Kiggans	D Pickup
Washington-03	Rep. Marie Gluesenkamp Perez	State Senate Minority Leader John Braun	D Hold
Wisconsin-03	Rebecca Cooke	Rep. Derrick Van Orden	D Pickup

Sources: UVA Center for Politics, Sabato's Crystal Ball; Decision Desk HQ; The New York Times

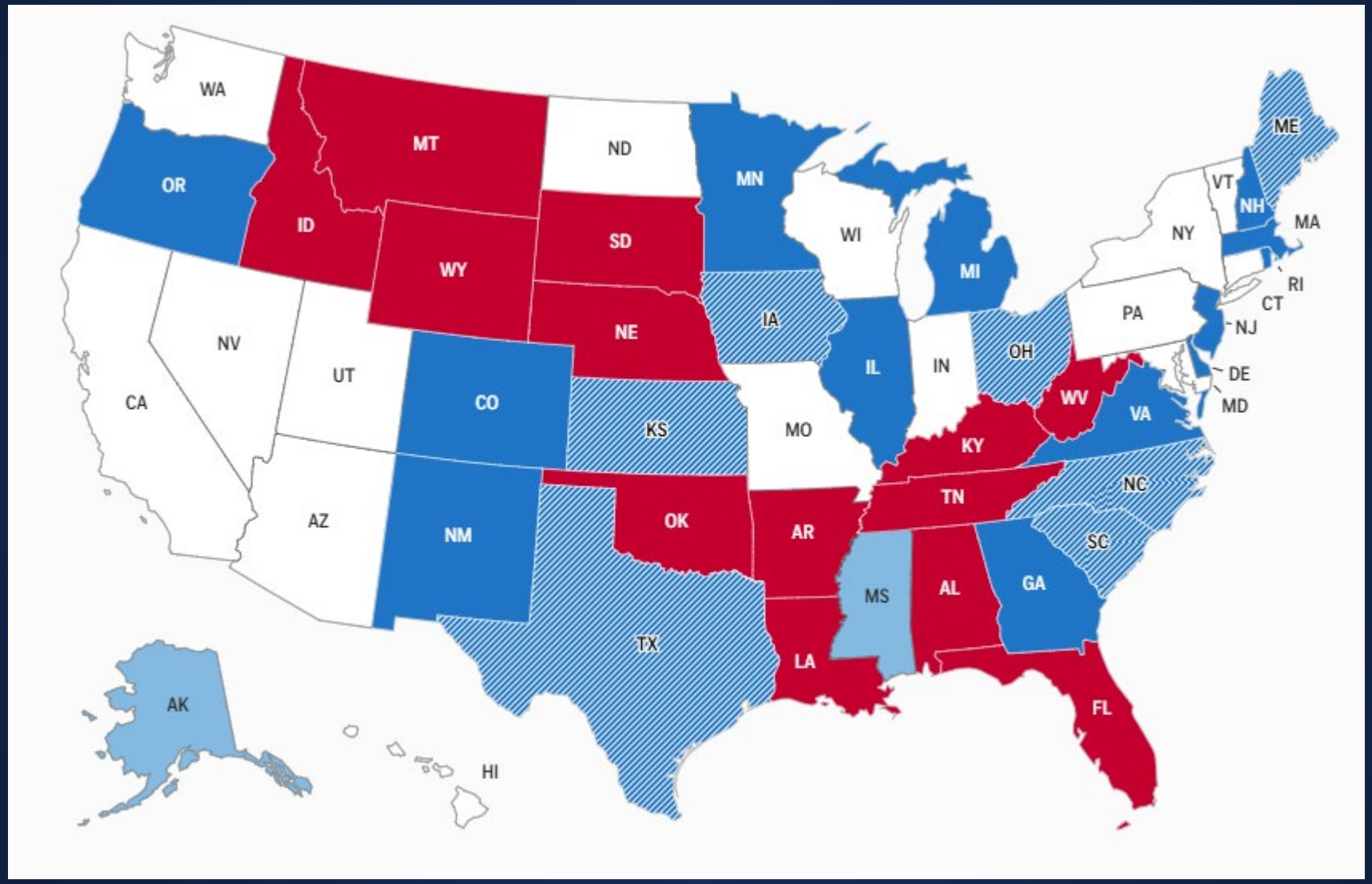
Democrats Flip Control of the Senate

- Democrats won control of the Senate, flipping seven seats to date.
  - **Currently: 53 Republicans** and **47 Democrats** (includes **two independents**)
  - **Next Congress: 54 Democrats** (includes **two independents**) and **44 Republicans**
  - Two seats – Alaska and Mississippi - have yet to be called.
- Democrats won Senate seats in at least 5 states President Trump won by double digits in 2024: Texas, Kansas, Iowa, Ohio, and South Carolina. It is also possible they win in two more such states: Alaska and Mississippi.
- Longtime Senate Democratic Leader Chuck Schumer (D-NY) will become Majority Leader again, a position he also held from 2021 to 2025.



Senate Minority Leader Chuck Schumer (D-NY), who is likely to become majority leader again in January

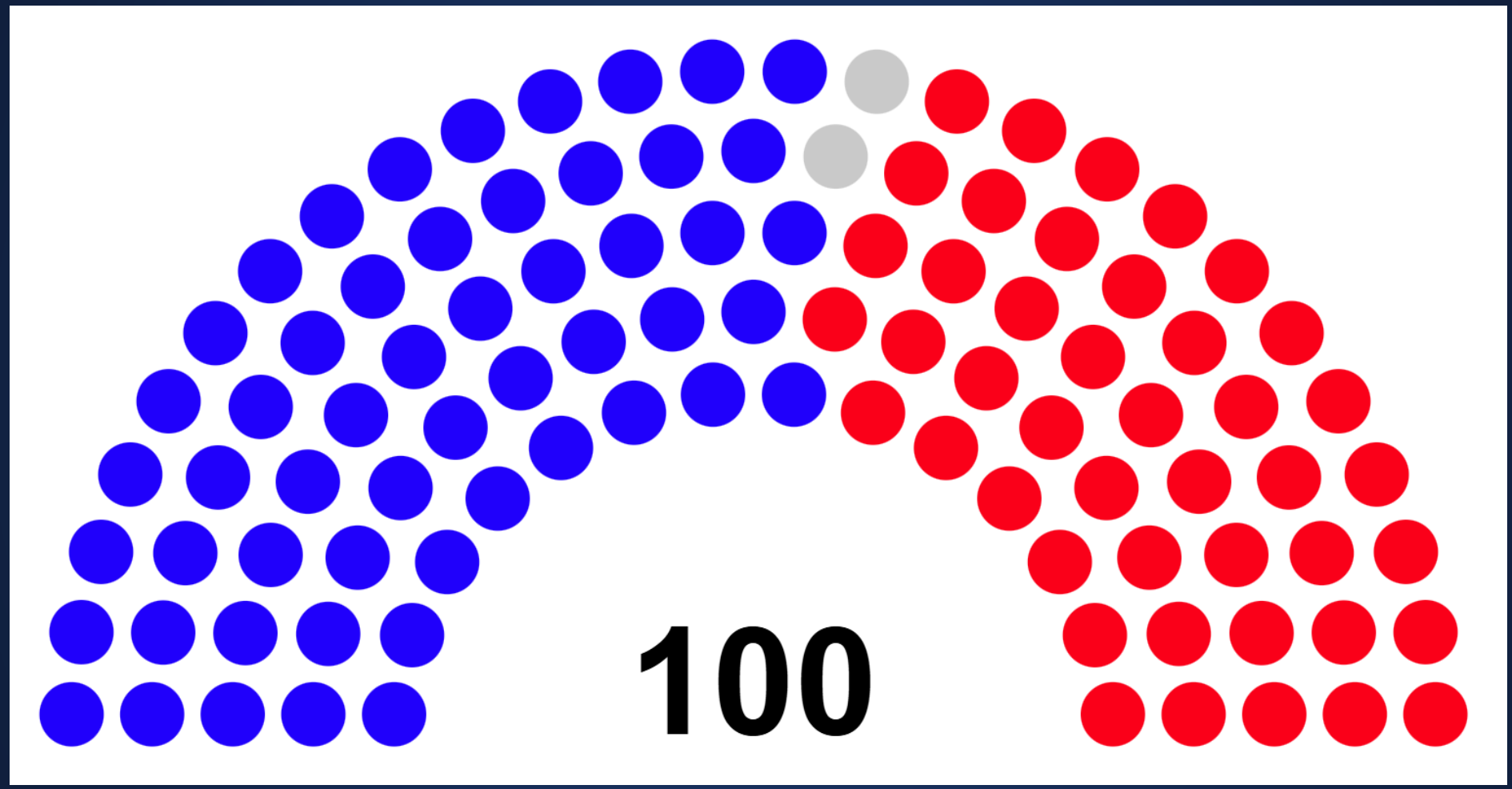
Senate Election Map



1) States shaded with diagonal stripes indicate a *flip* of that state's U.S. Senate seat.
2) Alaska and Mississippi are currently uncalled.

Source: The Associated Press

Composition of the Senate



Source: Parliament Diagram Tool

The Senate Democratic Caucus includes two Independents who caucus with Democrats.
Gray seats have not yet been called.

Senate Election Results – Competitive Seats (Seats Held by Democrats Pre-Election)



State	Democratic Nominee	Republican Nominee	Race Rating	Result
Michigan	Abdul El-Sayed	Former Rep. Mike Rogers	Leans D	D Hold
Minnesota	Lt. Gov. Peggy Flanagan	Michele Tafoya	Likely D	D Hold
New Hampshire	Rep. Chris Pappas	Former Sen. John Sununu	Likely D	D Hold
Georgia	Sen. Jon Ossoff	Rep. Mike Collins	Likely D	D Hold

Sources: Decision Desk HQ; The New York Times; Associated Press

U.S. Senate Election Results – Competitive Seats (Seats Held by Republicans Pre-Election)



State	Democratic Nominee	Republican Nominee	Race Rating	Result
North Carolina	Former Governor Roy Cooper	Former RNC Chair Michael Whatley	Likely D	D Pickup
Alaska	Former Rep. Mary Peltola	Sen. Dan Sullivan	Leans D	D Lead
Maine	Former State Senate President Troy Jackson	Sen. Susan Collins	Toss-Up	D Pickup
Ohio*	Former Sen. Sherrod Brown	Sen. Jon Husted	Toss-Up	D Pickup
Texas	State Rep. James Talarico	Texas Attorney General Ken Paxton	Toss-Up	D Pickup
Iowa	State Rep. Josh Turek	Rep. Ashley Hinson	Toss-Up	D Pickup
Kansas	Adam Hamilton	Sen. Roger Marshall	Toss-Up	D Pickup
Nebraska	Dan Osborn (Independent)	Sen. Pete Ricketts	Leans R	R Hold
South Carolina	Annie Andrews	Sen. Darline Graham	Leans R	D Pickup
Mississippi	Scott Colom	Sen. Cindy Hyde-Smith	Likely R	D Lead
Florida*	State Rep. Angie Nixon	Sen. Ashley Moody	Likely R	R Hold
Louisiana	Jamie Davis	Rep. Julia Letlow	Likely R	R Hold

*special election

Sources: Decision Desk HQ; The New York Times; Associated Press; UVA Crystal Ball

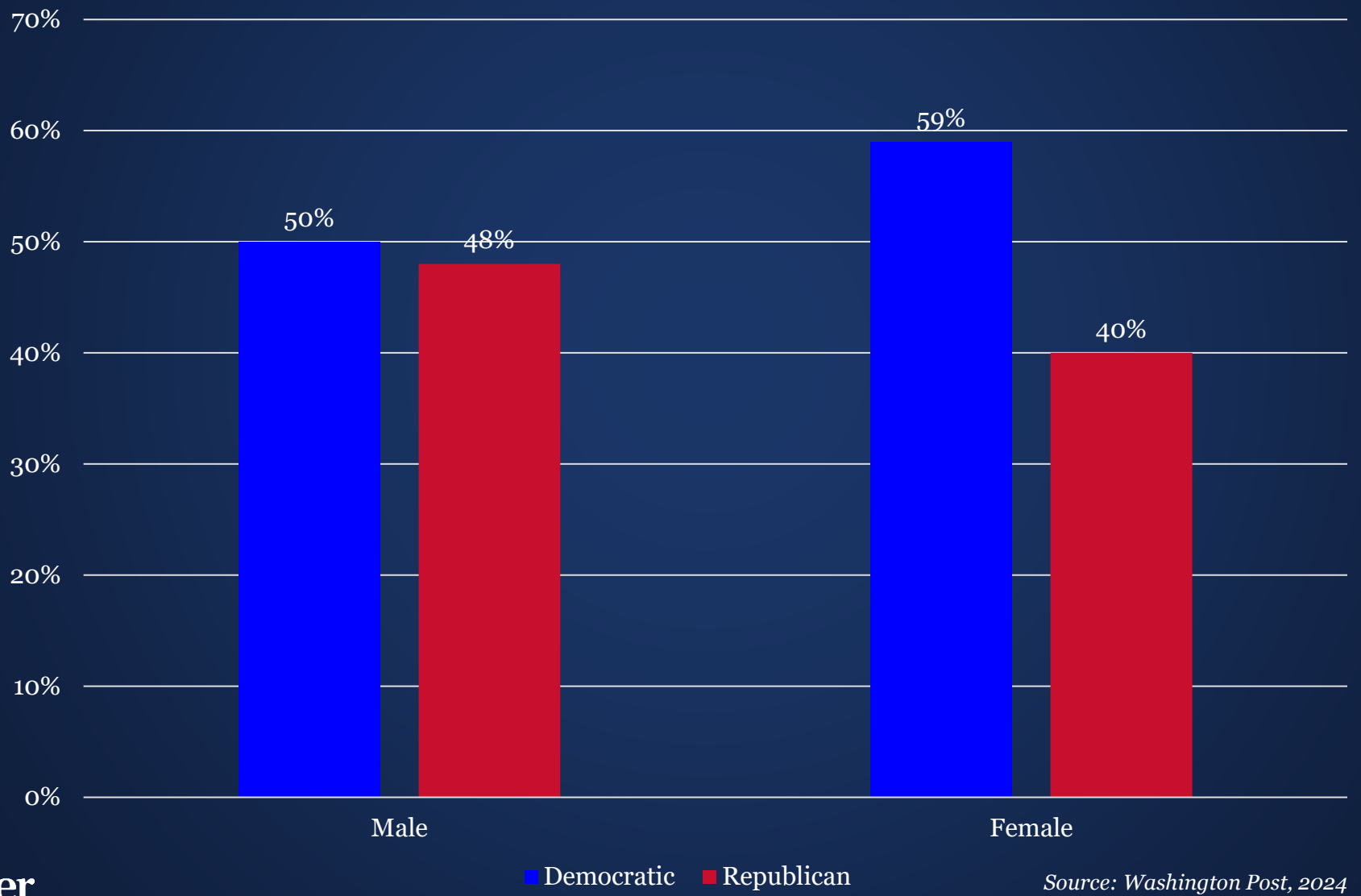
2026 Midterm Elections – Key Takeaways

- Voter frustration with President Trump, cost of living, and Iran war led to solid Democratic House and Senate majorities.
- Congressional Democrats will claim a mandate on being a check on President Trump.
- President Trump will struggle to get Administration officials and judicial nominees confirmed by a Democratic Senate.
- If any Supreme Court justices retire in the next two years, Senate Democrats are highly unlikely to consider any replacement nominee.
- Congressional Democrats, not President Trump, will drive the legislative agenda, setting the table for a potential Democratic trifecta in 2029. President Trump will likely spend more time on foreign policy and executive actions.



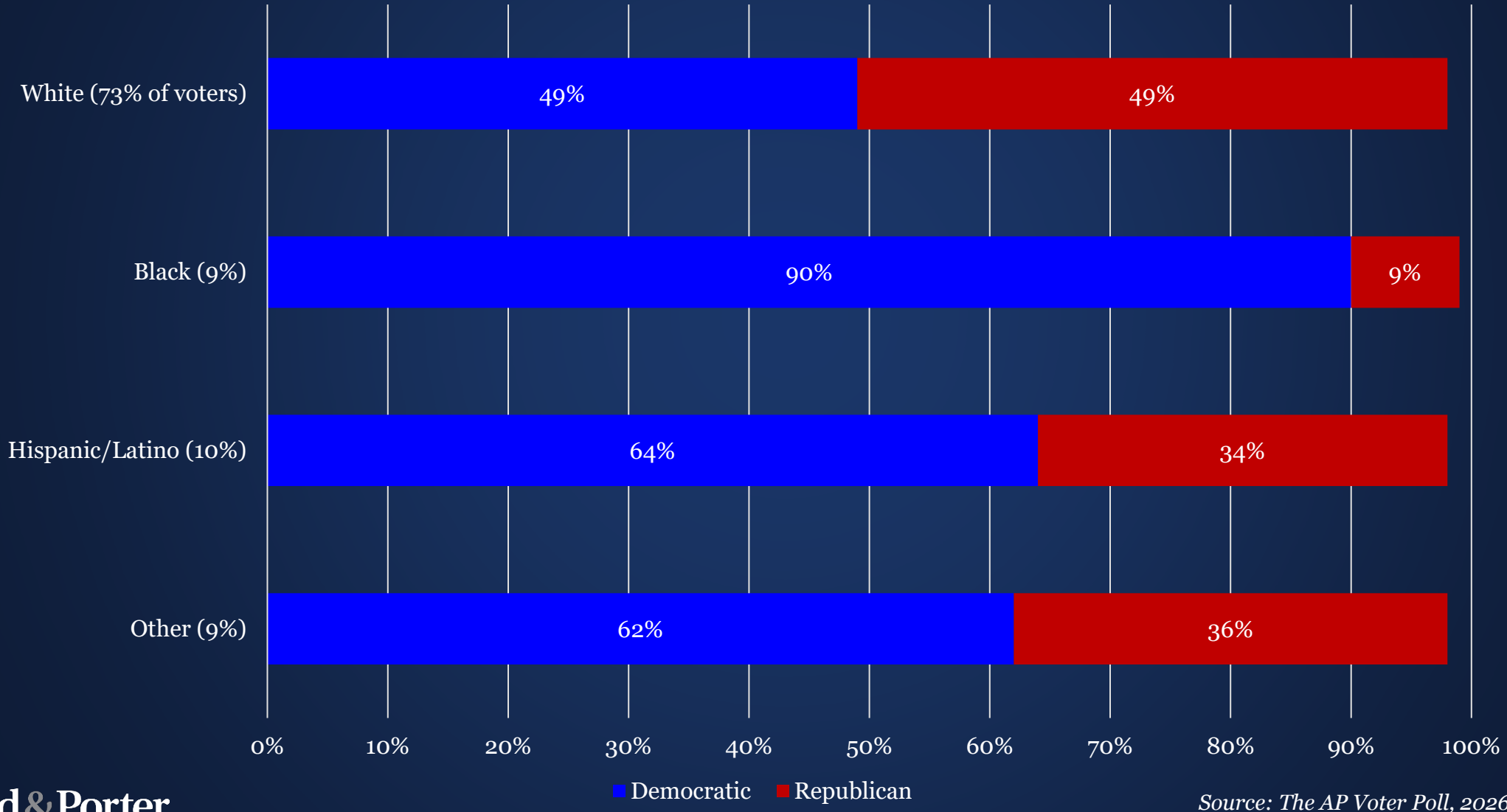
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Factors That Impacted the 2026 Election – Gender Gap



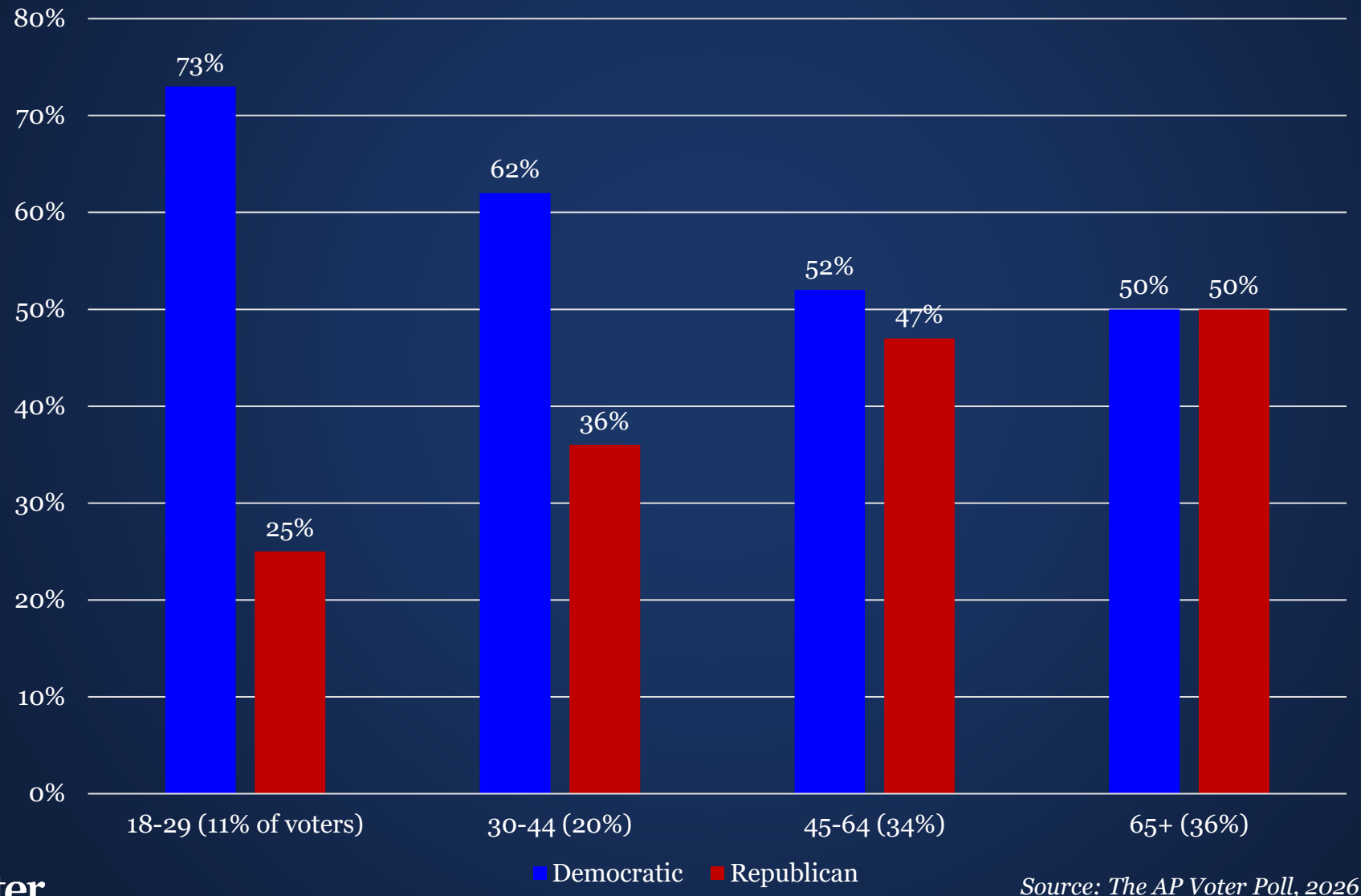
Source: Washington Post, 2024

Factors That Won the 2026 Election – Demographic Breakdown



Source: The AP Voter Poll, 2026

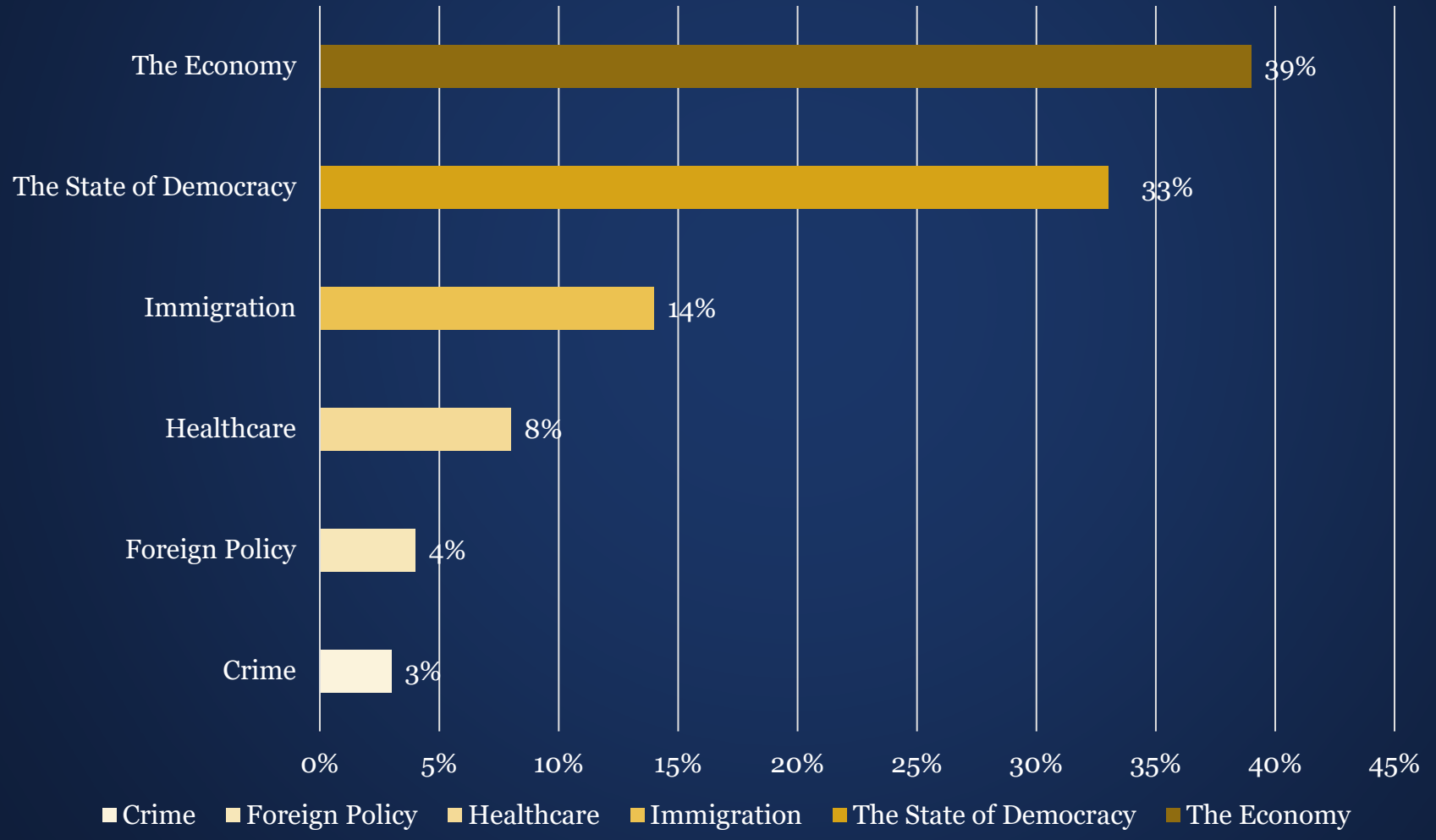
Factors That Won the 2026 Election – Age Breakdown



Source: The AP Voter Poll, 2026

Factors That Won the 2026 Election – Top Issues

- Percent of voters throughout the country who indicated each issue was the most important facing the United States:



Source: The AP Voter Poll, 2026

Factors That Won the 2026 Election – Top Issues



- Percent of surveyed voters both overall and in different demographic groups who indicated each issue was the most important facing the United States:

	Total	White	Black	Hispanic	Other
Crime	**3%**	3%	4%	3%	4%
The Economy	**39%**	36%	50%	45%	41%
Foreign Policy	**4%**	4%	1%	3%	5%
Healthcare	**8%**	7%	11%	8%	8%
Immigration	**14%**	15%	4%	15%	12%
The State of Democracy	**33%**	35%	29%	26%	30%

Source: The AP Voter Poll, 2026



119th Congress Lame Duck



- The current continuing resolution (CR) that funds the government expires at the end of the day on December 11.
- Emboldened by their midterm success, Democrats will now play a larger role in crafting any year-end spending deal, potentially delaying decisions until their majorities being.
- A compromise deal on the annual must-pass National Defense Authorization Act (NDAA) is a top priority. The NDAA has passed every year for 65 straight years.
- Certain bipartisan deals remain possible on efforts such as permitting reform, though the Democratic sweep could reduce their incentive to accept a lame duck compromise.
- Other Republican priorities like a third reconciliation package are now very unlikely to pass given process and attendance issues.

President Trump's Top Priorities for the Lame Duck Period

- Urge congressional Republicans to pass a defense-focused reconciliation package, which seems unlikely.
- Consider working with both parties to raise the debt limit as part of FY27 appropriations or NDAA negotiations.
- Finalize a permitting reform deal.
- Any lame duck activity may be challenging if defeated Republican incumbents stop showing up to vote.
- More Congressional Republicans may choose to create distance from the President's policies.



President Donald Trump, speaking at the White House

Key Dates for Election and Lame Duck Season



November 3

2026 Midterm Elections held

November 9

House and Senate return to session after the election recess; Lame Duck session begins

November

House and Senate party leadership elections

December 11

Current federal funding CR expires at 11:59 pm ET

December 17-18

Last scheduled session days for the House (Dec. 17) and Senate (Dec. 18) (subject to change)

January 3

120th Congress begins at 12:00 pm ET

Future House Democratic Leadership

- We expect the top three House Democrats to remain in leadership moving into the majority:
  - Minority Leader Hakeem Jeffries (D-NY) will likely become the next Speaker of the House.
  - Minority Whip Katherine Clark (D-MA) will likely become the next House Majority Leader.
  - Democratic Caucus Chair Pete Aguilar (D-CA) will likely become the next House Majority Whip.
- Current Caucus Vice Chair Ted Lieu (D-CA) is expected to become the next Caucus Chair.
- Assistant Minority Leader Joe Neguse (D-CO) is expected to serve in the role of Assistant Speaker.
- House Democrats will hold their internal leadership elections on November 18 or 19.



Minority Leader Hakeem Jeffries



Minority Whip Katherine Clark



Democratic Caucus Chair Pete Aguilar



Democratic Caucus Vice Chair Ted Lieu



Assistant Minority Leader Joe Neguse

Future House Republican Leadership

- Losing control of the House means every member of the current House Republican Leadership team is in jeopardy of losing their position.
- Every member of House Republican leadership is expected to try to stay in leadership, except for Speaker Mike Johnson (R-LA), who will not seek a leadership position.
- Current Majority Leader Steve Scalise (R-LA) and Rep. Jim Jordan (R-OH) have announced bids for Minority Leader.
- Current Majority Whip Tom Emmer (R-MN) and Republican Study Committee Chair August Pfluger (R-TX) will run for Minority Whip.
- Reps. Kat Cammack (R-FL) and Erin Houchin (R-IN) will challenge Rep. Lisa McClain (R-MI) for Conference Chair.
- House Republicans will hold their internal leadership elections on November 10.



Majority Leader Steve Scalise



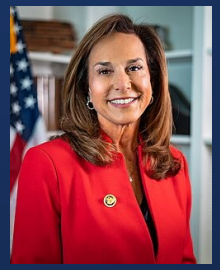
Rep. Jim Jordan



Majority Whip Tom Emmer



Rep. August Pfluger



Rep. Lisa McClain



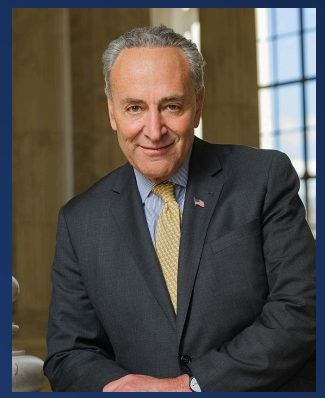
Rep. Kat Cammack



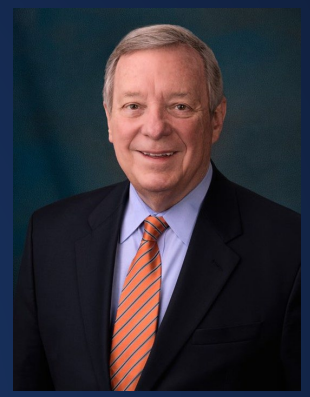
Rep. Erin Houchin

Future Senate Democratic Leadership

- Despite frustration inside the Democratic base, Sen. Chuck Schumer (D-NY) will be Majority Leader for the second time in his career. He is up for re-election in 2028 and may retire.
- Sen. Dick Durbin (D-IL) is retiring at the end of this Congress, creating a vacancy for the position of Democratic Whip in the next Congress.
- Sen. Brian Schatz (D-HI) is widely expected to become the next Democratic Whip in the 120th Congress, which would make him majority whip.
- Sen. Amy Klobuchar (D-MN) has been elected as the next Governor of Minnesota and thus will be departing the Senate at the end of this Congress.
  - It is unclear who will become the next Democratic Steering & Policy Committee Chair after her departure, though Conference Vice Chair Elizabeth Warren (D-MA) could run.
- Senate Democrats' leadership elections will likely be held the first or second week of December.



