DLA PIPER

NOVEMBER 5, 2026

Post-Midterm Election Report

Contents

Overview of election outcomes	3
Lame-duck agenda	8
2027 legislative issues	12
Congressional investigations	14
Healthcare and life sciences	21
Emerging technologies	26
Appropriations	32
National security and defense	36
Higher education	41
Transportation	49
Energy	55
Tax	64

Overview of election outcomes

By: Ava DeAngelis, Molly Gantt, and Windsor Warlick

Democrats will hold majorities in both the House and the Senate in the 120th Congress. The result ends unified Republican control in Washington. It also sets up divided government for the rest of President Trump's term, with him already asserting his plans to use the President's veto power. Results are still unofficial, and some races have not yet been called.

NET CHANGE VS. 119TH CONGRESS

D +39

House seats; Democrats take the majority

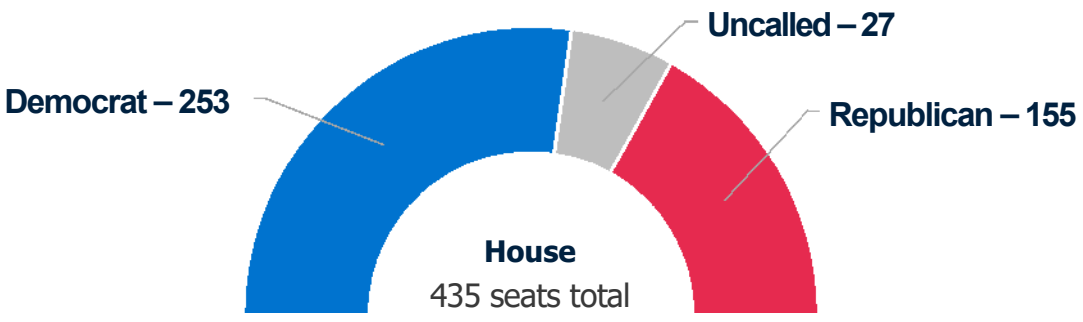
D +7

Senate seats; Democrats take the majority

DATA FROM THE ASSOCIATED PRESS AS OF NOVEMBER 5, 2026.

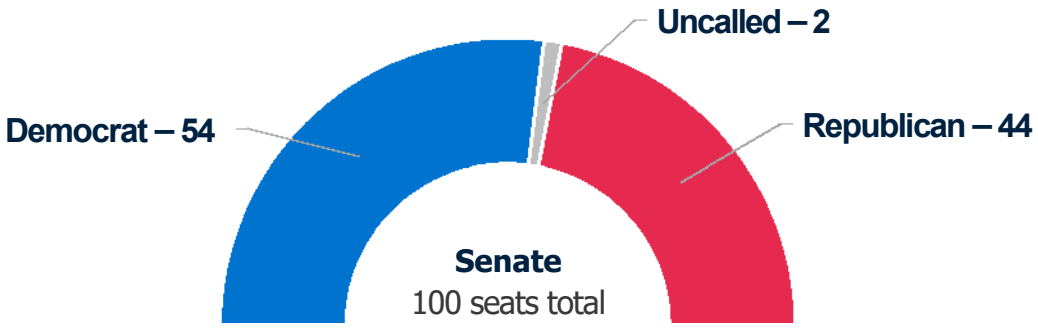
Top-line results

HOUSE SEAT COUNT



Democrats crossed the 218 seats needed for a majority. Since World War II, both chambers have flipped in the same midterm elections only three times.

SENATE SEAT COUNT



DATA FROM THE ASSOCIATED PRESS AS OF NOVEMBER 5, 2026.

Democrats needed a net gain of four seats to win the majority and picked up seven, several in states President Trump carried comfortably in 2024.

- **Texas:** James Talarico (D) defeated Attorney General Ken Paxton (R) by double digits.
- **South Carolina:** Annie Andrews (D) defeated interim Senator Darline Graham (R), 51.1% to 46.7%. It is the first time the state has elected a Democrat to the Senate since 1998.
- **Ohio:** Former Senator Sherrod Brown (D) defeated Senator Jon Husted (R) in a special election.
- **Maine:** Troy Jackson (D) defeated 30-year incumbent Senator Susan Collins (R).
- **Kansas:** Adam Hamilton (D) defeated Senator Roger Marshall (R). It is the first time the state has elected a Democrat to the Senate since 1932.
- **Iowa:** Josh Turek (D) defeated Representative Ashley Hinson (R) for an open seat.
- **North Carolina:** Former Governor Roy Cooper (D) won an open seat against Michael Whatley (R).

Democrats also held their seats in Georgia, New Hampshire, Minnesota, and Michigan.

- **Georgia:** Jon Ossoff (D) held on to his Senate seat, defeating Mike Collins (R) by a wide margin.

- **New Hampshire:** Chris Pappas (D) beat John Sununu (R) for the open New Hampshire seat.
- **Minnesota:** Former Lieutenant Governor Peggy Flanagan (D) defeated Michele Tafoya (R) for the open Minnesota seat.
- **Michigan:** Abdul El-Sayed (D) defeated former Representative Mike Rogers (R) for the open Michigan seat.

Senators Amy Klobuchar (D-MN) and Marsha Blackburn (R-TN) won their campaigns for Governor in Minnesota and Tennessee, respectively. This means we will see new senators appointed to those seats in January.

STILL OUTSTANDING

- **Alaska Senate:** Not yet called. Alaska can take several weeks to count all ballots, and the ranked-choice voting tabulation will occur on November 18 if no candidate wins over 50% of the vote.
- **Mississippi Senate:** Not yet called and extremely close. The Supreme Court upheld a Mississippi law in June that allows mail-in ballots to be counted as long as they are postmarked by and received within five days of Election Day. Margins in the Senate race are in the tens, and Mississippi has no automatic recount process, though it could go to the courts.
- **House:** 51 districts yet to be called.

Key takeaways

CONGRESS'S INDEPENDENT POWERS

Congress still holds several significant powers that it can use without the President's signature, and these give the new majority leverage where it cannot pass legislation on its own terms. First, through its advice-and-consent role, the Senate can reject nominees outright or slow them down, thereby shaping the makeup of the executive branch and the federal judiciary. Second, Congress holds the power of impeachment and removal: the House can impeach by a simple majority, and the Senate can convict and remove by a two-thirds vote of the members present. Third, Congress can override a presidential veto with a two-thirds vote in each chamber, which is 290 members in the House and 67 members in the Senate if every seat is filled and every member votes. Neither chamber has a veto-proof majority, so an override is unlikely to succeed. Even so, override attempts can force Republicans to take tough recorded

votes, create public pressure, and set up contrasts heading into the next election cycle. Finally, each chamber can adopt simple resolutions on its own, and both chambers together can adopt concurrent resolutions, for matters such as censures and internal rules. These resolutions do not have the force of law, but they can carry political and symbolic weight and shape how Congress runs itself.

THE POWER OF THE PURSE

The power of the purse is one of Congress's strongest tools because it determines how federal agencies are funded and allows Congress to withhold funding from agencies whose actions it opposes. That leverage grows with must-pass spending legislation, such as full-year appropriations and continuing resolutions (CR), since the Administration needs these bills enacted to keep the government running. Congress can also add limitation riders to spending bills that bar the use of funds for certain purposes. A recent example is the language in the last CR that delayed the Office of Management and Budget's proposed rule on grants. Although appropriations bills containing limitation riders still require the President's signature, Congress often has the upper hand because those riders are attached to a larger funding package the President supports. Beyond barring certain uses, Congress can attach affirmative funding conditions, directing how appropriated funds must be spent, imposing reporting and notification requirements, setting allocation requirements, or making the availability of funds conditional. It can also limit transfers and reprogramming, restricting agencies' ability to move money between accounts. Finally, the Impoundment Control Act constrains the President's ability to withhold funds Congress has appropriated. Under the Act, the President can propose a rescission, but the funds may generally be withheld for only 45 days of continuous congressional session while Congress considers the proposal. Unless Congress affirmatively approves the rescission within that period, the funds must be released.

EXPEDITED LEGISLATIVE CHECKS

Several statutes provide Congress with expedited means to challenge executive action. These procedures can force or expedite votes, but the resulting measures still generally require the President's signature or a veto override to take effect. Under the Congressional Review Act, Congress can overturn agency rules through a joint resolution of disapproval that cannot be filibustered in the Senate, provided

the statutory criteria and timelines are met. Under the National Emergencies Act, Congress can introduce joint resolutions to terminate national emergencies declared by the President. Under the Arms Export Control Act, Congress can pass a joint resolution disapproving a proposed arms sale. Under the War Powers Resolution, members can introduce joint resolutions directing the President to remove U.S. armed forces from hostilities. Because of the veto, these measures rarely become law. Their value is that they force recorded votes on contested executive actions, can draw cross-party support, and send a clear signal of congressional opposition.

WATCHDOG AND SOFT TOOLS

Congress can also apply pressure through oversight tools that operate outside the legislative process. Members can ask the Government Accountability Office for legal opinions on whether executive actions comply with the law, including whether funds have been improperly withheld or whether an agency action counts as a rule subject to congressional review. Members can also refer concerns to agency Inspectors General, which can lead to independent investigations and public reports. Oversight letters to agencies and officials can demand information, build a public record, and signal that Congress is watching. None of these tools has the force of law. Even so, they can shape agency behavior, generate public attention, and lay the groundwork for later legislative or appropriations action.

Lame-duck agenda

By: Ava DeAngelis, Molly Gantt, and Windsor Warlick

Session window and timing

Congress returns on November 9 for a lame-duck session expected to last until the holiday recess, with a week of recess scheduled in the middle for Thanksgiving. The calendar for both chambers is tight: the Senate is currently scheduled to be in session for 22 days before the end of the year, while the House is currently scheduled to be in session for 20 days. This leaves little floor time to secure government funding, pass the fiscal year 2027 (FY2027) National Defense Authorization Act, and advance other legislative priorities such as the Foreign Intelligence Surveillance Act, the Farm Bill, and the Surface Transportation Reauthorization. December 11, when the current government funding runs out, is the only firm deadline, so the rest of the agenda depends on how much time remains and on Republican priorities as they hold on to the last moments of their unified majority. Whatever is not finalized will pass to the new Congress, which convenes on January 3, 2027.

Nov. 3	**Week of Dec. 7**	**Dec. 11**	**Jan. 3, 2027**
Election Day	Target for final FY2027 NDAA conference bill	CR expires: government funding, surface transportation extension, OMB grants rule bar	120th Congress convenes; rules package sets select committees

Lame-duck legislation

FINISHING FY2027 APPROPRIATIONS

One of Congress's main priorities is finalizing the appropriations for FY2027, which began on October 1, 2026. Thus far, none of the 12 annual spending bills have become law. The House Appropriations Committee approved all 12 between April and June, and the full House has passed three, while the Senate Appropriations Committee has not released the text of any bills. The government is operating under a continuing resolution (CR), a temporary funding measure signed on September 2, which keeps agencies operating largely at last year's levels through December 11. Before this deadline, lawmakers can pass some or all of the full-year bills following the election, or they can extend the temporary funding into early 2027. If they do neither by December 11, a funding gap would begin on December 12 and could shut down affected parts of the government.

FY2027 NDAA

Another of Congress's main priorities is the FY2027 National Defense Authorization Act (NDAA), the annual bill that sets policy and spending levels for the military. The House narrowly passed its version on July 22, but the Senate has yet to act after a July vote to begin debate fell short. Leaders have pushed the bill to the post-election session, aiming to bring it to the floor the week of December 7. Once this year's bill is settled, the new Congress will begin work on the fiscal year 2028 (FY2028) NDAA.

FISA

An unfinished item on the lame-duck agenda is Section 702 of the Foreign Intelligence Surveillance Act, the law that allows U.S. intelligence agencies to collect emails and other communications of foreigners abroad. The law expired on June 12, 2026, after the House failed to pass a short-term extension. The Office of the Director of National Intelligence has reportedly asked Congress to act by Thanksgiving. The main obstacle is whether the government should need a warrant before searching Americans' messages that get swept up in the program. President Trump wants a renewal without that requirement, while lawmakers in both parties refuse to support one without stronger privacy protections. If the lame-duck session cannot break the impasse, the new Congress will inherit it, along with a firm March 2027 deadline, after which the program would have to shut down.

FARM BILL

The Farm Bill, the law that sets national policy for agriculture, food assistance, conservation, and rural development, is also unfinished. The 2018 Farm Bill has been extended three times, most recently in September. The House passed its new version in April, and the Senate Agriculture Committee approved its own in September. The two chambers still need to agree on a final bill, and the deadline is January 1, 2027. On that date, if Congress hasn't acted, consumers could see price increases for certain products. The chairs of the House and Senate Agriculture Committees say they hope to pass a full five-year bill by the end of the year. However, given how little time is left, many expect another short-term extension, likely attached to the December spending bill.

CRA RESOLUTIONS

Republicans may also use the lame-duck session to pass additional Congressional Review Act resolutions, which allow Congress to overturn recent agency rules by a simple majority vote without a Senate filibuster. President Trump has signed 23 of these in his second term. Several other resolutions remain pending in the Senate and could come up when it returns. Rules issued late in the year also get a new review window in the following session, so the next Congress will be able to review rules from the end of 2026.

