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Election 2024

Analysis & Outlook for the 119th Congress

November 12, 2024

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Topline Election Results

2024 General Election: Topline Results

Election
2024



PRESIDENT

312 GOP

226 Dem

[Electoral College votes;
270 needed to win]

All states have now
been called

REPUBLICAN FLIP

REPUBLICANS take control
of the White House

SENATE

53 GOP

47 Dem

[51 seats needed to win]

All states have now
been called

REPUBLICAN FLIP

REPUBLICANS take control
of the Senate

HOUSE

219 GOP

210 Dem

[218 seats needed to win]

6 races have not yet been called
As of this moment, **Republicans** are
ahead in **223 seats**, compared to
212 seats for Democrats

REPUBLICAN HOLD

REPUBLICANS maintain
control of the House

Presidential Election Results

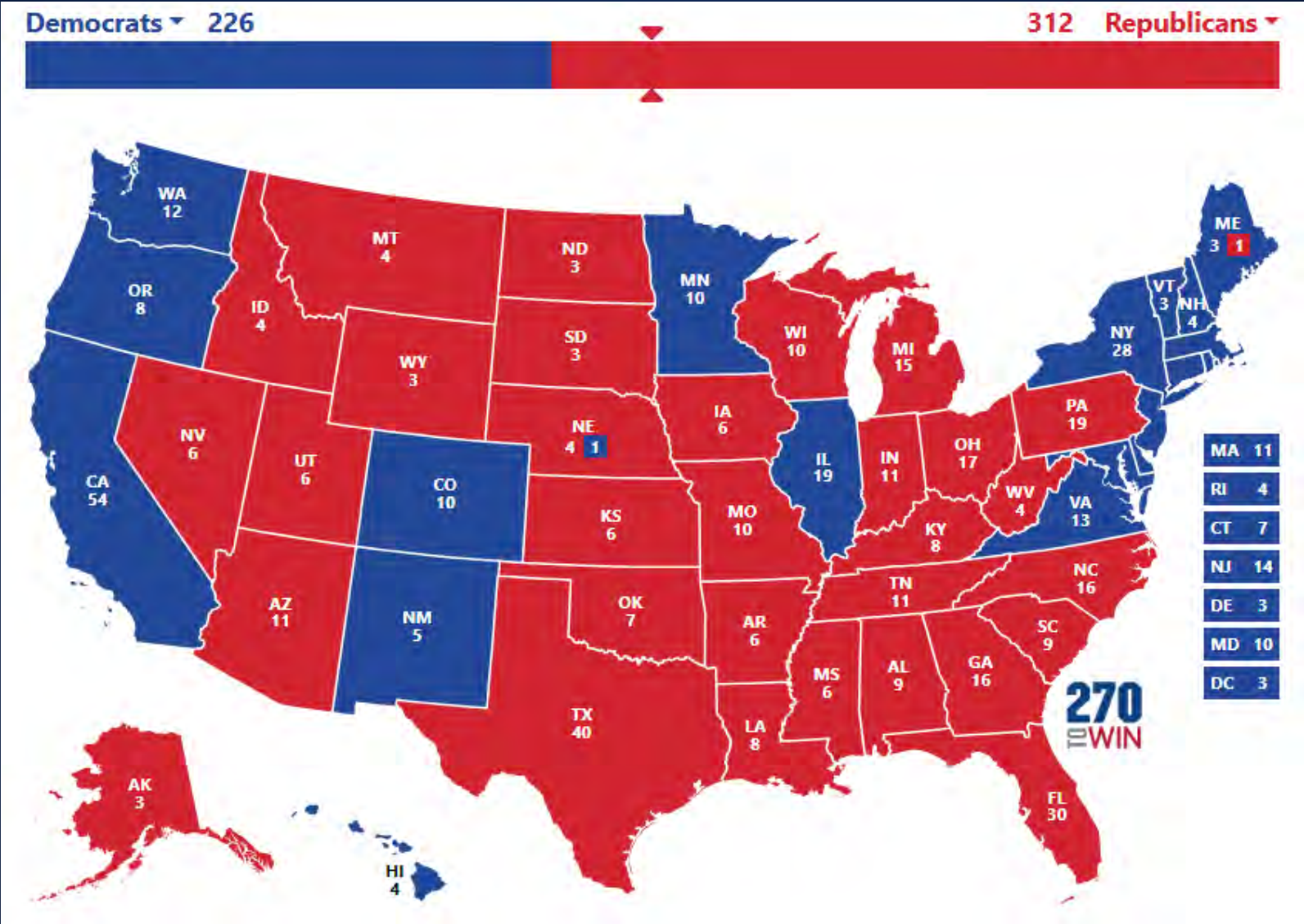
Election
2024

- Former President Donald Trump (R-FL) and Senator JD Vance (R-OH) defeated Vice President Kamala Harris (D-CA) and Governor Tim Walz (D-MN) in the 2024 U.S. presidential election. The Republican ticket is projected to win the Electoral College by a tally of 312-226, which is similar to former President Trump's 2016 Electoral College victory.
- Former President Trump, now President-elect Trump, will become only the second President in U.S. history to serve two non-consecutive terms as president (2017-2021 and 2025-2029), the first being President Grover Cleveland (1885-1889 and 1893-1897).
- Unlike 2016, when President-elect Trump won the Electoral College but lost the national popular vote by about 2.9 million votes, President-elect Trump is projected to win the popular vote in this election. This is only the second time since 1992 that the Republican presidential nominee has won the popular vote, the other time being former President George W. Bush's victory in 2004.



President-elect
Donald Trump (R)