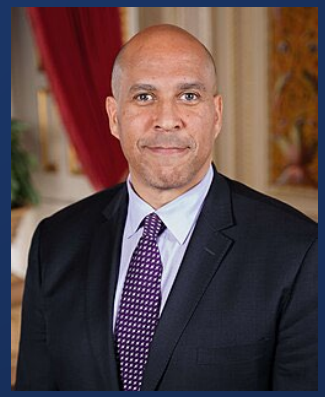
Minority Leader Chuck Schumer



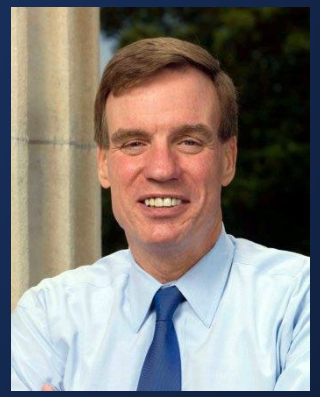
Minority Whip Dick Durbin (outgoing)



Steering & Policy Committee Chair Amy Klobuchar (outgoing)



Conference Strategic Communications Committee Chair Cory Booker



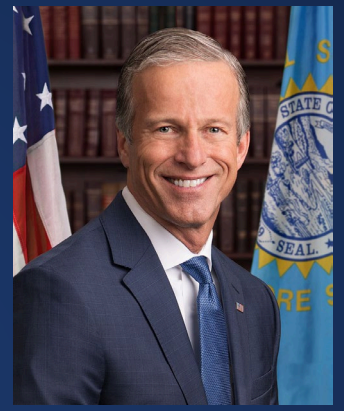
Conference Vice Chair Mark Warner



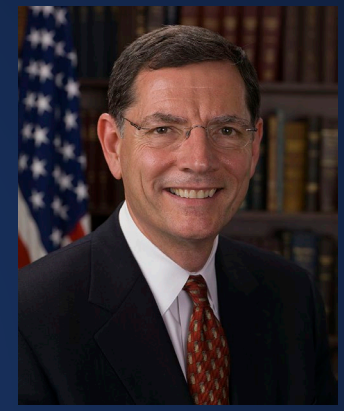
Conference Vice Chair Elizabeth Warren

Future Senate Republican Leadership

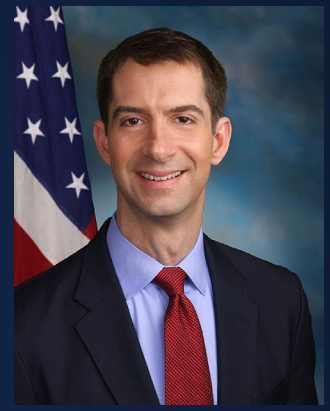
- Despite losing control of the Senate after just two years, there does not seem to be serious challenges to the current Republican leadership team.
- While President Trump has expressed frustration with Majority Leader John Thune (R-SD) in recent months, he is likely to remain in place.
- The rest of the Republican leadership team - Majority Whip John Barrasso (R-WY), Conference Chair Tom Cotton (R-AR), Sen. Rick Scott (R-FL), and Sen. Mike Lee (R-UT) – seem likely to stay in place.
- Senate Republicans' leadership elections are set for November 10.



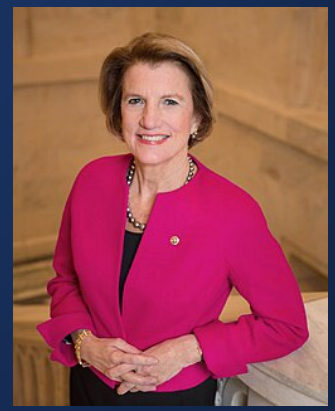
Majority Leader
John Thune



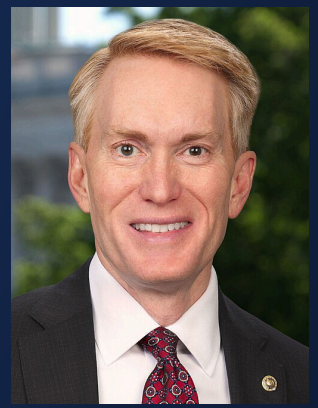
Majority Whip
John Barrasso



Republican
Conference Chair
Tom Cotton



Republican Policy
Committee Chair
Shelley Moore Capito



Republican
Conference Vice Chair
James Lankford

The Future of the U.S. Supreme Court

- Conservatives currently have a **6-3** majority on the Supreme Court.
- Two of the most conservative Justices – Clarence Thomas (78) and Samuel Alito (76) – may face pressure from Republican stakeholders to step down immediately to allow Republicans to confirm new appointees in the lame duck session before the party loses control of the Senate.
- Under this scenario, Democratic Leader Chuck Schumer (D-NY) would likely cite former Republican Leader Mitch McConnell's (R-KY) 2016 precedent as justification for the Senate to *not* vote on new Supreme Court nominees in the lame duck.
- The more likely scenarios is that President Trump and Congressional Republicans now will want Justices Thomas and Alito to stay in place at least through the 2028 Presidential election and focus use the remainder of the year to confirm other judicial nominations.
- With a Democratic majority in the Senate, any new SCOTUS appointments would either be extremely difficult to get confirmed, or impossible.
- Justice Sonia Sotomayor (72) is the most likely liberal Justice to step down in the next few years due to health issues, but she will face pressure to remain on the bench from Democratic stakeholders in hopes they control both the White House and the Senate after the 2028 elections.



House Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Agriculture	 Rep. GT Thompson (R-PA)	 Rep. Angie Craig (D-MN)	  Rep. Shontel Brown (D-OH) Rep. Jim Costa (D-CA)	  Rep. GT Thompson (R-PA) Rep. Austin Scott (R-GA)
Appropriations	 Rep. Tom Cole (R-OK)	 Rep. Rosa DeLauro (D-CT)	 Rep. Rosa DeLauro (D-CT)	 Rep. Tom Cole (R-OK)
Armed Services	 Rep. Mike Rogers (R-AL)	 Rep. Adam Smith (D-WA)	 Rep. Adam Smith (D-WA)	   Rep. Trent Kelly (R-MS) Rep. Ronny Jackson (R-TX) Rep. Mike Rogers (R-AL)

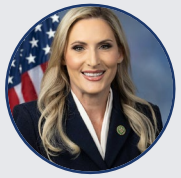
House Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Budget	 Rep. Jodey Arrington (R-TX)	 Rep. Brendan Boyle (D-PA)	 Rep. Brendan Boyle (D-PA)	 Rep. Lloyd Smucker (R-PA)
Education and the Workforce	 Rep. Tim Walberg (R-MI)	 Rep. Robert "Bobby" Scott (D-VA)	 Rep. Bobby Scott (D-VA) Rep. Jahana Hayes (D-CT) Rep. Suzanne Bonamici (D-OR)	 Rep. Tim Walberg (R-MI)
Energy and Commerce	 Rep. Brett Guthrie (R-KY)	 Rep. Frank Pallone (D-NJ)	 Rep. Frank Pallone (D-NJ)	 Rep. Brett Guthrie (R-KY)

House Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Ethics	 Rep. Michael Guest (R-MS)	 Rep. Mark DeSaulnier (D-CA)	 Rep. Mark DeSaulnier (D-CA)	 Rep. Michael Guest (R-MS)
Financial Services	 Rep. French Hill (R-AR)	 Rep. Maxine Waters (D-CA)	  Rep. Sean Casten (D-IL) Rep. Maxine Waters (D-CA)	 Rep. French Hill (R-AR)
Foreign Affairs	 Rep. Brian Mast (R-FL)	 Rep. Gregory Meeks (D-NY)	 Rep. Gregory Meeks (D-NY)	 Rep. Brian Mast (R-FL)

House Committee Leadership

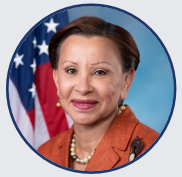
Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Homeland Security	 Rep. Andrew Garbarino (R-NY)	 Rep. Bennie Thompson (D-MS)	 Rep. Bennie Thompson (D-MS)	 Rep. Andrew Garbarino (R-NY)
House Administration	 Rep. Bryan Steil (R-WI)	 Rep. Joe Morelle (D-NY)	 Rep. Joe Morelle (D-NY)	  Rep. Laurel Lee (R-FL) Rep. Barry Loudermilk (R-GA)
Judiciary	 Rep. Jim Jordan (R-OH)	 Rep. Jamie Raskin (D-MD)	 Rep. Jamie Raskin (D-MD)	   Rep. Tom McClintock (R-CA) Rep. Scott Fitzgerald (R-WI) Rep. Laurel Lee (R-FL)

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House Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Natural Resources	 Rep. Bruce Westerman (R-AR)	 Rep. Jared Huffman (D-CA)	 Rep. Jared Huffman (D-CA)	  Rep. Pete Stauber (R-MN) Rep. Bruce Westerman (R-AR)
Oversight and Government Reform	 Rep. James Comer (R-KY)	 Rep. Jamie Raskin (D-MD)	 Rep. Robert Garcia (D-CA)	 Rep. Pat Fallon (R-TX)
Rules	 Rep. Virginia Foxx (R-NC)	 Rep. Jim McGovern (D-MA)	 Rep. Jim McGovern (D-MA)	  Rep. Michelle Fischbach (R-MN) Rep. Erin Houchin (R-IN)

House Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Science, Space, and Technology	 Rep. Brian Babin (R-TX)	 Rep. Zoe Lofgren (D-CA)	 Rep. Zoe Lofgren (D-CA)	 Rep. Brian Babin (R-TX)
Small Business	 Rep. Roger Williams (R-TX)	 Rep. Nydia Velázquez (D-NY)	  Rep. Sharice Davids (D-KS) Rep. Gil Cisneros (D-CA)	 Rep. Roger Williams (R-TX)
Transportation and Infrastructure	 Rep. Sam Graves (R-MO)	 Rep. Rick Larsen (D-WA)	 Rep. Rick Larsen (D-WA)	 Rep. Rick Crawford (R-AR)
Veterans' Affairs	 Rep. Mike Bost (R-IL)	 Rep. Mark Takano (D-CA)	 Rep. Mark Takano (D-CA)	  Rep. Mike Bost (R-IL) Rep. Jack Bergman (R-MI)

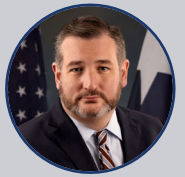
House Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Ways and Means	 Rep. Jason Smith (R-MO)	 Rep. Richard Neal (D-MA)	 Rep. Richard Neal (D-MA)	 Rep. Jason Smith (R-MO) Rep. Adrian Smith (R-NE) Rep. Darin LaHood (R-IL)
Permanent Select Committee on Intelligence	 Rep. Rick Crawford (R-AR)	 Rep. Jim Himes (D-CT)	 Rep. Jim Himes (D-CT)	 Rep. Rick Crawford (R-AR)
Select Committee on the Strategic Competition Between the U.S. and the Chinese Communist Party	 Rep. John Moolenaar (R-MI)	 Rep. Ro Khanna (D-CA)	 Rep. Ro Khanna (D-CA)	 Rep. John Moolenaar (R-MI)

Senate Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Aging	 Sen. Rick Scott (R-FL)	 Sen. Kirsten Gillibrand (D-NY)	 Sen. Kirsten Gillibrand (D-NY)	 Sen. Rick Scott (R-FL)
Agriculture, Nutrition, & Forestry	 Sen. John Boozman (R-AR)	 Sen. Amy Klobuchar (D-MN)	 Sen. Michael Bennet (D-CO)	 Sen. John Boozman (R-AR)
Appropriations	 Sen. Susan Collins (R-ME)	 Sen. Patty Murray (D-WA)	 Sen. Patty Murray (D-WA)	 Sen. Lisa Murkowski (R-AK)
Armed Services	 Sen. Roger Wicker (R-MS)	 Sen. Jack Reed (D-RI)	 Sen. Jack Reed (D-RI)	 Sen. Roger Wicker (R-MS)

Senate Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Banking, Housing, and Urban Development	 Sen. Tim Scott (R-SC)	 Sen. Elizabeth Warren (D-MA)	  Sen. Sherrod Brown (D-OH)* Sen. Elizabeth Warren (D-MA)	 Sen. Tim Scott (R-SC)
Budget	 Sen. Ron Johnson (R-WI)	 Sen. Jeff Merkley (D-OR)	 Sen. Jeff Merkley (D-OR)	 Sen. Chuck Grassley (R-IA)
Commerce, Science, and Transportation	 Sen. Ted Cruz (R-TX)	 Sen. Maria Cantwell (D-WA)	 Sen. Maria Cantwell (D-WA)	 Sen. Ted Cruz (R-TX)

* = Senator-elect Sherrod Brown (D-OH) may attempt to regain his former position as the Chair of the Banking Committee; he was Chair in the 118th Congress before losing re-election to his seat in November 2024.

Senate Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Energy and Natural Resources	 Sen. Mike Lee (R-UT)	 Sen. Martin Heinrich (D-NM)	 Sen. Martin Heinrich (D-NM)	 Sen. Dave McCormick (R-PA)
Environment and Public Works	 Sen. Shelley Moore Capito (R-WV)	 Sen. Sheldon Whitehouse (D-RI)	  Sen. Ed Markey (D-MA) Sen. Jeff Merkley (D-OR)	 Sen. Shelley Moore Capito (R-WV)
Ethics	 Sen. James Lankford (R-OK)	 Sen. Chris Coons (D-DE)	[TBD]	 Sen. James Lankford (R-OK)

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Senate Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Finance	 Sen. Mike Crapo (R-ID)	 Sen. Ron Wyden (D-OR)	 Sen. Ron Wyden (D-OR)	 Sen. Mike Crapo (R-ID)
Foreign Relations	 Sen. Jim Risch (R-ID)	 Sen. Jeanne Shaheen (D-NH)	 Sen. Chris Coons (D-DE)	 Sen. Jim Risch (R-ID)
Health, Education, Labor, & Pensions (HELP)	 Sen. Bill Cassidy (R-LA)	 Sen. Bernie Sanders (I-VT)	 Sen. Bernie Sanders (I-VT)	 Sen. Josh Hawley (R-MO)
Homeland Security and Government Affairs	 Sen. Rand Paul (R-KY)	 Sen. Gary Peters (D-MI)	 Sen. Maggie Hassan (D-NH)	 Sen. Rand Paul (R-KY)

Senate Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Indian Affairs	 Sen. Lisa Murkowski (R-AK)	 Sen. Brian Schatz (D-HI)	 Sen. Brian Schatz (D-HI)	  Sen. John Hoeven (R-ND) Sen. Mike Rounds (R-SD)
Intelligence	 Sen. Tom Cotton (R-AR)	 Sen. Mark Warner (D-VA)	 Sen. Mark Warner (D-VA)	 Sen. Tom Cotton (R-AR)
Judiciary	 Sen. Chuck Grassley (R-IA)	 Sen. Dick Durbin (D-IL)	 Sen. Sheldon Whitehouse (D-RI)	 Sen. Mike Lee (R-UT)

Senate Committee Leadership

Committee	119th Chair	119th Ranking Member	120th Chair	120th Ranking Member
Rules and Administration	 Sen. Mitch McConnell (R-KY)	 Sen. Alex Padilla (D-CA)	 Sen. Alex Padilla (D-CA)	 Sen. Deb Fischer (R-NE)
Small Business and Entrepreneurship	 Sen. Joni Ernst (R-IA)	 Sen. Ed Markey (D-MA)	 Sen. Ed Markey (D-MA)	 Sen. Todd Young (R-IN)
Veterans' Affairs	 Sen. Jerry Moran (R-KS)	 Sen. Richard Blumenthal (D-CT)	 Sen. Mazie Hirono (D-HI)	 Sen. Jerry Moran (R-KS)



What Is Historic/Notable About the 2026 Election?



- With House Democrats' victory this week, the House flipped for the fifth time since 2000 (2006, 2010, 2018, 2022, and 2026).
- The House only flipped party control eight times from 1900-2000. After the 1954 elections, the House did not flip control again for 40 years until the 1994 elections.
- When including the next two years, Democrats will have only controlled the House for 10 total years during the 21st century (2007-2011; 2019-2023; 2027-2029).
- Republicans controlled the House for 24 of the last 32 years, a feat they had last accomplished between 1895 and 1931.
- Democrats are projected to win the national popular House vote by 13%, which is the largest popular vote win for either party since the 1974 post-Watergate Democratic wave, when Democrats won by 16.6%.
- In Republicans' historic waves in 1994 and 2010, they won the popular vote by 6.8% and 6.6%, respectively.



What Is Historic/Notable About the 2026 Election?



- Senate Democrats' victory means control of the chamber has flipped for the seventh time in the 21st century (2001, 2002, 2006, 2014, 2021, 2024, and 2026).
- By comparison, the Senate only flipped 10 times from 1900-2000.
- Democrats won a South Carolina Senate race for the first time since 1998, a Texas Senate race for the first time since 1988, and a Kansas Senate race for the first time since 1932.
- Democrats have won the Senate races in North Carolina and Iowa for the first time since 2008. If Democrats win the Alaska Senate race, it would also be their first Senate win there since 2008.
- If Democrats win the Mississippi Senate race, it would be their first Senate win in the state since 1982.
- Democrats have flipped at least 5 Senate seats in states President Trump won by 10+ points in 2024, the most in over a century. Since 1926, the party out of power has never flipped more than 4 Senate seats in states won by the President by double digits.
  - If Democrats win Alaska and Mississippi, then Democrats will have won 7 such seats.

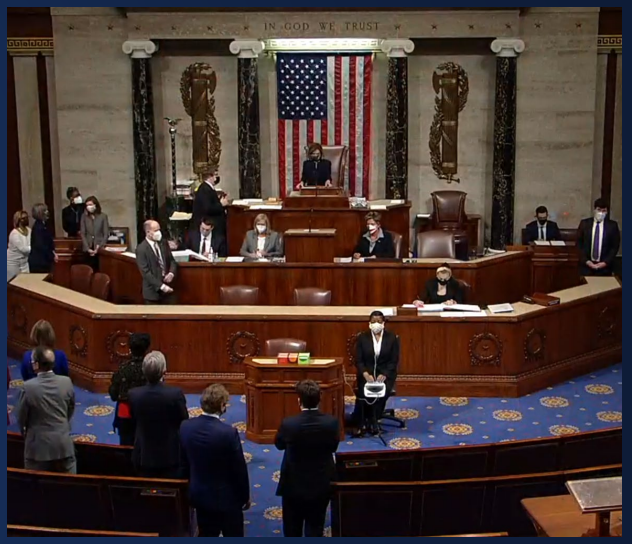


What Will Democrats Do With Congressional Majorities and a Trump Administration?

- Conduct vigorous and aggressive oversight over all aspects of the Trump Administration and corporate bad actors.
- Pursue policies that help Democrats win the White House and Congress in 2028.
- Contend with ideological gaps in their party between progressives and moderates and address generational gaps between older committee chairs and new lawmakers who delivered the majority.
- Determine how best to assert party discipline, even with healthy margins in the House.
- Determine what legislative compromises to reach with the congressional Republicans and the Trump Administration.
- Of note, this is the first time Democrats have controlled *both* chambers of Congress with President Trump in the White House.

Will Democrats Try to Impeach President Trump Again?

- **Renewed impeachment efforts are likely in the House, but a conviction in the Senate is much harder.** Some Democrats will press for action in the next Congress, especially given the large House majority. Of note, 133 current House Democrats cosponsored the articles of impeachment against President Trump in January 2021, and some have gone on the record indicating they could be open to another impeachment.
- **Democratic leadership is keeping its options open.** On October 21, Minority Leader Hakeem Jeffries reiterated that he has neither ruled impeachment in nor out, emphasizing that investigations should follow the facts and the Constitution.
- **Expect investigations first.** House Judiciary and Oversight Committee Democrats are preparing scrutiny of alleged corruption, Trump family business dealings, and administration actions; their findings could determine whether House Democratic leadership pursues impeachment.
- **Political considerations could temper momentum.** Democrats must balance demands for accountability and oversight of Trump against policy priorities on affordability and concerns that another impeachment would consume Congress while allowing Trump to portray himself as a political target.
- **Conviction and removal are unlikely.** While Democrats will control both chambers, they would need 67 votes for removal in the Senate, which is highly unlikely.



The House voting to impeach President Trump in January 2021.

Can a Divided Government Be Productive?



99th Congress (1985-1986)

- Democratic House, Republican Senate, Republican White House
  - 14 defense bills were passed, including the must-pass annual National Defense Authorization Act (NDAA)
  - 10 emergency or disaster relief bills were passed
  - 447 other bills were passed, including supplemental and continuing Appropriations packages
  - **471 total bills were enacted**

116th Congress (2019-2021)

- Democratic House, Republican Senate, Republican White House
  - Three defense bills were passed, including the must-pass annual National Defense Authorization Act (NDAA)
  - 23 emergency or disaster relief bills were passed
  - 318 other bills were passed, including full Appropriations
  - **344 total bills were enacted**

118th Congress (2023-2025)

- Republican House, Democratic Senate, Democratic White House
  - Three defense bills were passed, including the must-pass annual National Defense Authorization Act (NDAA)
  - Three emergency or disaster relief bills were passed
  - 269 other bills were passed, including full Appropriations for FY 2024 and continuing resolutions for FY 2025
  - **274 total bills were passed**

Of note, only **138** total bills have been passed and signed into law in the current 119th Congress during which Republicans have held a trifecta.

Can a Divided Government Be Productive?

- **Major legislation passed during divided governments:**
  - Gramm-Rudman-Hollings 1985 Deficit Control Act (99th Congress)
  - Tax Reform Act (99th Congress)
  - Budget Control Act of 2011 (112th Congress)
  - 2013 Violence Against Women Act Reauthorization (113th Congress)
  - Agriculture Reform, Food, and Jobs Act of 2013 (2014 farm bill) (113th Congress)
  - The Formerly Incarcerated Reenter Society Transformed Safely Transitioning Every Person (First Step) Act (115th Congress)
  - The Coronavirus Aid, Relief, and Economic Security (CARES) Act (116th Congress)
  - FAA Reauthorization Act of 2024 (118th Congress)
  - Fiscal Responsibility Act (118th Congress)



Former President Ronald Reagan, president during the 99th congressional session.

Plenty of New Faces in the 120th Congress

- There will be approximately 105-115 new House members in the 120th Congress. This is the most turnover Congress has had since there were 108 new House members in early 1993 for the 103rd Congress.
- There will be 16-18 new Senators in the 120th Congress. This will be the most turnover the Senate has seen since 2011, when there were 16 new Senators. Before that, the most newcomers was in 1981, with 17.
- A record 73 incumbents did not appear on the general election ballot, including 60 in the House and 13 in the Senate – more incumbents than any cycle in the past 50 years besides 1992.
- Texas will have the most turnover of any state, with 14 new House Members out of 38, and one new Senator.
  - Nine Members did not seek reelection and four lost their reelection, though three of these four lost in their primaries.
- This will similarly affect committee memberships, as many committees will likely see significant member turnover.



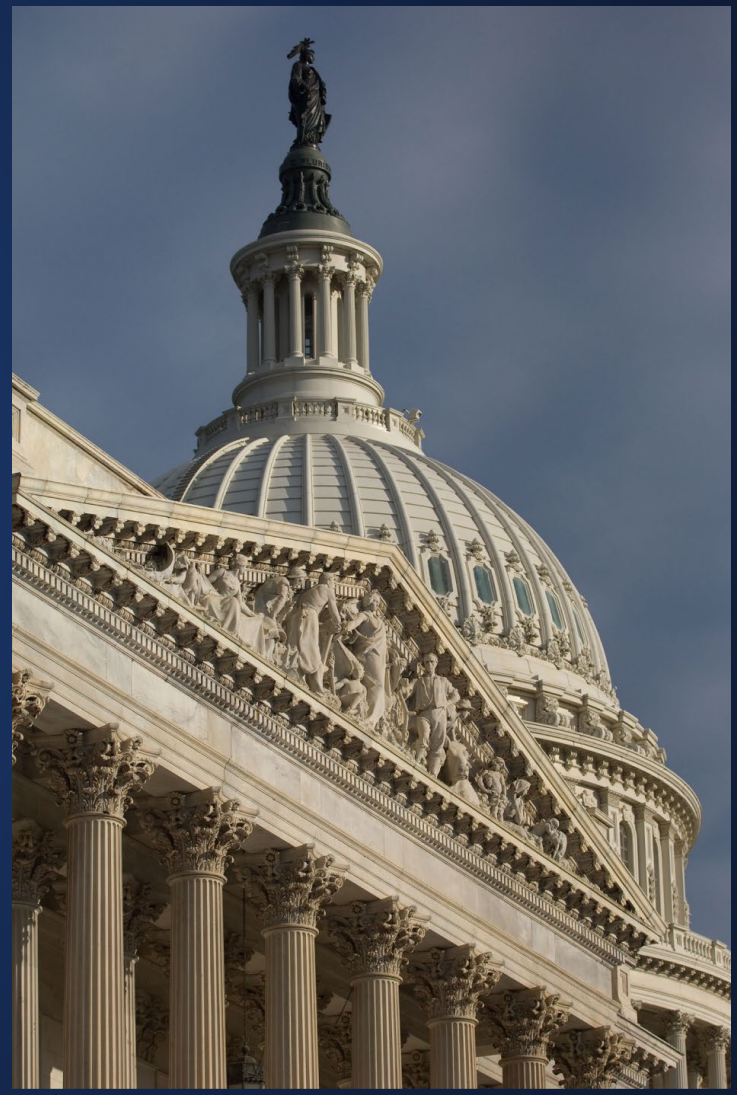
A Younger, Less Experienced Congress

- Of the 105-115 incoming freshman members of Congress, at least 34 have not held public office before.
- Several long-serving members either retired, lost their primary race, or lost the general election, including 14-term Rep. John Larson (D-CT), 15-term Rep. Diana DeGette (D-CO), 9-term Rep. Rob Wittman (R-VA), 4-term Sen. John Cornyn (R-TX), and 5-term Sen. Susan Collins (R-ME).
- Democratic voters used the primary elections to replace older, more moderate incumbents with younger, more progressive candidates, while Republican voters replaced some traditional conservatives with MAGA hardliners.
- While Congress will be younger and less experienced, many Democratic committee Chairs will be older and very experienced in contrast due to House Democrats not having term limits for their committee leaders.
- Approximately one-third of the incoming 120th Congress will have served in Congress before President Trump was first elected in 2016. This includes 28% of the House and 55% of the Senate.
- Thus, two-thirds of Members only know Washington and congressional operations in the Trump era.



How Many Former House Members Serve in the Senate?

- In the current 119th Congress, **44** senators were previously House members.
- House members elected to the Senate in recent years:
  - 2026: six House members elected to the Senate [not including potentially former Rep. Mary Peltola (R-AK)]
  - 2024: seven House members elected to the Senate
  - 2022: three House members elected to the Senate
  - 2020: just two House members elected to the Senate
- We have heard from multiple Senators-elect who are current House members that they want to see improved collaboration between House members and Senators, especially considering many Senators are former House members and have institutional knowledge of both chambers.
- This could be especially important during a period of divided government.



How Will the Election Results Impact the Cabinet?

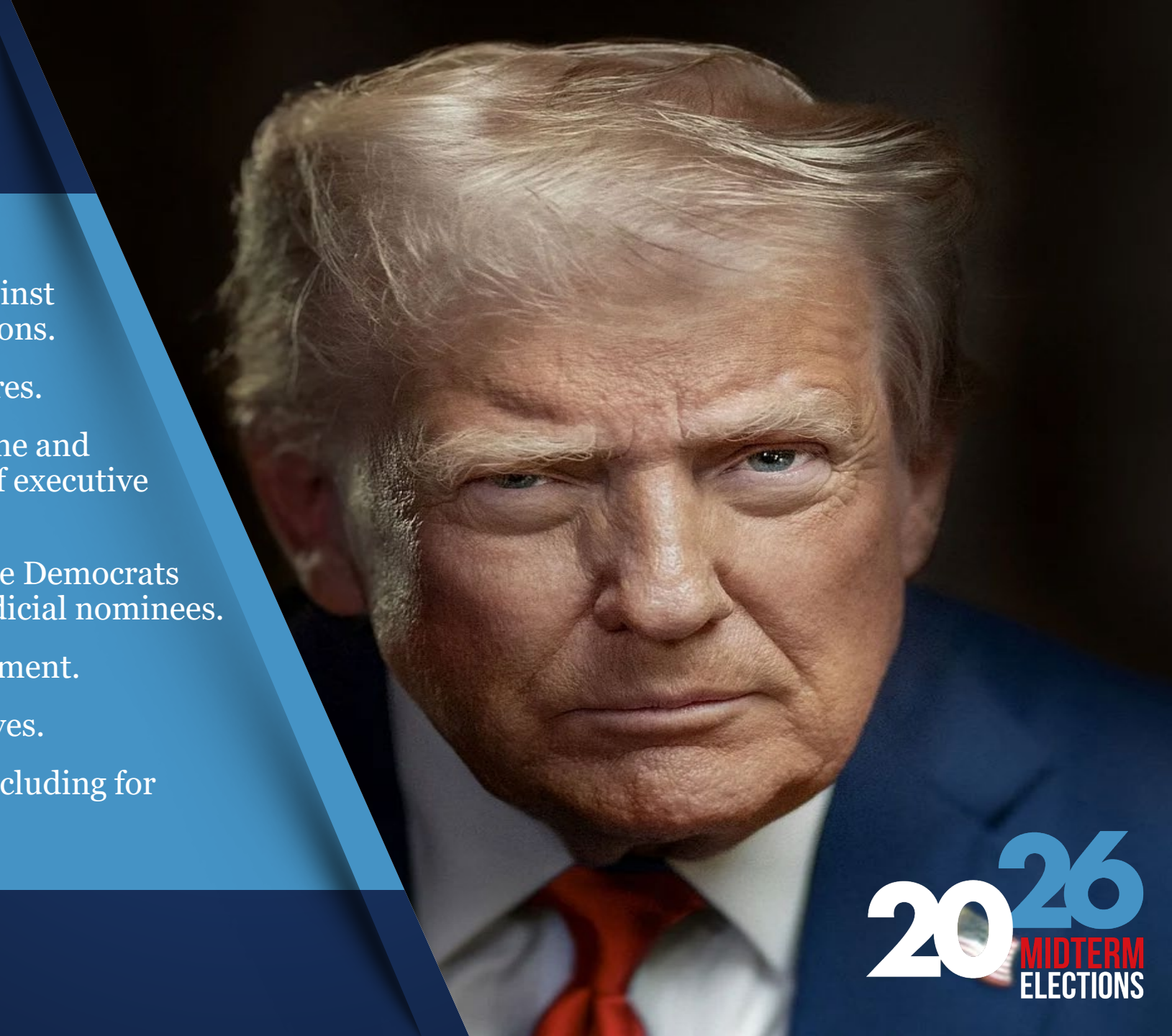
- Republicans will no longer control the Senate in the next Congress so President Trump may have to appoint *acting* Cabinet secretaries in many cases.
- Acting secretaries and other officials do not require formal Senate confirmation.
- Under the Federal Vacancies Reform Act, an acting Cabinet secretary can serve for 210 days after the position becomes vacant.
  - If the first nomination for the office is rejected by the Senate, the person may continue to serve as the acting officer for no more than 210 days after the date of such rejection.
  - This is also the case if a second nomination is rejected.
  - The same acting secretary may serve in the role for these two consecutive 210-day periods.
- The first Trump Administration had multiple acting secretaries, especially during its final two years.
- If President Trump wants to have any Cabinet secretaries formally confirmed, he will need to nominate more moderate officials to be able to win enough votes from moderate or centrist Democratic senators.



Trump Administration Priorities

Top Priorities for 2027-2028:

- Defend his administration and family against House and Senate Democratic investigations.
- Continue to advance deregulation measures.
- Utilize executive actions at a higher volume and frequency; may issue a historic number of executive orders over the next two years.
- Test potential for compromise with Senate Democrats to advance certain administration and judicial nominees.
- Maintain aggressive immigration enforcement.
- Pursue additional trade and tariff initiatives.
- Expand affordability executive actions, including for healthcare and drug pricing.



2026 MIDTERM ELECTIONS

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2028 Republican White House Frontrunners

- President Trump is term-limited and cannot run in 2028.
- Vice President JD Vance was the Republican Presidential frontrunner but the 2026 results may deflate that perception. Secretary of State Marco Rubio is seen as the next most viable candidate currently serving in the Trump Administration.
- Other key Republican figures, including federal officials, state governors, and U.S. Senators, may also have realistic possibilities of contending for the nomination.
- Potential candidates are listed in alphabetical order:



Sen. Tom Cotton – AR



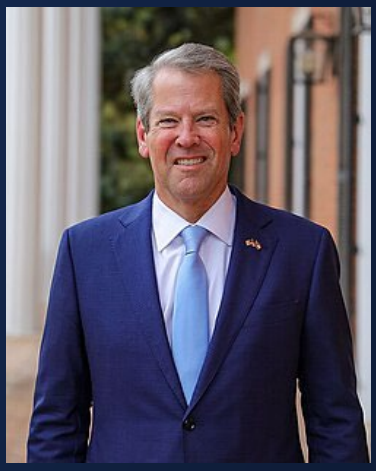
Sen. Ted Cruz – TX



Ron DeSantis – FL Gov.