HEALTH PROVISIONS

The list of health programs Congress must renew this year is shorter than usual because the 2026 spending law already addressed several, including extending Medicare telehealth through 2027. Still set to lapse on December 31 are a temporary 2.5% bump in Medicare payments to doctors, mandatory funding for community health centers and the National Health Service Corps, the Special Diabetes Programs, and added Medicare support for small and rural hospitals. Since these deadlines fall just weeks after government funding runs out on December 11, Congress will likely attach the extensions to the year-end spending bill. The biggest questions are how long to extend the programs, whether to keep the doctor pay increase, and how to pay for it all.

PERMITTING REFORM

Permitting reform is one of the first items the Senate will take up when it returns. On September 30, a bipartisan group of Senators introduced the Bipartisan American Affordability and Jobs Act of 2026 to speed up approvals for energy and infrastructure projects. The agreement greatly improves the odds of passing a real permitting bill this year. That depends on keeping both parties on board and resolving the remaining disputes. The Senate holds its first procedural vote on November 9, and any final bill would still need to reconcile with the House's narrower SPEED Act. If it isn't finished before the new Congress, it will have to start over.

COLLEGE SPORTS BILL

The Protect College Sports Act heads into the lame-duck session with strong Senate support but an uncertain path in the House. The bill would give athletes a federal right to be paid for the use of their name, image, and likeness. It would also allow athletes to transfer once without penalty and provide the NCAA and conferences with limited legal protection when enforcing certain rules. President Trump wants to sign it as soon as possible, but the House's own college sports bill stalled earlier this Congress. If the House doesn't pass the bill before the new Congress begins, it dies and would have to be reintroduced.

2027 legislative issues

By: Ava DeAngelis, Molly Gantt, and Windsor Warlick

Legislative priorities

DEBT LIMIT INCREASE

A likely priority for 2027 is the federal debt limit. In 2025, Congress raised the borrowing cap by $5 trillion, to over $41 trillion. Most of that new room is already gone, since the debt passed $40 trillion in August. The government is expected to hit the cap sometime between late winter and early summer of 2027. However, once the cap is reached, the Treasury can continue paying bills for roughly six to nine months. President Trump has asked Congress to raise the limit before the end of this year, and Majority Leader John Thune (R-SD) has said that an increase could come in the lame-duck session. If it isn't handled this year, the new Congress would likely need to raise it in the first half of 2027 with support from both parties. With Democrats taking over both chambers in January, Republicans will face more pressure to act before January while they still have unified control.

FY2028 APPROPRIATIONS

While Congress is still finalizing FY2027 appropriations, it will also need to begin work on FY2028 appropriations, which begin on October 1, 2027. If FY2027 appropriations are not finalized, it will delay the FY2028 appropriations process even further. Retirements, primary losses, and general election defeats are expected to alter the composition of the appropriations committees and, in turn, affect their funding priorities.

SURFACE TRANSPORTATION REAUTHORIZATION

Congress has extended federal highway, transit, and rail programs through December 11 as part of the stopgap funding law signed on September 2, which gives lawmakers two more months to negotiate the bill. The House's main proposal, the

bipartisan five-year BUILD America 250 Act, cleared committee in May but hasn't reached the House floor, and the Senate has yet to release a bill. The biggest point of contention is how to pay for it, since the Highway Trust Fund doesn't generate enough revenue to cover planned spending. With little time left, another short-term extension into 2027 is likely.

Leadership

REPUBLICAN LEADERSHIP

In the Senate, Senator John Thune (R-SD) is expected to receive conference support to remain as the GOP leader, though this time in the minority, and Senator John Barrasso (R-WY) is likely to run for minority whip. Senator Tom Cotton (R-AR) is expected to continue serving as Chair of the Senate Republican Conference. On the House side, with Republicans no longer in the majority, current Speaker of the House Mike Johnson (R-LA) has stated he will not run for the Minority Leader spot. Current Majority Leader Steve Scalise (R-LA) and Senior Republican Representative Jim Jordan (R-OH) have both announced plans to run for the role. Majority Whip Tom Emmer (R-MN) is running for the minority whip position, competing against Representative and outgoing Chair of the Republican Study Committee August Pfluger (R-TX), who recently announced his candidacy. House Republicans have announced plans to hold leadership elections on November 10, with noon on November 6th as the deadline for a member to declare their candidacy.

DEMOCRATIC LEADERSHIP

In the Senate, Senator Chuck Schumer (D-NY) is expected to run for Majority Leader, a position he last held from 2021 to 2025, and Senator Brian Schatz (D-HI) has caucus support to take over as Democratic whip now that Senator Dick Durbin (D-IL) is retiring. Senator Amy Klobuchar (D-MN) is the current chair of the Democratic Steering and Policy Committee, but she was just elected the next Governor of Minnesota, leaving the seat vacant in the 120th Congress. Senators Cory Booker (D-NJ) and Elizabeth Warren (D-MA) are next in line by seniority to fill the spot. On the House side, Representative Hakeem Jeffries (D-NY) is gearing up to run for the Speaker of the House position, while Democratic Minority Whip Katherine Clark (DMA) has indicated her plans to run for Majority Leader. Representative Pete Aguilar (D-CA) has confirmed his plans to run for the Democratic Majority Whip position. House Democrats have not formally announced the date for leadership elections, but rumors are circulating that it could take place in the week before Thanksgiving.

Congressional investigations

By: Brandon Rios and Jake Greenberg

Snapshot

Congress returns from the 2026 midterm elections poised for one of the most active oversight periods in recent memory. With Democrats taking the majority in both chambers, the 120th Congress will bring a significant shift in investigative power: subpoena authority, larger committee staffs, and control of the hearing calendar will move to Members who have spent the past two years building an oversight agenda from the minority. Committee staff are already planning the hearings they want on the calendar and the witnesses and companies they intend to call, and we expect committees to move quickly once gavels change hands in January.

The way Congress conducts investigations has also changed. Committees have become more sophisticated at obtaining confidential information and less willing to offer accommodations that could be seen as "giving in." They are also more attuned to pressure from social media and news coverage to show regular progress. Members without subpoena authority increasingly press chairs and leadership to pursue new targets, and congressional inquiries now routinely prompt or run alongside agency enforcement, state attorney general investigations, and private litigation. In the minority, Democrats have already sent a steady stream of letters to agencies and private companies. Those letters preview their 2027 priorities and, in many cases, record which recipients did or did not respond.

Private companies are likely to be drawn in not only as targets, but also as witnesses and sources of information. Where executive branch agencies resist document requests or testimony, we expect committees to turn to contractors, vendors, financial institutions, investors, and business partners that dealt with the Administration. Several groups should use the weeks before the new Congress convenes to assess their exposure, confirm document preservation and response protocols, and prepare leadership for potential inquiries. These include companies

with significant federal contracts, funding, or regulatory approvals; those involved in transactions or projects connected to the Administration; and those in sectors already under scrutiny, including technology and artificial intelligence (AI), digital assets, defense, critical minerals, energy, healthcare, and higher education.

Agenda

Investigative priorities in the 120th Congress will shift drastically with Democrats holding the majority in both chambers. Because the President retains the veto and Democrats do not hold a veto-proof margin, investigations will be one of the most consequential tools available to a new majority. They will also be one of the most direct ways Congress engages with the private sector.

ADMINISTRATION CONFLICTS OF INTEREST AND THIRD-PARTY EXPOSURE

House Democratic leaders have been unusually open about their plans. Representative Robert Garcia (D-CA), the likely chair of the Oversight and Government Reform Committee, has named the Trump family's business dealings, the Jeffrey Epstein investigation, the Department of Homeland Security (DHS) and Immigration and Customs Enforcement (ICE), and corporate accountability as top priorities. Representative Jamie Raskin (D-MD), the likely chair of the Judiciary Committee, has signaled a focus on potential conflicts of interest, pardons, and the Department of Justice (DOJ). He has already pressed for documents from investment firms connected to members of the President's family.

These inquiries are likely to reach well beyond government officials. Companies may be asked to explain their relationships with and access to the White House. They may also face questions about perceived benefits from government action, such as contracts, tariff relief, pricing agreements, settlements, or regulatory approvals; donations to Administration-affiliated projects; and transactions involving foreign governments or sovereign wealth funds. Democrats have pointed to cryptocurrency ventures, defense contracts, critical minerals agreements, and foreign investment as areas of interest. Companies that did not respond to minority letters in the 119th Congress should expect renewed requests backed by subpoena authority.

Democratic leaders are also coordinating across committees to a greater degree than when Democrats last took the House in 2019. House Democratic leadership and the likely chairs of Oversight and Judiciary have been planning a division of

labor, joint investigations, and high-profile hearings. We expect faster escalation to compulsory process and contempt when requests go unanswered.

AFFORDABILITY AND CORPORATE ACCOUNTABILITY

House Democratic leadership has made affordability central to its agenda, and investigations are a natural vehicle for it. Expect scrutiny of pricing practices, including algorithmic pricing, ticket resale, fuel and energy costs, housing, and healthcare. Investigators are also likely to examine pharmaceutical companies with most-favored-nation (MFN) pricing agreements or tariff relief, as well as companies seen as profiting from federal policy. These inquiries often begin with letters to an entire industry segment, so early assessment matters even for companies that are not the main subject.

Several of these issues draw bipartisan interest. In the 119th Congress, Republicans have also investigated pharmacy benefit managers (PBMs), Medicare and Medicaid fraud, and healthcare price transparency. Companies in these areas should expect attention regardless of the election outcome.

TECHNOLOGY, AI, AND DIGITAL ASSETS

Technology companies face scrutiny on several fronts: AI safety and transparency; data centers and their energy and community impacts; children's and consumers' online safety; cybersecurity and data breaches; and the use of technology in immigration enforcement. Digital assets remain a priority for investigators in both chambers. Democrats on the Senate Permanent Subcommittee on Investigations (PSI) issued reports and letters in the fall of 2026 on stablecoin issuers, sanctions exposure, and payments between crypto firms and Administration officials. Prediction markets have also begun to draw congressional attention.

CHINA AND NATIONAL SECURITY

Scrutiny of China-linked companies, supply chains, and investment is among the most bipartisan areas of oversight and is likely to continue. Forced labor, export controls, outbound investment, research security, and foreign ownership will remain recurring themes. Foreign investors, including sovereign wealth funds investing in U.S. technology, AI, and defense-adjacent assets, should expect congressional interest to run alongside the Committee on Foreign Investment in the United States (CFIUS) and other regulatory reviews.

PROCESS AND PACE: WHAT COMPANIES SHOULD EXPECT

Investigations rarely start with a subpoena. Most begin with media reports, whistleblower or agency referrals, or a call from staff, followed by a letter requesting documents or a briefing. The window to negotiate scope and timing is widest before compulsory process issues. Several factors will shape the pace in 2027. New majorities will be eager to show early results, and resistance from the executive branch is likely to push investigators toward private-sector sources. Recent court decisions, including the D.C. Circuit's decision in *United States v. Navarro*, have also highlighted the risks of not engaging with congressional subpoenas. Companies should plan for parallel exposure as well, since congressional inquiries increasingly prompt or coincide with agency enforcement, state attorney general investigations, shareholder suits, and other litigation.

Relevant committees

Leadership of the committees that drive most investigative activity will turn over substantially in the 120th Congress. Retirements, campaigns for other office, and Republican term limits are creating openings on both sides of the aisle.

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE

Representative Robert Garcia (D-CA), Ranking Member of the Oversight and Government Reform Committee since June 2025, is expected to take the gavel of the House's principal investigative committee, whose chair may issue subpoenas without a committee vote. On the Republican side, Chairman James Comer (R-KY) is expected to run for Governor of Kentucky in 2027, and the race to succeed him as the panel's top Republican is already underway. Representative Pat Fallon (R-TX) announced his candidacy in April. Representatives Michael Turner (R-OH), Virginia Foxx (R-NC), Pete Sessions (R-TX), Tim Burchett (R-TN), and Brandon Gill (R-TX) have been mentioned as potential contenders. In the minority, the panel's top Republican will be chiefly responsible for defending the Administration against Democratic investigations.

HOUSE JUDICIARY COMMITTEE

On the Judiciary Committee, Ranking Member Jamie Raskin (D-MD) is expected to become chair. He has said the committee would focus on DOJ, the federal judiciary, and civil liberties, while sharing matters such as the Epstein investigation with Oversight. Current Chairman Jim Jordan (R-OH) has said he will not serve another term as chair, and Representative Laurel Lee (R-FL) is running to succeed him as the panel's top Republican.

HOUSE ENERGY AND COMMERCE COMMITTEE

On the Energy and Commerce Committee, Ranking Member Frank Pallone (D-NJ) is expected to return as chair. Its Oversight and Investigations Subcommittee, currently led by Chairman John Joyce (R-PA) and Ranking Member Yvette Clarke (D-NY), is likely to focus on algorithmic pricing, healthcare, energy, technology, and consumer protection.

SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE

The Senate Homeland Security and Governmental Affairs Committee (HSGAC), the Senate's chief oversight committee, will have new Democratic leadership because Ranking Member Gary Peters (D-MI) is retiring. Senators Maggie Hassan (D-NH) and Richard Blumenthal (D-CT) are next in committee seniority. Blumenthal, Ranking Member of the Permanent Subcommittee on Investigations, would be positioned to chair the subcommittee and turn an active minority agenda into subpoena-backed investigations. That agenda includes recent inquiries into digital asset firms, government contractors, and undisclosed donors to the White House ballroom project.