Presidential Electoral College Map



Republicans Take Control of the U.S. Senate

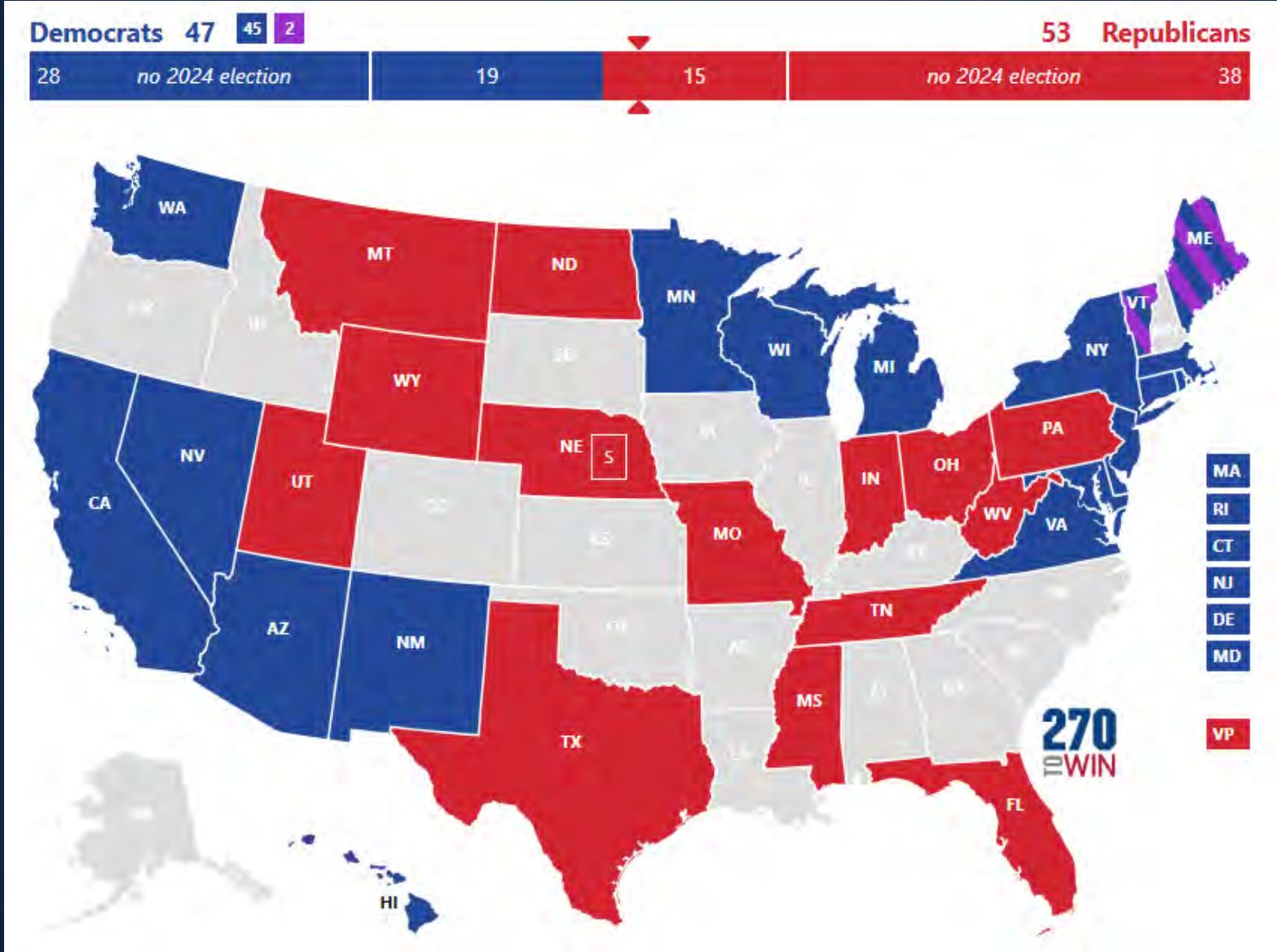
Election
2024



- Republicans flipped the Senate and will start the 119th Congress with a larger than expected majority of 53 seats. This will be the first time that Republicans will be in the Senate majority since January 2021.
- Republicans only needed to flip two seats in order to regain control of the Senate. Republicans were likely to win in West Virginia, where Governor Jim Justice (R-WV) won by a significant margin. Republicans also won in Montana, where Tim Sheehy (R-MT) defeated three-term incumbent Senator Jon Tester (D-MT) by about nine points. Bernie Moreno (R-OH) also defeated incumbent Senator Sherrod Brown (D-OH) by four to five points.
- The biggest surprise for the Senate was Pennsylvania, where David McCormick (R-PA) defeated Senator Bob Casey (D-PA). Sen. Casey was thought to be the “safest” Democrat in the “Blue Wall” of Michigan, Pennsylvania, and Wisconsin.
- Democrats had to defend 23 out of the 34 Senate seats that were up for election this year, which proved to be too much for the party; this included incumbents in nine states that were considered “competitive.”
- Republicans will soon elect a new Senate Republican Leader, who will become the Senate Majority Leader. The top candidates are Sen. John Thune (R-SD), Sen. John Cornyn (R-TX), and Sen. Rick Scott (R-FL).