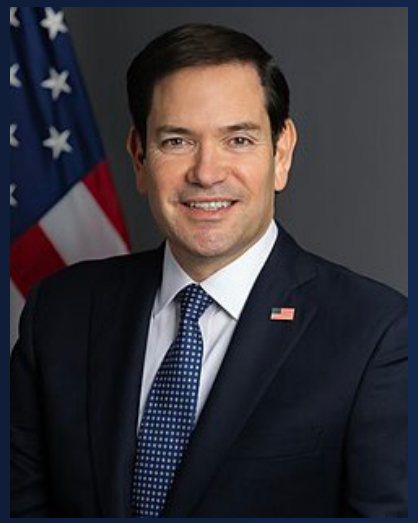


Sen. Josh Hawley – MO

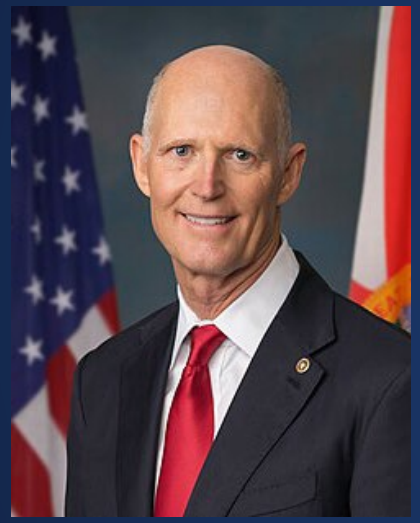


Brian Kemp – GA Gov.

2028 Republican White House Frontrunners



Marco Rubio –
Secretary of State



Sen. Rick Scott – FL



Sen. Tim Scott – SC



JD Vance –
Vice President



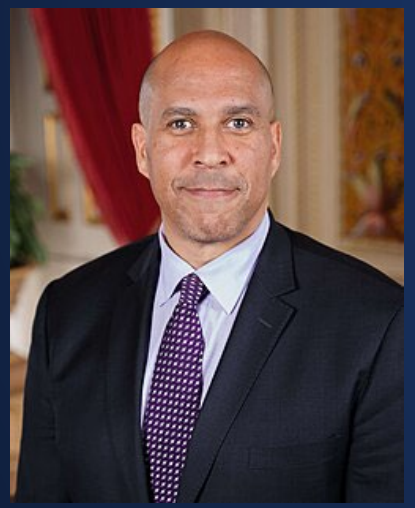
Glenn Youngkin –
Former VA Gov.

2028 Democratic White House Frontrunners

- Democrats seek new standard-bearers after losing four of seven Presidential races in the 21st century, including two of the last three.
- Baby Boomers like Joe Biden and Donald Trump will give way to a new younger generation of candidates.
- A deep bench of Democratic Governors, Senators, and former Cabinet members are considering a run and Democratic success in 2026 elections make a large 2028 Presidential race even more likely.
- Potential candidates are listed in alphabetical order.



Andy Beshear – KY Gov.



Sen. Cory Booker – NJ



Former Transportation Secretary Pete Buttigieg – MI



Sen. Ruben Gallego – AZ



Former Vice President Kamala Harris



Sen. Mark Kelly – AZ

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2028 Democratic White House Frontrunners



Wes Moore – MD Gov.



Sen. Chris Murphy – CT



Gavin Newsom – CA Gov.



Rep. Alexandria Ocasio-Cortez – NY



Sen. Jon Ossoff – GA



JB Pritzker – IL Gov.



Josh Shapiro – PA Gov.



Sen. Elissa Slotkin – MI



Sen. Raphael Warnock – GA



Gretchen Whitmer – MI Gov.

Previewing the 2028 House Elections

- All 435 U.S. House seats are up for re-election again in 2028.
- While House Democrats will head into the 2028 election with a large majority, many of the seats that swept them into the majority are still red-leaning seats.
- Republicans were expected to gain 9-10 net seats in the 2025-2026 redistricting cycle, but they only won one of those expected seats in 2026. While there are fewer redistricting opportunities for them ahead of 2028, they are expected to try to gain a few more seats in select states.
- Some of the seats Republicans redistricted in 2026 that Democrats held onto could flip to Republicans in a presidential election year in 2028.
- Democrats were only able to successfully redistrict in California ahead of the 2026 elections, but they are expected to draw more blue-leaning congressional maps ahead of 2028 in states such as Colorado, Washington state, Oregon, New York, New Jersey, Virginia, and Maryland, especially after their momentum from the 2026 midterms.



Previewing the 2028 Senate Elections



- 34 Senate seats are up in 2028 – 18 held by Republicans and 16 by Democrats.
- Democrats will likely be able to contest competitive elections for the following Republican-held seats: North Carolina, Wisconsin, and potentially Iowa.
- Republicans will likely be able to contest competitive elections for the following Democratic-held seats: Ohio, Nevada, Arizona, Georgia, and Pennsylvania.
- States where the 2024 *Presidential* election was won with less than 56% of the vote include:

Red text indicates a state won by Republicans by less than 56% of the vote.

Blue text indicates a state won by Democrats by less than 56% of the vote.

Republican	Democratic
• AK – Lisa Murkowski • IA – Chuck Grassley • WI – Ron Johnson • NC – Ted Budd	• OH – Sherrod Brown • NV – Catherine Cortez Masto • AZ – Mark Kelly • GA – Raphael Warnock • PA – John Fetterman • CO – Michael Bennet • IL – Tammy Duckworth • NH – Maggie Hassan • OR – Ron Wyden

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Emily Crawford



Mikayla Marcum

Arnold&Porter

Artificial Intelligence (AI)

Arnold&Porter



Key Takeaways

- AI cybersecurity incidents, concern about job loss and discriminatory models, dire warnings from industry leaders, and opposition to new data center construction have quickly made the regulation of AI a matter of public concern, but consensus on which problems to solve and how to address them will require debate and time to develop.
- There remain large differences between congressional Democrats and the President on broad AI regulation, meaning any AI legislation that passes and is signed into law is likely to be more narrowly tailored to specific areas of agreement, such as regulating or restricting AI chatbots to promote kids' online safety.
- With a unified Democratic Congress, members are likely to broadly focus on preventing concentration of wealth and power due to AI, holding various hearings and introducing new legislation related to data centers, worker displacement, automated decision-making, and advanced AI models.
- Democrats have positioned themselves as the party ready to regulate AI and technology companies; however, like on many issues, a gap has emerged between the moderate and progressive wings of the party.
  - Moderates continue to say they are pro-development and want to regulate in a way that allows companies to continue to innovate.
  - Progressives have made antitechnology rhetoric a key part of their election strategy and are advocating for various moratoriums, most notably on data center construction.
- With additional Democratic wins in governors' races and state legislatures, expect a patchwork of state action on AI that may ultimately influence further congressional action, including potential agreement on data center restrictions and/or a light touch on frontier safety.



119th Congress Lame Duck



- There is mounting pressure from the public and from advanced AI labs to regulate AI. Short of another high-profile incident of AI agents breaking out of testing environments and causing actual harm, Congress is unlikely to act.
- Thus far, members have issued mixed messages on how to handle regulating AI with little consensus on what, if anything, needs to be passed.
- Any lame duck bill is extremely unlikely to pass without the support of the White House and Republican leadership. The President has expressed skepticism, and the Speaker of the House has declared the industry is right now too little understood by Congress to write laws governing the sector.
- Other specific regulatory areas with bipartisan support that may make progress include AI companions/chatbots and kids' online safety.
  - The Kids' Online Safety Act (KOSA) (S. 1748) continues to have a difficult path forward over disagreements on the "duty of care" provisions. House Republicans may be more willing to make compromises on their version of the bill, included in the KIDS Act (H.R. 7757), prior to losing control of the chamber in January. Notably, the House-passed version did receive significant support from Democrats, signaling interparty disagreements over the bill lessening the likelihood of passage during the lame duck. (*See Technology section for further information on KOSA progress.)*
- China hawks from both parties will likely try to insert amendments restricting AI chip exports into the yearly must-pass National Defense Authorization Act (NDAA). (*See Defense and Foreign Affairs section for further information on NDAA progress.)*

Administration Action



- The Trump Administration remains firmly pro-development, treating AI dominance as a national security and economic imperative, even as public opinion shifts on data centers and AI more broadly.
- Losing control of the House and Senate lessens the likelihood of any state preemption laws being enacted. As such, President Trump may become more aggressive in challenging state AI laws with the Department of Justice's (DOJ) AI Litigation Taskforce established in the Executive Order on Ensuring a National Policy Framework for Artificial Intelligence (EO 14365).
- At seeming odds with the administration's posture towards regulation, new, extremely advanced AI models, such as Anthropic's Mythos and Fable 5, have resulted in the Department of Commerce taking a decidedly hands-on approach to temporarily shut down these models. The department may use different authorities like export controls to force AI companies to slow down public access to advanced models, which, in turn, may better advance the case for policymaking rather than ad hoc regulatory action.
- President Trump is also facing increased pressure to work towards a treaty/agreement with Chinese President Xi Jinping on AI. While early talks have resulted in little progress, President Trump may view an agreement as a legacy item, so long as there are not new strict regulations involved, through two years does not offer much time.
- The administration may re-examine banning certain Chinese open-weight AI models from the U.S. market due to accusations of unlawful adversarial distillation. A wholesale ban is unlikely because Chinese open-weight models are far cheaper than U.S. equivalents, and there is significant U.S. tech industry pushback.
- Conversely, the administration will have to implement its new AI Diffusion Rule after President Trump rolled back many of the Biden Administration's advanced AI chip export controls.



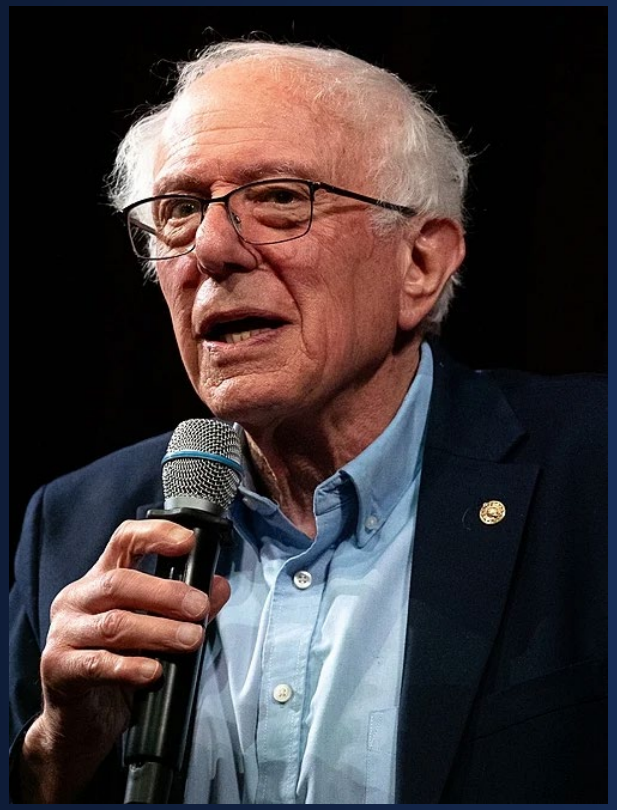
Action in the 120th Congress – Congressional Democratic Priorities



Sen. Maria Cantwell (D-WA)

- With control of both chambers, Democrats are likely to use their new authority to conduct oversight on past administration actions related to AI and push for policies that are in alignment with growing negative sentiment on AI.
- Look for messaging bills and oversight hearings on AI data centers to force President Trump into an unpopular position and to expose the hidden costs of data center development. For example, incoming House Energy and Commerce Committee Chairman Frank Pallone (D-NJ) has previously backed a construction pause, though a signed law remains unlikely given the President's support for data centers.
- Some House Democrats have pushed for a select committee on AI, modeled on the 118th Congress task force, but with broader jurisdiction and subpoena power. Reps. Ted Lieu (D-CA) and Bill Foster (D-IL) have been driving the effort, having already had talks with presumptive Speaker of the House Hakeem Jeffries (D-NY).
- With Sen. Maria Cantwell (D-WA) taking over the gavel on the Senate Commerce Committee, look for her to introduce and advance legislation in line with her framework on artificial intelligence policy.
- Rep. Lori Trahan (D-MA), a key voice in House Democratic AI policy conversations, will also likely formally introduce her bill, the Clear Liability for Artificial Intelligence Misconduct (CLAIM) Act. She released a discussion draft of the legislation in October 2026.

Congressional Democratic Priorities Continued

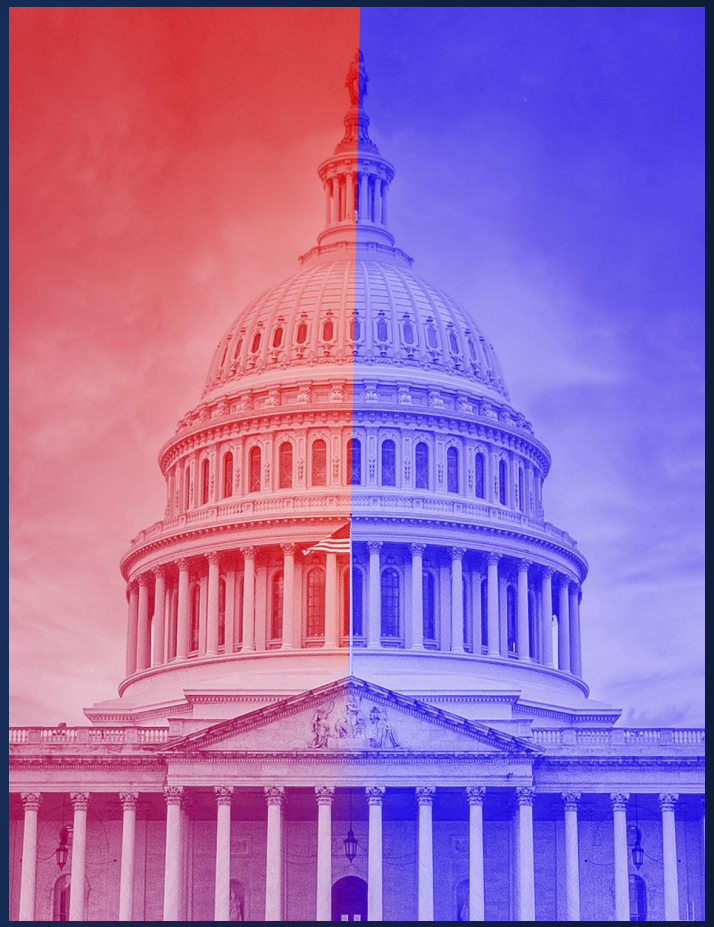


Sen. Bernie Sanders (I-VT)

- Progressives will keep pushing for more restrictive AI policies. For example, Sen. Bernie Sanders (I-VT) has introduced legislation that would give the public 50% ownership of large AI companies (American A.I. Sovereign Wealth Fund Act) (S. 4825) and pause advanced AI development (Ban Artificial Superintelligence Act) (S. 5493).
- Rep. Gregory Meeks (D-NY) and Sen. Elizabeth Warren (D-MA) may use the House Foreign Affairs Committee and Senate Banking, Housing, and Urban Affairs Committee gavels, respectively, to press the Trump Administration on its advanced chip export license deals with private companies and its frontier-model evaluation process, backed by hearings, depositions, and inquiry letters.
- A unified Democratic Congress would likely prioritize legislation to prohibit or disapprove of the Centers for Medicare & Medicaid Services (CMS) Wasteful and Inappropriate Service Reduction (WISeR) model and to restrict AI-assisted coverage decisions. The 120th Congress will push more aggressive consumer protections related to AI, with House measures seeking to specifically address health-AI workforce training, privacy, bias, and algorithmic transparency. (*See Healthcare section for further information on CMS's WISeR.)*
- Without substantial bipartisan support to override a presidential veto, these efforts would ultimately fail.

Action in the 120th Congress – Areas of Bipartisan Traction

- If no progress is made on AI companions/chatbots and kids' online safety during the lame duck session, members like Sens. Josh Hawley (R-MO) and Richard Blumenthal (D-CT) are likely to reintroduce past proposals and push for new regulations.
  - With Sen. Marsha Blackburn (R-TN) departing, Sen. Hawley could be the next Republican leader to push for KOSA. Sen. Blumenthal, the lead Democratic senator on the bill, was not up for reelection and will remain a champion for the legislation.
  - Also look for Sen. Ted Cruz (R-TX) to reintroduce his CHATBOT Act (S. 4407) during the 120th Congress.
- Democrats and China hawk Republicans will keep pushing to close AI export loopholes, likely via the NDAA or an appropriations vehicle.
- The broader question around Democratic goals to govern or posture will play out in the AI policy space, as well. If governing wins, agreements related to the FRONTIER Act and data center restrictions could be found.
- Questions around copyright and intellectual property (IP) protections will continue to work through the courts.
  - The NO FAKES Act (S. 4591) advanced out of the Senate Judiciary Committee by unanimous voice vote in June of this year and now awaits floor action, giving Democrats a concrete legislative vehicle to pair with their broader push to support individual creatives against big tech.
  - Democrats are likely to oppose the Trump Administration's pro-AI position and are eager to support individual creatives in their fight against big tech. Key Democrats, such as Rep. Jamie Raskin (D-MD), the likely chairman of the House Judiciary Committee, have acknowledged that the current law is outdated and AI supercharges many of the problems the internet has already exposed.



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Education

Arnold & Porter



Key Takeaways

Unified control. Democrats will hold the gavels and the appropriations pen for the first time since the administration's education overhaul began, but the Senate's 60-vote threshold and the President's veto will limit efforts to reverse its actions.

House. With an unprecedented number of new members, Rep. Bobby Scott (D-VA) will seek to lead the House Education and Workforce Committee, likely renamed Education and Labor, against challenges from Reps. Jahana Hayes (D-CT) and Suzanne Bonamici (D-OR). Whoever wins will prioritize oversight of the dismantling of the Department of Education (ED), and affordability issues, including labor, child care, and the cost of college.

Senate. Sen. Bernie Sanders (I-VT) will chair the Senate Health, Education, Labor, and Pensions (HELP) Committee, focusing on a working-class economic agenda that includes heavy ED oversight, labor protections, free public college, universal child care, and job displacement protections from artificial intelligence (AI).

Funding. Despite initial messaging bills, Democrats will rely on appropriations riders, rather than new legislation, to restore education and workforce funding and push back on grant and research terminations.



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119th Congress Lame Duck

- **FY 2027 appropriations.** As Democrats prepare to take control of both chambers, they gain leverage over the year-end spending package, which must resolve the House proposal to cut ED funding by roughly 10% and close a projected Pell Grant shortfall of roughly $17 billion before the continuing resolution expires December 11. Democrats will push for higher funding for child care, K-12, higher education, workforce programs, and research accounts, along with stronger guardrails against ED's dismantling.
- **Other year-end priorities.** Several measures could ride on a year-end package as outgoing HELP Committee Chairman Bill Cassidy (R-LA) pushes for legacy items and House Republicans seek trades for their own priorities. The College Transparency Act, which House Republicans have long blocked, is one likely bargaining chip.



Science of Reading Act
H.R. 7890

READ Act
S. 4689/H.R. 10031

21st Century Dyslexia Act
S. 3010

College Transparency Act
S. 2511

DETERRENT Act
H.R. 1048/S. 1296

No Aid for Ghost Students Act
H.R. 7892/S. 4428

Bundled Services Codification
Title IV incentive compensation



119th Congress Lame Duck

Kids' online safety. Momentum is building behind kids' online safety and chatbot legislation. The Kids Online Safety Act (KOSA) (H.R. 7757/S. 1748) remains the central vehicle, while chatbot bills are more fragmented. The CHATBOT Act (S. 4407), sponsored by Senate Commerce Committee Chairman Ted Cruz (R-TX), has cleared the committee and could move during the lame duck session. *See the Technology and Artificial Intelligence sections for more on KOSA and chatbot legislation.*

College athletics. Senate passage of the Protect College Sports Act (PCSA) (S. 4668) in September generated real momentum. PCSA would create a federal framework with a revenue-sharing cap, preempt conflicting state laws on name, image, and likeness (NIL) and transfer eligibility, and grant conferences a limited antitrust exemption for media-rights pooling.
The outgoing Republican majorities have an incentive to finish the bill before January, since labor groups and Title IX and civil rights advocates will carry more weight in a Democratic Congress. Sen. Cruz expects the House to move quickly, and the President has signaled support. If the bill stalls, Democratic leaders in the 120th Congress will likely demand Title IX equity and employee-status changes as the price of floor time, even with Sen. Maria Cantwell (D-WA), the lead Democratic sponsor, chairing the Commerce Committee.

Administration Action



Higher Education Agenda

The administration will work to keep shrinking ED and shifting its functions to other agencies, including by standing up the Office of Federal Student Aid as a stand-alone bureau, while prioritizing workforce programs and using accreditation and grant rules as levers that need no congressional buy-in. ED will take one more pass at Title IV regulations through a "Christmas tree" negotiated rulemaking in 2027, and fraud enforcement will intensify, as the Department of the Treasury's October announcement of $270 million in suspicious activity shows.

Civil Rights and Title IX

ED's Office for Civil Rights will keep using investigations to press states, districts, and institutions on diversity, equity, and inclusion (DEI) and gender, likely focusing on Democratic-led states ahead of the 2028 election. ED finalized its Title IX rule on September 29, restoring the 2020 framework with minor revisions, and plans further rulemaking to align the regulatory definition of sex with the Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government Executive Order (EO 14168).

Institutional Commitments

Education Secretary Linda McMahon's August 3 letter asked every postsecondary institution to publish, by the end of 2026, a statement of its commitments on admissions transparency, free speech, intellectual pluralism, affordability, academic rigor, foreign influence, and national workforce and security priorities. ED says the effort carries no grades, funding incentives, or penalties and stands apart from accreditation review, but stakeholders remain skeptical, and we expect continued pressure through the deadline.

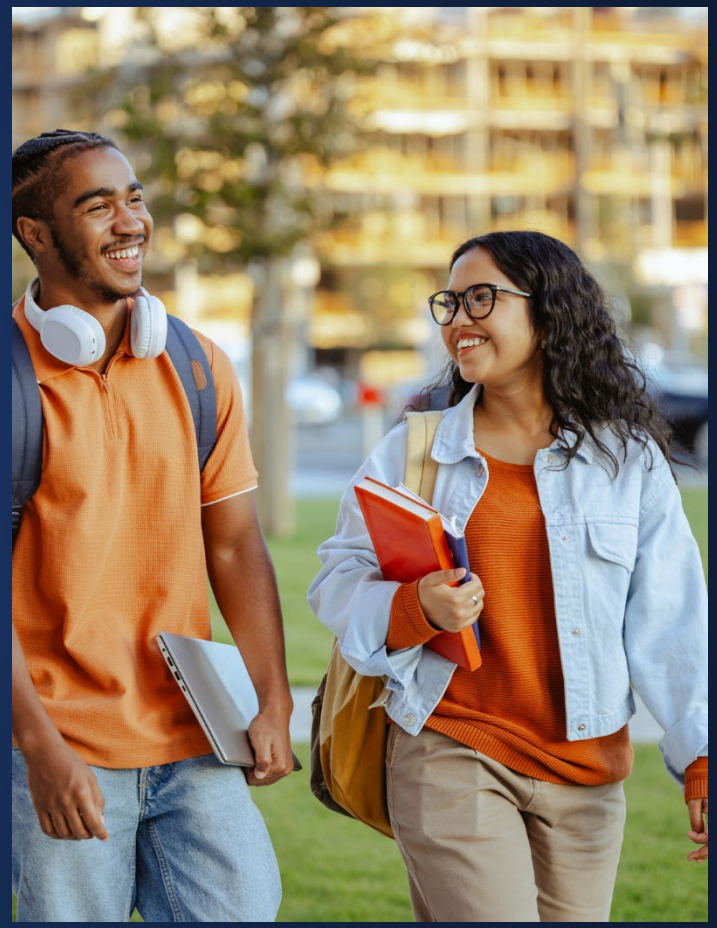
Administration Action

- **Education technology.** Agencies are taking different approaches to tech in the classroom. The Federal Communications Commission will likely finalize a proposed rule that considers curbing classroom screen time and could scale back or end the E-Rate program, which helps schools pay for connectivity. ED, by contrast, will likely build on its August Dear Colleague Letter, which encouraged responsible classroom use of technology and AI.
- **K-12 flexibility and school choice.** ED will keep granting state waivers from Elementary and Secondary Education Act regulations. The Educational Choice for Children Act's federal scholarship tax credit takes effect in January; more than two dozen states, nearly all Republican-led, have opted in, while Colorado and New York are the only states to join while under Democratic leadership thus far.
  - Unified Democratic control will not change implementation directly, but we expect the party's base to pressure Democratic governors against opting in, even as some weigh the cost of leaving federal dollars on the table and question the draft regulations. With so many Democratic gubernatorial victories, some states may reverse course.
- **Child care deregulation.** The Administration for Children and Families (ACF) appears poised to finalize its rule on "Reducing Federal Burden for Head Start Programs" and to propose further deregulation of the Child Care and Development Block Grant (CCDBG) as soon as November. Democrats will try to block both through reauthorization, appropriations directives, or litigation.
  - Additionally, as Vice President Vance looks to secure the party nomination for President, he may continue messaging around expansion of CCDBG eligibility to married couples with a stay-at-home parent.



Congressional Action in the 120th Congress

- **Oversight of ED.** Democrats will use their gavels to investigate the administration's Interagency Agreements (IAAs) and its spending, or withholding, of congressionally appropriated funds, and may pursue litigation. Congress could pass legislation such as Sen. Tim Kaine's (D-VA) bipartisan bill to block certain transfers, but a likely veto leaves appropriations riders, hearings, and legal action as the main tools for constraining ED's dismantling.
- **Appropriations.** Democrats will chair both Appropriations Committees, and we expect greater investment in key education programs to advance their affordability agenda. Democrats will prioritize stabilizing Pell Grant funding without the eligibility or cost-control conditions Republicans have proposed; seek increases for the National Institutes of Health, National Science Foundation, and other research accounts; preserve negotiated indirect cost rates; and prohibit political determinations in grantmaking.
- **Civil rights.** Democrats will scrutinize the Internal Revenue Service proposal affecting private schools' tax-exempt status, ED's removal of disparate-impact liability under Title VI, and ED's civil rights enforcement partnership with the Department of Justice and could investigate entities that eliminated DEI programs under federal pressure. The lack of enforcement by ED in investigating racial and other discrimination on campuses will be a focus.
  - Campus antisemitism may remain a narrower area for bipartisan work, including the Jewish American Security Act (S. 4576/H.R. 9211) and the newly formed bipartisan Combating Antisemitism on College Campuses Caucus.
  - Committee Democrats also will study the impact of Immigration and Customs Enforcement raids on school campuses.



Congressional Action in the 120th Congress

- **Student loans.** Addressing student loan debt and struggling borrowers is a key piece of Democrats' affordability agenda. They will use hearings and legislation to challenge implementation of the Reimagining and Improving Student Education (RISE) rule, focusing on broadening the professional degree definition and raising loan caps. Even if broad Senate support is secured, bills reversing administration policy outright remain vulnerable to a veto, so we expect narrower measures, such as limits on Social Security garnishment and lower interest rates, along with close oversight of loan servicing, preferred lender lists, and the use of servicing funds from the Working Families Tax Cuts Act (WFTCA) (Pub. L. 119-21). Rep. Scott's Lowering Obstacles to Achievement Now (LOAN) Act (H.R. 4862) will continue to be the vehicle, but with updates made to reflect WFTCA changes.
  - Bipartisan bills addressing private lending and loan gaps also may advance, including the State-Based Education Loan Awareness Act (S. 4097), which the HELP Committee advanced 20-2, and the Student Loan Bond Expansion Act (S. 3761), which would expand state-based nonprofit lenders' capacity to offer lower-rate loans.
- **Accreditation.** Democrats will oversee ED's implementation of the Accreditation, Innovation, and Modernization rule, which eases changes of accreditors and lowers barriers for new accrediting agencies. Legislative reversal would face a likely veto, but litigation could arise before implementation next summer.
- **Research security.** Democrats support protecting federally funded research, but if the DETERRENT Act (H.R. 1048/S. 1296) does not pass during the lame duck session, substantial Democratic opposition to the House-passed bill will create a difficult path.
- **International students.** Democrats will press the Department of Homeland Security on the proposed Optional Practical Training fees, which would fall on institutions rather than students or employers, and on their consequences for graduate enrollment and the research workforce. Unless Big Tech continues to weigh in, the Trump Administration is unlikely to change its posture against the enrollment of international students.





Congressional Action in the 120th Congress

K-12 policy. The Transforming Education for the Future Act (H.R. 10421) from Rep. Suzanne Bonamici (D-OR) sets the marker for Democrats' K-12 agenda, tripling Title I funding, funding special education grants at long-promised levels, expanding universal pre-K and school meals, and reducing unnecessary testing. The bill also prioritizes science of reading instruction, and falling literacy rates have built bipartisan support for the Science of Reading Act (H.R. 7890) and the READ Act (S. 4689/H.R. 10031). If they do not pass during the lame duck session, we expect sponsors to reintroduce both, though the departure of Sen. Bill Cassidy (R-LA) may slow momentum. Rep. Scott's Rebuild America's Schools Act (RASA) (H.R. 7340) to reinvest in K-12 physical and technical infrastructure will resurface and gain momentum.

Education technology and AI. AI literacy gained bipartisan support during the 119th Congress, but disagreement over the federal role has blocked significant legislation creating new programs or funding. Democrats will cite AI's growing role in classrooms to criticize the administration's cuts to the Institute of Education Sciences and its closure of the Office of Educational Technology. Rep. Bonamici's Artificial Intelligence Education and Workforce Readiness Act (H.R. 10515) offers the Democratic framework, pairing classroom safeguards with educator training.

Both Bonamici bills have only Democratic cosponsors, so her efforts to secure Republican support would signal a broader opening to move K-12 and AI legislation.

Congressional Action in the 120th Congress

- **Child Care.** Democrats will make child care a centerpiece of their cost-of-living agenda, including oversight of private equity's role in the sector, similar to their scrutiny of healthcare and housing. Funding for
  - Part of the caucus favors universal child care, complicating consensus on a broad package. Democrat-only bills, such as the Child Care for Working Families Act (CCWFA, H.R. 4418/S. 2295) and the Child Care for Every Community Act (H.R. 5658/S. 2939), will shape the debate, but the 60-vote Senate threshold may mean bipartisan bills such as the Child Care Modernization Act (H.R. 9224/S. 2828) are more likely to succeed.
- **Committee leadership.** If Rep. Jahana Hayes (D-CT) or Rep. Bonamici unseat Ranking Member Bobby Scott (D-VA), the committee will likely focus more heavily on child care and K-12 education.
  - The former National Teacher of the Year, Rep. Hayes, has sponsored or cosponsored several child care bills, including the Head Start Improvement and Expansion Act (H.R. 9958) and the Creating Early Childhood Leaders Act (H.R. 8859/S. 4190). If she and Sen. Bernie Sanders (I-VT) hold the gavels, her bill and his Head Start for America's Children Act (S. 2819/H.R. 7637) could merge into a more robust reauthorization push.
  - Rep. Bonamici, the top Democrat on the K-12 subcommittee and co-chair of the Congressional Pre-K and Child Care Caucus, has released sweeping K-12 (H.R. 10421) and AI (H.R. 10515) packages, and her pledge to serve only two terms as chair may appeal to committee members. She offers serious competition in the race.
  - If Rep. Scott remains the top Democrat, he will pursue a strong affordability agenda built on the CCWF and LOAN Acts, while continuing to advance RASA and focus heavily on labor and the workforce, including through Raise the Wage (H.R. 2743/S. 1332), Protecting the Right to Organize (PRO, H.R. 20/S. 852), and worker safety legislation (H.R. 6597).

Race for the Gavel



Rep. Bobby Scott (D-VA)
Current ranking member



Rep. Suzanne Bonamici (D-OR)
Challenger; co-chair, Congressional Pre-K and Child Care Caucus



Rep. Jahana Hayes (D-CT)
Challenger

Congressional Action in the 120th Congress

Workforce

- **WIOA reauthorization.** While labor and workforce issues will take center stage, Congress will likely revisit a Workforce Innovation and Opportunity Act (WIOA) reauthorization package similar to A Stronger Workforce for America Act (H.R. 6655) from the 118th Congress, with Democrats adding guardrails against IAAs aimed at dismantling ED.
  - House Education and Workforce Committee Republicans introduced a partisan version in the 119th Congress, A Stronger Workforce for America Act of 2026 (H.R. 8210), which Rep. Scott criticized for codifying a 4% cut to authorized WIOA funding and moving Adult Education and Family Literacy programs from ED to the Department of Labor.
- **AI and the workforce.** Incoming HELP Committee Chairman Sanders, a leading progressive skeptic of rapidly advancing AI, will focus on preventing AI-driven job displacement. The AI skills gap and the creation of Workforce Pell under WFTCA also could broaden the next WIOA package.
  - Rep. Bonamici's Artificial Intelligence Education and Workforce Readiness Act (H.R. 10515) would direct a national AI workforce strategy and state implementation plans, require reporting on AI-caused worker displacement, and fund apprenticeships, reskilling grants, and a small business reskilling tax credit.
  - Other bills, such as the AI Workforce PREPARE Act (S. 3339) and the AI and Critical Technology Workforce Framework Act (S. 1290), would set standards for the skills workers need, while the Democratic-led Workforce of the Future Act (H.R. 6621/S. 3319) and the bipartisan AI Workforce Training Act (H.R. 7576) focus on training and could fold into a broader WIOA package.