SENATE JUDICIARY AND FINANCE COMMITTEES

Senator Sheldon Whitehouse (D-RI) has said he plans to succeed retiring Senator Dick Durbin (D-IL) as the top Democrat on the Judiciary Committee. Senator Ron Wyden (D-OR), Ranking Member of the Finance Committee, has used that panel's jurisdiction to pursue tax and foreign investment questions related to the Administration.

ADDITIONAL COMMITTEES

Depending on the issue, we also expect investigative activity from Financial Services, Ways and Means, Homeland Security, Foreign Affairs, and Armed Services Committees, and from the Senate Commerce, Banking, and Health, Education, Labor, and Pensions (HELP) Committees. Because investigative jurisdiction often overlaps, a single development can generate letters from several committees in both chambers. That makes a coordinated, consistent response essential.

WHAT TO WATCH

House select committees last only for the Congress that creates them. A new majority must therefore decide in January, usually in the rules package adopted on the first day of the session, which select committees to keep or create. Two decisions will be especially important for companies.

Whether Democrats keep the Select Committee on China. The House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party (CCP) was created under a Republican majority in January 2023 and reauthorized for the 119th Congress. It has operated with a notably bipartisan approach. Representative Ro Khanna (D-CA) succeeded Representative Raja Krishnamoorthi (D-IL) as Ranking Member in January 2026. Under his leadership, committee Democrats have focused more on domestic manufacturing, critical minerals, trade, and the risks of advanced AI, while still joining bipartisan investigations, such as the October 2026 report on a brokerage firm's links to China. If Democrats decide to retain the Select Committee, the panel would preserve a dedicated venue with subpoena power for investigating China-linked companies, supply chains, and investment, likely with a shift in emphasis toward Democratic priorities. If Democrats let it lapse, China-related oversight would continue in the standing committees, but perhaps in a less coordinated or intense fashion.

Whether Democrats create an AI select committee. House Democrats have been laying the groundwork for a select committee on AI. Democratic Leader Hakeem Jeffries (D-NY) has reportedly expressed openness to the idea but has not committed. Proponents point to the China Select Committee as a model: a panel created by House resolution with its own staff and budget, and possibly subpoena authority. Reported areas of focus include advanced AI models, the technology industry's relationship with the Administration, and the rapid build-out of data centers. The main obstacle is jurisdiction. The Energy and Commerce, Judiciary, and

Science, Space, and Technology Committees each oversee parts of AI policy and may resist ceding ground. If created, the panel would give AI developers, data center developers and operators, energy providers, and companies deploying AI at scale a single, highly visible investigative counterpart.

Healthcare and life sciences

By: Jamie Gregorian, Rachel Portman, and Maren McBride

Snapshot

The sector comes out of the 2026 midterm elections facing greater policy uncertainty, with voters shifting control of the House and Senate to Democrats. Life sciences companies have spent the past two years dealing with fast-moving federal policy like the continued rollout of Medicare drug price negotiation under the Inflation Reduction Act, the Administration's push for most-favored-nation (MFN) pricing through various executive actions, the threat and use of tariffs on imported devices and drugs, and staffing and leadership changes at the federal healthcare agencies, such as the Food and Drug Administration (FDA) and the National Institutes of Health (NIH). Medicare coverage and payment for new technologies remain hard to secure. The regulatory framework for laboratory-developed tests is still unsettled, and the rules for AI-enabled and digital health devices continue to evolve. At the same time, industry has kept pressing on supply chain resilience and onshoring, pharmacy benefit manager (PBM) reform, competition from China's biotech and medtech sectors, and faster, more predictable patient access to innovative therapies and technologies.

The midterm results matter most because the incoming Congress must reauthorize the Prescription Drug User Fee Act (PDUFA), Generic Drug User Fee Amendments (GDUFA), Medical Device User Fee Amendments (MDUFA), and the Biosimilar User Fee Amendments (BsUFA). The current five-year authorizations expire on September 30, 2027. Because these bills must pass to ensure the agency can continue to review drugs and devices in a timely manner, we expect Congress to attach other FDA-related legislation to the user fee reauthorization vehicles. With recent staffing turnover raising concerns about review performance at both the drug and device centers, the next package will likely draw unusual attention to:

- FDA staffing, hiring commitments, and review timelines

- Accelerated approval and other expedited pathways for drugs and biologics
- Premarket review predictability and the regulation of digital health and AI-enabled devices
- Clinical trial modernization and the use of real-world evidence
- Riders unrelated to FDA review, possibly including pricing, PBM, or biosecurity provisions

Agenda and key themes

USER FEE REAUTHORIZATION

The current PDUFA, GDUFA, MDUFA, and BsUFA agreements expire on September 30, 2027. We anticipate Congress will receive FDA's negotiated recommendations around January 2027. Committee hearings and markups are expected through spring and summer. The user fee reauthorization packages are the most notable HELP Committee must-pass vehicle in the healthcare portfolio in 2027.

Reauthorization has historically passed with large bipartisan margins, and the fiscal stakes for FDA create strong pressure to finish on time. Because we are entering a period of divided government, legislative packages that can pass both chambers and receive President Trump's signature will be scarce, creating an incentive to use the User Fee Act reauthorizations as vehicles for unrelated measures that could hamper the chances of timely passage.

With Democrats now controlling both houses of Congress, we expect priorities to include safeguards against what they see as the Administration stifling scientific independence at FDA, clinical trial diversity, and robust guardrails around the use of artificial intelligence in device and drug development.

Areas where we expect policy developments and opportunities for bipartisan cooperation include the onshoring of manufacturing and clinical trials, expanded use of real-world evidence, and oversight of the laboratory-developed test framework.

DRUG PRICING AND REIMBURSEMENT

Substantial disagreements between the parties remain on drug pricing, but there has been some meeting of the minds among the more populist wing of the GOP and Democrats' left flank on drug negotiation and indexing U.S. prices to what other

developed nations pay. In the next Congress, implementation of the price negotiation provisions of the Inflation Reduction Act will continue and possibly expand, while the impact of tariffs, exemptions, and negotiated deals between drug manufacturers and the Administration gets more scrutiny.

Questions remain on longstanding issues, such as incentives and exemptions for orphan drugs, how to address the so-called "pill penalty" that gives more favorable negotiation terms to large molecules, and arguably the biggest issue for the pharmaceutical industry: possible codification of international reference pricing, commonly referred to as MFN pricing.

SUPPLY CHAIN

Tariffs and trade investigations affecting medical devices, pharmaceuticals, active pharmaceutical ingredients, components, and consumables will remain a central policy issue. Historically resistant to tariffs, Congressional Republicans will be pressured to continue supporting the Administration's tariff authority and onshoring agenda, despite tariffs being one of the proxies for affordability issues. Democrats are eager to scrutinize the impact that tariffs have on drug and device costs and shortages and undercut the Administration's continued use of levies to shape policy. Where they may find more common ground is on legislating incentives for domestic production. Because Democrats do not have a veto-proof majority or even anything close to it, we expect the executive branch to continue to drive tariff and trade policy.

CHINA, BIOSECURITY, AND NATIONAL SECURITY

Legislation restricting federal contracting with certain foreign biotechnology companies of concern, outbound investment controls, and data security rules for genomic and health data remain key priorities in the upcoming Congress. This is a bipartisan area, though there remain differences in details. We expect Democrats to largely align conceptually with Republican-led restrictions targeting China-linked biotech entities and contract manufacturers, but to place greater emphasis on transition periods, avoiding supply disruptions, and investing in domestic capacity.

OTHER HEALTHCARE AGENDA ITEMS

There are various other healthcare issues that are likely to come up in 2027, including: reauthorization of the existing Medicare COVID-era telehealth flexibilities

(expiring December 31, 2027), Medicare physician payment reform, Medicaid financing policies, the value proposition of managed care, Community Engagement requirements in the Medicaid program, and the growing integration of AI across the healthcare sector. We anticipate significant oversight activity in the 120th Congress, particularly regarding the MFN drug pricing agreements, Medicare and Medicaid fraud and abuse activities by this Administration, and the implementation of the health provisions of the One Big Beautiful Bill Act.

Relevant committees

HOUSE ENERGY AND COMMERCE COMMITTEE

On the House Energy and Commerce Committee, Ranking Member Frank Pallone (D-NJ) will return to the chairmanship after a four-year absence, while current Chairman Brett Guthrie (R-KY) is expected to lead the Republican conference on the committee as Ranking Member. Health Subcommittee Ranking Member Diana DeGette (D-CO) lost her primary, and her successor is not yet clear. Representative Doris Matsui's (D-CA) race against progressive challenger Mai Vang has not yet been called, but should she win, she is next in line for the seat, but has not indicated whether she would be willing to give up leadership of the Subcommittee on Communications and Technology to chair the panel. Representative Kathy Castor (D-FL) would have the next right of refusal but would have to give up chairmanship of the Energy Subcommittee. After Matsui and Castor, Representatives Paul Tonko (D-NY) and Yvette Clarke (D-NY) are next in seniority, but would have to give up their leadership of the Environment and Oversight Subcommittees, respectively. Departing the committee are Representatives John James (R-MI), Buddy Carter (R-GA), Neal Dunn (R-FL), Mariannette Miller-Meeks (R-IA), Tom Kean (R-NJ), Gabe Evans (R-CO), Dan Crenshaw (R-TX), Jan Schakowsky (D-IL), Robin Kelly (D-IL), Marc Veasey (D-TX), and Richard Hudson (R-NC) – each member having either retired, been defeated, or sought a different office. Representative Darren Soto (D-FL) is also facing a tough reelection campaign that has not yet been called.

HOUSE WAYS AND MEANS COMMITTEE

On the House Ways and Means Committee, current Chairman Jason Smith (R-MO) and Ranking Member Richard Neal (D-MA) are expected to swap positions. On the Health Subcommittee, both Chairman Vern Buchanan (R-FL) and Ranking Member Lloyd Doggett (D-TX) are retiring, meaning leadership on the panel will change, but frontrunners to replace them have not yet emerged. Departing Congress, and thus

the committee, at the end of the year are Representatives David Schweikert (R-AZ), Jodey Arrington (R-TX), Kevin Hern (R-OK), Brian Fitzpatrick (R-PA), Max Miller (R-OH), Danny Davis (D-IL), and Dwight Evans (D-PA).

SENATE HEALTH, EDUCATION, LABOR, AND PENSIONS COMMITTEE

With Democrats taking over the Senate, Senator Bernie Sanders (I-VT) is expected to regain his gavel as chairman of the HELP Committee, while the Ranking Member position remains unclear as current chairman Bill Cassidy (R-LA) departs the Senate without an obvious successor. The next Republican Senator in line, Rand Paul (R-KY), is the top Republican on the Homeland Security and Governmental Affairs Committee (HSGAC). Further down the line in terms of seniority is Senator Susan Collins (R-ME), who was defeated for reelection, leaving Senator Lisa Murkowski (R-AK) and Senator Roger Marshall (R-KS) next in line for the job. Murkowski will likely seek the top Republican spot on the Senate Appropriations Committee, left open by Collins, and Marshall was defeated for reelection. This leaves Senators Tim Scott (R-SC) and Josh Hawley (R-MO) next in line. Scott has not currently indicated an interest one way or the other, but he would have to give up his top spot in the Senate Banking Committee to take the position.

SENATE FINANCE COMMITTEE

On the Senate Finance Committee, Chairman Mike Crapo (R-ID) and Ranking Member Ron Wyden (D-OR) are expected to return to lead the Committee, but with a substantially different membership. Senators John Cornyn (R-TX), Bill Cassidy (R-LA), Steve Daines (R-MT), Thom Tillis (R-NC), Marsha Blackburn (R-TN), Roger Marshall (R-KS), and Tina Smith (D-MN) are all slated to depart the panel due to retirement, defeat, or election to a different office, so we will be keeping a close eye on who takes their spots on this powerful and critical Committee.

Emerging technologies

By: Tony Samp, Michael Fleischman, Kathryn Mitchell, and Alicia Smith

Snapshot

Emerging technology policy is one of the few areas that has drawn steady bipartisan attention, and we expect that to hold heading into the 120th Congress. Policymakers in both parties tend to view AI, semiconductors, cybersecurity, advanced computing, and critical technology supply chains through two lenses: economic competitiveness and national security. Recent debates in Congress and the Administration have centered around AI safety, government oversight, competition with China, and the strategic value of technology infrastructure. That focus seems unlikely to fade.

Agreement on the stakes, however, does not mean agreement on the approach. The parties still differ, sometimes sharply, on how to balance innovation, regulation, and government oversight.

A Democratic-controlled Congress will likely place greater emphasis on technology governance, AI safety, transparency, and accountability. Congressional leaders may pursue broader oversight of advanced AI models, algorithmic decision-making, data practices, and emerging technology risks.

Congressional committees will likely examine whether existing regulatory frameworks sufficiently address the potential economic, social, and national security implications of advanced AI systems. Additional attention could be directed toward cybersecurity safeguards, workforce impacts, consumer protections, and responsible AI development.

Competition with China will remain a priority; however, policymakers may seek to pair competitiveness initiatives with stronger governance requirements and oversight mechanisms. Democratic leaders may also pursue greater transparency requirements for developers and deployers of advanced AI systems.

