Agenda360
APCO's Timely Analysis of Critical Events & Policies

Not a wave, a sea change: Democrats' election sweep means a check on Trump and new considerations for business leaders

November 4, 2026

Yesterday's election delivered a decisive victory for Democrats, who won control of both chambers of Congress as well as several gubernatorial races. While some races remain uncalled, Democrats took the House with what could be its largest majority in nearly two decades and flipped Republican-held Senate seats in Iowa, Kansas, Maine, North Carolina, Ohio, South Carolina and Texas, many of which are states President Trump carried by double digits in 2024. Democratic leaders view the results as a clear mandate to serve as a check on President Trump, expand oversight of the administration and force a national debate over an alternative policy agenda.

President Trump already has made clear he does not read the results as a verdict on his agenda. "I wasn't on the Ballot and if I was, we would have won IN A LANDSLIDE!" he posted as results came in. The president is already threatening vetoes but also noting in some interviews that he will work with Democrats. What to expect: a White House that will not change course and congressional Republicans who may increasingly weigh their own political futures against loyalty to the president.

Against that backdrop, **four realities will define the next two years:**

1. **The White House will not change course.** President Trump will keep pursuing his agenda through executive authority, including tariffs, regulatory action, enforcement priorities, funding decisions and federal contracting requirements. Democratic majorities will complicate that strategy, but they will not change the administration's governing approach or policy objectives. Expect continued reliance on executive action and few concessions to the new majorities.
2. **Democrats will have substantial leverage, but not governing control.** They can investigate the administration, shape spending through appropriations and slow or block confirmations, but the president holds the veto pen. Expect forced floor votes on kitchen-table issues like costs of groceries, gas and healthcare, a real risk of shutdowns over spending disagreements with the president and investigations and subpoenas for companies tied to deals closely associated with the administration.
3. **Gridlock will accelerate state action.** As federal legislation stalls, states will fill the gap, especially as state budgets will be strained from the past two years. Major shifts in party control of governorships, including Democratic wins in Georgia, Ohio and Texas, and likely changes in some state legislatures, will reshape the business climate in key states, often with more immediate local impact than Washington. Expect more state regulation, executive action and litigation, and a growing patchwork of requirements to operate business.
4. **Washington is already looking to 2028.** Much of the next two years will be about messaging as much as governing. President Trump's first response, blaming his absence from the ballot rather than his agenda, previews a sharpening debate over the Republican Party's future, while Democrats sort out their own direction. Organizations that succeed will be the ones that distinguish political theater from actual decision-making authority.

What businesses and organizations should do now

1. **Map influence, not just titles.** Identify the lawmakers, governors, attorneys general and senior staff capable of affecting your priorities. Knowing the decision-maker is important. Knowing who influences the decision-maker is often more important. Determine whether success depends on the White House, a federal agency, Congress or the states. For every priority, identify the decision-maker, likely policy vehicle and the point at which engagement becomes necessary.
2. **Prepare for scrutiny.** Review contracts, pricing decisions, workforce policies and public commitments through the lens of potential oversight. Companies that have benefited from, supported or become closely associated with the administration's priorities should expect heightened scrutiny from House and Senate committees. With larger majorities, Democrats will have more members, staff and committees available to pursue investigations and coordinate inquiries. The first discussion should not occur after a committee letter, hearing request or subpoena arrives.
3. **Watch regulators and confirmations as closely as legislation.** Many of the most consequential decisions over the next two years will be made outside Congress. Regulatory agendas, enforcement priorities, permitting decisions and procurement policies may affect your company more immediately than legislation. Democratic control of the Senate also will make confirmations a key source of leverage. Nominees may face longer timelines, greater scrutiny and demands for policy commitments, affecting who leads federal agencies and how quickly the administration can fill senior positions.
4. **Connect federal, state and global strategy.** Policy and regulatory decisions are increasingly interconnected across Washington, the states and key international markets. Companies should ensure federal, state and international teams operate from the same information and communicate consistent positions. This requires real-time local insights to identify signals for shifting policy and competitor moves and coordinated teams to align on decisions that affect business operations and reputation among policy officials.