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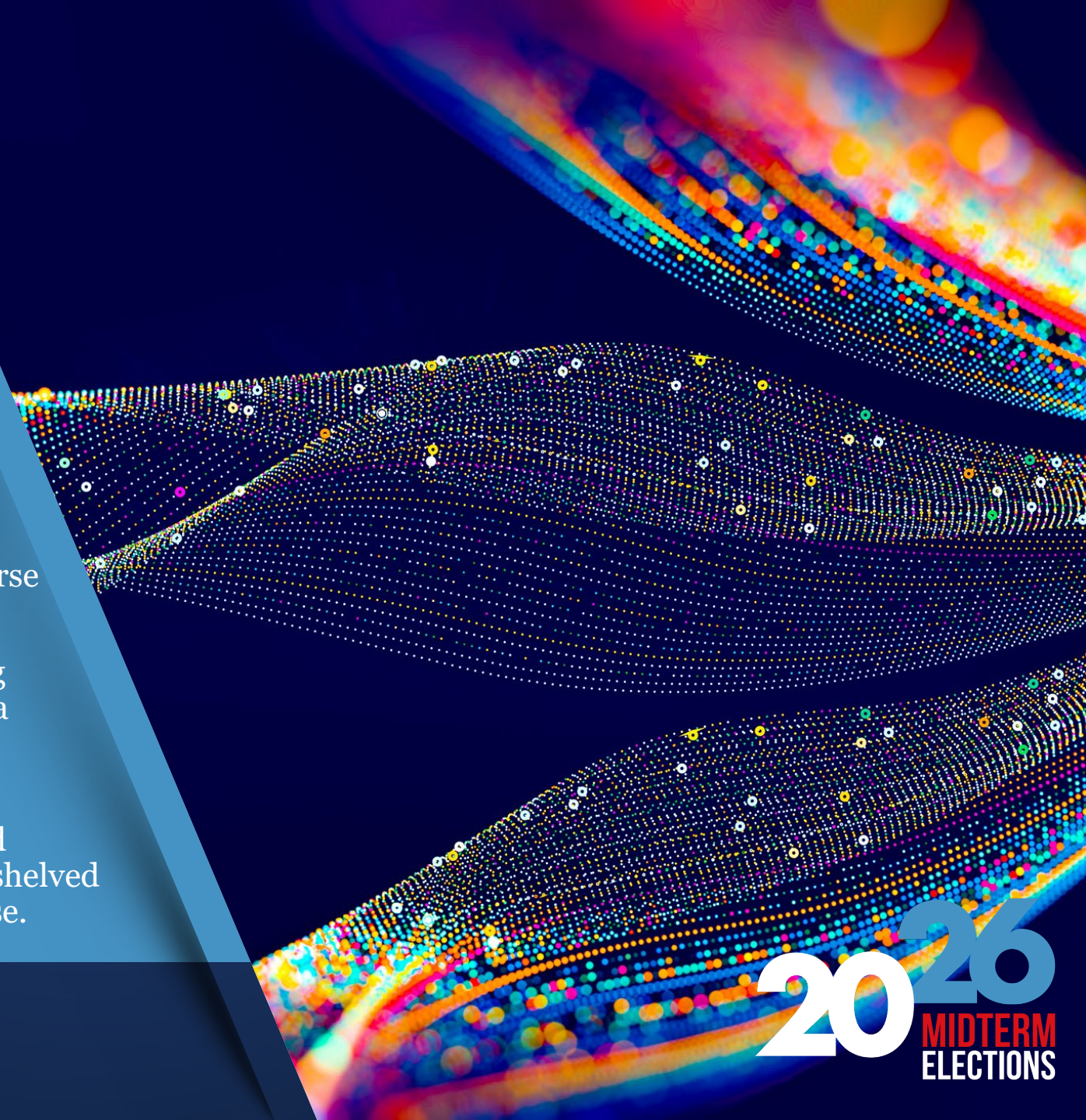
Energy & Environment



Arnold & Porter

Key Takeaways

- Democrats campaigned heavily on restricting data center buildout and may seek to follow through on their promises. As artificial intelligence (AI)-driven data center demand continues to rise, Democrats will underscore energy affordability and reliability issues as a cornerstone of the party's 2027 agenda.
- Democrats in the 120th Congress will lean on oversight as their primary check on the Trump Administration's energy and environmental actions, and may look to reverse some of the administration's environmental rollbacks.
- Restoring the clean energy tax credits cut in the Working Families Tax Cuts Act (WFTCA) (Pub. L. 119-21) will be a top Democratic priority, though restoration is unlikely without a shift in control of the White House in 2028.
- Democrats are expected to lean into affordability-framed energy messaging, with bigger climate legislation being shelved as a 2029 project contingent on winning the White House.



119th Congress Lame Duck



- **Permitting Reform**
  - Congress is closer than ever to a permitting deal. Both parties understand the need to pass a comprehensive permitting reform package during the 119th Congress, as leadership changes in the 120th could make it difficult to move a deal forward.
  - During the 119th Congress, negotiations stalled after the Trump Administration paused leases on already-permitted offshore wind farms.
  - In the weeks prior to the election, the White House and both Republican and Democratic senators came together to unveil a long-awaited permitting compromise package. They plan to vote on the Bipartisan American Affordability and Jobs Act of 2026 (S. 5653) during the lame duck session. However, continued actions to stall wind development threaten its passage.
  - House Democrats are seemingly emboldened by election results and report needing several changes to the Senate bill before putting their support behind it.
- **Farm Bill**
  - The Senate advanced its version of the farm bill before the midterm elections. It will likely pass in the lame duck session, though another extension is possible. Disputes remain over reconciliation cuts to nutrition assistance programs, crop insurance, E-15 fuel, and Prop 12.
- **Toxic Substances Control Act (TSCA)**
  - Congress faces pressure to reauthorize TSCA fees, originally set for expiration on September 30, 2026. Both sides agree that fees should be renewed but disagree on scope. A continuing resolution pushed the deadline to December 11, likely punting the issue to the lame duck session — though it could slide, forcing the Environmental Protection Agency (EPA) to fund TSCA reviews from general funds. Republicans also want the bill to reform EPA's new chemicals review, which industry backs and environmental groups oppose.

Energy & Environment Committee Leadership in the 120th Congress

Senate Energy and Natural Resources Committee

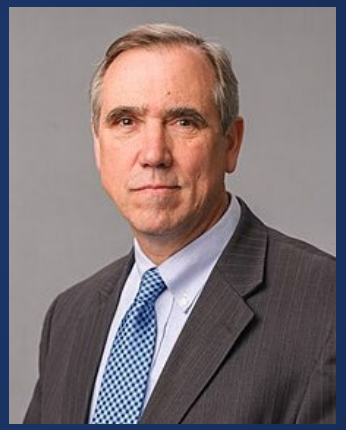


Sen. Martin Heinrich (D-NM)
Chairman



Sen. Dave McCormick (R-PA)
Ranking Member

Senate Environment and Public Works Committee



Sen. Jeff Merkley (D-OR)
Chairman



Sen. Shelley Moore Capito (R-WV)
Ranking Member

Energy & Environment Committee Leadership in the 120th Congress

House Energy and Commerce Committee



Rep. Frank Pallone (D-NJ)
Chairman



Rep. Brett Guthrie (R-KY)
Ranking Member

House Natural Resources Committee



Rep. Jared Huffman (D-CA)
Chairman



Rep. Bruce Westerman (R-AR)
Ranking Member

120th Outlook: Oversight & Investigations

- Democrats will focus oversight efforts on companies that:
  - Received significant federal contracts, investments, or other regulatory benefits;
  - Appeared to have participated in Trump Administration self-dealing;
  - Were involved in controversial agency actions;
  - Operated in areas central to energy affordability debates; or
  - Rolled back public statements and commitments on greenhouse gas emissions reductions or environmental justice.
- Democrats are also expected to hold hearings with cabinet-level secretaries to examine the Trump Administration's environmental policies.



120th Outlook: Grid Reliability and Energy Affordability



- Instead of relying on previous climate change narratives, Democrats will center messaging around affordability concerns. The energy and environment agenda will be sold as a cost-of-living fight against Republicans, not a climate fight.
  - Democrats will need to address data center constraints on energy costs and supply. Leaders in the party have signaled support for a national moratorium until energy and environmental impacts can be evaluated.
  - Legislation could restore clean energy tax credits, speed grid and transmission buildout, and expand low-income energy assistance. These bills are largely messaging tools expected to be vetoed by President Trump.
- If not achieved during the lame duck session, permitting reform faces steep odds in the new Congress, given new leadership on authorizing committees.
  - A major reliability event, like a blackout or price spike, could still force congressional action.
- Energy affordability and reliability are emerging as defining 2028 campaign issues, with candidates expected to propose plans to address these issues.



120th Outlook: Critical Minerals



- Critical minerals are expected to remain a top legislative priority, particularly amid advanced manufacturing and AI competition with China – one of the few areas where Democrats and Republicans broadly agree, though their preferred policy approaches differ.
  - However, Democrats will utilize oversight powers to investigate deals with the Trump Administration.
- Democrats are expected to gridlock Republicans' attempts to deregulate the mining industry.
  - Democrats will alternatively seek to attach more labor, environmental, and transparency conditions to mining legislation.
- Narrower bipartisan bills addressing mapping, magnet production, recovery, recycling, cleanup, and allied supply chain coordination are likely to advance.

120th Outlook: Tax Credits



- Republicans' WFTCA expedited the phase-out of clean energy tax credits promulgated under the Inflation Reduction Act.
- Democrats are motivated to rebalance the Trump Administration's energy dominance agenda. One means of accomplishing this goal is to reinstate tax credits for clean energy and advanced manufacturing. Democrats have proposed tax credits for the following technologies/sectors:
  - Distributed clean energy and resilient power systems;
  - Domestically manufactured energy-efficient appliances and equipment;
  - Domestic content sourcing for solar and battery storage;
  - High-voltage interregional and interstate transmission lines and associated upgrades;
  - Deployment of clean energy to meet growing AI demand;
  - Carbon removal;
  - Domestic mineral processing, refining, and advanced manufacturing;
  - Residential clean energy systems; and
  - Consumer vehicle incentives.
- Restoring these credits, though, still depends on Democrats winning the White House in 2028.

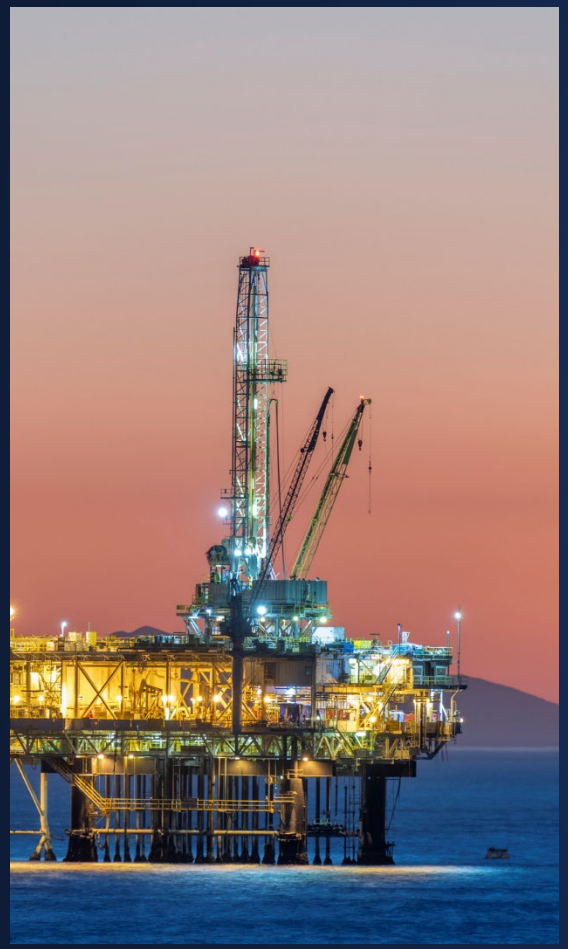


120th Outlook: Toxic Substances, Chemical Safety, and Microplastics

- Lawmakers will need to address cross-cutting interests among manufacturers, water utilities, farmers, environmental groups, and other stakeholders.
  - Democrats will need to address liability concerns: Passive receivers of per- and polyfluoroalkyl substances (PFAS) contamination are pushing Congress for a liability carveout. However, environmental groups generally oppose broad liability shields.
- Narrower bills will have a better chance of advancing than a broad, sweeping chemical safety package.
  - Democrats are expected to target "forever chemicals," expand core public health protections, and reverse military cleanup delays.



Administration Outlook: Energy Dominance Agenda



- The Trump Administration has pushed an ambitious U.S. energy dominance agenda. With two years left and no guarantee of a friendly successor, the administration will lean on unilateral levers that lock in its energy legacy and narrow the next administration's room to unwind it.
  - **Fossil Fuels & Liquefied Natural Gas (LNG):** Expect continued expansion of oil, gas, and coal production, and use of LNG exports as a trade lever. Also expect the administration to lean on increasingly creative and aggressive legal authorities, especially as courts strike down ones it has already tested (e.g., emergency authority to prop up retiring coal plants).
  - **Grid Reliability & Data Centers:** AI-driven demand will become the central justification for action, likely driving more direct interventions – financing commitments and grid operator deals – that would be costly or disruptive for a successor to reverse.
  - **Nuclear & Geothermal:** Expect continued fast-tracking of licensing and federal financing for reactors, uranium enrichment, and geothermal projects, though these may be lower priority given that most tangible payoff will likely land after 2028 given construction realities.
  - **Permitting Acceleration:** Expect continued permitting acceleration and reduced state authority over siting, but mounting litigation – including challenges to reliance on emergency authorities and curtailed public participation to accelerate permitting – and transmission bottlenecks may limit progress.

Administration Outlook: Deregulatory Agenda



- With many headline rollbacks already complete, the next phase will focus on finalizing pending rules and translating them into faster, narrower federal reviews – with litigation testing the limits.

NARROW PROTECTIONS
Waters of the U.S. (WOTUS): narrower Clean Water Act (CWA) jurisdiction
CWA § 401: reduced state/Tribal review
Endangered Species Act (ESA) § 4: narrower listing/critical habitat
ESA "take": potential codification of Fish and Wildlife Service's intent-based standard

SPEED PERMITTING
ESA § 7: streamlined consultation
National Historic Preservation Act (NHPA) § 106: revised review process
CWA § 404/Rivers and Harbors Act (RHA) § 10 Nationwide Permits (NWPs): enhanced program for expanded use
Federal Energy Regulatory Commission (FERC): expanded gas/LNG blanket authorizations

EXPAND ENERGY DEVELOPMENT
Federal oil & gas leasing/bonding revisions
Reduced methane/waste-prevention requirements
Faster development on federal lands

ROLL BACK CLIMATE RULES
Reduced greenhouse gas (GHG) reporting
Remaining power-sector GHG rules
Broader retreat from GHG regulation

Administration Outlook: Grid Reliability & AI/Data Center Demand Surge

- Amid a surge in data center demand, communities, policymakers, developers, and energy stakeholders are grappling with increasingly complex environmental, energy, and economic development issues.
  - The federal government has made data-center buildout a national priority, while states and local governments are tightening scrutiny of energy, water, and land-use impacts. Communities across the country are instituting data center moratoria in response.
- FERC has been actively working to reform processes for connecting energy sources and users to the grid, largely due to pressure points from the rapid onslaught of large loads (e.g., data centers) seeking connection to the U.S. grid.
  - FERC is considering reforms to the nation's largest power grid operator, PJM Interconnection, in response to rising energy costs, power supply shortfalls, and surging demand from data centers.
    - The resulting reforms will have implications for regional power grids, as FERC will need to address these issues across the country.



Administration Outlook: Critical Minerals

- Mining and critical minerals are two of the administration's most active, well-funded, and bipartisan-adjacent priorities. Mining and critical minerals will remain a major energy, industrial-policy, and national-security priority.
- The agenda increasingly extends well beyond mine permitting to the entire domestic supply chain. Expect:
  - Downstream capacity to become the focus. Federal policy is increasingly aimed at converting domestic or allied feedstock into processed materials and finished components – especially rare-earth metals and magnets, battery materials, and other defense-critical products.
  - Recycling and recovery to gain prominence. A July 2026 Defense Production Act (DPA) determination specifically covers black mass, end-of-life magnets, scrap, and other recoverable critical-mineral materials, signaling greater federal support – and potentially export controls – for secondary supply chains.
  - The critical mineral list to keep expanding. The administration has already stretched the definition to include copper, uranium, potash, gold, and potentially coal – a notable departure from traditional agency lists.
- The strategy has three distinct legs: permitting/land-use overhaul, direct government investment, and trade/geopolitical maneuvering against China. All three are already well underway and are expected to continue.



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Federal Funding and Appropriations

Arnold & Porter



Key Takeaways

- The overwhelming Democratic victory will decrease the chance of a government shutdown as Democrats look for a clean slate on federal funding in the 120th Congress.
- Past, present, and future spending decisions by the Trump Administration will face extraordinary levels of oversight from a hostile Democratic Congress.
- A Democratic Congress and Republican White House mean an end to legislating via reconciliation.
- Sen. Lisa Murkowski (R-AK) will replace Sen. Susan Collins (R-ME) as the top Republican on the Senate Appropriations Committee. All other House and Senate Appropriations Committee leadership will remain the same, even as control of each chamber flips.
  - Democrats will pick up approximately 10-15 seats on the House Appropriations Committee while Republicans lose about seven seats.
  - Democrats may pick up at least four seats on the Senate Appropriations Committee while Republicans will lose at least two seats.
- Democrats will significantly expand the accounts and eligibility for FY 2028 earmarks, with many new opportunities for funding in the Labor, Health and Human Services, Education, and Related Agencies (LHHS) appropriations bill.



Appropriations Committee Leadership in the 120th Congress

House Appropriations Committee



Rep. Rosa DeLauro (D-CT)
Chair



Rep. Tom Cole (R-OK)
Ranking Member

Senate Appropriations Committee



Sen. Patty Murray (D-WA)
Chair



Sen. Lisa Murkowski (R-AK)
Vice Chair

- **Leadership Turnover** – With Sen. Collins losing re-election, Sen. Murkowski is expected to become ranking member while other top leaders remain in place but switch roles as chair and ranking member, respectively. Both committees will shuffle subcommittee leadership roles after retirements, election losses, and committee movement. **Key committee departures include:**

House	
Subcommittee	**Members**
Homeland Security Subcommittee Chair	 Rep. Mark Amodei (R-NV)
Financial Services and General Government (FSGG) Subcommittee Ranking Member	 Rep. Steny Hoyer (D-MD)
Legislative Branch Subcommittee Ranking Member	 Rep. Adriano Espaillat (D-NY)

Senate	
Subcommittee	**Members**
Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee Ranking Member	 Sen. Jeanne Shaheen (D-NH)
Defense Subcommittee Chair	 Sen. Mitch McConnell (R-KY)

House – Term-Limited as Chair	
Subcommittee	**Members**
Defense Subcommittee Chair	 Rep. Ken Calvert (R-CA)
Military Construction, Veterans Affairs, and Related Agencies Subcommittee Chair	 Rep. John Carter (R-TX)

119th Congress Lame Duck



- Chances of a government shutdown have decreased as Democrats look to clear the decks ahead of the 120th Congress. However, finding a long-term spending deal by the December 11 expiration of the continuing resolution (CR) (Pub. L. 119-103) will be a challenge.
  - The Trump Administration's $87.6 billion supplemental funding request, largely to cover costs associated with the war in Iran, is dead. This raises near-term issues about how to continue funding the conflict with Iran and support for Ukraine.
- Incoming Democratic control of Congress gives the party leverage to seek more parity in defense and nondefense spending for FY 2027 when finalizing the FY 2027 spending bills.
  - House Republicans may have attendance problems during the lame duck period, which gives even more leverage to Democrats.
- The chances of a government shutdown are high and will depend on whether congressional Democrats want to get FY 2027 spending decisions done so that they have a clearer path to FY 2028 when they are in control of Congress.
- The President may take a hard line on a spending deal as it clouds the transition process and opening days of a new Democratic Congress.

Federal Funding in the 120th Congress



- **Earmark Use Will Grow** – Some Republicans remain hostile, but more Republicans ask for them each year, as do nearly all Democrats.
- **Expanded Eligibility** – House Democrats will widen eligibility for certain accounts, especially for LHHS programs. Senate Democrats may increase eligibility and available accounts for energy- and environment-related projects.
- **Diversity, Equity, and Inclusion (DEI) Returns** – House Democratic earmarks will flow to various programs, recipients, and projects that congressional Republicans attacked during the 119th Congress.

Agency Funding

- Political conditions will lead President Trump's FY 2028 budget to hold domestic spending to the rate of inflation or less, setting up a massive fight with Democrats.
- Congressional Democrats will want spending bills that reverse President Trump's domestic spending cuts and focus on policy priorities the President opposes.
  - Expect major spending fights to span virtually every domestic department and agency.
- Congressional Democrats will reassert their power of the purse, using the appropriations process to limit the Office of Management and Budget's (OMB) effort to reduce spending or change historic rules about the spending process.
- Congressional Republicans will still be able to use their relationships with the Trump Administration to positively impact spending decisions that affect their constituents.



Impoundment



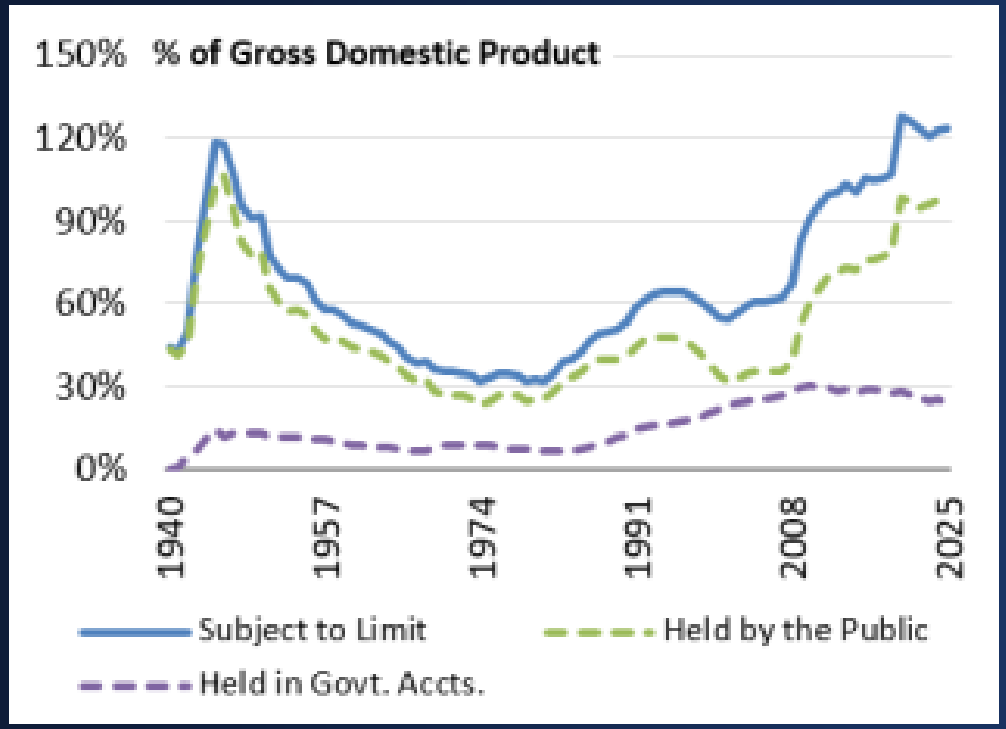
- The Congressional Budget and Impoundment Control Act of 1974 (ICA) (Pub. L. 93-344) bars the executive branch from delaying or withholding appropriated funds.
- **Impoundment Process:**
  1. President Trump sends Congress a special rescission message detailing the total amounts to be rescinded, the programs affected, and his rationale.
  2. Congress must act to approve all, part, or none of the President's request; absent a bill, funds are released after 45 days.
  3. If Congress does not approve and the President does not then release the funding, expect multiple lawsuits from affected parties.
- The 1975 Supreme Court (SCOTUS) ruling in *Train v. City of New York* did not decide the President's constitutional impoundment powers.
  - Right-leaning groups think President Trump could win at SCOTUS today.
  - The administration has pushed impoundment limits in the 119th Congress.
    - OMB Director Russell Vought says the ICA infringes executive power; the White House adds it does not expressly bar pocket rescissions.

Impoundment Control Act (ICA) in the 120th Congress

- During the first half of President Trump's second term, OMB has tested the limits of impoundment via:
  - Federal funding freezes;
  - Rescission packages; and
  - Pocket rescissions (sent within 45 days of appropriated funds expiring).
- SCOTUS has not ruled on pocket rescissions. Expect OMB to continue to test the ICA in the 120th Congress.
  - Democrats will look to incorporate guardrails into appropriations bills.
- A major battle between Democrats and OMB is expected, as Director Vought is poised to continue to challenge Congress's power of the purse and expand executive branch control of spending.
  - Losing both chambers could embolden more congressional Republicans to push back on the Trump Administration's funding impoundment and reprogramming efforts.



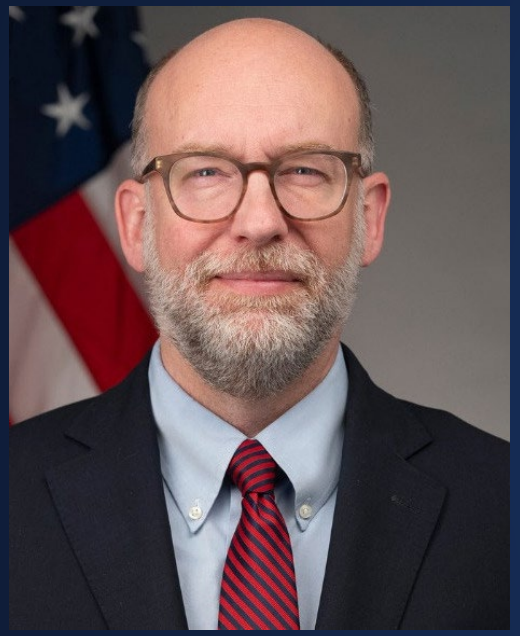
Debt Ceiling



Sources: *Office of Management and Budget, Department of the Treasury, and Congressional Budget Office. Figure created by the Congressional Research Service (CRS).*

- Federal debt now exceeds $40 trillion, 124% of gross domestic product (GDP).
- Congress has raised the debt limit 22 times since 2001.
- The Congressional Budget Office (CBO) projects debt will grow to $49.4 trillion in FY 2031 and $63.8 trillion in FY 2036.
- **$41 Trillion Debt Limit Fast Approaching –** The Treasury Department projects it will hit the debt limit set in July 2025 by the Working Families Tax Cuts Act (Pub. L. 119-21) in FY 2027.
- The FY 2027 appropriations deal or a reconciliation package in the lame duck is the best/easiest way to extend the debt ceiling.
- Policy and political disputes about the debt limit do not split just along party lines.

Office of Management and Budget



Office of Management and Budget Director Russell Vought

- Congress will prioritize aggressive oversight of OMB Director Russell Vought.
- Expect Democratic appropriators to pursue numerous oversight hearings on the administration's spending actions, potential subpoenas, and possibly impeachment articles filed against the OMB Director.
- Democratic scrutiny will focus on grant cancellation and reprogramming decisions. Examples include investigations into the decisions to:
  - Freeze child care funding in January 2026;
  - Reprogram research funding at the National Institutes of Health to the Department of War; or
  - Impound disaster-relief funding for Democratic-led states.
- OMB and the Trump Administration may choose to escalate a fight over rescissions and impoundment with Democrats.
- A Democratic Congress will not approve rescissions requests from OMB, so expect the Trump Administration to consider provoking an impoundment fight that could go to SCOTUS.
- If implemented, OMB's May 2026 proposed rule to revise the Uniform Guidance to increase political appointees' oversight of federal funding is expected to face lawsuits and congressional oversight.

FY 2028 Presidential Budget Request Priorities



- The Trump Administration is likely to focus future budget requests on increasing defense spending, consolidating grant programs, and refocusing research funding toward the administration's priorities.
  - As of October 16, the Pentagon estimates the Iran war has cost $47.1 billion and estimates it will take five years to replace weapons used in the conflict.
- President Trump's FY 2028 and FY 2029 budget requests will be dead on arrival in a Democratic Congress that will strongly favor substantial increases in domestic spending and reduced growth in defense spending for the next two years.
- The House initiates all spending bills, so the FY 2028 bills will all include numerous restrictions on the Trump Administration's actions tied to specific program and project funding.
- Some Senate Republicans will support efforts to rein in the President's rescissions and impoundment efforts.



Office of Science and Technology Policy Director Michael Kratsios

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Financial Services

- Democrats controlling the House and Senate will pursue major oversight of President Trump, his family and their businesses, and administration officials, for actions involving financial services companies that have received federal funding or perceived preferential treatment.
- House and Senate Democrats are expected to focus on: (1) advancing consumer protection in fintech and private equity (PE), and protecting the Consumer Financial Protection Bureau (CFPB) from being dismantled; (2) promoting financial inclusion and fair lending; and (3) continuing efforts on housing affordability.
- House and Senate Democrats are expected to work with the Trump Administration and congressional Republicans to continue limiting outbound and inbound investments from China to secure critical infrastructure.



Overview



Lame Duck

- Bipartisan consensus on financial services legislation will be difficult during the lame duck session.
- The House Financial Services Committee will push the Senate to pass the Incentivizing New Ventures and Economic Strength Through Capital Formation Act of 2025 (INVEST Act) (H.R. 3383), a capital formation bill that passed the House 302-123. Senate Republicans may add 403b reform (S. 424) sought by Sens. Katie Britt (R-AL) and Raphael Warnock (D-GA).
- Senate Republicans will pursue an en-bloc nomination package to confirm Trump Administration nominees.
- The Democratic Steering and Policy Committee will convene to determine its recommendation to the caucus regarding House Financial Services Committee leadership. Rep. Maxine Waters (D-CA), who previously served as the chair in the 116th and 117th Congresses, is being challenged by Reps. Sean Casten (D-IL) and Bill Foster (D-IL). Rep. Waters is favored to win the gavel.
- The election of Sherrod Brown (D-OH) will only enhance the discussions on who ultimately Chairs the Banking Committee.

120th Congress

- House and Senate Democrats are expected to conduct aggressive oversight over proposed reforms to the CFPB, industry growth of PE, and partnerships between financial institutions and the Trump Administration.
- House and Senate Democrats will likely pursue credit card reform legislation to protect consumers from interest rate hikes.
- House and Senate Democrats have expressed interest in housing affordability legislation to further amplify the agenda started by Senate Democrats in the 21st Century Renewing Opportunity in the American Dream (ROAD) to Housing Act.
- Democrats will likely press to withdraw approvals for new financial services entrants, including crypto-linked national charters and industrial bank deposit insurance approvals.
- Look for bipartisan scrutiny of outbound investment ventures in China. *Refer to the Technology section for further analysis.*

Financial Services Committee Leadership in the 120th Congress



House Financial Services Committee



Rep. Maxine Waters (D-CA)
Chair



Rep. French Hill (R-AR)
Ranking Member

Senate Banking Committee



Sen. Elizabeth Warren (D-MA)
Chair



Sen. Tim Scott (R-SC)
Ranking Member

Housing



U.S. Department of Housing and Urban Development Secretary Scott Turner

- On July 11, 2026, the landmark bipartisan federal housing programs legislation, the 21st Century Renewing Opportunity in the American Dream (ROAD) to Housing Act (Pub. L. 119-101), was enacted.
- House and Senate Democrats will likely scrutinize and conduct inquiries into the Department of Housing and Urban Development's (HUD) ability to implement the 21st Century ROAD to Housing Act because of significant staffing cuts at the agency.
- Prospective House Financial Services Committee (HFSC) Chair Waters will likely continue to focus on affordable housing, likely continuing her efforts to influence credit scoring models.
- House and Senate Democrats are likely to strengthen restrictions over the ban on large investors purchasing single-family homes.
- House Democrats will likely introduce legislation to combat chronic homelessness.