Under unified Democratic congressional control, clients may anticipate increased oversight and scrutiny of AI governance practices and government contract awards; a greater demand for compliance, risk management, cybersecurity, and auditing services; the potential emergence of new reporting, transparency, or accountability obligations; and an enhanced focus on demonstrating responsible development and deployment practices.

This heightened scrutiny may vacillate between federal agencies and the private sector, particularly for recent Administration initiatives that rely on private sector partnership and collaboration. For instance, the White House has created various channels for federal agencies to engage AI industry leaders and collaborate on frontier model capabilities, vulnerability and incident management, and secure deployment in military, intelligence, and critical infrastructure environments. Democrats have voiced concerns about the level of transparency surrounding these programs, the objectivity of the criteria used to select partners, and the inconsistent or unconventional use of regulatory authorities and enforcement tools to drive desired behavior. That may lead to programmatic changes or operational shifts that change how the private sector experiences these programs.

Agenda

ARTIFICIAL INTELLIGENCE

A Democratic majority is likely to revive efforts toward a broader AI governance framework including specific guardrails for frontier model developers. Possible elements include risk-based requirements for high-impact systems, transparency and disclosure obligations, and accountability for algorithmic decisions in employment, housing, credit, and healthcare. Deepfakes and AI-enabled fraud are also likely targets. On preemption, many Democrats have been reluctant to displace state laws; a federal floor, rather than a ceiling, seems the more likely outcome. Expect sharper oversight of agency AI use, especially as President Trump still holds the White House.

CYBERSECURITY

Democrats have generally supported a stronger Cybersecurity and Infrastructure Security Agency (CISA), and have consistently raised alarms about dramatic cuts to personnel, funding, and mission scope in the first year of the Trump Administration. Democrats on key Committees have already previewed legislation or announced an

intent to investigate, e.g., the reshaping of CISA's election security mission and its decision to terminate support to long-standing critical infrastructure partnerships.

Democrats will also be looking to CISA and the Administration to issue an overdue cyber incident reporting requirement for critical infrastructure across sectors. The Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) directed CISA to issue a final rule requiring covered critical infrastructure to report certain cyber incidents to CISA within 72 hours. CISA recently transmitted the CIRCIA final rule to OIRA, meaning it could be nearing publication. If issued, Democrats—like Republicans—will want to see a streamlined, harmonized approach to reporting (though Democrats may be less animated than their Republican counterparts on that point). Democrats are also likely to question whether CISA has the requisite personnel and back-end infrastructure to receive, analyze, and act on reports to effectively reduce risk and empower cyber defenders.

Under Democratic control, Congress may be more open to imposing minimum cybersecurity standards for critical infrastructure and tougher secure-by-design expectations for software makers. Major breaches, ransomware incidents, and contractor compliance are obvious candidates for hearings, and privacy and cybersecurity could end up bundled in broader consumer protection legislation.

QUANTUM

Democrats will likely back reauthorization of key quantum initiatives. Their emphasis is likely to differ from Republicans, though, with more weight on workforce development, university and national laboratory research, and spreading investment beyond established tech hubs and direct funding awards to industry. Oversight could test whether agencies are keeping pace on the shift to post-quantum cryptography.

ROBOTICS

Democrats are likely to continue to support domestic robotics manufacturing. But expect more questions about what automation means for workers, including safety standards, retraining programs, and labor protections. Safety and accountability rules for autonomous vehicles might get more attention, and scrutiny of foreign-made drones will probably continue.

SEMICONDUCTORS

Democrats are expected to defend the objectives of the CHIPS and Science Act, but conduct heavy oversight of the cancellation of previous R&D programs and the direct award-making with equity stakes made under the Trump Administration. They are likely to push to fully fund its research programs and to keep labor, workforce, and community benefit conditions on awards. With oversight a near certainty, lawmakers will likely press on issues such as how quickly awards are paid out, project delays, full and fair competition, and the use of taxpayer funds.

Relevant committees

HOUSE SCIENCE, SPACE, AND TECHNOLOGY COMMITTEE

Under Democratic leadership, expect the Committee to defend federal research budgets and to examine recent cuts at science agencies. AI safety research and the research provisions of the CHIPS and Science Act would likely be priorities as well. Oversight of and investigations into "big tech" companies and their connections to the Trump Administration are almost assured. Representative Zoe Lofgren (D-CA) is expected to remain the top Democrat and Representative Brian Babin (R-TX) is expected to remain the top Republican on the Science, Space, and Technology Committee in the 120th Congress.

HOUSE ENERGY AND COMMERCE COMMITTEE

Democrats will likely press for privacy legislation with stronger enforcement. AI consumer protections and health data could get attention, and investigations into technology platforms and data brokers are likely to gain momentum. Representative Frank Pallone (D-NJ) is expected to remain the top Democrat and Representative Brett Guthrie (R-KY) is expected to remain the top Republican on the Energy and Commerce Committee in the 120th Congress.

HOUSE ARMED SERVICES COMMITTEE

Democrats also support modernization. Their oversight, though, might lean more toward responsible military use of AI, contractor accountability, supply chain cybersecurity, and cost control. Representative Adam Smith (D-WA) is expected to remain the top Democrat on the Armed Services Committee in the 120th Congress. Representative Mike Rogers (R-AL) is term-limited under Republican conference

rules, but is seeking a waiver to remain the top Republican on the Committee. If the waiver is unsuccessful, Representatives Ronny Jackson (R-TX) and Trent Kelly (R-MS) may vie for the spot since Representative Rob Wittman (R-VA) lost his tight reelection campaign.

HOUSE HOMELAND SECURITY COMMITTEE

A Democratic-led Committee would likely prioritize CISA's funding and workforce, critical infrastructure resilience, state and local cyber grants, and domestic terrorism. Election security could return to the agenda. Oversight of DHS's use of AI and surveillance tools is also a reasonable expectation. Representative Bennie Thompson (D-MS) is expected to remain the top Democrat and Representative Andrew Garbarino (R-NY) is expected to remain the top Republican on the Homeland Security Committee in the 120th Congress.

The Committee stands to lose nearly a quarter of its members in the 120th Congress. Current Vice Chairman Michael McCaul (R-TX) and Representative Morgan Luttrell (R-TX) are retiring, and five members lost their primaries: Representatives Andrew Ogles (R-TN), Al Green (D-TX), Dan Goldman (D-NY), Julie Johnson (D-TX), and Shri Thanedar (D-MI). Representatives Gabe Evans (R-CO) and Ryan Mackenzie (R-PA) also lost their reelection contests.

SENATE COMMERCE, SCIENCE, AND TRANSPORTATION COMMITTEE

A Democratic chair would probably revisit comprehensive privacy legislation. AI accountability, consumer protection, and oversight of large platforms could follow, along with questions about the reach of the Federal Trade Commission's and the FCC's authority. Senator Maria Cantwell (D-WA) is expected to remain the top Democrat and Senator Ted Cruz (R-TX) is expected to remain the top Republican on the Commerce, Science, and Transportation Committee in the 120th Congress.

SENATE ARMED SERVICES COMMITTEE

Efforts to modernize would likely continue under Democrats, but with more oversight. AI governance at the Department of Defense, testing and evaluation, workforce issues, and the Administration's use of defense authorities could all draw scrutiny. Senator Jack Reed (D-RI) is expected to remain the top Democrat, and Senator Roger Wicker (R-MS) is expected to remain the top Republican on the Armed Services Committee in the 120th Congress.

SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE

Democrats would likely use the Committee's oversight role more aggressively. Agency AI use, access to government data, privacy safeguards, the effects of automation on the federal workforce, and transparency in technology contracting are all plausible subjects; immigration enforcement practices, DHS workforce reductions, disaster response, and the protection of critical infrastructure should also be expected to be reviewed. Senator Gary Peters (D-MI), the current top Democrat on HSGAC, is retiring. Senator Maggie Hassan (D-NH) is the most likely replacement. Senator Rand Paul (R-KY), the current top Republican on the Committee, may move to the HELP Committee to replace Senator Bill Cassidy (R-LA), who lost his primary race. In this instance, Senator James Lankford (R-OK) is the most likely replacement for HSGAC in the 120th Congress.

Aside from the shake-up at the top of the Committee, Senator Joni Ernst (R-IA) is retiring, and no other Committee members are expected to leave their seats.

Appropriations

By: Nat Bell, Alex Pinson, and Graham Gunter

Snapshot

In September 2026, Congress passed a continuing resolution (CR) to extend funding for the government through December 11. Congress returns from the midterms with a lot of work left to do. Though House appropriators advanced all 12 bills through committee, the full House has passed only three of its 12 FY2027 bills. The Senate Appropriations Committee hasn't introduced any of its appropriations bills, as appropriators continue to wait for progress on stalled partisan negotiations over top-line spending levels. With Democrats taking the majority in both chambers, we expect Republicans to push for a funding deal before the end of the year, while Democrats defer negotiations until they have the majority. With the number of open legislative items far exceeding the time available in the waning days of the 119th Congress to consider them all and the parties closely divided on how to proceed, we currently expect another CR into early 2027. Complicating factors for passage of such a CR include (1) how Democrats express their concerns over executive branch use of impoundment, rescission, and discretionary grant review authorities; (2) attempts by Members of both parties to integrate raising the debt ceiling into the CR negotiations; and (3) given narrow margins in both chambers, the number of Members in attendance and available to vote after the elections. Any further delays in completing FY2027 appropriations will certainly impact the start of consideration for FY2028. We expect Defense funding to be a central topic under Democratic control of the House and Senate.

Agenda

Appropriators will have their hands full over the next two months and in the 120th Congress.

Emboldened by their electoral gains, Democrats are likely to strongly oppose the Administration's proposed large increase in FY2027 defense spending—pushing for greater parity between defense and non-defense spending allocations and possibly delaying the enactment of FY2027 bills further. Into the 120th Congress, we expect Democrats to reemphasize non-defense investments, reassert congressional control over spending, and conduct close oversight of the Trump Administration.

Republicans' loss of the House and the Senate may finally encourage action on appropriations after months of delays. While they retain the majority in both chambers in 2026, we foresee Republicans either pushing to pass as many FY2027 spending bills as they can, attempting to pass another CR extending FY2026 funding through September 30, 2027, or some combination thereof. Republican leaders will have to balance this need for speed in 2026 with the typical resistance of their most conservative Members to both expedited legislative processes and higher federal spending.

Beyond resolving annual appropriations negotiations, appropriators will also have to decide whether to provide supplemental funding for disaster response efforts in Hawaii and for the war with Iran, and whether and how to fund $350 billion in defense priorities proposed by the President via mandatory FY2027 funding. Talk of funding the latter with another party-line budget reconciliation bill, which would require only a simple majority to pass the Senate, continues but remains unlikely in our estimation.

Relevant committees

HOUSE APPROPRIATIONS COMMITTEE

With the Democrats securing control of the House, the House Appropriations Committee will undergo a substantial turnover.

The new Democratic majority will see a significant infusion of new Members. Current Ranking Member of both the full committee and the Labor, Health and Human Services, and Education Subcommittee, Rosa DeLauro (D-CT), easily won reelection. She is likely to claim chairmanship of both in the 120th Congress. Long-time former House Democratic Leader Steny Hoyer (D-MD) is retiring, so the chair of the Financial Services and General Government (FSGG) Subcommittee will be open. Representative Mark Pocan (D-WI) is next in line to assume the role. Representative Adriano Espaillat (D-NY), the current Legislative Branch Subcommittee Ranking

Member, lost his primary and will not return to Congress, freeing up this subcommittee chairmanship as well. Representative Bonnie Watson Coleman (D-NJ) is retiring, adding another spot to the list of Committee assignment openings. Representative Mike Quigley (D-IL) won reelection but will also run for Mayor of Chicago in February. If successful in the mayoral race, Quigley would retire from Congress. Furthermore, Representative Marie Gluesenkamp Perez's (D-WA) seat on the committee is in question, as her leadership determines whether to pull her from the committee as punishment for bucking Democratic leadership on certain votes this year. If the current 35 majority members to 28 minority members ratio holds, House Appropriations Committee Democrats stand to add between 10 and 12 new Members by March. Democratic leadership will determine which Members will be anointed to serve on one of the most powerful and sought-after committees in Congress, while a few Republican Appropriators may have to endure reassignments.

Republicans will see significant losses in the 120th Congress, with nearly a third of their Members departing. Four Members (Representatives Edwards (R-NC), Zinke (R-MT), Newhouse (R-WA), and Amodei (R-NV)) are retiring. Representative Julia Letlow (R-LA) successfully ran for the Senate, while Representative Ashley Hinson (R-IA) lost her bid for the Senate, and Representatives David Valadao (R-CA) and Juan Ciscomani (R-AZ) lost tight reelection contests. Representative Ken Calvert (R-CA) is also in a tight reelection contest. With fewer seats available to the Minority, House Appropriations Committee Republicans may not be able to fill any of these seats with new Members. Calvert is the Defense Subcommittee Chair, and a loss would open up the most prestigious subcommittee, for which the current Transportation, Housing and Urban Development (THUD) Subcommittee Chairman Steve Womack (R-AR) would be a top contender. Representative John "Judge" Carter (R-TX) will also need a second waiver to remain Ranking Member of the Subcommittee on Military Construction and Veterans Affairs. Representative Mark Amodei's (R-NV) retirement and Representative David Valadao's (R-CA) election loss will open up two of the subcommittee leadership slots on the Homeland Security and Legislative Branch subcommittees, respectively. Since Republicans typically promote by full committee seniority, rather than Democrats' preference for seniority within each subcommittee, Representative Moolenaar (R-MI) would be the next House Appropriations Committee Republican eligible to assume leadership of a subcommittee.