Key policy trends to watch

- **Affordability is king.** Yesterday's results send a clear signal of voter frustration with the status quo, particularly on costs, and that frustration may run deeper than partisan politics. Both parties will compete to own the issue. Democrats will use forced floor votes to connect higher costs to administration policies, including tariffs and the war in Iran, while pressing to restore healthcare coverage under Medicaid and the Affordable Care Act. The administration will continue to focus on prescription drug costs, including a possible deal with Democrats on Most Favored Nation pricing, and on expanding domestic energy production. The pressure will not stop with policymakers: this is the clearest sign yet that public patience is wearing thin, and companies should be prepared to explain how their decisions affect what people pay.
- **Artificial intelligence and emerging technology.** Democrats will press the administration and industry on cybersecurity, data use, workforce impacts and guardrails, and their gains could embolden them to force votes on more ambitious AI legislation. President Trump will keep treating AI as an economic opportunity and a front in the competition with China, focusing on investment, energy, computing capacity and infrastructure, and his veto makes enactment of Democratic proposals unlikely. For businesses, access to energy, computing capacity, data and talent may matter as much as any future regulatory framework.
- **Data centers and digital infrastructure.** Democrats will focus on electricity costs, grid reliability, permitting and the effects on communities and ratepayers, and some will support moratoriums on new data centers. The administration will keep backing the rapid buildout of data centers and the energy infrastructure

needed to power them. For companies that develop, supply or rely on digital infrastructure, energy availability, transmission capacity and local opposition are becoming the binding constraints on investment.

- **National security and economic security.** Democrats may challenge how some economic security policies are implemented, but not the broader focus. The administration will keep using national security to justify closer scrutiny of investments, technology partnerships, data practices and supply chains, particularly when China is involved. Commercial decisions carry political and national security consequences, so assess them early, not after terms are finalized.
- **Domestic manufacturing and supply chains.** One of the few bipartisan issues: a Democratic Congress shares many of the administration's domestic manufacturing goals but will emphasize workers, federal funding and community impacts. President Trump will keep promoting domestic manufacturing through tariffs, tax policy, procurement and other measures to reduce reliance on foreign supply chains. Companies will face continued pressure to show how their sourcing and investment decisions strengthen domestic capacity.
- **Workforce and labor.** Democrats will use hearings and investigations to spotlight worker protections, workplace safety, labor practices and the effects of artificial intelligence on employment. Major labor legislation will remain difficult, but Democratic leaders may bring labor proposals to the floor to demonstrate their priorities, pressure Republicans and build a record for 2028. The White House will continue to pursue its own priorities on immigration, regulation and federal workforce policy. Employers should expect the most immediate pressure to come through oversight, enforcement, organized labor and state action.
- **Energy and infrastructure.** Democrats will press the administration on energy affordability, environmental reviews, grid reliability and the effects of its policies on consumers and communities. President Trump will continue trying to expand domestic energy production, accelerate project approvals and reduce federal regulatory barriers, but federal action will not eliminate state permitting delays, transmission constraints, interconnection backlogs or local opposition. The biggest challenge may not be winning federal approval, but getting projects built.
- **Healthcare.** Affordability will keep healthcare near the center of the policy debate. Democratic leaders will treat their large congressional gains as a mandate to challenge Medicaid coverage cuts, restore enhanced Affordable Care Act tax credits, intensify scrutiny of healthcare prices and consolidation and revive the fight over Medicare for All. Expect investigations and hearings pressing providers, insurers, pharmaceutical companies and the administration on prices, coverage and patient outcomes, along with forced votes on popular proposals even when a presidential veto is expected. The administration will continue to focus on transparency and efforts to combat fraud in Medicare and Medicaid. The most likely result is sustained political and regulatory pressure rather than comprehensive reform; for healthcare companies, the bigger risk is political and reputational exposure rather than major legislative change.
- **Financial services and regulatory policy.** Democrats will use oversight to examine consumer protection, banking practices, cryptocurrency, private markets, mergers and the actions of federal regulators, and their wave victory is likely to encourage broader and more coordinated investigations of alleged conflicts of interest, self-dealing and conduct involving administration officials and political allies. The White House will continue changing enforcement priorities and challenging policies involving ESG, climate disclosures, DEI and financial regulation. For financial institutions, changes in agency policy and enforcement may be more consequential than legislation, but congressional investigations can create their own legal and reputational risks.