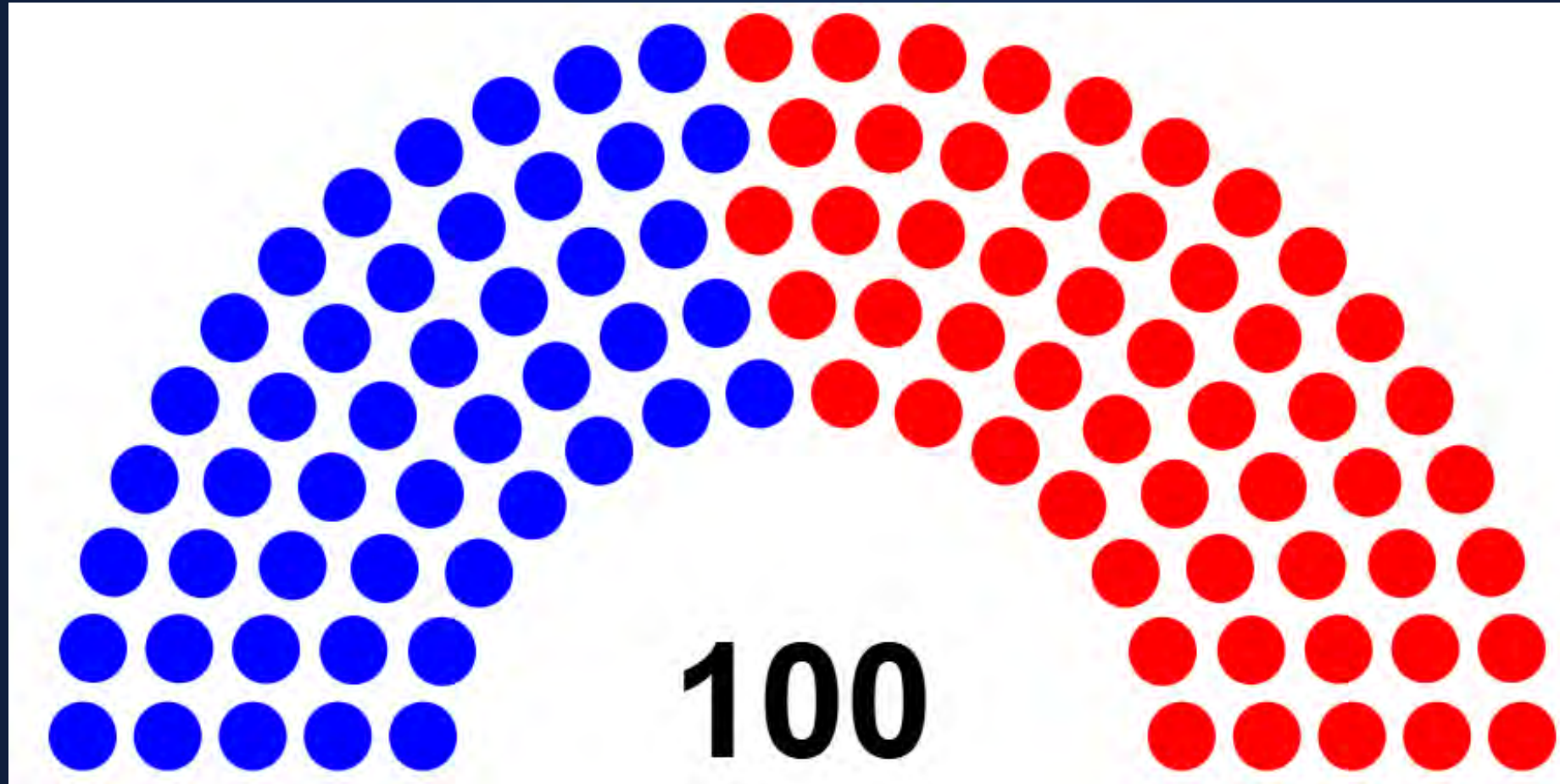


U.S. Senate Election Map



Composition of the U.S. Senate

Election
2024



Source: Parliament Diagram Tool

**The Senate Democratic Caucus will include two independent Senators who will caucus with the Democrats.

U.S. Senate Election Results – Competitive Seats

Election
2024



State	Democratic Nominee	Republican Nominee	Race Rating	Result*
Ohio	Sen. Sherrod Brown	Bernie Moreno	Toss-Up	R+3.8%
Nevada	Sen. Jacky Rosen	Sam Brown	Leans D	D+1.6%*
Arizona	Rep. Ruben Gallego	Kari Lake	Leans D	D+2.2%*
Wisconsin	Sen. Tammy Baldwin	Eric Hovde	Leans D	D+0.9%
Michigan	Rep. Elissa Slotkin	Former Rep. Mike Rogers	Leans D	D+0.3%
Pennsylvania	Sen. Bob Casey, Jr.	David McCormick	Leans D	R+0.5%
Maryland	County Executive Angela Alsobrooks	Former Gov. Larry Hogan	Likely D	D+9.1%*
Montana	Sen. Jon Tester	Tim Sheehy	Leans R	R+7.4%
Nebraska	Dan Osborn (I)**	Sen. Deb Fischer	Leans R	R+7.2%
Texas	Rep. Colin Allred	Sen. Ted Cruz	Likely R	R+8.6%
Florida	Former Rep. Debbie Mucarsel-Powell	Sen. Rick Scott	Likely R	R+12.8%

*Results are not final and margins are could change by a couple percentage points in either direction.