Housing



- Congressional Democrats will likely scrutinize Federal Housing Finance Agency (FHFA) Director Bill Pulte's decision directing Fannie Mae and Freddie Mac "to approve all lenders to use VantageScore."
- Both Prospective Chairs Waters and Warren will likely continue to demand transparency in the credit market. Additional hearings with top executives in this industry are likely.
- Chair Waters will also likely demand more transparency from Director Pulte and Secretary Bessent related to the Government-Sponsored Enterprise (GSE) board and the "reprivatization" of Fannie Mae and Freddie Mac.

The Consumer Financial Protection Bureau (CFPB)



Acting CFPB Director
Mark Paoletta



Brian Johnson, nominated to serve as Director of the CFPB

- House and Senate Democrats are expected to restore statutory funding to the CFPB, which was cut 46% in the Working Families Tax Cuts Act (WFTCA) (Pub. L. 119-21).
- Chairs Warren and Waters will likely conduct targeted oversight and subpoena activity on CFPB restructuring, staffing cuts, and rulemaking reversals.
- The current Republican-led Senate is expected to confirm Brian Johnson, nominated to be Director of the CFPB, replacing Acting Director Mark Paoletta before the end of the year. This will likely lead to robust oversight efforts by House and Senate Democrats in the next Congress.

Defense Production Act (DPA)



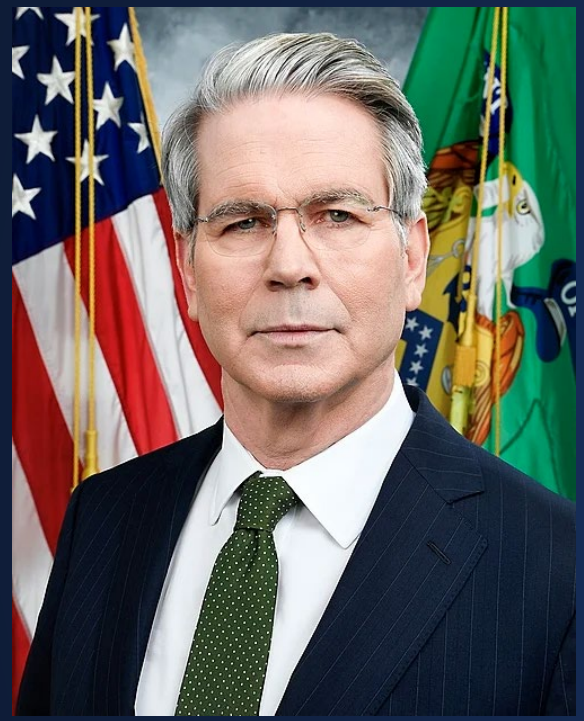
- President Trump has used DPA authorities in his second term to decouple rare earth supply chains from China, reinforce power grid capabilities, and take equity stakes in corporations. This extension of DPA authorities goes beyond precedent. The DPA is a Korean War-era authority that allows the President to enhance domestic production of goods key to economic and national security.
- Democrats will likely seek to make modifications to the DPA, focusing on increased transparency in DPA orders, limiting eligibility for DPA assistance, and better managing fraud risks.
- Prospective House Financial Services Chair Waters and Senate Banking Chair Warren will likely conduct oversight of the Trump Administration's use of DPA authorities to make equity investments in companies. They will likely hold hearings, send inquiry letters to companies receiving DPA funds, and request depositions.
- House and Senate Democrats will likely scrutinize the Trump Administration's use of DPA Title I and Title III authorities to expedite production of critical materials for the U.S. defense industrial base and take equity stakes in private companies.

Artificial Intelligence (AI) in the Financial Services Sector



- Democrats will likely push for AI transparency and data-labeling requirements, and legislative proposals will gain committee traction in both chambers.
- Chairs Warren and Waters will likely whip momentum for bipartisan AI legislation behind progressive proposals including the AI Bubble Transparency Act (S. 4743) and the Financial Stability Oversight Council (FSOC)-focused proposals like the Financial Artificial Intelligence Risk Reduction Act (FAIRR Act, S. 5358).
- Existing CFPB and Office of the Comptroller of the Currency (OCC) fair-lending and model-risk guidance will likely become primary talking points for AI policy reform for Democrats.
- Democrats will likely monitor the OCC, Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve (Fed) forthcoming regulatory action on AI reshaping banking cybersecurity threats. The Securities and Exchange Commission (SEC) 2026 Examination Priorities name AI use by investment advisers, funds, and broker-dealers as a major focus.

Anti-Money Laundering (AML)



U.S. Department of the Treasury Secretary Scott Bessent

- A Democratic-controlled Congress is expected to monitor the Trump Administration's efforts to reform AML and Countering the Financing of Terrorism (CFT) rules.
  - The administration made the most significant deregulatory changes to the AML framework in decades, removing beneficial ownership information (BOI) reporting requirements under the Corporate Transparency Act (CTA).
  - The Investment Adviser AML rule compliance delay will hold until 2028 or be extended further.
- Chairs Warren and Waters will likely focus coordinated scrutiny on Financial Crimes Enforcement Network (FinCEN) guidance on the CTA and Investment Advisors (IA) AML rules, though support for narrow national security changes may be bipartisan.
- Democrats will likely bring scrutiny over the Trump Administration's approach to sanctions against financial facilitators of human rights abuses, terrorism, proliferation, drug trafficking, human trafficking, transnational crime, and cybercrime.

Image Source: Christopher Pike/Bloomberg/Getty Images

Oversight



- House and Senate Democrats are framing PE's expansion into insurance balance sheets, retirement accounts, and housing as a single narrative, framing Wall Street as a risk to ordinary Americans.
  - Chairs Warren and Waters have sent letters to the largest single-family rental owners and led congressional hearings voicing concerns with increased rents and evictions. Both members will likely continue to author letters to Wall Street's largest companies soliciting information on any ties to the administration or suspected market manipulation.
  - Chair Warren issued a discussion draft to fundamentally change the industry, including holding PE funds liable for the debt taken on by companies they acquire and changing how the industry is taxed.
- House and Senate Democrats will likely conduct oversight activities as President Trump may build on his executive order (EO 14376) targeting large single-family home investors, bolstering calls from the minority for a more restrictive crackdown beyond the landmark housing bill.
- Amid heightened concerns over retirement solvency, 401(k) and retirement exposure to PE investors may become a central focus for congressional oversight for House and Senate Democrats.
- House and Senate Democrats will likely conduct aggressive oversight on any financial services companies that have received federal funding or perceived preferential treatment.



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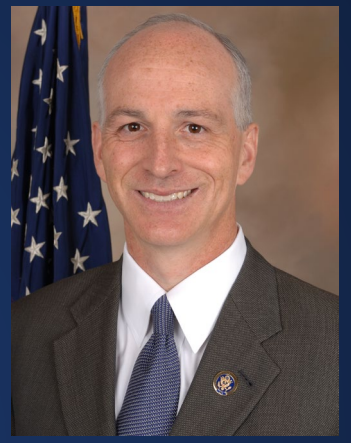
Key Takeaways

- President Trump, like all presidents, retains broad constitutional authority over foreign policy and may focus on it more closely after the decisive midterm defeat. Second-term presidents often turn to foreign policy in their final two years, but the Iran war's role in this year's GOP losses may lead some advisors to urge greater caution.
- Democrats will pursue aggressive oversight of Pentagon policies relating to the Iran war, Venezuela, counternarcotics operations, business dealings with the Trump family and administration figures, efforts to gut and politicize national security agencies, as well as controversy surrounding removal of senior military officers from command and military promotions.
- A Democratic-controlled Congress will face fierce internal policy debates over continued foreign aid to Israel, while bipartisan support is likely to continue for aid to Ukraine.
- Democrats will likely write spending bills that provide greater parity for non-defense spending, while also seeking to secure higher funding levels to restore dollars previously cut under State-Foreign Operations appropriations.
- Senate Democrats will be able to block nominees to the Departments of State and War, though many State Department posts, including numerous ambassadorships, will remain unfilled regardless, since the administration has not prioritized filling them.
- Democrats are likely to scrutinize the growing involvement of technology, security, and defense firms in national security matters in unconventional and unprecedented ways.

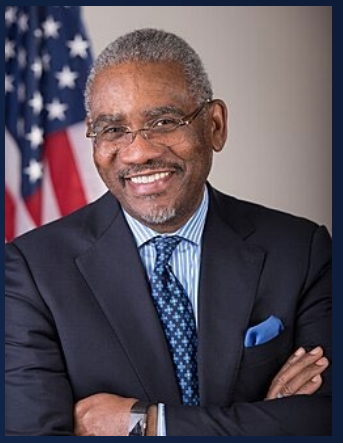


120th Congress House Leadership

- The House Armed Services Committee (HASC) is likely to be chaired by Rep. Adam Smith (D-WA). For Republicans, Rep. Mike Rogers (R-AL) is term-limited but seeking a waiver to remain in leadership. Reps. Trent Kelly (R-MS) and Ronny Jackson (R-TX) are also expected to compete for the top Republican seat.
  - Rep. Smith is expected to focus on reining in defense spending, oversight of war powers, and acquisition reform.
  - Democrats may reestablish the Subcommittee on Oversight and Investigations.
- House Foreign Affairs Committee (HFAC) leaders will likely swap roles with Rep. Gregory Meeks (D-NY) taking over as chair and Rep. Brian Mast (R-FL) as ranking member.
  - Rep. Meeks will likely prioritize oversight of war powers, scrutiny of the Department of State reorganization and dismantling of the U.S. Agency for International Development (USAID), reengaging international organizations, and strengthening relationships in the Western Hemisphere.
- The House Select Committee on Strategic Competition between the United States and the Chinese Communist Party will need to be extended by House Democratic leadership. If continued, the committee will likely be chaired by Rep. Ro Khanna (D-CA), with Rep. John Moolenaar (R-MI) as ranking member.
  - Rep. Khanna is likely to criticize China's human rights abuses and support domestic manufacturing and Taiwan's security. He is also expected to advocate for more stringent export controls and scrutinize the role of artificial intelligence (AI) in the military.
- The House Permanent Select Committee on Intelligence is likely to be led by Rep. Jim Himes (D-CT) with Rep. Rick Crawford (R-AR) as ranking member.



Rep. Adam Smith
(D-WA)



Rep. Gregory Meeks
(D-NY)



Rep. Ro Khanna
(D-CA)

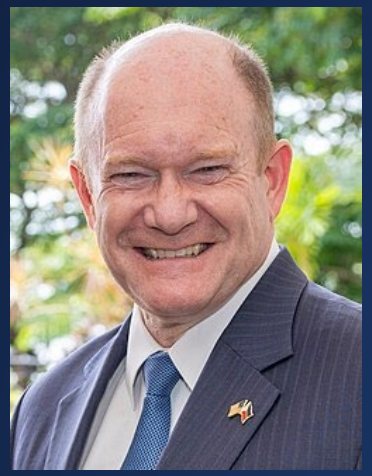


Rep. Jim Himes
(D-CT)

120th Congress Senate Leadership



Sen. Jack Reed (D-RI)



Sen. Chris Coons (D-DE)



Sen. Mark Warner (D-VA)

- The Senate Armed Services Committee (SASC) is likely to be chaired by Sen. Jack Reed (D-RI), while Sen. Roger Wicker (R-MS) becomes ranking member.
  - Sen. Reed is likely to prioritize competition with adversaries and oversight of the Department of War's (DOW) actions.
- Sen. Chris Coons (D-DE) may seek the gavel for the Senate Foreign Relations Committee (SFRC) following the retirement of the current top SFRC Democrat, Sen. Jeanne Shaheen (D-NH). Sen. Jim Risch (R-ID) will likely become ranking member.
  - Democrats are likely to focus on oversight of the Department of State, support for North Atlantic Treaty Organization (NATO) allies, U.S. relations with Israel, and foreign aid.
- The Senate Select Committee on Intelligence will likely be led by Sen. Mark Warner (D-VA), with Sen. Tom Cotton (R-AR) serving as the top Republican.
  - Sen. Warner is likely to prioritize oversight of AI and cybersecurity.

119th Congress Lame Duck



- HASC and SASC are working to complete the Fiscal Year (FY) 2027 National Defense Authorization Act (NDAA) during the lame-duck session. Lawmakers need to resolve the topline defense authorization level following the House approval of an unprecedented authorization amount of $1.15 trillion.
  - Passage may be more challenging than usual. As Democrats prepare to take control of both chambers, they will have more leverage to push back against funding for the Iran war and other GOP priorities.
  - Democrats could use the supplemental defense funding request as a bargaining chip to secure support from Republicans for more economic and military aid to Ukraine.
- Republican defense policy ambitions will face new limits following Democratic gains in Congress.
- Expect the final bill to include bipartisan provisions, such as bans on military use of various Chinese-made goods, components, and services (*e.g.*, semiconductors, drones, and robotic systems); export control measures to limit semiconductor sales to China and other countries of concern; incentives to onshore production of critical minerals; and portions of the Shipbuilding and Harbor Infrastructure for Prosperity and Security (SHIPS) for America Act (H.R. 3151/S. 1541).
- President Trump's Russia sanctions waiver is broadly controversial and its success remains uncertain. Once seated, a new Democratic Congress is likely to pursue legislation addressing it with simple-majority support, though overriding an expected presidential veto would still require two-thirds in both chambers. Expect a substantial policy fight over Russia sanctions both this year and next.



America on the World Stage: North Atlantic Treaty Organization (NATO)

- President Trump will continue to push NATO members to meet a 5% defense spending target and may penalize countries lagging on financial commitments.
- President Trump will likely continue to threaten punitive measures against allies that he views as contributing insufficient support to the U.S. war with Iran.
- The Pentagon may pursue further force deployment reductions out of key NATO allies as it attempts to give Europe primary responsibility for its own defense. However, such actions will face broad bipartisan opposition due to concerns that they would weaken allied deterrence against Russia and could lead to a larger European war.
- If DOW moves to implement reported plans to withdraw 25,000-40,000 U.S. troops from Europe, Democrats will likely take swift action to constrain the Secretary of War through the NDAA, annual appropriations process, or standalone legislation – likely with support from at least some key Republican lawmakers.

America on the World Stage: United Nations (UN) and World Trade Organization (WTO)

- **United Nations**
  - The Trump Administration will maintain a selective, transactional relationship with the UN by only engaging in activities that it views as advancing concrete U.S. security objectives. The administration will likely continue to use funding cuts as leverage for institutional reform, in favor of more targeted humanitarian assistance with stronger oversight and fraud mitigation.
  - Current Secretary-General António Guterres's term ends on December 31. The Security Council will likely reject any Trump-aligned candidate proposed by the United States, so the Trump Administration will have to negotiate with Russia and China to find a consensus candidate.
  - Expect continued pressure from the Trump Administration on the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Human Rights Council, the United Nations Educational, Scientific and Cultural Organization (UNESCO), climate change initiatives, and proposals related to global taxation or international AI governance.
  - Democrats will likely seek to restore some appropriations and reporting requirements, but this will do little to change President Trump's posture.
- **WTO**
  - President Trump is not expected to withdraw the United States from the WTO. The administration will continue to pursue its America First trade agenda and reshape the economic world order by negotiating with countries on a bilateral or plurilateral basis.
  - U.S. Trade Representative (USTR) Jamieson Greer will likely continue to call to reform the WTO's most-favored-nation (MFN) principle, special and differential treatment (SDT), and the dispute settlement system.



Asia

- The Trump Administration is expected to maintain a transactional, bilateral approach across Asia, prioritizing defense spending and investment commitments from allies over multilateral frameworks, with unified Democratic control offering limited ability to redirect this posture.
- The administration will keep pressing key Asian allies – including Japan, South Korea, Australia, and the Philippines – to sharply increase defense spending toward a 5% of GDP target, a push already straining relationships.
- Democrats will likely press to fully fund U.S. Forces Korea and military construction projects in South Korea, while proposing restrictions on the DOW's ability to reduce U.S. troop levels in the region without congressional approval.
- HASC and SASC Democrats will likely press for a return to regular bilateral and multilateral military exercises with Pacific allies.
- The administration will likely push Japan and South Korea to fulfill as much as possible of their respective $550 billion and $350 billion U.S. investment commitments before President Trump's term ends.
- Democrats will likely build on existing bipartisan momentum to expand cooperation with South Korea on shipbuilding and seek to pass the SHIPS for America Act (H.R. 3151/S. 1541) if it is not enacted as part of the FY 2027 NDAA.
- Democrats will likely use appropriations to try to expand international development and foreign aid in the Pacific, such as the Peace Corps and disaster assistance.



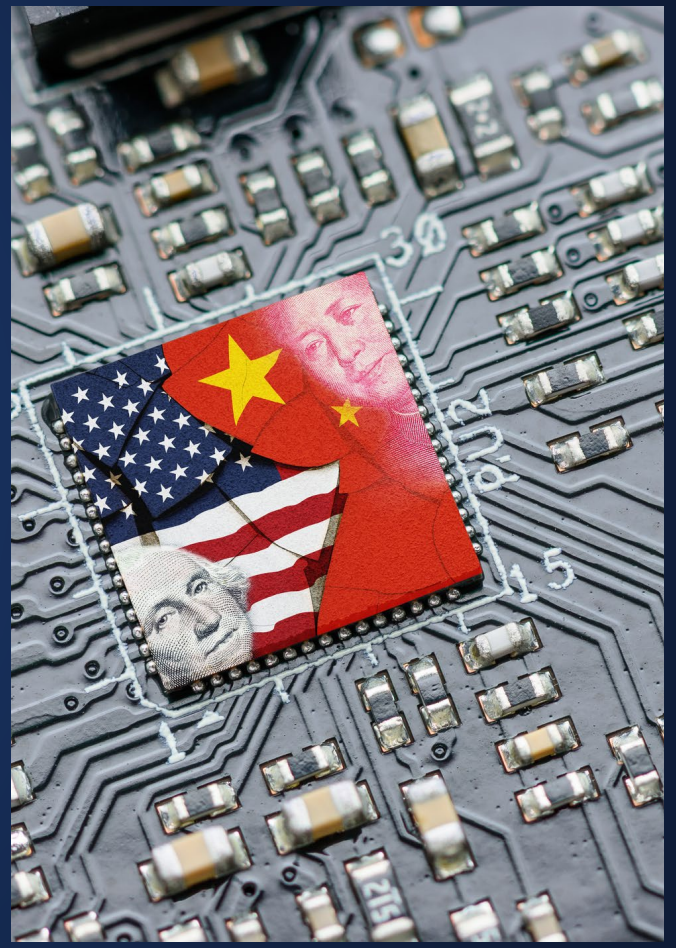


Asia (cont.) – China

- President Trump will aim to project strategic stability with China by continuing to participate in regular principal-level summits with Chinese President Xi Jinping, rather than relying on traditional diplomatic channels.
  - At the same time, fears about China overtaking the United States in emerging technology leadership will continue to drive the administration's economic strategy vis-a-vis China.
- President Trump will continue to face mounting pressure to reach an agreement with President Xi Jinping on AI development and safety guardrails, as well as a longer-term trade deal that eases inflation-related concerns without alienating certain groups, such as U.S. farmers, labor unions, and the automotive industry.
- The administration may examine banning certain Chinese open-weight AI models from the U.S. market; however, a wholesale ban is unlikely in the near term.

Asia (cont.) – China

- Democrats and Republicans will continue to prioritize efforts to combat China's global influence and strengthen U.S. competitiveness.
- Congress will likely continue to fund and authorize programs to deter Chinese economic and military aggression. Issues that have long driven U.S.-China relations will remain friction points, including Chinese military incursion in the South China Sea, Taiwan security, Hong Kong autonomy, China's backing of North Korea, forced labor in the Xinjiang region, and non-market economic policies.
- Democrats will likely scrutinize the Trump Administration's use of export controls as a tool in trade negotiations with China, and conduct oversight into the Department of Commerce's export control policy decision-making.
- The House Foreign Affairs, Senate Foreign Relations, House Select China, and Senate Banking committees will likely seek to investigate the administration's decisions to allow advanced AI-chip sales to China and to suspend for one year the Bureau of Industry and Security (BIS) Affiliates Rule.
- Expect more congressional oversight actions, such as briefing requests, letters to Commerce, State, and USTR, and hearings that pressure administration officials to explain licensing and enforcement choices.





The Middle East

- The Trump Administration will retain broad authority over military operations, diplomacy, sanctions, and arms sales, with congressional control shaping funding and oversight.
- Democratic opposition to the Iran war will collide with the administration's efforts to maintain military pressure in Iran. U.S. force posture in the region, the future of regional bases, and supplemental funding requests will be points of contention.
- The administration is likely to continue to pursue expanded defense and arms agreements with Saudi Arabia, including F-35 sales and nuclear cooperation.
- Efforts to reinstate Turkey in the F-35 program are likely to continue, subject to required certifications and issues related to sanctions, technology security, and Israel's qualitative military edge (QME).

The Middle East (cont.)



- Unified Democratic control will create the strongest congressional pressure on the administration's Iran strategy, funding, and oversight of related conduct.
- Democrats will likely use the NDAA and related appropriations measures to impose reporting requirements, operational limits, and funding restrictions on the Iran war.
- The sale of F-35s to Saudi Arabia has cleared its congressional review window. Bipartisan resolutions in both chambers target the related nuclear deal over its missing nonproliferation safeguards and conflict-of-interest concerns tied to the Trump family's financial ties to Saudi Arabia and Crown Prince and Prime Minister Mohammed bin Salman. A Senate floor vote is expected after November 29, during the lame duck session, under the current Congress.
  - Given the deal's departure from the "gold standard" nonproliferation safeguards and the bipartisan unease over Trump family financial ties to Saudi Arabia, this vote carries more real uncertainty than past Section 123 reviews, even though no such agreement has ever been successfully blocked before. The deal is likely to generate a noisy public fight regardless of outcome.
- With subpoena power in both chambers, Democrats will likely investigate foreign-linked transactions involving the administration, the Trump family, and associated figures.

The Middle East (cont.) – Israel

- On Election Day, President Trump announced a deal with Israel to end the nearly $4 billion in annual U.S. military funding after this year.
- This appears to conflict with the funding Congress has already authorized through 2028 under the 2016 U.S.-Israel memorandum of understanding (MOU), and it remains unclear how this will play out.
- The Israel defense memorandum of understanding (MOU) and arms sales will face substantial pressure, including Democratic initiatives to impose funding conditions.
- There will be major policy debates inside the Democratic caucus about providing defense funding to Israel that could be used against Palestinians in Gaza and the West Bank. Any Executive branch defense-based agreements with Israel will face substantial Congressional scrutiny.
- **Israeli Election:** With Israel's October election results now certified, neither Prime Minister Netanyahu's bloc nor the opposition reached the 61 seats needed to form a government. Netanyahu remains as caretaker prime minister with full authority including war powers, while President Herzog oversees the coalition-formation process that could take up to three months. Failure to form a government triggers a new election cycle.





Russia and Ukraine

- During his last two years in office, President Trump will continue to press Kyiv and Moscow to negotiate a political settlement and attempt to increase pressure on Kyiv to approve terms acceptable only to Moscow.
- In lieu of a deal, President Trump's appetite to keep supporting Ukraine will wane, particularly as U.S. defense stockpiles fall due to the war with Iran. The administration could pursue additional cuts to military assistance and intelligence support and will push NATO partners to bear more of the cost of supporting Ukraine.
- The President's decision to offer a six-month suspension of sanctions to permit Moscow to sell diesel globally, and waive sanctions and tariffs authorized by the Lindsey O. Graham Sanctioning Russia and Iran Act *(*Pub. L. 119-111*)*, is seen on the Hill and in Europe as an unacceptable tilt towards Russia which will limit Ukraine's leverage in peace negotiations.
- The administration will be forced to weigh how long it can maintain the waiver amid bipartisan opposition in Congress.

Russia and Ukraine (cont.)



- A Democratic Congress will likely reassert support for Ukrainian sovereignty and seek to intensify pressure on Russia. Democrats will argue that President Trump's softening stance on Russia contradicts long-held national security priorities and weakens deterrence against other authoritarian states. Democrats will also highlight the war's economic toll, including inflation and rising diesel prices, as part of their broader critique.
- As bipartisan opposition to the President's Russia sanctions waiver grows, Democrats may pursue legislation narrowing or repealing the Graham Act's (Pub. L. 119-111) Section 115 waiver authority, the provision underlying the October 16 Executive Order on Implementing the Lindsey O. Graham Sanctions on Russian and Iran Act of 2026 (EO 66627), in an effort to force the administration back toward implementing the act's sanctions and duties going forward. This would not undo the existing waiver, and whether Democrats could gather enough Republican votes to override an expected presidential veto remains uncertain.
- Democrats are expected to launch significant oversight of the Trump Administration's Russia-Ukraine decision-making.
  - Relevant committee chairs are positioned to investigate U.S. negotiations with Moscow, including side business deals; any pauses, conditions, or diversions of Ukraine assistance; intelligence-sharing and weapons-transfer decisions; sanctions waivers and enforcement lapses; and potential violations of congressional notification or appropriations requirements.
  - Democrats will likely scrutinize the administration's prior suspension of foreign assistance, including Ukraine energy assistance, and diplomatic actions seen as aligning the United States more closely with Russia's position.
- Democratic appropriators will likely pursue more economic and military support to Ukraine through Defense and State-Foreign Operations accounts. They may also attach guardrails (e.g., regular obligation reports, congressional notification before withholding or reprogramming funds, end-use monitoring, and anti-corruption conditions) to make it more difficult for the administration to pause support to Ukraine.
  - However, President Trump will likely veto any package that does not closely align with his agenda. Democrats may have to negotiate with Republicans to try to secure two-thirds majority support in both chambers to override a veto.



The Americas

- The Trump Administration will continue advancing its America First agenda, aligning regional economic and security policy with its strategic goals.
- The administration will likely expand the U.S.-led Shield of the Americas to counter transnational criminal organizations, drug trafficking, illegal migration, and other transnational threats.
- The Administration, with bipartisan support from congressional Democrats, will maintain pressure on regional partners to limit Chinese involvement in artificial intelligence, telecommunications, critical infrastructure, and other strategic sectors, particularly as China's regional investment intensifies the competition.
- Competing foreign policy priorities and military demands arising from the Iran war are likely to constrain the administration's ambitions in Cuba, even as it maintains pressure through economic, diplomatic, and potentially military measures.
- The Trump Administration will deepen ties with ideologically aligned governments while maintaining a more adversarial posture toward governments it views as less aligned with Trump Administration priorities.
- Following the decision not to renew the United States-Mexico-Canada Agreement (USMCA), the administration will likely continue negotiations with Mexico and eventually with Canada to try to address its concerns before the end of President Trump's term.

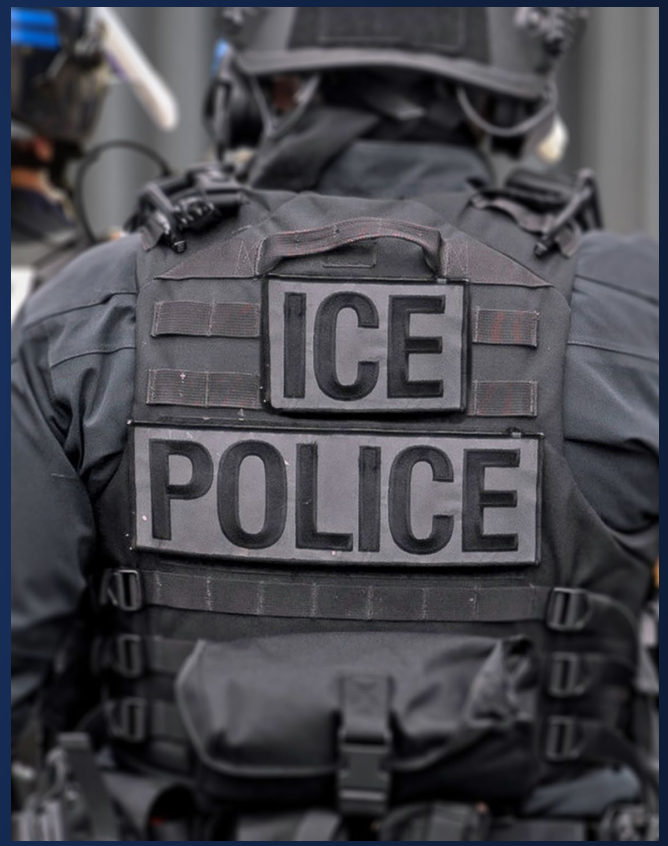
The Americas (cont.)



- Democratic-led committees will likely hold hearings and conduct oversight into the administration's regional policies and whether partisan political interests, rather than U.S. foreign policy interests, are driving these decisions.
- Unified Democratic control will likely heighten the political and constitutional risks of any potential U.S. military action involving Cuba and increase efforts to restrict its authorization or funding.
- Democratic leaders will engage directly with newly elected regional governments, including through delegation visits, hearings, foreign assistance, and sanctions.
- As Canada pursues deeper ties with the European Union (EU) and new trade deals to reduce its reliance on the U.S., Congress will work to repair the U.S.-Canada relationship directly, through congressional delegations and engagement, rather than relying on the administration to act.
- Democrats will push to reform economic ties with Mexico, the United States' largest trading partner, calling for stronger labor and environmental standards, an investment screening mechanism, and a less combative negotiating posture during the USMCA review.
- A Democratic House and Senate will likely press for greater transparency in USMCA negotiations. Bipartisan support will likely continue for extending the agreement once a revised deal is negotiated to maintain stability in North American markets and ease trade tensions with Canada.

Immigration and Border Security

- Unified Democratic control gives Democrats oversight tools, including hearings, subpoenas,, and impeachment, but little ability to cut Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) funding, since both agencies are funded through FY 2029 under reconciliation legislation.
- Congressional oversight will expand substantially, encompassing deportation practices, conditions in detention facilities, detainee treatment, allegations of extrajudicial CBP and ICE conduct, and the termination of Temporary Protected Status.
- Democrats will avoid a wholesale reversal of President Trump's immigration enforcement agenda to minimize perceptions they are weak on immigration, instead focusing criticism on implementation, including detention conditions, family separations, enforcement beyond individuals convicted of violent offences, incidents involving U.S. citizens, and alleged unlawful or discriminatory stops.
- While Democrats recognize the economic consequences of labor shortages and workforce disruptions in key sectors, they will remain cautious about publicly emphasizing immigrants' broader economic and societal contributions, reflecting the issue's continued political sensitivity even under unified control.
- A Democratic House and Senate will seek to capitalize on Latino voters' growing dissatisfaction. According to the SSRS Voter Poll, support for Democrats increased 28% since 2024, while 70% of respondents disapproved of President Trump's performance. Cost of living influenced the vote of 93% of respondents, and immigration enforcement influenced 76%.
- In response, congressional Republicans may be willing to work more cooperatively to avoid confronting the same political vulnerabilities in the next election cycle.



Foreign Assistance and Defense Funding



Democratic appropriators will likely hold the defense budget below the administration's requested levels, slowing spending growth in response to the President's push for record spending levels. Democrats will likely write spending bills that provide greater parity for non-defense spending accounts, while also seeking to secure higher funding levels to restore dollars previously cut under State-Foreign Operations appropriations.

Ukraine

Democrats are likely to push to increase Ukraine security-assistance funding above what the administration has supported. Democrats may seek to further restrict DOW's ability to divert equipment already committed to Ukraine, and press for clearer accounting of how appropriated funds are spent.

Israel

There will be major policy debates inside the Democratic caucus about providing defense funding to Israel that could be used against Palestinians in Gaza and the West Bank. Expansions of the U.S.-Israel economic and security relationship are expected to face more resistance.

Taiwan

Taiwan security assistance is likely to continue unchanged as it has support from both parties and is not expected to become a point of partisan contention.

- Democrats will likely commission reports supporting their position that the Trump Administration's reorganization and dismantling of the U.S. Agency for International Development (USAID) and other initiatives impacted U.S. national security interests globally and undermined stability and humanitarian conditions in key regions.
- Congress may advocate for the United States to rejoin the World Health Organization (WHO) and other related global health-oriented international organizations.
- Democrats are likely to hold oversight hearings on the America First Global Health Strategy and the country-level memorandums of understanding the United States entered.

National Defense Authorization Act (NDAA)



- Congress is working to complete the FY 2027 NDAA.
- Republican priorities are likely to focus on strategic endeavors rather than operational and bureaucratic issues.
- Lawmakers will need to resolve the topline defense authorization level following the House approval of an unprecedented authorization amount of $1.15 trillion.
- Difficulties achieving bipartisan agreement in the NDAA may persist in a divided government (between Congress and the administration).
  - HASC and SASC leadership will likely continue to champion bipartisan initiatives including investment in critical technology, strategic capabilities, shipbuilding, cyber readiness, military pay increases, and acquisition reform.
  - U.S. competition with China and Russia will also continue to be a priority in a Democratic Congress.
- NDAA provisions will likely concentrate more on oversight, testing standards for AI and defense technology, investigations, and reporting requirements as Democrats seek to enhance transparency in the administration's defense policies.
- Democrats are likely to renew efforts to pass broader military right-to-repair policies through the NDAA, as well as more stringent PFAS cleanup requirements.