- **Agriculture, food policy and the MAHA movement.** Democrats may support some elements of the food safety and transparency agenda championed by the Make America Healthy Again (MAHA) movement but will draw sharp distinctions on vaccines and public health policy. Expect them to push for stronger food safety oversight, oppose SNAP restrictions and increase scrutiny of large food and agriculture companies on competition and consumer protection issues. The administration and Republicans aligned with MAHA will continue to focus on food dyes, artificial ingredients, pesticides, ultra-processed foods, SNAP restrictions and labeling requirements. Food, agriculture, restaurant, retail and consumer products companies should expect sustained pressure from both parties, even as their policy priorities differ.
- **Higher education.** Democrats will challenge the administration's use of federal authority over universities while placing greater emphasis on affordability, access, student outcomes and research funding. The administration will continue targeting universities on antisemitism, DEI, foreign funding, research security, accreditation, federal grants and campus governance. Universities should expect pressure from both ends of Pennsylvania Avenue, but for different reasons, with consequences extending to research partnerships, talent pipelines and innovation.

What global stakeholders should know

For governments, investors and multinational companies, the most important takeaway is that many of the forces shaping U.S. global policy are either bipartisan or reflect clearly staked-out positions and are expected to continue.

- **China will remain a bipartisan focus.** President Xi Jinping's visit may have eased short-term tensions, but it did not change the consensus in Washington. Congress will keep scrutinizing Chinese investment, advanced technology, critical minerals, data security, supply chains and research partnerships. The question is no longer whether to compete with China, but how much economic disruption policymakers will accept, and both parties remain committed to reducing strategic dependencies.
- **Trade policy will remain uncertain.** President Trump will not retreat from tariffs, export controls or other economic security measures, and a Democratic Congress cannot reverse them. Democrats will instead use hearings, investigations and floor votes to tie tariffs to grocery, energy and manufacturing costs and to challenge the administration's use of trade authorities. The direction will not change; the debate will center on pace, implementation and tolerance for economic disruption.
- **Cross-border transactions will face a broader test.** Transactions once evaluated primarily on financial or competition grounds now attract questions from regulators and lawmakers about ownership, technology transfer, data access, supplier relationships and national resilience, particularly when China is involved. Political and national security considerations should be assessed early, not after commercial terms have been finalized.
- **States will continue acting globally.** Governors compete aggressively for foreign direct investment, advanced manufacturing facilities, data centers, energy projects and technology partnerships, and many of the decisions that matter most to an investment are made in state capitals rather than Washington. For foreign governments and multinational companies, a successful U.S. strategy increasingly requires state engagement alongside a federal strategy.

What to expect in the lame-duck session

Yesterday's results immediately reshape the lame-duck session. With control of both chambers weeks away, Democrats have little reason to strike deals they can get on better terms in the 120th Congress. Republicans will

push to complete nominations, preserve existing policy and lock in favorable terms before surrendering control. Issues to watch include:

- **Government funding.** Federal funding expires December 11. Democrats will likely push a short-term extension that delays broader spending decisions until 2027, when they will have more influence. That raises the risk of a year-end shutdown if Republicans try to lock in spending levels or policy priorities before leaving power.
- **Budget reconciliation.** Republicans may pursue a final package covering defense funding, farm aid and potentially a debt-limit increase, which can pass by simple majority, subject to the Senate's Byrd Rule. The House has passed a budget resolution, but the Senate must agree before implementing legislation can move. Internal divisions and limited floor time favor a targeted package over a sweeping one.
- **National Defense Authorization Act.** Pressure is high to finish the FY2027 NDAA before adjournment. Republicans may try to attach provisions that would be harder to enact under Democratic control, while Democrats resist using the bill to settle broader disputes that can wait. The fight could narrow the bill to essential defense provisions or complicate its path to enactment.
- **Nominations.** Watch for Republicans to accelerate executive and judicial confirmations before the new Congress convenes, especially if a Supreme Court seat opens.
- **Other legislative priorities.** Permitting reform, digital assets and other bipartisan initiatives may stay in play, but the Democratic sweep sharply reduces the incentive to finish major deals before January. Democrats will prefer to wait until they control committee agendas and the floor; Republicans will push for enactment before their leverage fades. Narrow provisions on must-pass bills may survive, but broader bargains will be harder.

How APCO can help

For many organizations, the most consequential decisions come after Election Day. APCO can help:

- Map incoming House and Senate committee chairs, subcommittee leaders, appropriators and senior staff with jurisdiction over your business, as well as consequential changes in statehouses across the country.
- Assess legislative, regulatory, oversight and state-level exposure.
- Identify opportunities connected to funding, procurement and strategic policy priorities in Washington and beyond.
- Prepare for congressional inquiries, regulatory scrutiny and politically sensitive issues.
- Connect Washington strategy with state, local and international engagement.
- Develop practical pathways to advance business and reputational objectives in a volatile governing environment.

For additional information, please contact: USelectionsplanning@apcoworldwide.com