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

Republicans Keep Control of the U.S. House

Election
2024

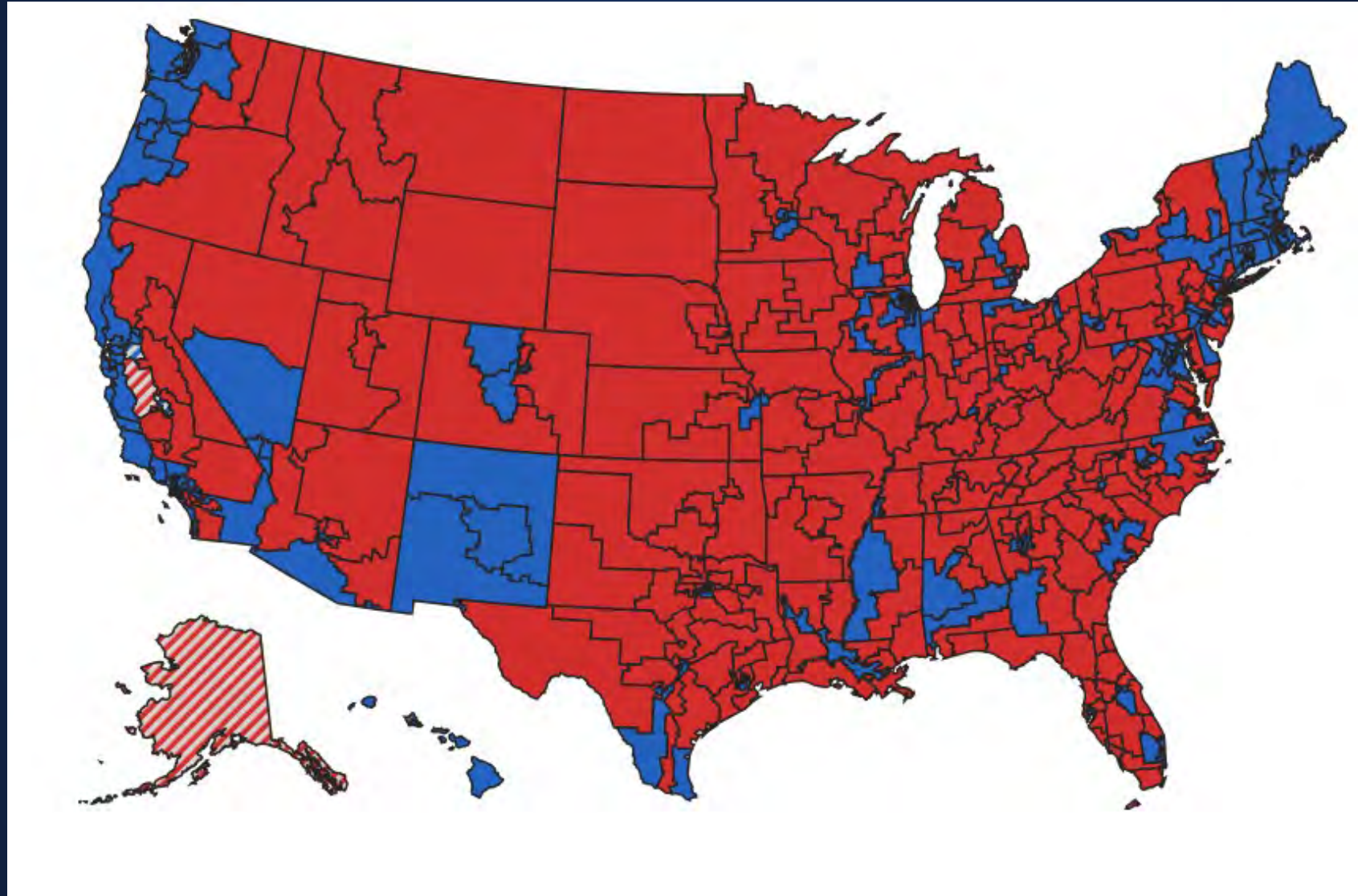


- Control of the House has been called for Republicans, however there are a few remaining uncalled races. Republicans are projected to win a small majority of 219-225 seats (218 are needed for a majority).
- Republicans will hold control of the White House, Senate, and House next year.
- Control of the House came down to a few key “swing districts,” particularly in states such as California, New York, Pennsylvania, Michigan, and Ohio.
- Both parties saw a few of their incumbents lose re-election, but Republicans could see a net gain of a couple seats once all races have been called.
- There were only about 20-25 true “toss-up” seats around the country.
- Current Speaker of the House Mike Johnson (R-LA) will likely remain Speaker in the new Congress. Current House Majority Leader Steve Scalise (R-LA) and House Majority Whip Tom Emmer (R-MN) will likely remain in their positions in the 119th Congress, as well.