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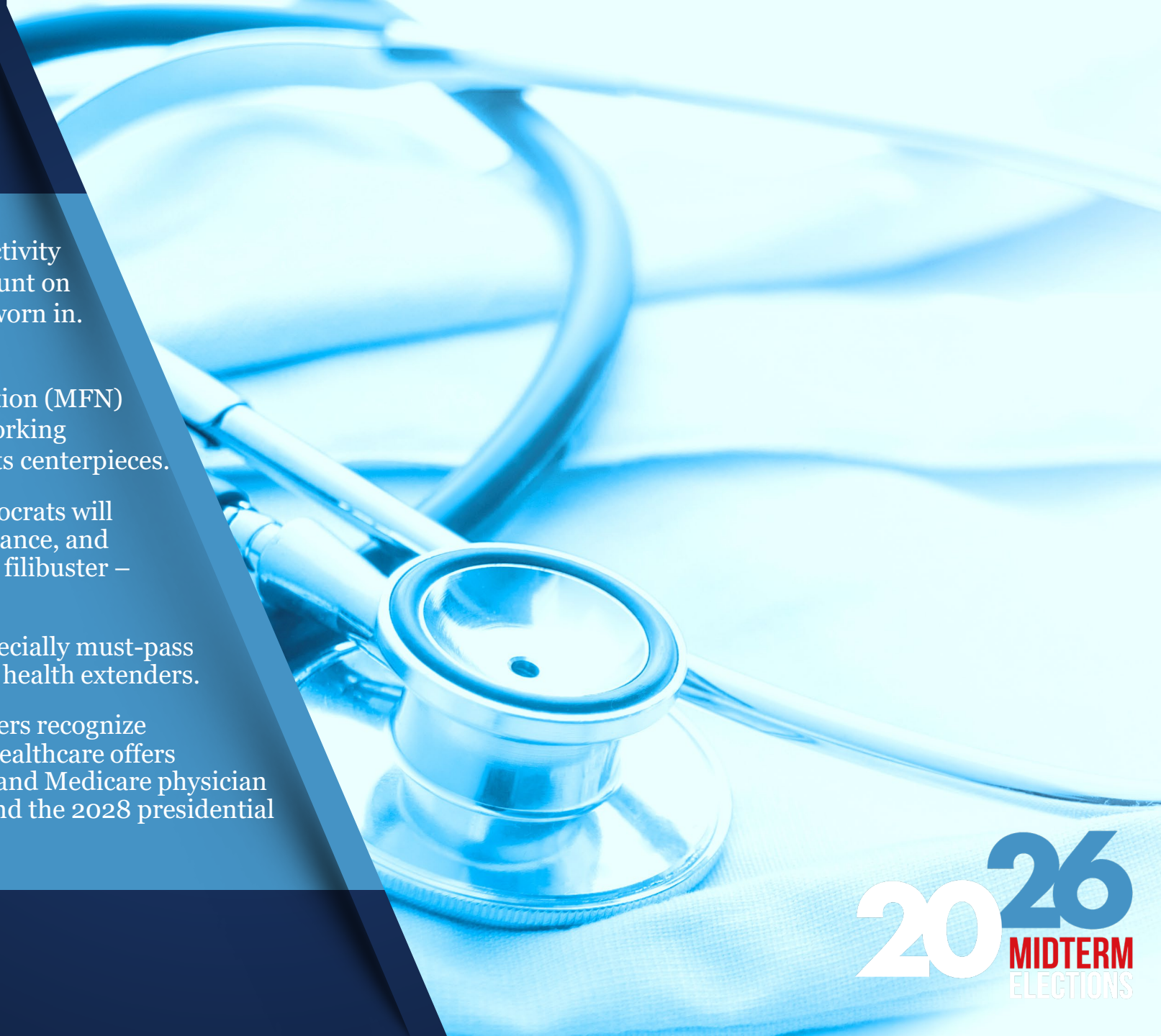
Healthcare and Life Sciences

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Key Takeaways

- The breadth and depth of Democrats' success in November's election may lead to limited legislative activity during the lame duck with Democrats preferring to punt on moving major legislation until the new Congress is sworn in.
- Democratic majorities will lead to an aggressive and coordinated oversight agenda, with most-favored-nation (MFN) drug pricing agreements and Medicaid cuts in the Working Families Tax Cuts Act (WFTCA) (Pub. L. 119-21) as its centerpieces.
- Having campaigned on healthcare affordability, Democrats will also seek to develop legislation on drug pricing, insurance, and coverage reforms, but a Trump veto – and the Senate filibuster – will constrain enactment of partisan legislation.
- Bipartisan policies will still garner consideration, especially must-pass legislation such as user fee reauthorization and other health extenders.
- Oversight will not crowd out legislating. Many members recognize the need to pass bills and work across the aisle, and healthcare offers openings on prior authorization, price transparency, and Medicare physician payment. President Trump, the margins of control, and the 2028 presidential election will shape which of these advance.



Healthcare Policy Outlook



- Expect urgency to push partisan policies before Republican unified control ends, though attendance issues are expected. Democrats have won both chambers but will continue to face President Trump's veto threat – and Senate Republicans' filibuster – for his remaining two years in office.
- **Nominations**: The Senate resumes consideration of pending nominations to ensure as many of President Trump's nominees are confirmed by January 3. Heidi Overton, nominee for Food and Drug Administration (FDA) commissioner, had a hearing before the Senate Health, Education, Labor, and Pensions (HELP) Committee on September 24, and Chris Klomp, nominee for Department of Health and Human Services (HHS) deputy secretary, cleared the Senate Finance Committee 15-12.
  - Klomp and Overton are both likely to be confirmed during the lame duck, the timing of which is important as there will be increased pressure due to Republicans' loss of control of both chambers.
- **Reconciliation**: President Trump wants the debt limit raised before year-end, and Democratic control of both chambers in the 120th Congress prohibits Republicans and the White House from further using reconciliation to enact their legislative agenda and effectively removes the filibuster-proof route to raising the debt limit next year. The House-adopted budget resolution (H. Con. Res. 113) does not instruct health committees; regardless, the prospects of movement of a lame duck reconciliation bill appear slim at this time.
- **Race to 2028**: With President Trump holding the veto, unified Democratic control of Congress is more likely to produce a legislative record for voters than enacted law, as Democrats position priorities they could move in 2029 if they win the presidency. Democrats will enter the next Congress focused on introducing proposals they argue will make healthcare more accessible and affordable to Americans, including restoring Medicaid cuts in the WFTCA, expanding the drug pricing provisions in the Inflation Reduction Act (IRA), and restoring the lapsed Affordable Care Act (ACA) enhanced premium tax credits (ePTCs). The House will likely debate proposals centered on universal coverage and Medicare for All, which a number of its members increasingly embrace. Nonetheless, legislation that lacks bipartisan support, or that cannot overcome a prospective veto by President Trump, is unlikely to become law.

Timeline for the Transition Into the 120th Congress



Election
- Nov. 3: Democrats gain control of both the House and Senate.

120th Congress Transition
- November-December: congressional leadership elections and committee organization proceed.
- Jan. 3: The 120th Congress begins.

Health Legislative Agenda
- Committee leadership and memberships finalized; Democrats control committees in both chambers.
- Congressional Democrats establish legislative priorities, including consideration of unfinished policy initiatives from the 119th Congress that have broad bipartisan support.
- Enactment of legislation will require presidential approval or sufficient congressional support to override a presidential veto.

2026 2027 2028

Lame Duck Session
- Dec. 11: Fiscal Year (FY) 2027 appropriations deadline.
- Efforts to consider extensions of expiring authorities, pending nominations, member legacy initiatives, and select year-end health policy priorities.
- Consideration of the FY 2027 National Defense Authorization Act (NDAA).

Trump Administration: Second Half of Term
- President Trump begins the last two years of his second term; Senate Democrats consider health-related nominees requiring Senate confirmation.
- Jan. 1: Effective date of the major Medicaid changes in the WFTCA, including federal work requirements for most expansion-age adults and the shift to six-month program eligibility redeterminations.

Health Regulatory Agenda
- Federal health agencies continue implementation of the Trump Administration's policy priorities and regulatory agenda.
- A Democratic-controlled Congress engages in rigorous oversight over federal health agencies.

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119th Congress Lame Duck

- Prospects for moving major legislation as part of a typical end-of-year package may be limited in an environment where Democrats prefer to wait until the new Congress is sworn in.
- Healthcare priorities that are ripe for incorporation in a potential year-end package include price transparency reform, prior authorization reform, and a short-term "doc fix" to address the Conversion Factor (CF) cuts in the Calendar Year (CY) 2027 Medicare Physician Fee Schedule (PFS).
  - Negotiations on a longer-term fix to federal physician pay are expected to continue next Congress via bipartisan efforts to reform the Medicare Access and CHIP Reauthorization Act (MACRA) (Pub. L. 114-10).
  - Life sciences-related policies could also move as part of the NDAA.
  - Reforms to the No Surprises Act, 340B, and health data privacy are unlikely to be addressed this year.
- Earlier in 2026, Congress passed the Consolidated Appropriations Act, 2026 (Pub. L. 119-75), which included a package of healthcare extenders. Due to these extensions, Congress will not need to act on programs such as COVID-19 telehealth flexibilities and FDA's Rare Pediatric Disease Priority Review Voucher (PRV) Program. In this same package, Congress also delayed cuts to Disproportionate Share Hospital (DSH) allotments.
  - Notably, Congress permanently extended telehealth flexibilities for specific mental health services.



119th Congress Lame Duck

Potential Healthcare Reauthorizations and Extenders



Work Geographic Index Floor

Congress is likely to consider an extension of the 1.0 work geographic practice cost index (GPCI), which adjusts Medicare PFS payments according to labor costs in different regions.

Inpatient Hospital Payment Adjustment for Certain Low-Volume Hospitals

Congress is likely to consider an extension of the inpatient hospital payment adjustment for certain low-volume hospitals, which is an additional payment for some rural hospitals to offset costs associated with a lower patient volume.

National Health Service Corps

Funding for the National Health Service Corps (NHSC) will expire on December 31, 2026.

Special Diabetes Program

Funding for the Special Diabetes Program will expire on December 31, 2026.

Community Health Center Fund

Funding for the Community Health Center Fund will expire on December 31, 2026.

Medicare-dependent hospital (MDH) program

Congress is likely to consider an extension of the Medicare-dependent hospital program, which provides additional payments to rural hospitals that serve mostly Medicare patients.

Children's Hospital Graduate Medical Education (CHGME) program

Congress is likely to reauthorize CHGME at or above current funding levels despite partisan disagreement in the past over gender-affirming care.

Congress may also consider reauthorizing certain provisions of the Pandemic and All Hazards Preparedness Act (PAHPA) (Pub. L. 109-417). Partisan disagreements have held up reauthorization of the full package in recent years.

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Congressional Leadership Races

Senate Health, Education, Labor, and Pensions (HELP) Committee

Current Committee Chair Bill Cassidy (R-LA) will retire from Congress after losing his primary. With Democrats in control of the upper chamber, **Sen. Bernie Sanders (D-VT)** is set to become the next HELP Committee Chairman. On the Republican side, **Sen. Rand Paul (R-KY)** is next in line to serve as Ranking Member, but he is more likely to remain on the Homeland Security and Government Affairs Committee (HSGAC) as the top Republican. **Sen. Lisa Murkowski (R-AK)** is next in line after Paul, though she is positioned to become Ranking Member of the Senate Appropriations Committee with **Sen. Susan Collins (R-ME)** losing reelection. As such, **Sens. Tim Scott (R-SC)** and **Josh Hawley (R-MO)** are the most likely candidates for the position of HELP Ranking Member.

House Energy and Commerce (E&C) Health Subcommittee

Rep. Diana DeGette (D-CO), the subcommittee's top Democrat, lost her primary. **Rep. Kathy Castor (D-FL)** is positioned to succeed Rep. DeGette. **Rep. Morgan Griffith (R-VA)** will remain the top Republican on the subcommittee.

Senate Finance Committee leadership is likely to remain the same under **Sen. Ron Wyden (D-OR) and Sen. Mike Crapo (R-ID).**

House Ways and Means (W&M) Health Subcommittee

Rep. Vern Buchanan (R-FL), who chairs the subcommittee, and **Rep. Lloyd Doggett (D-TX)**, its top Democrat, are both retiring this Congress. **Rep. Linda Sanchez (D-CA)** has expressed interest in serving as the lead Democrat on the subcommittee. **Rep. Greg Murphy (R-NC)** is expected to be the next lead Republican.



Sen. Sanders



Sen. Wyden



Rep. Castor

Source: Wikipedia (2026)

Outlook 2027-2028 Healthcare Landscape: Congress

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Healthcare Policy Priorities



Senate Finance Committee Democrats have issued requests for information (RFIs) seeking healthcare reform proposals to be considered in the next Congress. The options below each could be considered for a reconciliation proposal.

Reversing the WFTCA Medicaid Cuts	Restoring the Medicaid funding is a pure spending change, making it the cleanest fit for budget reconciliation and the simplest for the CBO to score, if Democrats can find $1 trillion to offset the cost.
Restoring the ACA enhanced Premium Tax Credits	Democrats are likely to pursue restoring the enhanced premium tax credits for two years or permanently, a far more expensive, and thus trickier, option.
Extending Medicare Drug Price Negotiation to the Commercial Market	Expanding the Medicare Drug Price Negotiation Program to commercial plans would reach far more patients and generate large federal savings. Democrats will likely seek to increase the number of products eligible for Medicare price negotiation each year.
A Public Option or Medicare Buy-In	This proposal is at the center of Senate Finance Democrats' RFIs: considering how to set reimbursement rates and secure provider participation for a public option. A parallel proposal, the Choose Medicare Act (S. 2032), would allow individuals and employers to buy into a new Medicare Part E plan.
Single-Payer Concepts and Medicare For All	The Senate Finance Democrats' RFI raises the option of expanding Medicare to all Americans, a longtime priority for progressive Democrats. While House Minority Leader Hakeem Jeffries (D-NY) and many other Democrats have opposed the proposal, there is a growing number of House Democrats embracing the idea.

A potential reconciliation dry-run: A budget resolution does not need the President's approval, so Democrats could adopt instructions, pass a bill, and force a veto. Democrats may offer to engage in such an exercise to illustrate their policy alternatives and how they contrast with congressional Republicans and the Trump Administration. Doing so is not without risk.

Drug Pricing – Key Questions for Congress



- What's next on MFN?
  - Oversight: The House Energy and Commerce, Ways and Means, and Education and Workforce Committees and the Senate Finance and HELP Committees will pursue an aggressive oversight agenda centered on uncovering what they allege to be vast corruption undertaken by President Trump and his allies, at the expense of everyday Americans. They believe the MFN agreements entered into with pharmaceutical companies are a prime example.
    - They have sought details of the drug deals to date – but will now have subpoena powers to compel documents and testimony.
- A Trial Run on Legislation
  - While limited by the Senate filibuster, and potential veto threats from President Trump, Democrats may use their majorities to advance IRA negotiation expansion legislation, including the possible incorporation of MFN pricing, that could pass the House of Representatives – and could attempt a reconciliation dry-run to see what additional reforms the parliamentarian may be willing to accept in the event of a Democratic trifecta in 2029.
- Will Congress touch 340B?
  - Expect oversight of the administration's proposed rebate model, but real, legislative reform is a zero-sum game – members are often divided more by constituent makeup than party or policy.
    - Reforms that affect covered entities are more challenging politically in post-WFTCA Medicaid changes and ACA enhanced subsidy lapse environment – and Democrats have opposed the administration's proposed rebate model.
- Will Congress enact additional "pro-competition" measures?
  - Bipartisan appetite remains for additional pharmacy benefit manager (PBM) reforms.
  - User fee reauthorization could be a vehicle for additional intellectual property (IP)/biosimilar and other affordability reforms.

Congressional Efforts to Reduce Healthcare Costs



Revisiting WFTCA

A Democratic-controlled Congress is likely to revisit coverage changes under the WFTCA in an effort to reduce healthcare costs. Aiming to unwind policies regarding Medicaid funding reductions and eligibility restrictions is expected.

Affordability and coverage

Congressional Democrats are likely to prioritize affordability policies focused on reducing out-of-pocket costs and increasing healthcare coverage. Expect support for extending or making permanent the ACA ePTCs and expanding the Medicare Drug Price Negotiation Program to lower prescription drug costs.

Administration oversight

A Democratic-led Congress is also anticipated to use its investigative authority to conduct oversight of the Trump Administration's healthcare leaders and initiatives, including vaccine policy, the implementation of WFTCA, MFN drug pricing agreements, expiration of ACA ePTCs, and federal health workforce reductions. Senate Democrats are also likely to exercise scrutiny in their consideration of the administration's health nominees during the confirmation process.

Bipartisan Legislative Efforts to Reduce Healthcare Costs

While a Democratic-led 120th Congress may face challenges advancing partisan legislation, Congress could pursue targeted bipartisan policies related to affordability, including:

- Price transparency requirements for hospitals, insurers, and other providers via legislation, including:
  - The Lower Costs, More Transparency Act of 2026 (H.R. 9393), which would establish statutory price-disclosure requirements for hospitals and other providers, and
  - The Patients Deserve Price Tags Act (S. 2355), which similarly addresses hospital and insurer pricing and patient billing protections.
- Additional PBM reforms
- Prior authorization reform
- Medicare Advantage (MA) oversight
- Insulin affordability
- Site neutrality reform



Physician Payment Reform & Site Neutrality



- Medicare physician payment reform may be one of the few bipartisan health policy priorities gaining momentum as we head into the 120th Congress. Lawmakers from both parties have expressed concern about consolidation within the healthcare system due to inadequate support for practitioners and agree that Medicare physician payment policy is ripe for reform.
- Earlier this year, leaders of the GOP Doctors Caucus and the Democratic Doctors Caucus introduced the Patients First Act (H.R. 9693), which would comprehensively reform the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) the complex statute that currently governs federal physician pay formulas.
  - Support for this measure is continuing to build in the Senate.
- The legislation offers a foundation for future reform discussions.
  - The bill enjoys bipartisan support from House lawmakers and the endorsement of many physician groups.
- In a consolidated funding package for FY 2026 (Pub. L. 119-75), Congress enacted a provision requiring a separate National Provider Identifier (NPI) for billing of services at hospital off-campus outpatient departments, a step toward site-neutral payment reform.
  - Congress may pursue additional site-neutral payment reforms in the 120th Congress.
  - On the regulatory side, CMS has begun implementing site-neutral policies for drug administration services and will begin doing so for imaging services without contrast.

At a high level, the *Patients First Act* would:
• Increase the budget neutrality threshold;
• Link Medicare PFS payment updates to the Medicare Economic Index (MEI) minus one percentage point;
• Create a five-year hybrid payment model for independent primary care clinicians that pays a per-member-per-month reimbursement;
• Replace the Merit-based Incentive Payment System (MIPS) with the Patient Outcome Improvement National Tabulation System (POINTS);
• Create a CMS task force to develop streamlined quality metrics and reduce administrative burden; and
• Require notice-and-comment rulemaking periods for the Center for Medicare and Medicaid Innovation (CMMI) alternative payment models (APMs).

No Surprises Act Reform



- On a bipartisan basis, lawmakers have expressed agreement on the necessity to reform the independent dispute resolution (IDR) process under the No Surprises Act (Pub. L. 116-260); however, stances on the issue do not break down along typical party lines, but instead by coalitions of different healthcare interests, making it difficult to determine a course of action on reform efforts.
- While reform talks are gaining momentum for the lame duck session of the 119th Congress, a legislative fix is unlikely to pass until the 120th Congress. Jurisdiction over the issue will be divided among multiple committees, potentially slowing movement.
- Of note, key healthcare committee members have recently been active on No Surprises Act reform efforts:
  - Rep. Frank Pallone (D-NJ) has introduced the Lower Premiums, Faster Payments Act (H.R. 10788), which would amend the IDR process, and recently sent letters to six certified independent dispute resolution entities (IDREs) requesting information related to No Surprises Act compliance over concerns about increasing costs.
  - Reps. Brett Guthrie (R-KY) and Frank Pallone (D-NJ) also recently sent a letter to CBO requesting analysis of how the current law will impact private health insurance premiums and federal deficits over the next decade.
- In the background of the congressional debate, the U.S. Court of Appeals for the Fifth Circuit ruled in August 2026 that the No Surprises Act's qualifying payment amount (QPA) calculation methodology is partly unlawful due to inclusion of "ghost rates" and exclusion of incentive and bonus payments. The appellate court remanded to the lower court for reconsideration; however, the vacated aspects of the rule would require additional rulemaking.
  - In June 2026, CMS, the Department of Labor (DOL), the Department of the Treasury, and the Office of Personnel Management (OPM) issued a long-anticipated rule that finalized No Surprises Act regulations originally proposed by the Biden Administration in 2023.

Life Sciences & National Security: China Competition



- With Democrats now holding the majority, current Ranking Member of the House Select Committee on China, Rep. Ro Khanna (D-CA), is expected to become chair, although Democratic leadership could also choose to sunset the committee.
- Key items to watch:
  - Implementation and oversight of the BIOSECURE Act and the Comprehensive Outbound Investment National Security (COINS) Act
    - Comments on the COINS Act final rule are due December 7, 2026
    - Rulemaking is expected to be finalized in 2027
  - Legislation that could:
    - Include biotechnology, by statute, as a covered sector in the COINS Act framework
    - Prohibit clinical data from countries like China
    - Introduce additional procurement, labeling, and data transfer reforms
  - Future legislation related to FDA that could be included as part of 2027 User Fee Act (UFA) reauthorization
  - Oversight activities (e.g., hearings and letters) from committees and individual members
  - Related executive actions

BIOSECURE Act Implementation



- Enacted as part of the FY 2026 NDAA on December 18, 2025.
  - Expected to remain a shared oversight issue next Congress.
- Restricts certain federal procurement, contracts, grants, and loans involving certain foreign **"biotechnology companies of concern"** (BCCs) deemed to pose U.S. national security risks, namely those identified to have ties to the Chinese government.
- BCCs to be named by December 2026.
- Three ways for a company to qualify as a BCC:

1260H	Any company included in the annual list of "Chinese military companies operating in the United States" published by the Department of War (the "**1260H List**") and then certified by White House Office of Management and Budget (OMB) – **last revised June 8, 2026 (incl. WuXi AppTec; since granted preliminary injunction barring designation by DC District Court).**
National Security Risk	Any company the government determines, through an administrative process, (1) is subject to the control of or operates on behalf of a **foreign adversary** and (2) poses a risk to the **national security** of the United States
Subsidiary	Any **subsidiary, parent, or successor** of a BCC that meets the "National Security Risk" criteria above

- Next Steps:
  - Issuance of Guidance (due by June 2027); Revisions to Federal Acquisition Regulation (due by June 2028); Grandfathering cutoff (approximately Aug./Sept. 2028).
    - Note: Grandfathering cutoff could be sooner if the government moves faster in completing prerequisite steps.

Artificial Intelligence

- Congressional discussions around the role AI plays in healthcare policy are often distinct from debates around the broader uses of AI. This is largely due to the length of time AI has been embedded in healthcare. Notably, the FDA has been authorizing AI-enabled devices for over 30 years.
- Regarding healthcare AI policy in the 120th Congress, we expect continued bipartisanship around:
  - Leveraging AI to reduce administrative burdens for healthcare practitioners, allowing them to spend more time directly with patients;
  - Limiting the use of AI to drive insurance denials and reserving decisions involving medical judgment for qualified health professionals; and
  - Lowering the risks that AI chatbots and AI companions pose to minors.
- Based on bills introduced during the 119th Congress, Democrats would likely prioritize legislation to disapprove the Wasteful and Inappropriate Service Reduction (WISeR) Model from CMS, which utilizes AI to manage prior authorization in traditional Medicare while technically retaining clinician review, and to restrict AI-assisted coverage decisions.



Additional Healthcare Priorities



Federal Grantmaking

Members of Congress on both sides of the aisle have pushed back on efforts by the administration to involve political appointees in discretionary grantmaking, including grants administered by the National Institutes of Health (NIH). Many lawmakers have expressed concerns regarding the politicization of medical research grants, specifically.

The bipartisan CR that extended FY 2026 funding levels contained a provision that blocks an OMB rule that would codify elements of President Trump's August 2025 Executive Order Improving Oversight of Federal Grantmaking (EO 14332) and expand political-appointee involvement in oversight and grant approval decisions.

With Democrats now controlling both chambers of Congress, we expect the administration's efforts to exert more power over federal grantmaking to be subject to increased scrutiny via congressional oversight and investigative efforts, and to block further efforts by the administration.

MAHA

Food policy has become a bipartisan issue, but Republicans and Democrats are advancing significantly different visions for reform. Republicans have increasingly embraced the MAHA movement's focus on food additives, ultra-processed foods, ingredient transparency, and chronic disease prevention, while Democrats continue to emphasize nutrition access, food affordability, food labeling, and public health initiatives.

Democratic leadership likely reorients food policy discussions toward nutrition access, affordability, food labeling, health equity, and public health outcomes.

Increased oversight of MAHA implementation and scrutiny of food-related HHS and FDA actions.

Potential support for enhanced food labeling requirements and FDA food safety authorities.

Continued emphasis on food system resilience, hunger reduction, and dietary health initiatives.



Healthcare Landscape: Congressional Oversight & Investigations

The MFN drug pricing agreements are a primary target of oversight and investigations for Democrats in the 120th Congress. At least 26 pharmaceutical manufacturers entered agreements, covering 89% of the branded market, according to the White House. The terms and scope of the agreements are not publicly available. Beyond the manufacturer-specific MFN agreements, the Trump Administration is pursuing international reference pricing through the Center for Medicare and Medicaid Innovation's models, all of which will be subject to Democratic oversight.

01

A record already built: Democratic leaders on committees of jurisdiction have asked President Trump for a copy of the agreements without limitation or redaction, part of more than 30 oversight letters to the Trump Administration and manufacturers alike regarding the MFN agreements and related policies.

02

New authorities in the majority: Democratic congressional majorities give Democratic committee leaders agenda-setting authority and subpoena power to acquire copies of the MFN agreements and supporting documents, as well as to hold congressional hearings on the agreements and related policies.

03

Where manufacturers could be involved: Participating manufacturers will likely be requested to provide information and participate in congressional hearings to discuss aspects of their negotiations with the administration and their respective agreements. Democrats will be probing to ascertain the actual savings produced by MFN agreements and the related policies, and they will likely investigate the Trump Administration's use of tariff exemptions and other MFN pricing policies.

Healthcare Landscape: Congressional Oversight and Investigations



In addition to drug pricing, other issues that will likely be included on Democrats' oversight agenda include:

Vaccine Policy and Advisory Panels

Democrats are expected to press the Trump Administration on changes to the child vaccine schedule, federal immunization advisory bodies, and other efforts they believe undermine public confidence in vaccine safety and are at odds with established science.

Medicaid Cuts, Eligibility Changes, and Fraud, Waste, and Abuse Reforms

WFTCA's changes to the Medicaid program have drawn significant scrutiny from Democrats. Congressional Democrats will use their authority to highlight the effects of the Medicaid cuts, utilizing testimony from beneficiaries who have lost coverage, providers, and state Medicaid agencies struggling with the impact.

Workforce Reductions at HHS Agencies

Reductions in force across agencies such as NIH, FDA, the Centers for Disease Control and Prevention (CDC), and the Health Resources and Services Administration (HRSA) are likely to be reviewed, with Democrats connecting these cuts to weakening the core public health and regulatory functions of HHS.

Research Funding and Grantmaking

Despite the Trump Administration's decision to abandon a proposed rule that would give political appointees at OMB more control over federal grants, Democrats have scrutinized the administration's changes and disruptions to federal research funding and grantmaking policies.

Other flashpoints: Additional areas of interest include food safety, MAHA initiatives, National Priority Voucher awards, and restrictions on reproductive health and gender-affirming care.

The outer bound: Congressional Democrats' potential effort to impeach HHS Secretary Kennedy would need a House majority and two-thirds of the Senate to convict, making it more of a messaging vehicle than a feasible endeavor.

Healthcare Landscape: Administrative Agencies

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UFA Reauthorizations



In 2027, Congress will be reauthorizing most of the FDA's user fee agreements, a prime opportunity to attach FDA-related legislation as policy riders. UFA reauthorizations must be passed before the end of FY 2027.

Prescription Drug User Fee Act (PDUFA)

- With a Democratic sweep, we expect Congress ultimately to reauthorize PDUFA VIII, given the bipartisan interest in avoiding disruption to FDA's drug-review program.
  - However, Democratic majorities will likely subject the proposed agreement to greater scrutiny concerning FDA staffing, scientific independence, review quality, and clinical trial initiatives.
- Democrats will likely support the proposed commitments concerning rare-disease development, real-world evidence, patient-focused drug development, cell and gene therapies, FDA-sponsor communications, and improved first-cycle reviews.
  - Democrats could seek additional safeguards concerning clinical-trial diversity, advisory committees, and transparency in regulatory decision-making.
- A Democratic Congress will likely emphasize rebuilding and retaining FDA's scientific workforce.
  - The proposed commitment letter acknowledges high attrition during PDUFA VII and includes quarterly reporting and designated hiring objectives.

Medical Device User Fee Act (MDUFA)

- Negotiations between FDA and industry concerning the reauthorization of the MDUFA have concluded, and a proposed performance-goals and commitments framework was released for public comment in August 2026.
- The negotiated FDA-industry agreement appears largely settled; the congressional authorization process is expected to become the primary vehicle for additional device policy initiatives.
- Industry feedback has been largely aligned and supportive, reflecting broad agreement on maintaining review performance, enhancing digital health and AI expertise, and ensuring sufficient resources to support timely device reviews.
- Changes to the negotiated agreement are not expected.

FDA: Drugs and Biologics



Clinical Trial Reforms

- Under the Trump Administration, FDA launched Operation TrialBlazer, a coordinated initiative to accelerate clinical research and product development centered in the United States.
- FDA's related actions include:
  - The Expedited Investigational New Drug (IND) Pilot program;
  - Phase-appropriate IND and Chemistry, Manufacturing, and Controls (CMC) resources;
  - A risk-based approach toward nonclinical safety studies;
  - A revised draft guidance explaining when one rigorous, adequate, and well-controlled trial plus confirmatory evidence may establish substantial evidence of effectiveness; and
  - Consideration of rulemaking to require a single institutional review board (IRB) for multisite cooperative studies.
- At the same time, FDA has announced increased scrutiny of foreign clinical data.
- FDA's core objectives — accelerating U.S.-based clinical research and development while preserving data integrity and human subject protections — generally have bipartisan and industry support.

Inspections

- FDA is working to make inspections more targeted and efficient, including through a "one-day" assessment pilot for lower-risk facilities. The pilot supplements standard inspections, with flexibility to expand reviews when concerns arise.
- FDA is seeking greater parity between domestic and foreign manufacturing oversight, including by expanding unannounced inspections of foreign facilities.
- FDA is placing greater emphasis on good clinical practice (GCP) compliance in foreign clinical trials, including early-phase studies. The agency is expanding inspection coverage and increasing scrutiny of data integrity, informed consent, and access to sites and records.
- FDA's current inspection priorities are likely to continue, including the focus on GCPs and inspection parity.

FDA: Drugs and Biologics



Rare Disease Developments

- FDA is emphasizing flexibility in the evidence supporting rare disease approvals, including the use of natural history, real-world, and mechanistic data as confirmatory evidence alongside a single adequate and well-controlled study.
- FDA is seeking input on making randomized trials more feasible in rare diseases, including whether enhanced care for control groups and opportunities to stop early for efficacy could improve participation.
- FDA announced a Rare Disease Framework Initiative in October 2026 to develop a regulatory framework with a fit-for-purpose evidentiary standard for all rare disease applications.
- Facilitating development for rare disease products, including supporting manufacturing flexibility, and sustained efforts in this area will likely remain a priority for the agency, even with a change in composition of congressional leadership.

FDA Drug Approval Pipeline

- Launched under former FDA Commissioner Marty Makary, FDA's Commissioner's National Priority Voucher (CNPV) pilot is intended to expedite the review of drug and biologic applications aligned with U.S. national priorities.
- FDA awarded vouchers to 22 product candidates and, as of October 19, 2026, has approved 11 applications under the pilot program.
- While FDA continues to implement the program for remaining product candidates, it has not publicly announced additional voucher awards since May 2026.
- Although the future of the CNPV program remains uncertain, a Democratic-controlled Congress could increase congressional pressure to impose greater oversight or discontinue the CNPV program absent express statutory authorization.
- If confirmed as FDA commissioner, Heidi Overton could support renewed voucher awards as part of the Trump Administration's efforts to bring new cures to market more quickly and strengthen U.S. competitiveness against China.