SENATE APPROPRIATIONS COMMITTEE

Democrats' win of the majority, coupled with retirements, will result in several changes to the Senate Appropriations Committee on both sides of the aisle. We expect Senator Patty Murray (D-WA) to continue as the top Democrat, now as Chair. Her membership could see several new additions. Senator Jeanne Shaheen (D-NH) is retiring after three terms in the Senate, which leaves the top spot on the Agriculture, Rural Development, and Food and Drug Administration panel open. Senators Dick Durbin (D-IL) and Gary Peters (D-MI) will also be retiring. If the current 15 majority to 14 minority ratio holds in the still closely divided but now Democratic-led Senate, Senate Appropriations Committee Democrats could add at least four new Members in the 120th Congress. In addition to his bid to serve as the Democratic Whip, we understand that Senator Brian Schatz (D-HI) may also be considering a push for a leadership role on a Appropriations subcommittee with broader jurisdiction than his current State and Foreign Operations Subcommittee.

Senate Appropriations Committee Republicans will see a more dramatic shift in responsibilities. With the current Chair of the full committee, Senator Susan Collins (R-ME), having lost a tight reelection campaign and Defense Subcommittee Chair Mitch McConnell (R-KY) retiring, the top two Republican jobs will be open. Senator Lisa Murkowski (R-AK) will now become the most senior Senate Appropriations Committee Republican and second most senior on the Health, Education, Labor, and Pensions (HELP) Committee. If she chooses to become Vice Chair of the Appropriations Committee, Murkowski would trigger a wholesale reshuffling of Senate Appropriations Committee Republican subcommittee leadership roles. If she prefers HELP, Murkowski will have to await the decision of Senator Rand Paul (R-KY), who is the only Republican senior to Murkowski on the committee. If Paul chooses to continue leading the Homeland Security and Governmental Affairs Committee instead, Murkowski could become both the full HELP Committee Ranking Member and the Appropriations Committee Defense Subcommittee Ranking Member. Such a decision would open the Vice Chair role to the next-in-line, Senator Jerry Moran (R-KS). In either scenario, Murkowski's current Interior Subcommittee leadership role would also open up. Collins has filled in as interim State and Foreign Operations Subcommittee Chair since the late Senator Lindsey Graham's (R-SC) passing this summer, but we expect a new permanent subcommittee Ranking Member to be appointed here, especially given Collins' and interim Senator Darline Graham's (R-SC) election losses. Senator Jon Husted (R-OH) also lost his reelection bid, but Republicans may not be able to fill his seat with fewer slots available to the minority.

National security and defense

By: Nat Bell, Alex Pinson, Kathryn Mitchell, and Graham Gunter

Snapshot

National security and defense policy has long drawn bipartisan support in Congress. Lawmakers in both parties increasingly view strategic competition with China, Russia's war in Ukraine, instability in the Middle East, and threats to the homeland as defining challenges. Recent debates in Congress and the Administration have centered on defense spending levels, the health of the defense industrial base, acquisition reform, military readiness, adoption of emerging technologies, and intelligence authorities. Shared concerns do not guarantee a shared strategy, however. The parties remain divided, sometimes sharply, over overall spending levels, defense versus nondefense priorities, military deployments at home and abroad, and the scope of congressional oversight of the executive.

Under unified Democratic control of Congress, stakeholders can anticipate increased oversight and scrutiny of major defense programs and contract awards; greater demand for compliance, auditing, and cybersecurity capabilities; potential new reporting or accountability obligations for contractors; and continued, though possibly more conditioned, investment in modernization. We also expect Democrats to seek more parity between defense and nondefense spending than their Republican colleagues.

Agenda

DEFENSE CAPABILITIES AND THE DEFENSE INDUSTRIAL BASE

Democrats will likely support modernization but press harder on cost and accountability. Expect scrutiny of cost overruns, delayed programs, the pace of munitions production increases, and the Department's progress toward a clean audit. Democrats may also seek to tie defense increases to parity with nondefense

spending. Oversight of contractor pricing, competition, and consolidation in the industrial base could intensify, along with closer review of the Office of Strategic Capital's lending decisions, particularly with the opposing party in the White House.

GEOPOLITICS AND STRATEGIC COMPETITION

U.S. competition with China will remain a priority; however, policymakers may seek to pair it with stronger support for alliances and partners. Continued support for Ukraine and NATO is probable, and many Democrats may press for tougher sanctions on Russia and its enablers. On Iran, Democrats would likely support an overarching end to the ongoing conflict coupled with efforts to constrain Iran's nuclear program and its proxies, though some may favor a greater role for diplomacy. Congress might also seek to limit the Administration's ability to withdraw forces or exit alliances without congressional approval. Oversight of military operations, including in the Middle East and the Western Hemisphere, and of the War Powers Resolution would probably increase.

Additionally, House Democratic leaders will have to consider whether to maintain the Republican-formed House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party (CCP), rebrand the committee with a new focus, or shift these oversight responsibilities back to standing committees of jurisdiction.

INTELLIGENCE

We expect Democrats will use their majority to exercise closer oversight of the intelligence community, including concerns about politicization, workforce reductions, and changes to intelligence sharing with allies. Many Democrats may push for stronger privacy protections in any Section 702 reauthorization. Investment in technical collection and analysis, including AI, would probably continue.

MILITARY PERSONNEL, READINESS, AND INSTALLATIONS

Democrats will likely support pay and quality-of-life investments too. But expect more questions about domestic military deployments, personnel policy changes, civilian workforce reductions, and the condition of military housing and healthcare. Oversight of installation maintenance backlogs and climate and energy resilience at bases could return. Due to the ongoing war with Iran and a growing threat from cartel activity on the southern border, the Pentagon may also seek to bolster its

counter-drone installation defense capabilities, both within the continental United States and around the globe. Republicans are actively seeking funding to address this, and many other emerging needs for the Department, but those efforts are currently stalled. See our Appropriations section for the status of funding negotiations.

OVERSIGHT

Democrats may scrutinize the Administration's use of military forces, including domestic deployments, and its use of emergency and reprogramming authorities and other topics. Companies doing business with the Pentagon and with ties to the President's family will be under the microscope.

Congressional committees led by Democrats will also likely examine program cost overruns, schedule delays, audit results, and contractor performance. Additional attention could be directed toward service members' quality of life, military families, civilian workforce reductions, and Congress's role in authorizing the use of force. Democratic leaders may also pursue continued assistance to Ukraine and greater transparency requirements for intelligence activities and defense contracting. House Democrats are also contemplating reviving a House Armed Services Committee (HASC) subcommittee focused solely on Pentagon oversight.

Relevant committees

HOUSE ARMED SERVICES COMMITTEE

Democrats also support modernization. Their oversight, though, might lean more toward program cost and schedule, domestic use of the military, contractor accountability, and service member quality of life. Representative Adam Smith (D-WA) is expected to remain the top Democrat on the Armed Services Committee in the 120th Congress. Representative Mike Rogers (R-AL) is term-limited under Republican conference rules, but is seeking a waiver to remain the top Republican on the Committee. If the waiver is unsuccessful, Representatives Ronny Jackson (R-TX) and Trent Kelly (R-MS) may vie for the spot since Representative Rob Wittman (R-VA) lost his tight reelection campaign.

HASC membership will turn over significantly in the 120th Congress. Representatives Don Bacon (R-NE), Morgan Luttrell (R-TX), Elise Stefanik (R-NY),

Jared Golden (D-ME), and Sam Graves (R-MO) are retiring, while Representative Cory Mills (R-FL) lost his Congressional primary, Representative Nancy Mace (R-SC) gave up her seat to run unsuccessfully for governor, and Representative Seth Moulton (D-MA) also forfeited his seat for an unsuccessful Senate primary bid. Several others lost difficult reelection contests, including Representatives Jennifer Kiggans (R-VA), Derrick Van Orden (R-WI), Rob Wittman (R-VA), and Jeff Crank (R-CO).

HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE

Democrats would likely press on politicization concerns, intelligence workforce reductions, and whistleblower protections. Stronger privacy safeguards in surveillance authorities may also be a priority. Representative Jim Himes (D-CT) is expected to remain the top Democrat and Representative Rick Crawford (R-AR) is expected to remain the top Republican on the Intelligence Committee in the 120th Congress.

The House Permanent Select Committee on Intelligence will also lose several members. Representatives Steve Cohen (D-TN) and Elise Stefanik (R-NY) are retiring, Representative Dan Crenshaw (R-TX) lost his primary, and Representatives Raja Krishnamoorthi (D-IL) and Stacey Plaskett (D-VI) gave up their seats after unsuccessfully running for Senate and Governor, respectively. Two other members lost difficult reelection contests, Representatives Scott Perry (R-PA) and Brian Fitzpatrick (R-PA).

SENATE ARMED SERVICES COMMITTEE

Efforts to modernize would likely continue under Democrats, but with more oversight. Nominations, the Administration's use of defense authorities, support for Ukraine and allies, and audit progress could all draw scrutiny. Senator Jack Reed (D-RI) is expected to remain the top Democrat, and Senator Roger Wicker (R-MS) is expected to remain the top Republican on the Armed Services Committee in the 120th Congress.

Turnover on the Senate Armed Services Committee down dais will be modest, but still notable for the 120th Congress. Senators Jeanne Shaheen (D-NH), Gary Peters (D-MI), and Joni Ernst (R-IA) are retiring; Senator Tommy Tuberville (R-AL) won his race for Governor; and Senator Dan Sullivan (R-AK) faces a competitive race against

former Representative Mary Peltola (D-AK) that has yet to be called. These departures will open a number of seats on both sides of the aisle on the committee, creating room for a large class of new members in the 120th Congress.

SENATE SELECT COMMITTEE ON INTELLIGENCE

Under Democrats, expect closer oversight of the independence of intelligence analysis, the treatment of the intelligence workforce, and intelligence-sharing with allies. Nominations could draw more scrutiny as well. Senator Mark Warner (D-VA) is expected to remain the top Democrat, and Senator Tom Cotton (R-AR) is expected to remain the top Republican on the Intelligence Committee in the 120th Congress.

Member turnover on the Senate Select Committee on Intelligence will be limited, so the roster will remain largely intact. Senator John Cornyn (R-TX) lost his primary runoff, and Senator Susan Collins (R-ME) lost her tight reelection campaign, but aside from that, the Committee will not see many significant changes.

Higher education

By: Michael Sorensen and Nicole Bertsch

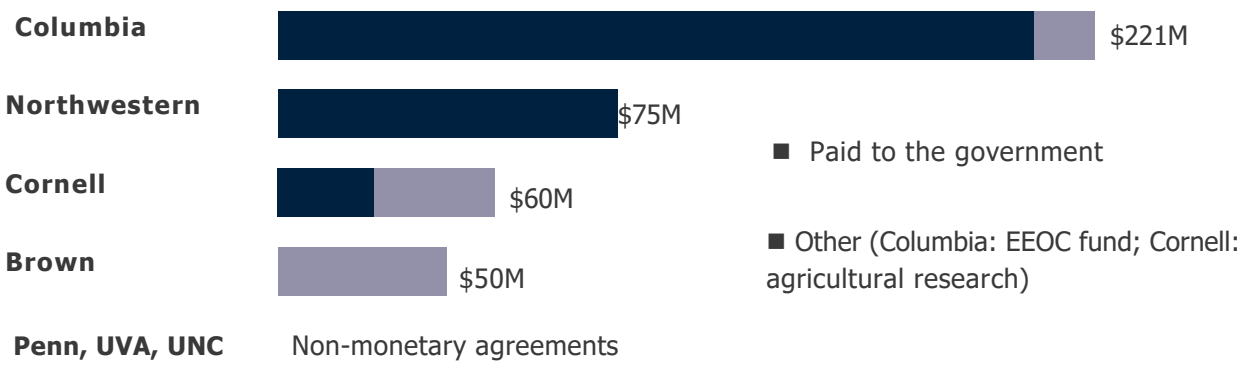
Snapshot

The last two years were among the most consequential for federal higher education policy in decades.

The Trump Administration has worked towards its goal of dismantling the U.S. Department of Education (ED) without Congress expressly agreeing to do so via legislation:

- The Department has cut roughly half its workforce.
- As of this summer, it had signed 14 interagency agreements with six other agencies. These agreements moved student loan operations to the Department of the Treasury, civil rights work to the Department of Justice (DOJ), and career, adult education, and some higher education programs, including TRIO and support for some Historically Black Colleges and Universities (HBCUs), to the Department of Labor.

At the same time, the Administration used federal research and grant funding as leverage against individual institutions. That produced a string of negotiated agreements:



Congress, meanwhile, made major structural changes through the 2025 reconciliation law (H.R. 1, the "One Big Beautiful Bill Act"). The law:

- Tightened federal student loan limits for graduate, professional, part-time and parent borrowers.
- Created a program-level earnings accountability test.
- Extended Pell Grants to short-term workforce programs.
- Raised the tax on endowments.