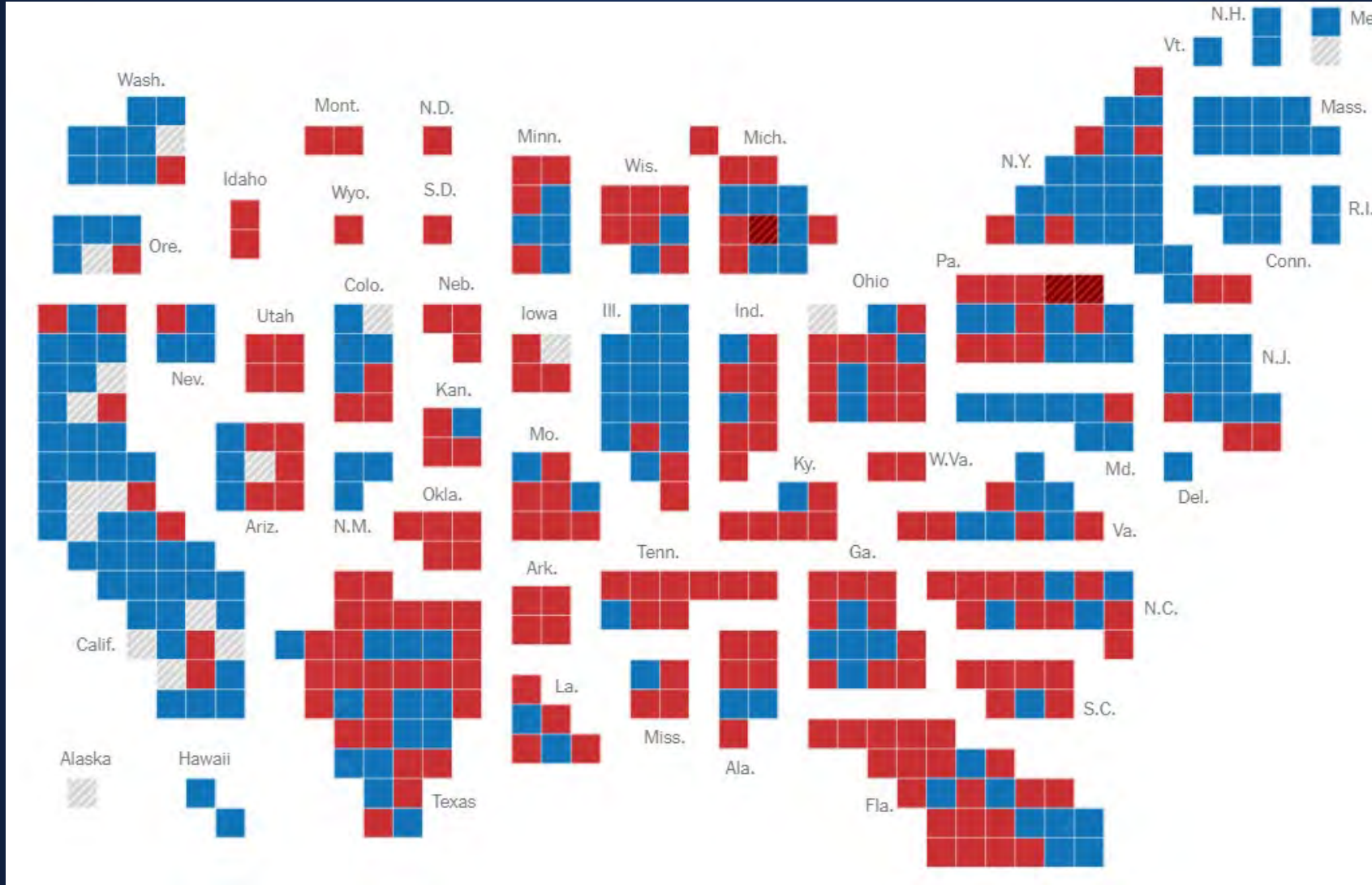
U.S. House of Representatives Election Map, Current