Vaccines

- A Democratic Congress will intensify oversight of HHS, FDA, CDC, and the Advisory Committee on Immunization Practices (ACIP) and use hearings, investigations, appropriations provisions, and proposed legislation to resist further narrowing of routine vaccine recommendations by bringing scientific evidence forward.
- The administration nevertheless could continue pursuing changes within existing executive and agency authority.
- The administration will likely continue pressing for separately administered vaccines, particularly single-antigen MMR vaccines.
  - Democratic committees would be expected to scrutinize the scientific basis, practical feasibility, and potential public-health consequences of that policy.
  - FDA generally could not approve individual-dose products without sponsor applications and adequate supporting evidence.
- ACIP's composition and authority would remain substantially affected by the pending Massachusetts litigation, which is currently stayed pending appeal.
  - The administration could seek to reconstitute ACIP under procedures designed to address the court's concerns, while Congress could investigate the selection process or pursue legislation governing committee composition and procedures.
- Democratic majorities would likely seek to preserve federal requirements for vaccine coverage without cost sharing and could attempt to prevent HHS from using recommendation categories to narrow coverage.



Medical Devices and Diagnostics



Artificial Intelligence (AI) Regulation

- FDA continues to make regulation of AI-enabled medical devices a top priority. The agency recently published a proposed framework for AI-enabled software functions, emphasizing lifecycle management, transparency, bias mitigation, post-market monitoring, and the use of Predetermined Change Control Plans (PCCPs) to permit certain software modifications without requiring a new marketing submission. No changes in policy are anticipated as a result of the election.

Regulatory Alignment for Predictable and Immediate Device (RAPID)

- The RAPID coverage pathway remains one of the most closely watched device-policy proposals because it seeks to better align FDA market authorization with Medicare coverage decisions. Manufacturers often face a significant delay between FDA clearance or approval and meaningful reimbursement, particularly for novel technologies. RAPID is intended to address this gap by creating a more predictable mechanism for obtaining Medicare coverage shortly after FDA authorization. We anticipate this will be a top priority across FDA and CMS with bipartisan support. While RAPID is currently an administrative proposal, codification via legislative action could be seen in 2027.

Laboratory Developed Test (LDT) and In Vitro Diagnostic (IVD) Reform

- Diagnostic regulation remains unsettled following the federal court decision vacating FDA's 2024 LDT rule. Following that decision, FDA formally reverted to its prior regulatory framework, leaving many LDTs regulated primarily through the Clinical Laboratory Improvement Amendments (CLIA) system rather than FDA device requirements. The agency continues to exercise oversight over traditional IVD test kits and commercially distributed diagnostics. Attention may shift away from FDA enforcement to Congress, where policymakers may consider whether a new statutory framework is needed to govern both laboratory-developed and commercially distributed tests.

MFN Pricing

- President Trump's signature drug pricing initiative is a multi-pronged effort to align U.S. drug prices with prices in comparable high-income countries, known as MFN pricing.
  - Tariffs have been used along with the models discussed below to encourage MFN agreements.
- During the first two years of this administration, these efforts have focused on (1) negotiating voluntary, confidential agreements with drug manufacturers to provide MFN pricing for certain products (at least 26 manufacturers, to date) and (2) advancing three MFN-related drug pricing models through the CMS Innovation Center:
  - GENEROUS (GENErating cost Reductions fOr U.S. Medicaid) Model, a voluntary model in Medicaid
  - GLOBE (Global Benchmark for Efficient Drug Pricing) Model, a mandatory model in Medicare Part B
  - GUARD (Guarding U.S. Medicare Against Rising Drug Costs) Model, a mandatory model in Medicare Part D
- In October, CMS finalized the GLOBE Model rule. Pharmaceutical Research and Manufacturers of America (PhRMA) filed a federal lawsuit challenging the rule, arguing that it exceeds CMS's statutory authority and is unconstitutional.
- In 2027, we expect CMS to be focused on implementation of these models.



Inflation Reduction Act (IRA) & PBMs



IRA

- The Medicare Drug Price Negotiation Program will soon enter its fourth cycle with the secretary selecting 20 more Part B or D drugs for price-setting.
- Litigation continues, with attention shifting from constitutional to as-applied challenges.
- Although legislative reforms to the IRA will be a non-starter, Democrats are laying the groundwork for IRA expansions, including to the commercial market and incorporating international reference pricing.
- With the sunset of the Part D premium stabilization demo and the expiration of the IRA's premium stabilization measure in 2030, Congress will be forced to grapple with how to avoid cost-shifting to seniors.

PBMs

- A key focus for CMS will be implementing PBM reform provisions enacted under the Consolidated Appropriations Act, 2026 (Pub. L. 119-75).
  - Among other provisions, effective in 2028, the law requires delinking of PBM fees and compensation under Part D, establishes reporting requirements for commercial plans' PBMs, and requires full rebate pass-through under the Employee Retirement Income Security Act (ERISA).
  - Building off this summer's request for information (RFI) on PBM compensation and data collection, CMS is soliciting comments on the proposed rule.

340B Drug Pricing Program

- The 340B Program has hit an unprecedented scale. HRSA reports 340B drug purchases reached $100 billion in 2025, up 23% from 2024, and this trend is expected to continue.
- Congress continues to propose legislative changes – but progress is slow and priorities are often misaligned.
  - For example, different pieces of legislation alternately would allow and prohibit 340B rebates, though there has been bipartisan support for reforming the 340B Program's "patient" definition and providing oversight or limitations on contract pharmacy usage.
- The "patient" definition may be the area of the 340B Program most likely to see reform after the midterm elections – both because there is ongoing litigation in the DC District Court around this issue, and because of the potential for bipartisan legislation.
- The 340B Rebate Model Pilot Program, which includes only initial price applicability year (IPAY) 2026 and 2027 drugs, will begin shortly after the midterm elections on January 1, 2027. While HRSA seemingly pursued more deliberate administrative processes than it did for its first attempted rebate model, hospital industry groups have filed suit to challenge implementation of the model.



Behavioral Health & Telehealth



- The second Trump Administration has focused on behavioral health through a series of executive orders (EOs), HHS initiatives, and legislative reauthorization aimed at expanding access to opioid treatment and overdose prevention; coordinating federal efforts on substance use disorder (SUD) prevention, access, and recovery efforts; accelerating the development and approval of psychedelic drugs; and curbing overprescribing of psychiatric medications.
- At the same time, the FY 2027 President's Budget Request called for cuts to agencies engaged in mental health and SUD work, the administration has reduced staff at HHS agencies that oversee mental health and SUD programs, and certain mental health grant programs have been canceled.
  - Democrats, with some bipartisan support, are likely to call for restoration of behavioral health funding and staffing at HHS agencies.
- CMS's promotion and continuation of certain telehealth flexibilities have remained consistent across administrations and Congress has continually extended such flexibilities. Both Congress and the agency have been aligned in concerns about balancing patient safety, quality of care, and fraud/abuse with the expanded use of telehealth, which is expected to remain a bipartisan priority.
  - As part of the Rural Health Transformation Program (RHTP), the Trump Administration has provided funding to expand telehealth in certain rural states.
- Of note, the Drug Enforcement Administration's (DEA) final rule to extend telemedicine flexibilities for prescribing controlled substances via telehealth remains pending.

WFTCA Implementation and Rulemaking

- State Directed Payments (SDPs)
  - Section 71116 of the WFTCA establishes a total payment for certain SDPs for hospital inpatient and outpatient services, nursing facility services, and qualified practitioner services at academic medical centers.
  - Presidential Memorandum, "Eliminating Waste, Fraud, and Abuse in Medicaid" (June 6, 2025) directs CMS to ensure Medicaid payment rates are not higher than Medicare, to the extent permitted by applicable law.
  - CMS issued a proposed rule for Section 71116. If adopted, hospitals, particularly in certain categories (e.g., children's hospitals), would see significant cuts, limiting access to care. CMS projects the proposed rule will result in a $510 billion cut in federal outlays (2026-2035) to state Medicaid programs.
- Work Requirements ("Community Engagement Requirements")
  - Section 71119 conditions continued Medicaid eligibility for certain individuals contingent on participation in work or other qualifying activities.
  - CMS issued initial guidance to states in December 2025 and additional implementation guidance in June 2026, and an interim final rule (IFR) on June 3, 2026 (91 Fed. Reg. 31698).
- Implementation related to provider taxes and Federal Medical Assistance Percentage (FMAP) reforms.
- Two lawsuits (*Massachusetts v. Oz*; *Taylor et al. v. Kennedy Jr. et al.*) have been filed challenging CMS' implementation of the statutory exemption from work requirements for individuals who fall within one of five statutory medical categories are "medically frail or otherwise have special medical needs."



Healthcare Landscape: Other Trends

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Healthcare Landscape: Cybersecurity

- The Continuing Appropriations and Extensions Act, 2027 (Pub. L. 119-103) extends the Cybersecurity Information Sharing Act of 2015 (CISA 2015) through December 11, 2026, preserving liability protections for healthcare organizations and others sharing cyber threat information. While there is bipartisan support for reauthorizing CISA 2015, a long-term deal by year's end remains uncertain, and extension conversations may carry over into next Congress.
- In light of ongoing cybersecurity concerns following the 2024 Change Healthcare ransomware attack, we expect continued bipartisanship in the 120th Congress around cybersecurity grants, training, and coordination proposals, including measures that would assist rural hospitals with cybersecurity workforce strategies and training materials and strengthen coordination of HHS and the Cybersecurity and Infrastructure Security Agency.
- With Democrats taking the majority in both chambers, we anticipate a pursuit of mandatory minimum cybersecurity standards.



Healthcare Landscape: Enforcement Trends

- Consistent with prior administrations, during the first half of the Trump Administration, both the Federal Trade Commission (FTC) and the Department of Justice (DOJ) have continued to focus on protecting competition in healthcare markets. The agencies have prioritized enforcement in this area in furtherance of the administration's stated mandate to make healthcare affordable. This is unlikely to change as a result of the midterm elections.
- FTC Chair Andrew Ferguson launched a Healthcare Task Force in March 2026 to coordinate the agency's approach to antitrust and consumer protection healthcare enforcement and advocacy, and the FTC is expected to continue to be active in this area.
  - Settlements with two of three major PBMs are significant developments, but they must still be finalized, and the ultimate impact is unclear as the major PBMs remain intact, vertically integrated, with significant power.
  - Policy study into PBMs remains ongoing but FTC may take settlements as a "win" and focus on other priorities.
  - The merger enforcement agenda is active and has seen recent successes in the FTC challenge to the Edwards/JenaValve transaction (and subsequent Hart-Scott-Rodino (HSR) Act violation settlement).
  - Consumer protection enforcement has included enforcement actions related to the alleged deceptive marketing of healthcare plans.



Healthcare Landscape: Enforcement Trends

- The DOJ Antitrust Division filed two lawsuits against large health systems in connection with certain payor contracting practices, including the use of anti-steering and "all or nothing" provisions, which allegedly raised healthcare costs. One case was settled in June and the other remains in litigation.
  - Also in June, the White House Council of Economic Advisers issued a memo titled the "Effects of Banning Hospitals' Anti-Steering, Anti-Tiering, and All-or-Nothing Contracts," which estimated that a nationwide ban on all three mechanisms would result in employer-sponsored insurance premium savings of approximately $45 billion per year.
- Efforts to streamline antitrust enforcement generally, with focused merger reviews and targeted investigations, will also impact the healthcare industry.
- Nomination for the third Republican FTC commissioner spot, Christopher Mufarrige, is likely to stall without a committee vote but, as a result of the Supreme Court decision in *Trump v. Slaughter*, no Democratic nominees for FTC are expected.



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Oversight and Investigations

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Key Takeaways

- **Democrats control subpoena power in both chambers.** Document requests and subpoenas could begin in January 2027.
- **Follow the money.** Expect probes of Trump-linked contracts, regulatory changes, and enforcement decisions.
- **Reputational risk comes first.** Being named in hearings and reports is the near-term exposure; contempt and court enforcement will be slow.
- **Lame duck: investigations wind down.** Outstanding probes will likely end, but letters from incoming Majority may start.





Why Does Congress Investigate?



Politics • **Change Behavior** • **Oversight**

Legislation • **Exposure** • **Publicity**

- Congress investigates to:
  - Develop facts to support a policy or political agenda
  - Pressure or embarrass a company or industry to change behavior
  - Assess an agency's management of a program
  - Build a record to support legislation
  - Expose wrongdoing
  - Attract public and media attention
- Unlike the outcome of a lawsuit, the "win" is often political or reputational, not a judgment – which changes how you define success in responding.
- You need not have done anything wrong to be pulled in – being a proxy for a policy fight is enough.

Oversight Investigations

- New Power to Compel. Democrats gain subpoena authority across both chambers at once – the high-exposure outcome for clients.
- Coordinated Bicameral Oversight. House and Senate Democrats are already planning oversight together. Allowing Democrats to double their investigative reach.
- Document requests and subpoenas could begin January 2027. Enforcement still runs through contempt referrals and the courts, which a Republican administration will slow.
  - The near-term risk is being named in hearings and reports.



House Oversight Leadership in the 120th Congress



Rep. Robert Garcia (D-CA)
House Oversight Chair



Rep. Jamie Raskin (D-MD)
House Judiciary Chair



Rep. Maxine Waters (D-CA)
House Financial Services Chair



Rep. Frank Pallone (D-NJ)
House Energy and Commerce Chair



Rep. Richard Neal (D-MA)
House Ways and Means Chair

Senate Oversight Leadership in the 120th Congress





Sen. Elizabeth Warren (D-MA)
Senate Banking Chair



Sen. Maria Cantwell (D-WA)
Senate Commerce, Science, and Transportation Chair



Sen. Ron Wyden (D-OR)
Senate Finance Chair



Sen. Bernie Sanders (I-VT)
Senate Health, Education, Labor, and Pensions (HELP) Chair



Sen. Maggie Hassan (D-NH)
Senate Homeland Security and Governmental Affairs (HSGAC) Chair



Sen. Richard Blumenthal (D-CT)
HSGAC Permanent Subcommittee on Investigations Chair



Sen. Sheldon Whitehouse (D-RI)
Senate Judiciary Chair

Oversight Focus



- **Cross-Committee Spine** — Democrats in both chambers will "follow the money" and conduct investigations into profits from Trump Administration-linked contracts, regulatory changes, enforcement decisions, or access to officials. Anticipated targets fall into six themes:

Trump-linked money and conflicts	Trump-family interests and federal contracts (**House Oversight**); crypto conflicts and Trump-linked ventures (**Senate Banking**); bank partnerships with the administration (**House Financial Services**)
DOJ, courts, and executive power	Department of Justice (DOJ) and Federal Bureau of Investigation "weaponization," pardons, reported "$1.8 billion slush fund," immigration enforcement, executive-power questions (**House Judiciary**); Supreme Court ethics (**both Judiciary Committees**); "dark money" and perceived corruption (**Senate Judiciary**)
Government data and the IRS	Department of Government Efficiency access to sensitive federal data, classified information, Epstein thread, workforce and services changes (**House Oversight**); DOJ settlement barring Internal Revenue Service (IRS) audits of President Trump, IRS cuts and "weaponization" (**House Ways and Means**)
Healthcare and affordability	Drug prices, insurers, and Medicaid (**House Energy and Commerce; Senate HELP**); most-favored-nation (MFN) drug pricing and tariffs (**House Ways and Means**); price gouging (**Senate Banking**)
Financial regulation	Consumer Financial Protection Bureau reforms, private equity, too-big-to-fail risk, bank charters, Federal Reserve supervisory capacity (**House Financial Services; Senate Banking**)
Technology, energy, and media	AI, data centers, energy companies, social media (**House Energy and Commerce**); telecom, AI and aviation safety, sports and gambling (**Senate Commerce**); media consolidation (**House Judiciary; Senate Commerce**); fossil-fuel influence (**Senate Judiciary**)

A Simple Framework: Assess → Prepare → Mitigate



Assess

- Identify potential topics of congressional interest
- Conduct a limited and privileged risk assessment
  - If a congressional request came in today, what would they find?
  - What communications with the government may become public?

Prepare

- Establish response team
- Create core messaging documents for congressional audiences
- Evaluate Hill relationships and develop strategic outreach plan
- Educate key company personnel on congressional investigations

Mitigate

- Build oversight concerns into approval processes
- Identify and mitigate vulnerabilities based on results of privileged risk assessment
- Refresh relevant personnel on best practices in communications ("write right")

119th Congress Lame Duck

- Outstanding investigations will likely be brought to an end or abandoned.
- A new majority cannot issue subpoenas until the new Congress convenes and committees organize (on or after January 3), allowing time to prepare.
- Incoming Democratic leadership may create select panels for oversight.



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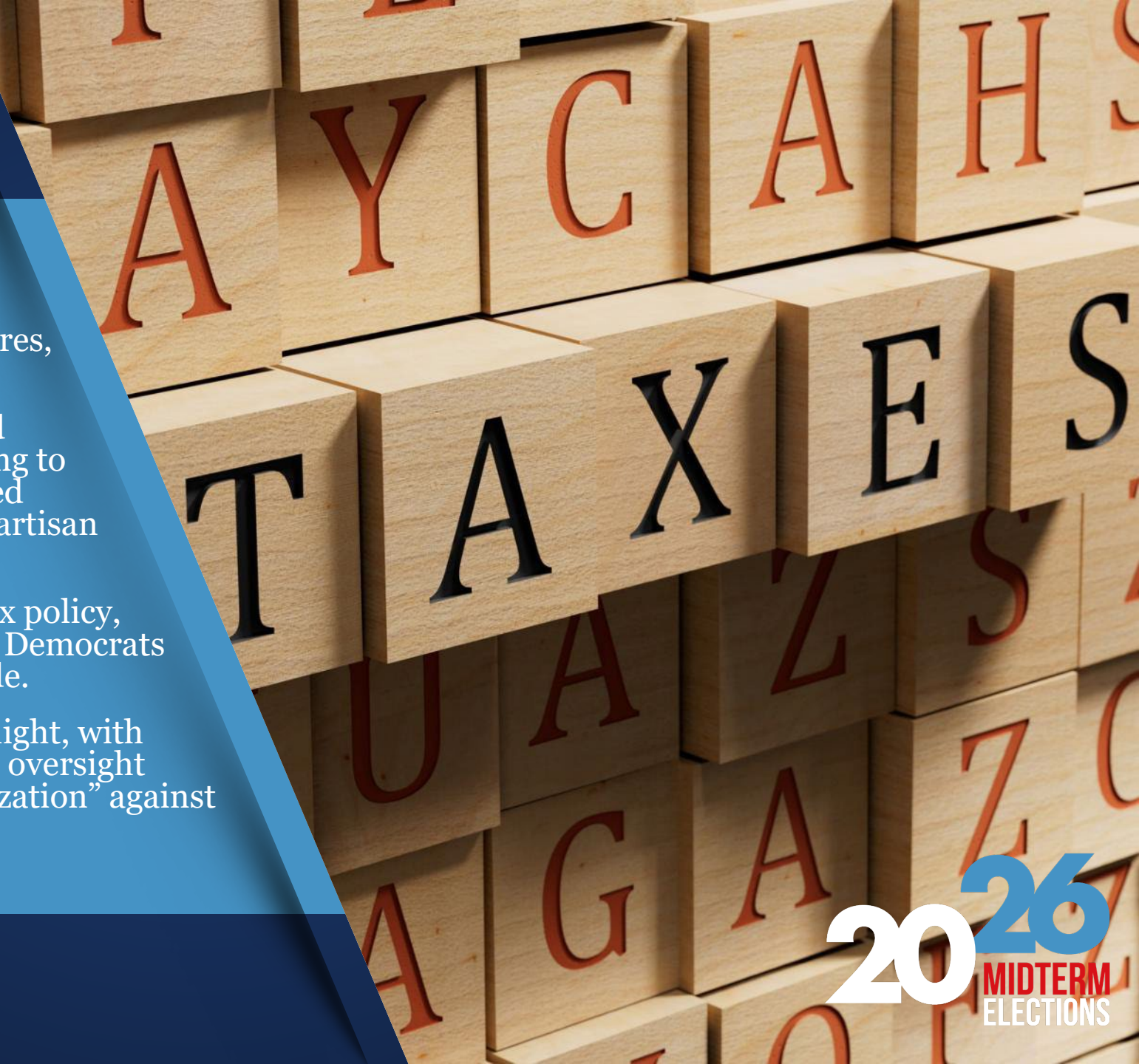
Tax

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Key Takeaways

- Tax committees in the 120th Congress can pick up bipartisan inroads made on proposals for tax administration reform, the taxation of digital assets, narrow fraud prevention measures, and longstanding trade programs.
- Congressional tax writers will coalesce around end-of-year tax extenders packages, responding to public support for expiring provisions. Divided government will hinder enactment of major partisan tax policy legislation.
- Tariffs will remain as de facto international tax policy, amid aggressive oversight from congressional Democrats of the agreements the administration has made.
- The tax-exempt sector will remain in the spotlight, with congressional Democrats conducting rigorous oversight into Internal Revenue Service (IRS) "weaponization" against left-leaning nonprofits.



2026 MIDTERM ELECTIONS

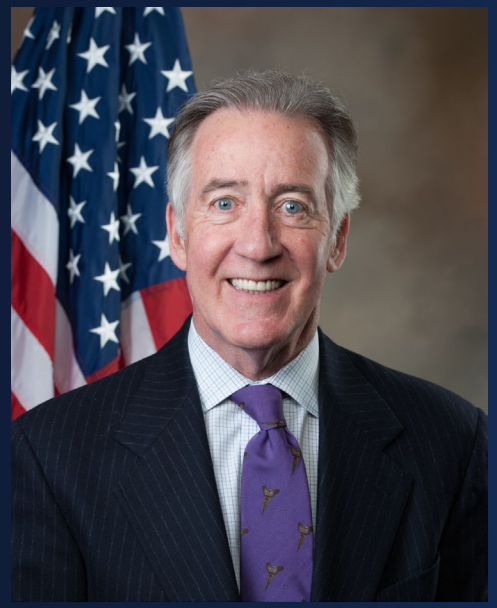
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Overview



- The Working Families Tax Cuts Act (WFTCA) (Pub. L. 119-21), Republicans' major tax and spending legislation passed under the special rules of budget reconciliation, was the defining tax policy in the 119th Congress.
  - WFTCA made Tax Cuts and Jobs Act (TCJA) (Pub. L. 115-97) provisions permanent, including an increase to the standard deduction, and set the seven tax brackets of 10%, 12%, 22%, 24%, 32%, 35%, and 37%.
  - WFTCA expanded business tax incentives: (1) permanently extending and increasing bonus depreciation under Section 168(k) to 100%, and permitting the deduction of 100% of the cost of qualified production property under Section 168(n); (2) raising the expense limit under Section 179 to $2.5 million; and (3) restoring full domestic research and development (R&D) expensing.
  - WFTCA added temporary deductions for tipped income ("no tax on tips") and overtime pay ("no tax on overtime"), permanently raised estate and gift tax exemptions to $15 million (adjusted for inflation), included a new limit on itemized deductions effectively capping their value at $0.35 per dollar of deduction (dubbed the "2/37 rule"), and temporarily raised the State and Local Taxes (SALT) cap.
  - WFTCA also sharply accelerated the phaseout of Inflation Reduction Act (IRA) (Pub. L. 117-169) clean energy tax credits and imposed prohibited foreign entity (PFE) restrictions on credit eligibility.
- On international tax provisions, WFTCA permanently overhauled the global intangible low-taxed income (GILTI) and foreign-derived intangible income (FDII) regimes, renaming GILTI as net controlled foreign corporation (CFC) tested income (NCTI) and FDII as foreign-derived deduction eligible income (FDDEI), with Section 250 deduction rates set at 40% and 33.34%, respectively. The legislation permanently set the base erosion and anti-abuse tax (BEAT) rate at 10.5% under Section 59A.
  - The House version of WFTCA included Section 899, the so-called revenge tax. It targeted countries that would impose taxes on U.S. companies under the Undertaxed Profits Rule or Digital Services Taxes (DSTs). Section 899 was struck from the bill by the Senate, but some credit the threat as giving the Secretary of the Treasury leverage with the G-7 to blunt future efforts. The Trump Administration remains staunchly opposed to DSTs.
  - In January 2026, the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting agreed to a side-by-side deal exempting U.S.-parented multinational groups from Pillar Two's income inclusion rule and undertaxed profits rule.

Tax Committee Leadership in the 120th Congress



Rep. Richard Neal (D-MA)

Chairman
House Ways and Means Committee



Rep. Jason Smith (R-MO)

Ranking Member
House Ways and Means Committee



Sen. Ron Wyden (D-OR)

Chairman
Senate Finance Committee

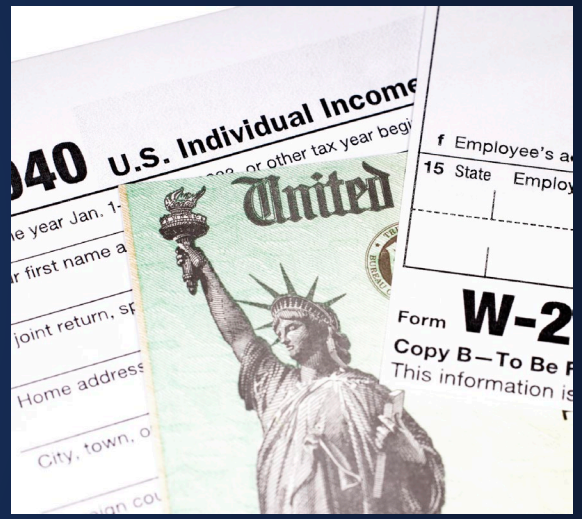


Sen. Mike Crapo (R-ID)

Ranking Member
Senate Finance Committee

Tax Administration

- The House and Senate tax committees in the 119th Congress have taken steps to advance bipartisan tax administration legislation.
  - The Taxpayer Assistance and Service Act (TAS Act) (S. 5441), championed by Chair Crapo and Ranking Member Wyden, passed the Senate by unanimous consent on September 30. As written, the legislation is a noncontroversial package of changes to tax administration and IRS operations. The Ways and Means Committee took a different approach, passing a long string of bipartisan tax administration bills – many on a unanimous basis – some of which are included in the TAS Act.
  - Reforms center on IRS digitization, call-wait-time transparency, penalty-approval safeguards, and preparer standards.
- The House is unlikely to consider the TAS Act (H.R. 5349) during the lame duck session. If the chamber does not enact the Senate's version, lawmakers are expected to reintroduce most of these provisions on a bicameral and bipartisan basis in the 120th Congress.
- Complicating the matter, House Democrats may demand the inclusion of language proposed by Senate Democrats banning IRS audit immunity for President Trump, which was included in a settlement deal with the Department of Justice (DOJ). However, the TAS Act previously advanced on a bipartisan basis after the Senate Finance Committee voted down the proposal.
- Notwithstanding opposition to the audit-shield, lawmakers are expected to continue bicameral and bipartisan work on noncontroversial reforms to improve taxpayer services.



Domestic Provisions



- With control of both chambers, Democrats will still face a presidential veto on major partisan legislation. Democrats will work with the administration to pursue bipartisan compromise where possible, but a significant corpus of proposed legislation will represent agenda setting for the 2028 cycle and 121st Congress.
  - Major priorities for congressional Democrats include: (1) restoring Affordable Care Act (ACA) enhanced premium tax credits (ePTCs); (2) expanding the Child Tax Credit (CTC), Child and Dependent Care Tax Credit (CDCC/CDCTC), and Earned Income Tax Credit (EITC); (3) restoring IRA clean energy tax incentives; (4) increasing the corporate rate as a revenue raiser; and (5) further increasing the SALT cap.
- Taxation of digital assets and cryptocurrency provides an opportunity for continued bipartisan work. Ways and Means Chair Smith compiled bipartisan input into the Digital Asset Tax Certainty Act (H.R. 10357), which passed out of committee with bipartisan support.
  - While congressional Democrats will likely shift towards revenue raising, compliance, and anti-abuse provisions, digital asset taxation will be a space for bipartisan work in the 120th Congress, building on Chair Smith's leadership.
- Social Security is emerging as a major issue for the 120th Congress. With the Social Security Trust fund standing six years from projected 2032 insolvency, Sens. Bernie Moreno (R-OH) and Elizabeth Warren (D-MA) – an unusual pairing – are working together to address the issue and proposing a tax hike to cover the program's costs.
- WFTCA's "no tax on tips," "no tax on overtime," senior bonus deduction, and auto loan interest deduction are set to expire around the end of the 120th Congress. Assuming public support continues, congressional Democrats are expected to negotiate a compromise to extend the deductions ahead of the 2028 presidential election.

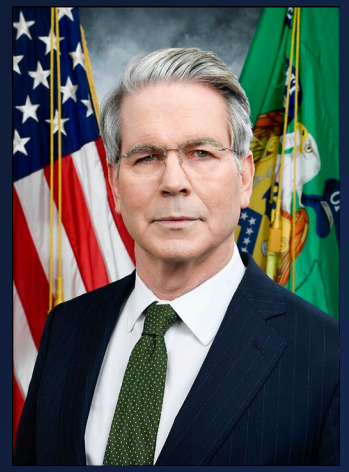
International Provisions



- The administration will continue to wield tariff authority as a mechanism for implementing international tax policy and opposing foreign DSTs, which remain a fundamental concern for Democrats.
  - Democrats are increasingly framing Trump's tariffs themselves as a de facto middle-class tax increase and will continue to condemn unilateral tariff actions.
- There are no major international provisions in the tax code set to expire during the 120th Congress.
  - However, as the OECD continues implementation of the side-by-side "Pillar Two" framework, congressional Democrats will push back on any unilateral U.S. departure from OECD commitments.
  - Democrats will also continue to press to raise the tax rate on NCTI (formerly GILTI) toward the 15% global minimum tax and align BEAT with an undertaxed-profits-rule approach.



Treasury and the Internal Revenue Service (IRS)



Treasury Secretary Scott Bessent



IRS CEO Frank Bisignano

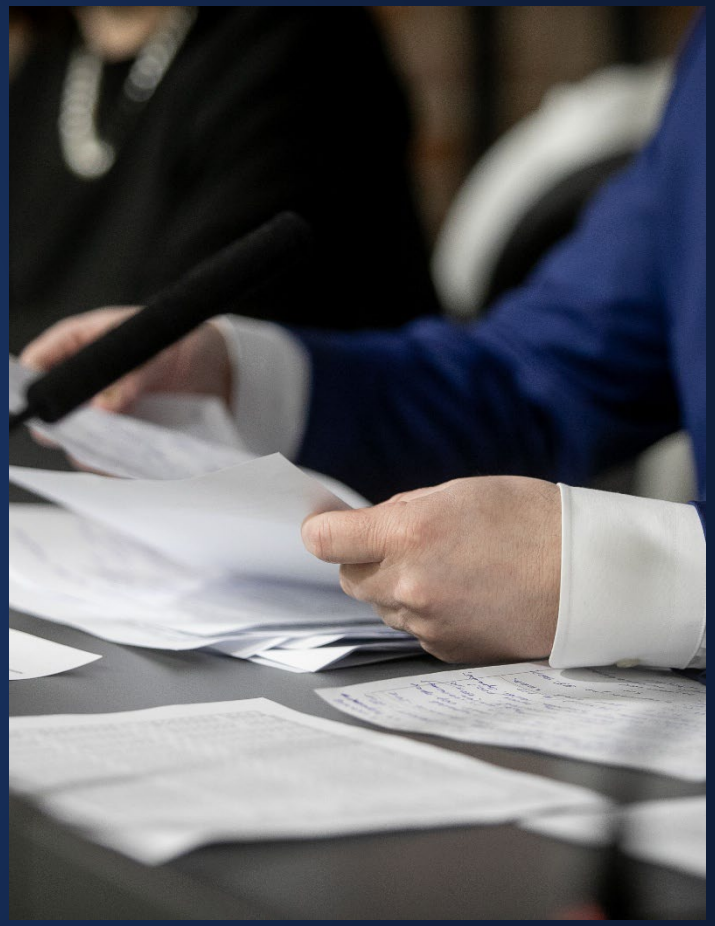
- **Tariffs as De Facto Tax Policy**
  - The administration will continue using statutory trade authority creatively as a revenue raiser and negotiating tool, and push Congress for expanded tariff authorities.
- **Tax-Exempt Sector**
  - The IRS proposed regulations to end federal tax-exempt status for private schools failing to meet anti-discrimination requirements for institutions of higher education, K-12, primary, and secondary schools established in *Brown v. Board of Education*, *Bob Jones University v. United States*, and *Students for Fair Admissions v. Harvard*.
  - The Trump Administration also issued National Security Presidential Memorandum 7, setting forth tools to combat "domestic terrorism" across tax-exempt entities.
  - Democrats will shift congressional scrutiny to the administration's "weaponization" of the IRS against left-leaning nonprofits.
- **IRS Shrinkage and Enforcement Pullback**
  - Over 28,000 IRS employees have left the agency, largely through separation incentives. The agency's FY 2027 budget justification aims to shed another net 4,000 staff as part of a $1.4 billion funding reduction. Congressional Democrats will work to plus up IRS funding through the appropriations process and restore agency staff, specifically to the audit division.
  - Audit rates are expected to continue falling, amid bipartisan concerns over taxpayer-service degradation.
- **WFTCA Implementation**
  - Treasury and the IRS will continue publishing guidance on tax provisions enacted in WFTCA, providing opportunities for stakeholders to offer input on the law's implementation through the opportunity to submit public comments on proposed guidance.