Most of these provisions took effect July 1, 2026.

With Democrats retaking the House and Senate, the 120th Congress opens with divided government for the first time in this Administration. The new Democratic majorities gain the subpoena power, hearing gavel, and appropriations leverage that they lacked in the 119th Congress. Comprehensive legislation will be hard to enact. The main change for institutions is that they will be scrutinized from both directions: by an Administration that still controls ED, grantmaking agencies, and civil rights enforcement, and by a House and Senate majority set on investigating how that power has been used.

Agenda

OVERSIGHT OF ED DISMANTLING

The top House Democratic priority in education will be oversight of the Trump Administration's effort to close ED through administrative action. ED Secretary Linda McMahon has described the interagency agreements as a "proof of concept" to show Congress the Department's work can be done elsewhere. She has also acknowledged that Congress must vote to actually close the Department. That framing sets up the central oversight question for the new majority: whether moving statutory functions to the Departments of Labor, Treasury, Justice, and other agencies through interagency agreements is lawful without congressional approval.

Democrats have already been given potential directions for their oversight activity:

- ED's Inspector General has opened a review of the handoff of higher education programs to Labor, which Senator Elizabeth Warren (D-MA) requested.

- The Government Accountability Office (GAO) is reviewing the interagency agreements more broadly and separately examining whether staffing cuts weakened ED's ability to prevent student aid fraud.
- Former Education Secretaries have asked the Inspector General to estimate the costs of the staffing cuts, including litigation and rehiring.

Ranking Member Bobby Scott (D-VA) has said he would favor evidence-based hearings that hear first from program administrators and outside experts and then from Cabinet secretaries. Institutions should expect document requests regarding the cost and performance of the interagency agreements, Federal Student Aid servicing, the transfer of the loan portfolio to Treasury, the state of Office for Civil Rights enforcement, and the effect of the transfers on TRIO, GEAR UP, and minority-serving institution programs.

There is also some bipartisan support for limiting the restructuring. In July, the Senate HELP Committee advanced S. 5046 from Senators Tim Kaine (D-VA) and Lisa Murkowski (R-AK). The bill would bar ED from moving the Offices of Postsecondary Education, Special Education and Rehabilitative Services, Elementary and Secondary Education, and Indian Education to other agencies. A Democratic House is likely to pass similar legislation quickly, either on its own or as an appropriations rider.

GRANT FUNDING, TERMINATION, AND APPROPRIATIONS

The second major theme is the Administration's use of federal grants to set policy, and Congress's tools to limit it. Since 2025, ED and the research agencies have:

- Canceled discretionary grants in large numbers, including more than 100 TRIO grants. A federal court preliminarily enjoined those TRIO cancellations in January 2026.
- Ended funding for programs the Administration considers inconsistent with its priorities.

In May 2026, the Office of Management and Budget (OMB) proposed rewriting the Uniform Guidance into a binding regulation. The proposal would:

- Require political appointees to review discretionary awards before they are made.
- Let agencies terminate grants "for convenience" when an award no longer advances agency priorities.

- Make violations of the new diversity, equity, and inclusion (DEI) and "gender ideology" restrictions a material breach of an award.

The proposal drew nearly 500,000 public comments, the large majority opposed. Congress blocked it from being finalized through December 11 in the current continuing resolution (P.L. 119-103, Section 157).

That deadline puts appropriations at the center of the agenda. The FY2027 Labor-HHS-Education bill is unfinished. The House Appropriations Committee's version is about 2.9% below FY2026, the Senate has not marked it up, and lawmakers are trying to close a Pell Grant shortfall of roughly $15 billion. Whether the lame-duck Congress finishes FY2027 or pushes it into 2027 will shape how much leverage the new Democratic majority has. Either way, House Democrats are expected to press for:

- Extending the bar on the OMB grants rule.
- Restrictions on moving ED functions to other agencies.
- Statutory guardrails on grant terminations.
- Continuing the long-standing Labor-HHS rider that blocks changes to NIH indirect cost rates.

The 15% proposed National Institutes of Health indirect cost cap has been defeated in court, but the President's FY2027 budget proposed it again and asked Congress to drop the rider.

In the longer run, Democrats can be expected to use FY2028 appropriations to try to restore cuts to TRIO, GEAR UP, minority-serving institution programs, federal education research and the science agencies. The Senate and the Administration will push back.

SCRUTINY OF UNIVERSITY AGREEMENTS WITH THE ADMINISTRATION

A Democratic House is likely to look closely at any agreements that universities negotiated with the Trump Administration in response to agency-led oversight over the last two years. Democratic oversight will mainly target the government side of the agreements:

- The legal basis for freezing funding before investigations were finished.

- Whether agencies followed Title VI procedures. Title VI requires a finding after a hearing, and a written report to the committees of jurisdiction 30 days before funds are cut off.
- The destination of any settlement payments.
- The use of independent monitors and conditions on admissions data.

In August, three former Justice Department attorneys alleged that political appointees directed antisemitism findings against Brown, Columbia and Harvard even though the evidence didn't support them. Representative Jamie Raskin (D-MD) began a minority investigation, but without subpoena power. With the majority, that inquiry could become a formal Judiciary or Oversight Committee investigation.

Institutions with agreements should expect requests for:

- Communications with the White House, DOJ, the Department of Health and Human Services (HHS), and ED during negotiations.
- The admissions and compliance data they report under the agreements.
- Monitor reports.

Many agreements run through the end of the 120th Congress. Institutions may need to keep complying with Administration reporting obligations while also answering congressional questions about how those obligations were set.

Institutions that refused, including the original invitees who declined the Administration's October 2025 "Compact for Academic Excellence in Higher Education," may be invited to testify as a counterpoint. Few institutions signed the Compact.

STUDENT AID, AFFORDABILITY, AND THE HIGHER EDUCATION ACT

Democrats' affirmative higher education agenda is previewed in an October 2026 House Democratic committee report, Unlocking Student Success. The report calls for:

- More funding for Pell, TRIO, GEAR UP, and childcare access.
- Expanded completion supports and better credit transfer.
- More support for minority-serving institutions.
- A national student-level postsecondary data system.

Democrats will likely look to hold hearings on how the reconciliation law's loan limits are playing out, especially for graduate health and professional programs. Some of the most affected programs borrow well above the new caps. Democrats will also look at the effect of the end of Grad PLUS and the new repayment structure on borrowers.

A comprehensive Higher Education Act (HEA) reauthorization, overdue since 2008, remains unlikely under divided government. Bipartisan openings for legislative progress are narrow on Workforce Pell implementation, data transparency, and possibly delays or technical fixes to the accountability framework if early results cause problems for institutions.

REPUBLICAN PRIORITIES AND CONTINUITY

The executive branch still holds most policy levers through rulemaking, civil rights enforcement, grant conditions, and the remaining agency restructuring. Congressional Republicans can be expected to continue to raise the following issues in their minority capacity:

- Accusations of campus antisemitism and free-speech issues.
- Foreign gifts and contracts reporting under Section 117 of the HEA.
- Research security and university ties to China.
- Accreditation reform.

Research security remains the clearest area of bipartisan agreement. Federal standards for student-athlete compensation and name, image, and likeness (NIL) are still unresolved following the *House v. NCAA* settlement, and continue to draw interest from members of both parties on the education and commerce committees. The Senate successfully passed the Protect College Sports Act by a vote of 77-22 in September, but the legislation's future in the House is uncertain.

With full Democratic control of Congress, the dynamics in higher education policy will change a great deal. Statutory limits on dismantling ED and on grant terminations could reach the President's desk, setting up veto fights and making appropriations the deciding arena.

Relevant committees

HOUSE EDUCATION AND THE WORKFORCE COMMITTEE

Ranking Member Bobby Scott (D-VA), who chaired the Committee from 2019 to 2023, is seeking the gavel again. Representatives Suzanne Bonamici (D-OR) and Jahana Hayes (D-CT) have also expressed interest. Chairman Tim Walberg (R-MI) would likely become Ranking Member. Under Democratic leadership, expect the Committee's focus to shift from Republicans' campus antisemitism hearings and investigations to oversight of ED's restructuring, civil rights enforcement, canceled grants, and federal education research. College completion and affordability would be its legislative focus.

HOUSE APPROPRIATIONS COMMITTEE

Ranking Member Rosa DeLauro (D-CT), who is also the top Democrat on the Labor-HHS-Education Subcommittee, would be in a position to lead the Committee. The Committee will be Democrats' main tool on ED funding, Pell, grant termination guardrails, and the indirect cost rider.

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE AND HOUSE JUDICIARY COMMITTEE

Ranking Members Jamie Raskin (D-MD) and Robert Garcia (D-CA) would likely lead investigations into the university agreements, the whistleblower allegations, and the use of civil rights enforcement to cut off funding.

HOUSE ENERGY AND COMMERCE COMMITTEE AND HOUSE SCIENCE, SPACE, AND TECHNOLOGY COMMITTEE

Democratic leadership under Representatives Frank Pallone (D-NJ) and Zoe Lofgren (D-CA) would bring oversight of NIH and National Science Foundation grant terminations, indirect costs, and the effect of funding disruptions on the research workforce.

HOUSE SELECT COMMITTEE ON THE CCP

Whether a Democratic majority reauthorizes the Select Committee on the Chinese Communist Party is an open question. Bipartisan interest in research security means university partnerships with foreign institutions will still get attention in whichever committees take it up.

SENATE HEALTH, EDUCATION, LABOR, AND PENSIONS COMMITTEE

Chairman Bill Cassidy (R-LA) lost his Republican primary in May, so the Committee's Republican leadership in the 120th Congress is uncertain. By seniority, Senator Rand Paul (R-KY) is next in line, but he currently chairs the Senate Homeland Security and Governmental Affairs Committee (HSGAC). Senator Lisa Murkowski (R-AK) is seen as a potential successor to Cassidy, but she is likely to take the top Republican spot on the Senate Appropriations Committee, following the defeat of current chair Senator Susan Collins (R-ME). Senator Roger Marshall (R-KS) was another contender, but he lost a close reelection race. This leaves Senators Tim Scott (R-SC) and Josh Hawley (R-MO) next in line. Scott is currently the top Republican on the Senate Banking Committee and has not expressed any interest in leading the HELP Committee one way or the other. Senator Bernie Sanders (I-VT) is expected to chair the Committee now that Democrats have won the Senate, and will likely shift its focus to the Administration's funding cuts, academic freedom, and student speech rather than investigations of individual institutions. The Committee's bipartisan July vote on S. 5046 shows there is some appetite to limit ED's restructuring regardless of who leads it.

SENATE APPROPRIATIONS COMMITTEE

Chair Susan Collins (R-ME), a cosponsor of S. 5046, lost her reelection campaign, and Vice Chair Patty Murray (D-WA) will likely take over as chair and be central to any final agreement on ED's structure, the OMB grants rule, and research funding.

SENATE COMMERCE, SCIENCE, AND TRANSPORTATION COMMITTEE

The Committee remains the main Senate venue for NIL and student-athlete legislation and will retain jurisdiction over the National Science Foundation and research security. Senator Ted Cruz (R-TX) and Senator Maria Cantwell (D-WA) are expected to remain at the helm of the Committee.

Transportation

By: Vince Sarubbi and Steve Phillips

Snapshot

Transportation policy in the 120th Congress will be dominated by surface transportation reauthorization: the current law, the Infrastructure Investment and Jobs Act (IIJA), expired September 30, 2026, and is extended only through December 11, 2026. Shared priorities include enacting the bipartisan BUILD America 250 Act (H.R. 8870), reported 62–2 by the House Transportation and Infrastructure Committee (T&I), funding air traffic control (ATC) modernization, reauthorizing pipeline safety, enacting the Water Resources Development Act of 2026 (WRDA 2026), and Federal Aviation Administration (FAA) safety and workforce investment. House T&I will have new Republican leadership because Chairman Sam Graves (R-MO) is retiring.

Democratic priorities will emphasize preserving IIJA-level funding and advance appropriations, transit and Amtrak investment, aviation safety, and strong National Highway Traffic Safety Administration (NHTSA) oversight of autonomous vehicles (AVs). House T&I Ranking Member, and likely next Chairman, Rick Larsen (D-WA) told fellow House Democrats in a letter on November 4 that "T&I is poised to lead on many issues that matter most to our constituents — from advancing major legislation to invest in surface transportation and improve rail safety, to reauthorizing the Federal Aviation Administration, to conducting rigorous oversight of the Administration's politicization of grants and the Kennedy Center, to developing next-generation policies to advance transportation safety, resilience, and innovation. In this new majority, the American people will look to us to lower costs, ensure accountability, and build a cleaner, greener, safer, and more accessible transportation network."

Agenda

Surface transportation reauthorization will carry into 2027 if not finished in the lame duck. The most recent authorization expired September 30, 2026, and is now extended only through December 11, 2026, by the CR. House T&I reported the bipartisan BUILD America 250 Act (H.R. 8870), a five-year bill authorizing roughly $580 billion for FY2027–FY2031, 62–2 on May 22, 2026, but the Senate Commerce title (including Chairman Ted Cruz's (R-TX) autonomous vehicle framework) has not been reported. The House bill that passed out of committee is likely to be the starting point for a new bill in 2027. Leaders of both parties also share priorities on ATC modernization and controller hiring; FAA safety and workforce; Pipeline and Hazardous Materials Safety Administration (PHMSA) pipeline safety reauthorization; WRDA 2026 (H.R. 9497); highway and rail safety; Highway Trust Fund-backed formula programs; and community project funding.

The incoming Democratic majority will focus on preserving investment levels: keeping IIJA-level funding and formula and grant programs, renewing or replacing expiring advance appropriations, and restoring competitive grants such as Rebuilding American Infrastructure with Sustainability and Equity (RAISE) and Capital Investment Grants (CIG). Transit and passenger rail would gain prominence, including Amtrak, the Northeast Corridor (Gateway), and rail safety. Some of these priorities could receive pushback from the Trump Administration. Safety and oversight would be a second major theme, including strong oversight of autonomous vehicles and driver-assistance systems, aviation safety and controller staffing following the Ronald Reagan Washington National Airport (DCA) mid-air collision, airline passenger protections, and oversight of Department of Transportation (DOT) grant cancellations.

Leadership turnover is guaranteed on House T&I because Chairman Sam Graves will retire at the end of this Congress, so the Republicans will have a new ranking member, while the Democratic majority will likely make Ranking Member Rick Larsen (D-WA) chair. FY2027 Transportation, Housing, and Urban Development (THUD) appropriations remain unfinished under the CR through December 11, 2026 (the House bill, H.R. 9170, was reported 6/3/2026, and no Senate allocation has been set), and the FY2028 THUD bill will be the first written to a new surface authorization. The Federal Aviation Administration (FAA) authorization runs through FY2028, making it a 2027–2028 preparation item. For clients, DOT, FAA and Army Corps work faces continued funding uncertainty through at least the first quarter of 2027, while

ATC modernization is the single largest new transportation procurement opportunity.

MUST-PASS AND EXPIRING LEGISLATION

Must-pass and expiring legislation

	STATUS	COMMITTEES
Surface reauthorization (H.R. 8870)	Expired 9/30; extended to 12/11. House T&I reported 62–2; Senate titles pending	House T&I; Senate Commerce, Environment and Public Works (EPW), Banking, Finance
FY2027 THUD	CR to 12/11. House bill reported by committee 6/3; no Senate allocation	THUD Appropriations Subcommittees
ATC modernization	$30 billion requested by DOT Sept. 2026; Modern Skies Act introduced 9/28	Senate Commerce; House T&I; THUD
Pipeline safety	Lapsed. Senate passed 5/6; House T&I approved H.R. 5301	House T&I, E&C; Senate Commerce
WRDA 2026 (H.R. 9497)	Passed House 9/16; in Senate	House T&I; Senate EPW
FY2028 THUD	Annual must-pass for 2027	THUD Appropriations Subcommittees

Relevant committees

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

Representative Sam Graves (R-MO) is retiring at the end of the 119th Congress, and Representative Rick Larsen (D-WA) is running to become Chairman. Most believe that Representative David Rouzer (R-NC) is likely to secure the top Republican position.

Both parties' leaders share several priorities, listed here in order of importance. First, enacting the BUILD America 250 Act (H.R. 8870), the bipartisan Graves–Larsen five-year bill authorizing roughly $580 billion for FY2027–FY2031. Graves calls finishing it before the end of this Congress his top priority, reflecting Graves's statements and the 62–2 committee vote. Second, WRDA 2026 (H.R. 9497) enactment, consistent with House passage on September 16, 2026. Third, pipeline safety reauthorization (PIPES Act, H.R. 5301), as shown by committee approval in

September 2025. Finally, highway safety grant modernization and rail safety, underscored by the BUILD America 250 Act safety title.

With Democrats taking the majority, the agenda is likely to shift to the following. First, transit, Amtrak, and climate resilience funding, and preserving IIJA formula and grant programs, as evidenced by Larsen's record. Second, aviation safety following the Ronald Reagan Washington National Airport mid-air collision, plus controller staffing, reflecting Larsen's oversight record. Third, oversight of DOT grant cancellations, consistent with the Democratic oversight record. Finally, advance appropriations for multiyear certainty, as shown by a Senate Democratic letter of May 12, 2026.

The House surface authorization bill passed out of committee 62–2, and that vote shows broad buy-in from senior members of both parties. A White House-backed rail safety amendment added at markup could complicate floor support.

HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION, HOUSING, AND URBAN DEVELOPMENT

Representative Steve Womack (R-AR) and Representative James E. Clyburn (D-SC) will likely remain the top Republican and Democratic members of the subcommittee, though they will trade places as Ranking Member and Chair. If Representative Ken Calvert (R-CA) loses his election, Womack would be in consideration for the Ranking Member spot on the House Appropriations Defense Subcommittee, which could lead to leadership shuffling.

Both parties' leaders share several priorities. First, ATC modernization and controller hiring, underscored by the DOT request, September 2026, and recent aviation incidents. Second, Highway Trust Fund-backed formula programs, in line with annual THUD practice. Finally, advancing community project funding, as signaled by earmark records.

With Democrats taking the majority, the agenda is likely to shift its relative focus to also include restoring competitive grants (RAISE, CIG) and IIJA-level investment, in line with Democratic opposition to grant cuts. Second, equity and rural connectivity programs in the Southeast, a longstanding priority for Clyburn. Finally, rental assistance from the Department of Housing and Urban Development (HUD) is another priority for Clyburn and Democrats more generally.

SENATE COMMERCE, SCIENCE, AND TRANSPORTATION COMMITTEE

Senator Ted Cruz (R-TX) and Senator Maria Cantwell (D-WA) likely remain the top Republican and Democrat on the Committee, though they will trade places as Ranking Member and Chair.

Both parties' leaders share several priorities. First, surface transportation reauthorization: the Senate Commerce titles covering rail, safety, motor carriers, and hazmat. Second, completing ATC modernization; Commerce advanced aviation bills and National Transportation Safety Board (NTSB) and Surface Transportation Board (STB) nominations in July 2026, reflecting the July 2026 markup. Third, PHMSA pipeline safety reauthorization, consistent with Senate passage on May 6, 2026. Finally, the Committee has held numerous hearings on highway and motor carrier safety, which we expect to continue to be a shared focus.

With Democrats taking the majority, the agenda is likely to shift. First, work on their version of a surface transportation bill that will attempt to preserve robust IIJA-level funding. Cantwell's May 2026 "Chopping Block" reports warned of cuts if the funding levels are not renewed. Second, Amtrak and intercity passenger rail investment and rail safety have been stated priorities for Cantwell in the past. Third, strong NHTSA oversight of AV and driver-assistance safety; Cantwell warned against companies "beta-testing" on public roads, at a February 4, 2026 hearing. Fourth, aviation safety and the controller workforce, plus consumer protections for airline passengers, reflecting Cantwell's post-collision oversight priorities. Finally, pipeline safety enforcement, with the goal of enacting the Senate-passed PIPELINE Safety Act.

The panel's legislative agenda generally includes the following items: surface transportation reauthorization (expired 9/30/2026; CR through 12/11/2026); PIPELINE Safety Act (passed the Senate 5/6/2026), awaiting House agreement; ATC modernization funding (Modern Skies Act); the FAA authorization runs through FY2028, which makes it a 2027–2028 preparation item.

SENATE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION, HOUSING, AND URBAN DEVELOPMENT

Senator Cindy Hyde-Smith's (R-MS) reelection race has not yet been called. If she does not win, it is unclear who the next top Republican on the panel will be, given that all other Republican Senators on the subcommittee will either be Ranking Member of another full Committee or have lost reelection. Senator Kirsten Gillibrand (D-NY) is likely to become the next Chair of the Subcommittee.

Both parties' leaders share several priorities that are aligned with those of their counterparts on other Committees of jurisdiction. First, FAA safety, workforce, and modernization, which were advanced as part of the bipartisan FY2026 THUD Appropriations bill. Second, funding highway programs out of the Highway Trust Fund at authorized levels, in line with THUD's annual practice. Finally, community project funding, a priority for Members across the board.

With Democrats taking the majority, the agenda is likely to shift. First, transit CIG and the Northeast Corridor (Gateway) project in New York will be a Gillibrand priority. Second, replacing expiring IIJA advance appropriations with annual discretionary funding is a priority of hers, outlined in a Senate Democratic letter from May 12, 2026. Finally, HUD housing assistance, which competes with transportation for the THUD allocation, is a longstanding Democratic priority.

Energy

By: Vince Sarubbi

Snapshot

Energy policy in the 120th Congress will be shaped by rising electricity demand from AI and data centers, unfinished FY2027 Energy and Water appropriations (funded only through December 11, 2026), and a pending FY2027 National Defense Authorization Act (NDAA) conference. Shared priorities center on permitting reform, led by the Bipartisan American Affordability and Jobs Act of 2026 (S. 5653), along with grid reliability, energy affordability, critical minerals, nuclear research and the national laboratories, and defense installation energy resilience.

Democratic priorities will emphasize transmission build-out, oversight of DOE's alleged withholding of appropriated clean energy and grid funds, requiring data centers to pay for the grid upgrades they require, and restoring clean energy programs.

Agenda

Shared priorities include the following: First, enacting permitting reform: S. 5653, the Bipartisan American Affordability and Jobs Act, will remain a priority. It covers the National Environmental Policy Act (NEPA), the Clean Water Act, the Endangered Species Act (ESA), the Federal Power Act, and the National Historic Preservation Act (NHPA), with targeted provisions on transmission, geothermal, hydropower, mining, and offshore energy. Second, energy affordability and reliability as load growth from AI and data centers accelerates, underscored by both leaders' public statements on the topic. Third, geothermal on federal lands (strongly supported by Senators Mike Lee (R-UT) and Martin Heinrich (D-NM) in the West), in line with the bipartisan permitting bill's geothermal provisions. Finally, leaders from both parties have demonstrated past interest in critical minerals and Department of Energy (DOE)

innovation programs, including national laboratories, which we expect to remain priorities regardless of Committee leadership.

A Democratic majority will focus relatively on affordability through transmission and grid build-out, including Federal Energy Regulatory Commission (FERC) interregional transmission siting and planning authority, and on requiring data centers to pay the full cost of grid upgrades. A second major theme is oversight: Senator Patty Murray (D-WA) and Representative Marcy Kaptur (D-OH) attacked the Department of Energy (DOE) in an October 13, 2026 statement, asserting that DOE is withholding billions of dollars in appropriated funding. Democrats will likely press to enforce the obligation of those funds, restore the Office of Energy Efficiency and Renewable Energy (EERE), restore funding for the grid and clean energy in the House bill, restore clean energy tax credit-driven deployment, and protect defense clean energy and installation climate resilience programs. Home-state priorities such as Hanford cleanup and Bonneville Power Administration funding will also likely be a focus.

The first order of business will be finishing FY2027 Energy and Water appropriations (the House bill, H.R. 9022, was reported at $58.5 billion) and the FY2027 NDAA, which is in conference with a final bill targeted for the week of December 7, followed immediately by the FY2028 cycle. If S. 5653 does not pass in the lame duck, it becomes the top energy carryover item for 2027.

MUST-PASS AND EXPIRING LEGISLATION

Must-pass and expiring legislation		
	STATUS	**COMMITTEES**
Permitting reform	SPEED Act passed the House; S. 5653 introduced in the Senate (9/30). POWER Act introduced in the House (7/22)	House Natural Resources, E&C; Senate Energy and Natural Resources, EPW
FY2027 Energy and Water	CR to 12/11. House bill reported by committee 5/20; no Senate allocation	Energy and Water Appropriations Subcommittees
FY2027 NDAA	House passed 216-212 (7/22); Senate cloture failed (7/14). Conference talks are underway, with a final bill targeted for the week of 12/7	House and Senate Armed Services
Pipeline safety	Lapsed. Senate passed 5/6; House T&I approved H.R. 5301	House T&I, E&C; Senate Commerce
FY2028 NDAA and Energy and Water	Annual must-pass for 2027	House and Senate Armed Services; Energy and Water Appropriations Subcommittees

KEY TAKEAWAYS

DOE-focused clients should expect nuclear and National Nuclear Security Administration (NNSA) spending to be prioritized under either majority. Clean energy program funding will also be a major focus for the Democratic majorities in Congress, including impoundment oversight.

Defense energy work, including microreactors, microgrids, and islanding capability, has bipartisan NDAA support.

Relevant committees

HOUSE ENERGY AND COMMERCE COMMITTEE

Representative Brett Guthrie (R-KY) and Representative Frank Pallone (D-NJ) will likely remain the top Republican and Democrat, respectively, while switching roles as ranking member and chair.

Both parties' leaders share several priorities. First, pipeline safety reauthorization, which is jointly held with T&I and has lapsed for more than two and a half years, a topic that was the subject of a hearing earlier this year. Second, grid reliability amid AI-driven load growth, a subject of numerous hearings in the last year. Third, critical minerals and energy supply chain security against foreign adversaries, a topic with broad bipartisan interest and the subject of multiple bipartisan pieces of legislation. Finally, grid cybersecurity, building on Guthrie–Pallone bipartisan work on foreign adversary technology, in line with the Guthrie–Pallone bill, introduced on September 23, 2026.