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Oversight



- Divided government creates an environment of intense oversight, particularly from the party in opposition to the administration.
- President Trump's settlement with the DOJ, including an IRS audit-immunity shield, will be a primary concern for congressional scrutiny.
- Congressional Democrats on the tax committees have also signaled aggressive oversight targets for: (1) President Trump's tariff regime; (2) most-favored-nation (MFN) drug pricing agreements; (3) IRS funding and staffing cuts to the audit division; (4) the administration's perceived "weaponization" of the IRS against left-leaning nonprofits; and (5) deals to secure critical minerals.
- The IRS remains without a Senate-confirmed commissioner, as Frank Bisignano was appointed to serve as the agency's CEO. Senate Democrats will push agency leadership to provide more clarity on the agency's operations.
  - Control of the Senate will provide additional leverage to Democrats to block appointees or extract concessions from prospective administration officials.



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Key Takeaways

- Congressional agreement or deadlock on technology issues in the 120th Congress will vary by specific policy issues, driven in part by voter sentiments about "Big Tech."
- Some tech issues are not divided along party lines, but rather by alignment of committee assignments and industry relationships (e.g., military versus commercial use of available spectrum).
- While some legislation will easily move through Congress with bipartisan support (e.g., quantum investments/ reauthorization and securing technology supply chains), other bills will need filibuster-proof margins in the Senate, and certain issues may need a veto-proof majority in both chambers.
- President Trump will continue to have a working relationship with "Big Tech." Look for possible 2028 presidential candidates for both parties to establish a track record of taking on "Big Tech."



2026 MIDTERM ELECTIONS

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119th Congress Lame Duck



Kids Online Safety Act (KOSA)

- The lead Senate Republican champion of KOSA, outgoing Sen. Marsha Blackburn (R-TN), will push to pass the legislation before the end of the year, but the likelihood of enactment is low due to the objections of House Republicans, social media companies, and possibly the White House.
  - The House passed the Kids Internet and Digital Safety (KIDS) Act (H.R. 7757), a package bundling KOSA (H.R. 6484) with over a dozen more children's online safety bills; the Senate Commerce Committee passed its own version of KOSA (S. 1748), and lawmakers must now reconcile key differences, including (1) the "duty of care" provision requiring companies to act with reasonable caution to prevent foreseeable harm and (2) language preempting state-level child safety and artificial intelligence (AI) laws.

Foreign Intelligence Surveillance Act (FISA)

- FISA authorities expired in June after Democrats rejected a bipartisan compromise three-year extension in protest of President Trump's now-withdrawn nominee for Director of National Intelligence, Bill Pulte. Section 702 surveillance can continue until March 2027 despite the lapse.
  - FISA Section 702 allows the intelligence community to collect, analyze, and share foreign intelligence information about national security threats.
  - Lawmakers will seek to attach FISA to a year-end package (e.g., National Defense Authorization Act (NDAA) or the Fiscal Year (FY) 2027 appropriations bills) given difficulty in passing a stand-alone renewal next year, regardless of who controls Congress.

Import Bans

- Sens. Bernie Moreno (R-OH) and Elissa Slotkin (D-MI) are advocating to add the Connected Vehicle Security Act of 2026 (H.R. 8730/S. 4429) to a year-end package. The legislation would help codify the Bureau of Industry and Security's (BIS) Connected Vehicle Rule.

Cybersecurity Information Sharing Act (CISA)

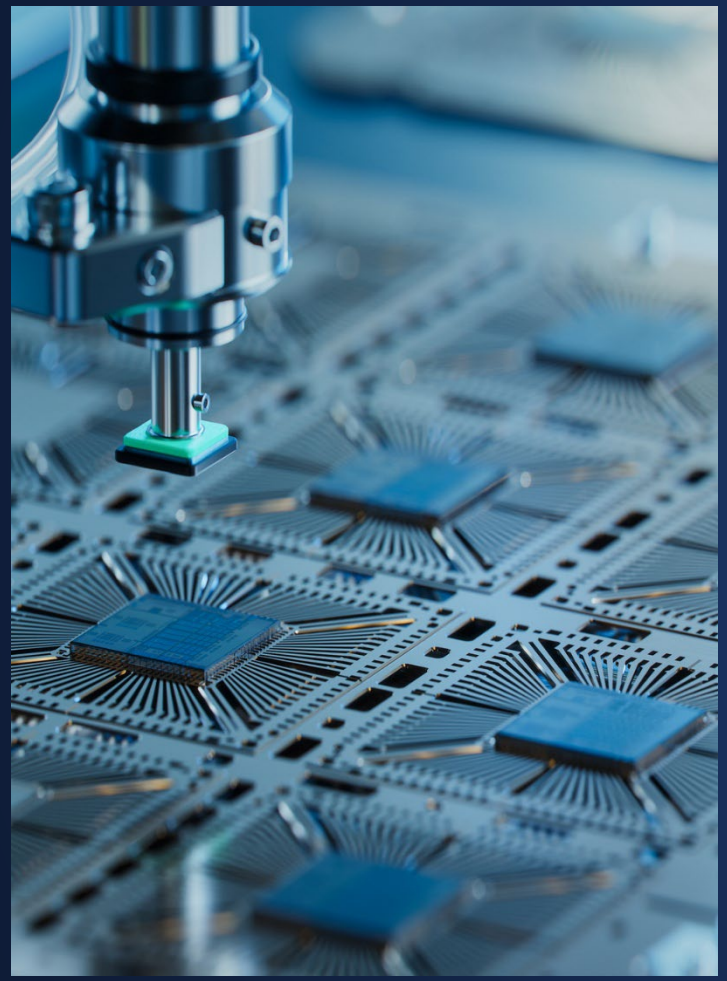
- CISA (S. 754) was extended through December 11 in the recent continuing resolution, but there are ongoing calls from bipartisan members for long-term reauthorization. The act enhances cybersecurity information-sharing capabilities between companies and the government.

Export Controls and Import Bans



- Over the past two years, the Trump Administration has used export controls as a negotiating tool in its trade and investment deals.
- There is bipartisan, bicameral support for stronger export controls, especially with respect to various components of AI infrastructure, potentially resulting in a flurry of legislative activity in the 120th Congress.
- There will likely be a bipartisan push from members of Congress to codify export control restrictions, such as the BIS Affiliates Rule, and to automatically carry over the Department of War's 1260H list to BIS's Entity List.
  - Democrats will likely move to pass import restrictions on Chinese-made autos and biotechnology products, as well as more heavily scrutinize foreign direct investment and outbound investments. Congress could also conduct oversight of agency implementation of the Comprehensive Outbound Investment National Security (COINS) Act (S. 3555), which passed in December 2025 as part of the FY 2026 NDAA (Pub. L. 119-60).
- Lawmakers will likely reintroduce legislation aimed at restricting biotech outbound investment to China, such as the Biotech Investment National Security Act (H.R. 9102/S. 5316), on a bipartisan basis.
- Expect the House Foreign Affairs Committee and Senate Banking Committee to scrutinize the Trump Administration's export control decision-making and investigate how its decisions may have benefited tech companies and trading partners favorably aligned with the President, such as China or the United Arab Emirates.

Semiconductor Manufacturing Incentives



- The Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS and Science Act) (Pub. L. 117-167) appropriated $39 billion to support the domestic production of semiconductors. According to the Government Accountability Office (GAO), $13.1 billion has been disbursed to awardees as of April 2026.
  - Congress allocated all CHIPS funding to the Department of Commerce (DOC) between FY 2022 and FY 2026, but funding remains "until expended." However, DOC is not permitted to obligate new loans or loan guarantees with repayments unless Congress explicitly grants new budget authority to cover the costs under the Federal Credit Reform Act.
  - The 48D Advanced Manufacturing Investment Tax Credit is also limited to fabs where construction begins no later than December 31, 2026, meaning if companies do not start construction before the end of this year, they will not be able to claim the credit.
  - Congress must consider whether to permit DOC to reinvest repayments into new loans or loan guarantees and whether to extend 48D either this year or retroactively next year.
- Since President Trump took office, the DOC has signed letters of intent with 20 companies. Each of those letters of intent requires U.S. government equity as a final award condition.
- Expect House and Senate Democrats to pursue oversight into DOC's allocation of CHIPS funding and the revised funding agreements it negotiated, including the various equity stakes in the companies by the Trump Administration and any potential financial entanglements with the Trump family.
- As Congress reviews the allocation of CHIPS funding, expect both Senate and House Democrats to conduct hearings to review AI chip sales and export controls to countries like China, Saudi and UAE in addition to the US and allied countries chip making ability. Democrats will also seek to continue to address national security concerns related to chip production and distribution in a bipartisan manner.

Data Privacy

- A Democratic Congress will likely pursue oversight of the Federal Trade Commission (FTC) and major online platforms, seek to expand the agency's privacy-enforcement capacity, and advance legislation on youth privacy, algorithmic design, targeted advertising to minors, AI chatbots, app stores, and age verification.
- **Future of KOSA and the Children and Teens' Online Privacy Protection Act (COPPA) 2.0:**
  - Sen. Blackburn has long been the primary Republican champion for online privacy protections for minors. Despite not presently sitting on the Senate Commerce Committee, Sen. Josh Hawley (R-MO) could be the successor for that role.
  - If KOSA does not pass by the end of the year, Democrats will seek to advance children's data privacy legislation that will modify what House Energy and Commerce Committee Republicans championed in the 119th Congress, expect additional hearings which presents new opportunities to advance amended legislation.
  - Both the House Energy and Commerce Committee and Senate Commerce Committee will seek to advance legislation that includes strong "duty of care" provisions and excludes state law preemption language.

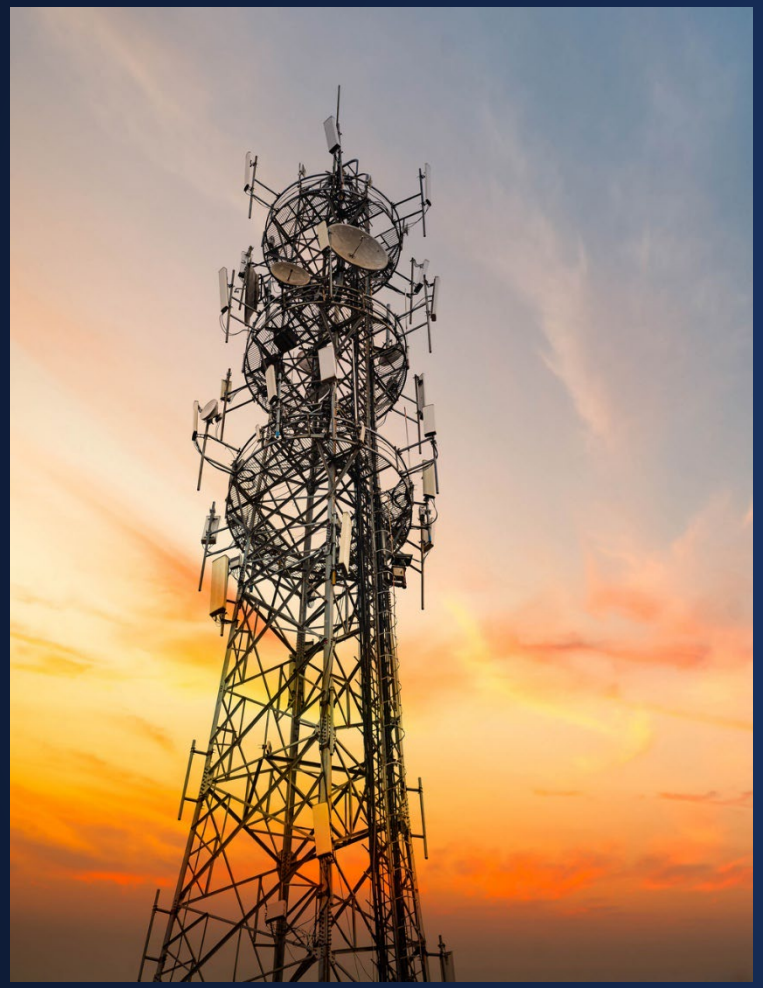


Cybersecurity

- Rep. Bennie Thompson (D-MS) will likely retake the gavel on the House Homeland Security Committee, and Rep. Andrew Garbarino (R-NY) is expected to remain in leadership as ranking member, assuming his race is called in his favor.
  - Reps. Delia Ramirez (D-IL) and Carlos Gimenez (R-FL) will likely lead the Cybersecurity and Infrastructure Protection Subcommittee.
- Sen. Maggie Hassan (D-NH) is projected to succeed retiring Sen. Gary Peters (D-MI) to become chair of the Senate Homeland Security and Governmental Affairs Committee. Sen. Rand Paul (R-KY) will likely remain in leadership as ranking member.
- None of the incoming committee leaders have a track record of prioritizing cybersecurity legislation, and Sen. Paul is unlikely to advocate for legislation increasing government spending.
- With Sen. Paul no longer a roadblock to long-term CISA reauthorization, Democrats may look to extend CISA for up to 10 years and reinforce voluntary information sharing between the Department of Homeland Security and the private sector.



Broadband and Telecommunications



- **Broadband Equity, Access, and Deployment (BEAD) Program**
  - House and Senate Democrats may utilize appropriations and oversight levers to push back against the National Telecommunications and Information Administration's (NTIA) restructuring of the Biden-era BEAD Program – particularly its shift toward technology-neutral, lowest-cost deployment decisions and changes to prior program conditions.
  - Oversight could focus on personal or financial connections between companies benefitting from program changes and the Trump Administration, adding to the Democrats' anticorruption agenda.
- **Spectrum Policy**
  - A Democratic Congress might push for legislation to protect incumbent Citizens Broadband Radio Service (CBRS) shared-spectrum users from relocation, and to direct spectrum auction proceeds to fund Next Generation 911 or affordability initiatives, especially those focused on high-speed internet.
- **Broadband Permitting**
  - Democrats could build on bipartisan momentum from the 119th Congress to pass targeted broadband permitting reform concerning fee caps, shot clocks, and other measures to streamline infrastructure siting.
  - The Senate Commerce Committee will likely advance legislation similar to the Accelerating Broadband Permits Act of 2026 (S. 4448), led by Sens. John Thune (R-SD) and Ben Ray Luján (D-NM).

Broadband and Telecommunications (cont.)

- **Universal Service Fund (USF)**
  - Democrats may seek to build on existing bipartisan, bicameral momentum to enact USF reform, including to address the shrinking contribution base that risks the long-term solvency of the fund.
- **E-Rate Program**
  - In August, the Federal Communications Commission (FCC) issued a proposed rule seeking input on changes to or discontinuation of the E-Rate program, which provides discounted rates for internet services to schools and libraries. The FCC is likely to advance reforms to narrow the program and reduce its funding.
  - FCC Chairman Brendan Carr has argued that changes are needed to address concerns over excessive student screen time and ensure funds are spent properly.



FCC Oversight

- Democrats will likely scrutinize FCC Chairman Carr's threats to pull broadcasters' licenses, amid high-profile spats with Jimmy Kimmel and Stephen Colbert. This could include the administration's retaliatory actions against Disney's early license renewals due to Jimmy Kimmel's comments, as well as oversight of the FCC's actions to loosen national media-ownership limits and foreign-government ownership of U.S. broadcast licenses.
- The House and Senate may seek to limit President Trump's possible use of his newfound authority under the Supreme Court's *Trump v. Slaughter* decision to fire Democratic FCC commissioners. However, firing a Democratic commissioner would cause a quorum crisis.
- A Democratic Senate could block Republican FCC nominees or condition confirmation on pairing with a Democratic FCC nominee; they could also use their confirmation power to block any attempts by the President to fire Democratic FCC commissioners.
- The Senate Commerce, House Energy and Commerce, and House Judiciary committees will likely conduct oversight of the FCC's merger approvals and how private companies benefited from relationships with the Trump Administration to receive merger approval.
- A bipartisan, bicameral group of lawmakers will continue to advocate to roll back Section 230 of the Telecommunications Act of 1996 (Pub. L. 104-104), which shields online platforms from liability for harmful or questionable third-party content. Such members may reintroduce legislation to phase out Section 230 immunity within two years, as proposed in pending House and Senate legislation, the Sunset Section 230 Act (H.R. 10332/S. 3546), but other policymakers argue such a repeal would stifle free speech.



FCC Chairman Brendan Carr

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Trade

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Key Takeaways

- President Trump, the Department of Commerce (DOC), and the Office of the United States Trade Representative (USTR) exercise far more authority than Congress in implementing trade policy.
- Even with unified Democratic opposition in Congress, President Trump's trade and tariff agenda is unlikely to change materially in the 120th Congress. The White House may even be more likely to accelerate some of its changes in trade policy in reaction to an unsupportive Congress.
- Expect more sustained congressional resistance to the President's unilateral tariff actions, including heightened oversight, hearings, and legislative efforts to reassert congressional authority over trade.
- Expect several bills restraining the President's tariff agenda to pass Congress, only to be vetoed by President Trump.
- Bipartisan agreement in select areas, such as the U.S.-Canada trade relationship, may enable substantive congressional action independent of the White House.
- Key U.S. trade officials, such as USTR Jamieson Greer and Secretary of Commerce Howard Lutnick, are expected to remain in their positions leading into the 120th Congress.



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Trade Policy Under the Trump Administration Recap



- President Trump has utilized existing authorities to reshape the global trade balance, including sector-specific national security tariffs (Section 232), balance-of-payments tariffs (Section 122), unfair trade practice tariffs (Section 301), and tariffs based on alleged discrimination against U.S. commerce (Section 338).
- The tariff policies are aimed at onshoring manufacturing to the United States, addressing trade deficits with U.S. trading partners, and combating harmful trading practices.
- The Trump Administration has sought concessions from trading partners through reciprocal trade agreements to benefit the United States, such as purchase commitments, foreign direct investment, and increased market access for U.S. producers.
- On July 1, the United States declined to automatically renew the United States-Mexico-Canada Agreement (USMCA), triggering annual joint reviews that will continue until the member countries decide to extend the agreement or it expires in 2036.

Tariff Litigation



- The novel use of some tariff authorities has left the administration open to legal challenges.
- Following the Supreme Court's ruling that President Trump's tariffs under the International Emergency Economic Powers Act (IEEPA) were unlawful, U.S. Customs and Border Protection (CBP) will continue gradually issuing tariff refunds to U.S. importers.
- Ongoing litigation against President Trump's Section 122 "balance of payments" tariffs, Section 301 "forced labor" tariffs, and Section 338 "discriminatory" tariffs is progressing through the courts, which leaves open the possibility of future tariff refunds. Additional legal challenges to the President's broad tariffs will be the primary check against the trade authorities ceded to the executive branch.
- If the courts were to strike down the President's Section 301 tariffs, the administration is likely to exercise other tariff authorities – such as Section 232 and Section 338 – to continue driving the President's trade and tariff goals.

Overall Tariff Policy

- Congress will continue to have a limited influence on President Trump's tariff policy decisions. Democratic opposition may stall the imposition of new tariffs to some extent but is unlikely to succeed in rolling back existing tariffs.
- Congressional Democrats will strengthen their efforts to ensure companies pass along refunds of IEEPA tariffs to consumers.
- Labor union politics will keep Democrats from opposing certain Section 232 tariffs, such as steel and aluminum and auto tariffs.
- Democrats will make efforts to advance legislation that would void existing tariffs, require the administration to issue refunds, and limit the President's tariff authorities.
- Expect many high-visibility congressional hearings highlighting the negative diplomatic, economic, and social impacts of President Trump's trade policies.



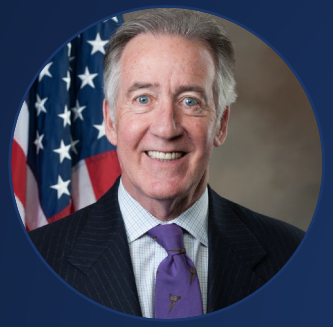
Overall Tariff Policy (Continued)



- The Trump Administration will continue bilateral negotiations with U.S. trading partners seeking tariff relief in exchange for investment in U.S. industry, purchase commitments, or other concessions.
- DOC antidumping and countervailing duty (AD/CVD) investigations will feature greater discretion, higher potential margins, and less predictable outcomes. Key trends include increased uncertainty in respondent selection, pulling forward prior non-*de minimis* rates for non-examined companies, broader use of Particular Market Situation allegations, and retroactive suspension of liquidation.
- A Democratic-controlled Senate makes it difficult for any presidential nominee to be confirmed, so expect many officials to serve in an acting capacity or for roles to remain unfilled.
- Fewer moderate Republicans in Congress mean Canadian border state Republicans may need to lead criticism of the Trump Administration's tariff regime.

Committee Leadership

House Ways and Means (W&M) Committee



Rep. Richard Neal (D-MA) likely to remain as top Democrat.



Rep. Jason Smith (R-MO) likely to remain as top Republican.

Subcommittee on Trade



Rep. Linda Sanchez (D-CA) may remain as top Democrat. We have heard rumors that there may be a shuffle of Democratic W&M subcommittee leaders.



Rep. Adrian Smith (R-NE) likely to remain as top Republican.

Committee Leadership

Senate Finance Committee



Sen. Ron Wyden (D-OR) likely to remain as top Democrat.



Sen. Mike Crapo (R-ID) likely to remain as top Republican.

Subcommittee on International Trade



Sen. Raphael Warnock (D-GA) likely to remain as top Democrat.





Current lead Republican–**Sen. John Cornyn (R-TX)**–lost his primary race and will not serve next Congress. Potential replacements: **Sens. Tim Scott (R-SC), or Todd Young (R-IN).**

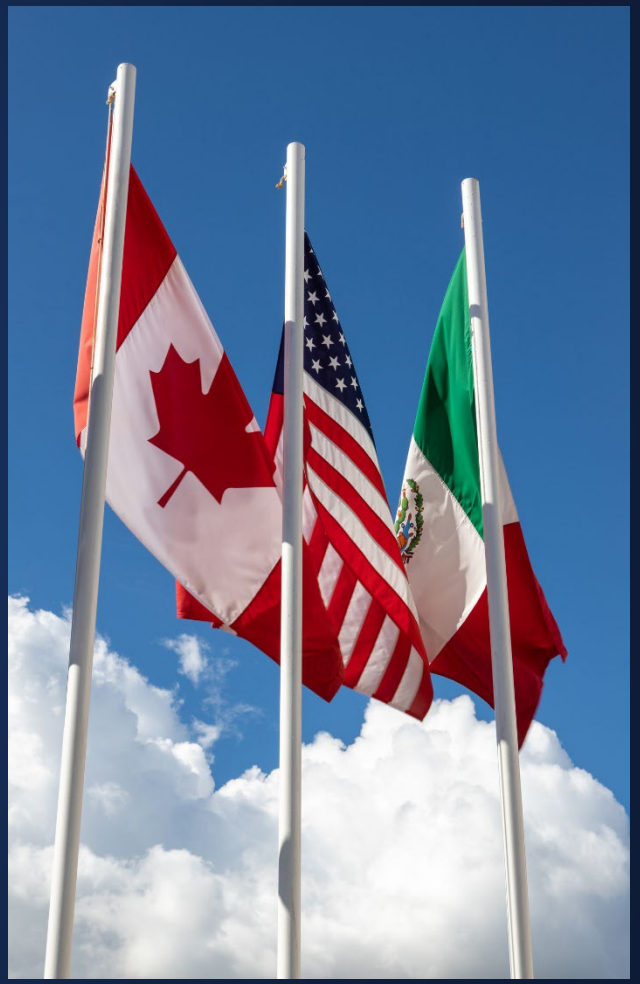
China

- President Trump and Chinese President Xi Jinping reached a tariff detente in October 2025. During a September 2026 U.S.-China summit, both countries agreed to extend the deal by two months, until January 10, 2027.
- In May 2026, the United States and China established the U.S.-China Board of Trade and the U.S.-China Board of Investment, which will allow the two governments to manage bilateral trade of non-sensitive goods and provide a forum for investment-related issues.
- China hawks in both parties are likely to continue holding hearings on China's non-market economy practices, actions to restrict U.S. commerce, and supply chain dominance.
- China hawks are also likely to commission reports on China's trade practices from relevant agencies through appropriations report language and continue to restrict Chinese goods from federal procurement through legislative vehicles such as the National Defense Authorization Act (NDAA).
- House Ways and Means Committee Chair Neal and Senate Finance Committee Chair Wyden will conduct oversight of the Trump Administration's Boards of Trade and Investment with China, as well as private companies benefiting from the boards.
- *For further analysis of the overall U.S.-China relationship, please refer to the Defense and Foreign Affairs section.*

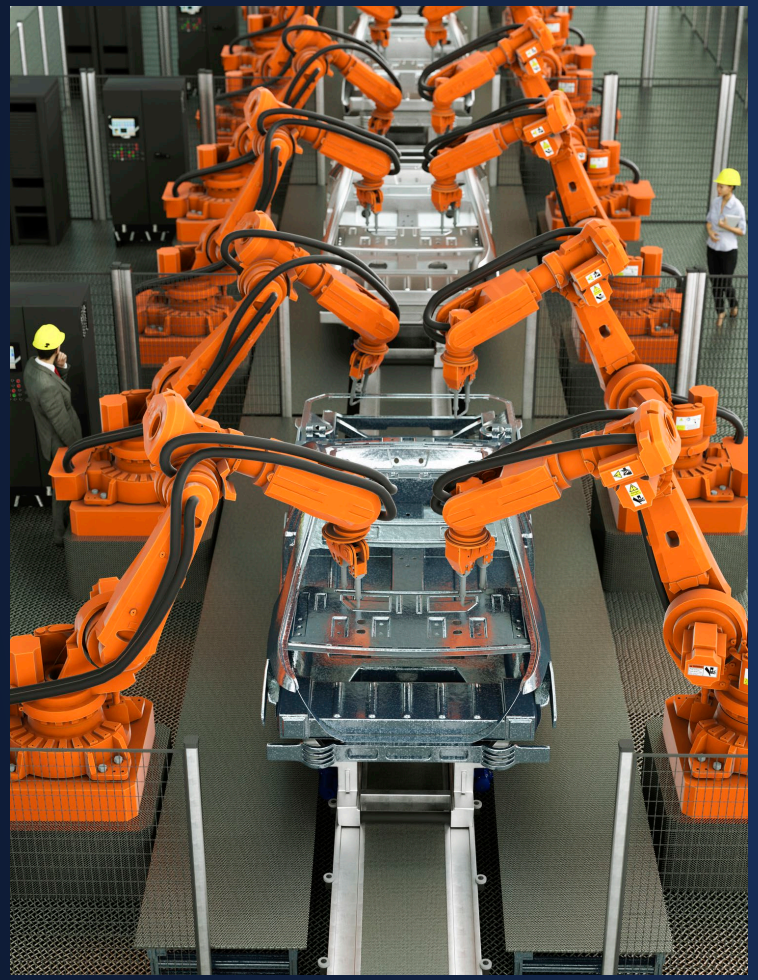


United States-Mexico-Canada Agreement (USMCA)

- Following the United States's refusal to automatically renew the USMCA, the Trump Administration will continue negotiations with Mexico and Canada to address its ongoing concerns with the agreement.
- Consistent sticking points include U.S. demands for stricter USMCA rules of origin, increased Mexican labor enforcement, access to the Canadian dairy market, and agreements from both countries to limit non-market imports into North American supply chains.
- The Trump Administration is primarily focused on short-term bilateral deals with Canada and Mexico. The United States and Mexico seem poised to reach a deal in the near future, while U.S.-Canada talks have restarted in earnest remains uncertain after negotiations to reach a deal collapsed in August.
- Escalated U.S. tariffs on Canada, as well as retaliatory Canadian tariffs on U.S. goods, will remain a point of contention. As American workers, consumers, and businesses raise concerns about rising costs, both Democrats and Republicans in impacted states will likely push the Trump Administration to deescalate its trade conflict with Canada.
- Bipartisan support for the USMCA's extension is expected to continue in Congress, with members advocating for their USMCA priorities through letters to USTR and public hearings on the agreement.
- Democratic control of Congress may result in increased pressure on administration officials to maintain transparency in USMCA negotiations, including through progress reports or testimony before Congress.



Domestic Manufacturing



- The Trump Administration will continue pursuing its goal of rebuilding domestic manufacturing capacity, with increased pressure on companies to invest in U.S. manufacturing in order to avoid high tariff costs.
- Congress is likely to hold oversight hearings in which Democrats press administration officials to publish the details of President Trump's tariff agreements with individual companies. Absent cooperation from federal agencies, Congress may directly investigate companies that have made such agreements with the administration, especially if there is suspected financial gain for Trump Administration officials.
- Republicans may be more likely to push for the administration to walk back its tariff policies as domestic manufacturers in their states express concern over high input costs.
- A Democratic-controlled Congress will focus on the Trump Administration's alleged failure to revitalize U.S. manufacturing, publishing reports on U.S. manufacturing job losses and inviting testimony from domestic manufacturers on the economic impact of President Trump's tariffs.
- Bipartisan "right to repair" champions in Congress will maintain pressure on U.S. manufacturers to provide repair materials and data to consumers, especially regarding consumer electronics, automobiles, and farm equipment.

Supply Chain Resiliency and Critical Minerals



- Critical mineral supply chain independence will remain a bipartisan issue of concern in Congress.

Critical Minerals

- The Developing Overseas Mineral Investments and New Allied Networks for Critical Energies (DOMINANCE) Act (H.R. 7037) and Critical Mineral Dominance Act (H.R. 4090) passed the House in the 119th Congress. The legislation will likely be reintroduced, as Congress seeks to consider alternative supply chains to China for rare earths.
- In 2025, the Department of State introduced Pax Silica, a voluntary government-level partnership to improve supply chain resiliency for critical materials among allied governments.
- House Foreign Affairs Committee Chair Gregory Meeks (D-NY) and presumptive Senate Foreign Relations Committee Chair Chris Coons (D-DE) will conduct oversight of the Pax Silica initiative, and any private companies that have benefited.

EXIM

- Export-Import Bank of the United States (EXIM) authorization is set to expire on December 31, 2026. Both parties are in favor of EXIM reauthorization, with Republicans likely to support the Trump Administration's critical mineral reserves initiative, Project Vault.
- House Financial Services Committee Chair Maxine Waters (D-CA) and Senate Banking, Housing, and Urban Affairs Committee Chair Elizabeth Warren (D-MA) will push to renew EXIM, with increased oversight of the Trump Administration's Project Vault initiative and any private companies that financially benefited from the initiative.

Trade Legislation



- President Trump's veto power makes it difficult for Congress to pass restraints on the President's trade actions.
- There may be a few areas of bipartisan agreement, such as reforms to trade preference programs, where Congress would be able to override a veto, should President Trump choose to exercise that power.
- AGOA: The African Growth and Opportunity Act (AGOA) expires in 2028, and both parties view passing a decade-long renewal in the 120th Congress as a rare opportunity for bipartisan legislation.
  - The Trump Administration is open to renewal but wants it to align with President Trump's America First trade policy. President Trump will likely seek greater reciprocity in the agreement's trade relationships, pushing for additional market access requirements to be attached to a renewal.
- HOPE/HELP: As with AGOA, the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) program and Haiti Economic Lift Program (HELP) were reauthorized through 2028 with bipartisan support. We expect continued bipartisan work toward a longer-term renewal of both programs.
- *De Minimis*: After the Trump Administration suspended *de minimis* treatment for low-value imports, there has been limited bipartisan interest in efforts to craft narrow carveouts to the *de minimis* elimination. There may be legislative efforts in Congress to advance these carveouts, although a total reversal of the *de minimis* suspension is unlikely.

Export Controls



- The Trump Administration has used export controls as a negotiating tool, rather than for national security purposes, in trade and investment commitments during the first half of his second term.
- A bipartisan group of members will work to close export control loopholes pertaining to equipment used for export-controlled items, impose export controls on exports to subsidiaries of blacklisted companies, and call for increased collaboration with key allies on export controls.
- While Democrats will have the majority in both chambers, President Trump will still veto legislation that hinders his ability to use export controls as a negotiating tool. Democrats will look to enhance export control restrictions and oversight through the NDAA and appropriations report language.
- House Foreign Affairs Committee Chair Meeks and Senate Banking, Housing, and Urban Affairs Committee Chair Warren will hold oversight hearings on the Trump Administration's weaponization of export controls, especially on artificial intelligence (AI) and advanced technologies.
- *For further analysis on export controls for specific goods, please refer to the AI and Technology sections.*

Other Trade Policy Issues

- In the 120th Congress, we expect the Trump Administration to continue pressuring U.S. trading partners to eliminate digital services taxes and threatening trade enforcement actions against countries that allegedly discriminate against U.S. technology companies.
  - Republicans in Congress, and some Democrats, especially those that represent tech-heavy districts, will continue to support the President's efforts to address digital trade barriers.
- Agricultural trade will remain a crucial pressure point for trade policy in the 120th Congress. Under a divided government, the White House will continue to drive tariff policies aimed at securing market access for U.S. agricultural producers, and Democrats will continue to use public messaging and congressional hearings to criticize rising input costs for American producers.



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