With Democrats taking the majority, the focus is likely to shift towards the following priorities. First, electricity affordability, focused on utility rate increases and data center cost allocation, something Pallone has talked about extensively publicly. Second, oversight of the Trump Administration's cancellation of grants and loans, and its reversal of Environmental Protection Agency (EPA) rules, reflected in a multitude of Democratic oversight letters and reports. Third, restoring clean energy tax credit-driven deployment (in coordination with Ways and Means). Democrats staunchly opposed the credits' repeal as part of the One Big Beautiful Bill. Finally, climate and pollution standards, and environmental justice, consistent with Pallone's past legislative record.

The panel's legislative calendar includes the following items: Pipeline and Hazardous Materials Safety Administration (PHMSA) pipeline safety reauthorization (shared jurisdiction); permitting reform conference with the Senate if the bipartisan permitting reform bill advances; autonomous vehicle framework (SELF DRIVE Act, H.R. 7390, Representative Bob Latta (R-OH)) is a transportation-adjacent E&C item tied to surface reauthorization.

HOUSE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

Representative Chuck Fleischmann (R-TN) and Representative Marcy Kaptur (D-OH) likely remain as the top Republican and Democrat on the Subcommittee, switching places as Chair and Ranking Member.

Both parties' leaders share several priorities, including funding for the Office of Science and national laboratories, Corps of Engineers navigation and flood control,

and energy affordability programs; something Fleischmann has referred to as common ground.

With Democrats taking the majority, the agenda is likely to shift its focus. First, restoring clean energy, efficiency, and grid program funding cuts in the House bill, something Democrats have staunchly opposed. Second, oversight of DOE impoundment, in coordination with Murray, as evidenced by the Murray–Kaptur statement from October 13, 2026. Finally, Great Lakes and Corps priorities, and manufacturing-related energy programs (Ohio), reflecting Kaptur's Ohio priorities.

The panel's legislative calendar includes the following items: FY2027 Energy and Water bill (H.R. 9022, $58.5B, $461M above FY2026) under the CR through 12/11/2026; FY2028 bill.

The top Republican on the committee, Representative Tom Cole (R-OK), publicly backs the critical-minerals emphasis. Third-party analyses describe the House bill as lacking bipartisan support, which suggests tougher negotiations with the Senate.

HOUSE ARMED SERVICES COMMITTEE

Representative Mike Rogers (R-AL) is term-limited under Republican conference rules, but is seeking a waiver to remain the top Republican on the Committee. If the waiver is unsuccessful, Representatives Ronny Jackson (R-TX) and Trent Kelly (R-MS) may vie for the spot since Representative Rob Wittman (R-VA) lost his tight reelection campaign. Representative Adam Smith (D-WA) is likely the next Chairman of the Committee.

Both parties' leaders share several priorities which have been reflected in past NDAAs. This includes energy resilience and grid independence, domestic critical minerals and defense fuel supply chains, and defense industrial base energy security.

With Democrats taking the majority, the agenda's relative focus is likely to shift. First, operational energy efficiency and alternative fuels to reduce logistics vulnerability, a long-time Smith priority. Second, installation climate resilience and protection of clean energy procurement authorities, a longtime Democratic priority.

Finally, oversight of DOE defense environmental cleanup (Hanford is in Smith's home state).

The panel's legislative calendar includes the following items: FY2027 NDAA (H.R. 8800) in conference; the House passed it 216–212; FY2028 NDAA.

Energy resilience is a consistently bipartisan NDAA item. Partisan disagreements center on climate-related mandates rather than resilience itself.

SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

Senator Mike Lee (R-UT) likely remains the top Republican, and Senator Martin Heinrich (D-NM) likely remains the top Democrat, trading places as Chair and Ranking Member.

Both parties' leaders share several priorities. First, enacting permitting reform: S. 5653, the Bipartisan American Affordability and Jobs Act, co-led by Lee and Heinrich with Capito and Whitehouse. It covers the National Environmental Policy Act (NEPA), the Clean Water Act, the Endangered Species Act (ESA), the Federal Power Act, and the National Historic Preservation Act (NHPA), with targeted provisions on transmission, geothermal, hydropower, mining, and offshore energy. Second, energy affordability and reliability as load growth from AI and data centers accelerates, underscored by both leaders' public statements. Third, geothermal on federal lands (strongly supported by both Lee and Heinrich in the West), in line with the bipartisan permitting bill's geothermal provisions. Finally, leaders from both parties have demonstrated past interest in critical minerals and Department of Energy (DOE) innovation programs, including national laboratories, which we expect to remain priorities regardless of Committee leadership.

With Democrats taking the majority, they are likely to focus on the following policy items. First, grid and transmission build-out, including Federal Energy Regulatory Commission (FERC) interregional transmission siting and planning authority. Heinrich views addressing transmission as key to addressing affordability and would likely draw from the bipartisan permitting reform bill's transmission title, something which he has spoken passionately about. Second, oversight of the Department of Energy for withholding or canceling congressionally provided clean energy and grid funds, something that energy-focused Democrats have raised repeatedly throughout the past year. Third, attempting to protect energy ratepayers by requiring data centers to pay the full cost of the grid upgrades required by their

presence in the community, a provision that is part of the bipartisan permitting reform bill and a stated priority for Heinrich. Fourth, renewables on public lands, plus geothermal and storage deployment, topics that have been priorities for Heinrich in the past and are important in New Mexico. Finally, protecting public lands and conservation programs from disposal or sales, underscored by Democratic opposition to public land sales.

The panel's legislative calendar includes the following items: the bipartisan permitting reform bill, which could pass in the lame duck. If it does not, it is the top carryover item for 2027; no hard expiration for authorizing legislation. Land, wildfire and water bills often move in year-end packages.

Permitting is shared with Environment and Public Works Committee (EPW) leaders Senators Shelley Moore Capito (R-WV) and Sheldon Whitehouse (D-RI), which widens its coalition. Geothermal and transmission draw broad support from Western states on the committee, from both parties. Lee's public lands disposal agenda is the most divisive item and is not broadly shared, even among Republicans.

SENATE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

Senator John Kennedy (R-LA) likely remains as the top Republican. It is unclear whether Senator Patty Murray (D-WA), who will be ascending to Chair of the full Committee under the Democratic Majority, will retain this Subcommittee Chairmanship as well. It is also unclear who would replace her as the top Democrat if she does not choose to chair. Both parties' leaders share several priorities. First, completing FY2027 Energy and Water appropriations after the December 11 CR, reflecting the December 11, 2026 expiration of the continuing resolution. Second, Corps of Engineers project funding and congressionally directed spending; Kennedy secured 64 earmarks in FY2026. Third, Office of Science and national laboratories, including AI and supercomputing, a past bipartisan priority. Finally, nuclear energy research and development, a recent funding priority.

With Democrats taking the majority, their priorities for Energy and Water Appropriations likely include the following. First, forcing the Department of Energy to obligate funds Congress appropriated for new energy and grid projects. Murray and House Ranking Member Kaptur (D-OH) released a statement on October 13,

2026, alleging that DOE is withholding billions of dollars in appropriated funding. Second, restoring Office of Energy Efficiency and Renewable Energy (EERE), grid deployment, and clean energy demonstration funding, in part to be responsive to clean energy industry requests to Democratic appropriators. Third, Hanford cleanup (Murray's Washington state priority) and environmental management generally, longstanding priorities for Murray. Finally, funding the Bonneville Power Administration and Pacific Northwest hydropower, another longstanding Murray priority.

The panel's legislative calendar includes the following items: FY2027 Energy and Water bill (CR expires 12/11/2026); FY2028 Energy and Water bill; Water Resources Development Act (WRDA) 2026 shapes Corps authorizations that later appropriations fund.

Murray's position as the top Democrat on the full committee gives her leverage on the DOE funding oversight agenda across bills. Corps funding is broadly shared among senior appropriators from both parties.

SENATE ARMED SERVICES COMMITTEE

Senator Roger Wicker (R-MS) and Senator Jack Reed (D-RI) likely remain as the top Republican and Democrat on the Committee, switching positions as Chairman and Ranking Member.

Both parties' leaders share several priorities that were demonstrated in the FY27 NDAA. First, installation energy resilience: the FY2027 NDAA requires that Defense Department facility electrical systems be able to operate in island mode during grid outages and builds on resilience authorities adopted in the FY2026 NDAA (Public Law (P.L.) 119-60). Second, microgrids, on-site generation, and protection of installations from grid threats. Finally, defense energy supply chain security.

With Democrats taking the majority, the agenda is likely to shift its relative focus to a different set of issues. First, climate resilience of installations and operational energy efficiency to reduce logistics vulnerability, underscored by Reed's record and prior NDAA provisions. Second, oversight of DOE environmental management and NNSA cost growth, in line with Democratic oversight record. Finally, protecting defense clean energy and resilience programs from cuts, as signaled by Democratic NDAA amendments.

The panel's legislative calendar includes the following items: FY2027 NDAA (S. 4784), still in conference; a final bill is targeted for December 2026; FY2028 NDAA in 2027.

Tax

By: Evan Migdail & Melissa Gierach

Snapshot

Major changes are expected in the composition of both the Senate Finance and the House Ways and Means tax-writing committees. Representative Richard Neal (DMA) will return for a second time as Chairman of the Committee on Ways and Means, and given the high Democratic margin anticipated in the House, Ways and Means is likely to increase the Democratic side of the Committee by as many as ten new Members, while the Republican side is likely to lose the same number. Neal is expected to propose experienced Members to join the Committee, given the complexity and breadth of its jurisdiction (taxation, trade, Social Security, and certain aspects of federal healthcare).

Senator Ron Wyden (D-OR) will return for a third time as Chairman of the Senate Finance Committee, whose current margin is 14 Republicans and 13 Democrats. Given the expected new Senate margin of 54 to 56 Democrats, the Committee could have a two-seat Democratic majority. Five Finance Committee Republicans were defeated or otherwise retiring, and one Democrat is retiring.

Incoming Chairman Neal has indicated an interest in completing outstanding tax issues pending in the current Congress before he formally takes over as Chairman on January 3. A potential tax title could be included in an end-of-year omnibus government funding bill to extend funding for most Federal operations beyond the current December 11 funding deadline; this vehicle could include some of the aforementioned tax issues.

Amongst the tax provisions that could be included in a year-end tax bill are expired and expiring provisions (including reauthorizing the work opportunity credit, special expensing rules for films, live theatre and television productions, and special rules relating to motor sports); technical "fixes" to the Budget Reconciliation Act of 2025 (e.g., eliminating the 90% deduction limit on losses for professional gamblers);

bipartisan administrative provisions for Treasury/Internal Revenue Service (IRS) operations; cryptocurrency tax provisions; and possibly a new employment tax credit to encourage domestic US film and television production.

It is yet unclear to what extent lawmakers may want to "pay for" tax provisions in an end-of-year bill, which would require revenue offsets in the form of tax increases; however, given that offsets may be considered, corporate stakeholders should plan to monitor the development of this legislation very closely.

Agenda

Democrats won the 2026 midterm in part because of voter concerns over affordability and what they view as Republicans' erosion of social safety net programs like health insurance coverage under the Affordable Care Act and Medicaid, and these policy issues are squarely within the jurisdiction of the tax writing committees, which are expected to be central to the Democratic agenda in the 120th Congress.

To set the predicate for their tax policy initiatives, Democrats are expected to hold hearings early in the year to review the distribution of tax benefits under last year's Republican tax reconciliation act and are expected to conclude that major corporations benefitted far more than middle- and lower-income individuals, and this general theme will undoubtedly resonate when set against the background data showing declining corporate receipts. The committees will especially focus on international tax changes implemented in the 2025 One Big Beautiful Bill Act and on alleged tax avoidance by multinationals. The committees are likely to distribute lists of those companies and call representatives of many of them to testify, and, on an expected partisan basis, will consider legislation to raise more revenue from major businesses and wealthy individuals and to reduce middle-class taxes.

Tax writers are also expected to propose legislation to restore Congress' primary role under the Constitution in tariff policy and to reverse some of this Administration's tariffs, especially those imposed on U.S. allies such as Canada.

Healthcare affordability was a major issue in the midterms, and the tax writers will seek to restore cuts to the Affordable Care Act's insurance premium subsidies and to Medicaid, including rural hospitals, the latter of which was a major midterm issue that helped Democratic candidates in the Midwest and South.

Tax writers, and incoming Chairman Ron Wyden (D-OR) especially, plan to exercise major oversight of the Treasury Department, the IRS, and the U.S. Trade Representative, to determine the basis for major regulatory decisions over the past two years and whether Administration officials benefitted personally from these decisions.

Time will tell whether there will be bipartisan support for any of these initiatives, and while Democrats can advance a budget reconciliation bill that requires only a simple majority in the Senate, the measure would likely not survive a presidential veto. Incoming Chairman Richie Neal (D-MA) has a history of seeking the support of his Republican colleagues, as does incoming Chairman Wyden, but it is too early to determine whether there will be common ground or a desire to compromise on the part of Congressional Republicans or the Administration.

If none exist, Democrats are expected to propose and advance legislation to address these issues, creating a record of what the public can expect if they elect a Democratic president in 2028.

This publication is for general information only. The information presented is not legal advice, and your use of it does not create a lawyer-client relationship. All legal matters are unique and any prior results described in this publication do not guarantee a similar outcome in future matters. DLA Piper is a global law firm operating through DLA Piper LLP (US) and affiliated entities. For further information, please refer to dlapiper.com. Attorney Advertising. Copyright © 2026 DLA Piper LLP (US). All rights reserved.