Election
2024



U.S. House of Representatives Election Map, Proportional

Election
2024



Sources: The New York Times

Key 2024 House Races – Toss-Up Seats, Democratic Incumbents

Election
2024



District	Democratic Nominee	Republican Nominee	Result
Alaska-At-Large	Rep. Mary Peltola	Nick Begich III	Uncalled (Leans R)
Colorado-08	Rep. Yadira Caraveo	Gabe Evans	R+0.8%
Maine-02	Rep. Jared Golden	Austin Theriault	D+1.0%
North Carolina-01	Rep. Don Davis	Laurie Buckhout	D+1.6%
Ohio-13	Rep. Emilia Sykes	Kevin Coughlin	D+2.1%
Pennsylvania-08	Rep. Matt Cartwright	Rob Bresnahan Jr.	R+1.8%
Pennsylvania-07	Rep. Susan Wild	Ryan Mackenzie	R+1.2%
Washington-03	Rep. Marie Gluesenkamp Perez	Joe Kent	D+4.2%

Key 2024 House Races – Toss-Up Seats, Republican Incumbents

Election
2024



District	Democratic Nominee	Republican Nominee	Result
Arizona-06	Kristen Engel	Rep. Juan Ciscomani	R+1.3%
Arizona-01	Amish Shah	Rep. David Schweikert	R+3.8%
California-13	Adam Gray	Rep. John Duarte	Uncalled (Leans R)
California-27	George Whitesides	Rep. Mike Garcia	D+2.4%
California-45	Derek Tran	Rep. Michelle Steel	Uncalled (Leans R)
California-22	Rudy Salas	Rep. David Valadao	R+7.2%
New York-19	Josh Riley	Rep. Marc Molinaro	D+1.4%
Oregon-05	Janelle Bynum	Rep. Lori Chavez-DeRemer	D+2.8%

Key 2024 House Races – “Leans Republican” Seats

Election
2024



District	Democratic Nominee	Republican Nominee	Result
California-41	Will Rollins	Rep. Ken Calvert	R+2.6%
Iowa-01	Christina Bohannon	Rep. Mariannette Miller-Meeks	R+0.2%
Iowa-03	Lanon Baccam	Rep. Zach Nunn	R+3.8%
Michigan-10	Carl Marlinga	Rep. John James	R+6.1%
Montana-01	Monica Tranel	Rep. Ryan Zinke	R+7.8%
New Jersey-07	Sue Altman	Rep. Tom Kean Jr.	R+6.1%
New York-17	Former Rep. Mondaire Jones	Rep. Mike Lawler	R+6.8%
Pennsylvania-10	Janelle Stelson	Rep. Scott Perry	R+1.4%
Virginia-02	Missy Cotter Smasal	Rep. Jen Kiggans	R+4.2%
Wisconsin-03	Rebecca Cooke	Rep. Derrick Van Orden	R+3.0%

**All Republicans in these contests are incumbent Members of Congress.

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

Key 2024 House Races – “Leans Democratic” Seats

Election
2024



District	Democratic Nominee	Republican Nominee	Result
Connecticut-05	Rep. Jahana Hayes**	George Logan	D+4.4%
Indiana-01	Rep. Frank Mrvan**	Randy Niemeyer	D+8.4%
Illinois-17	Rep. Eric Sorensen**	Joseph McGraw	D+8.6%
Minnesota-02	Rep. Angie Craig**	Joe Teirab	D+13.5%
New Mexico-02	Rep. Gabe Vasquez**	Former Rep. Yvette Herrell	D+4.0%
New York-18	Rep. Pat Ryan**	Alison Esposito	D+13.6%
Ohio-09	Rep. Marcy Kaptur**	Derek Merrin	D+0.3%
Pennsylvania-17	Rep. Chris Deluzio**	Rob Mercuri	D+7.4%
Texas-28	Rep. Henry Cuellar**	Jay Furman	D+4.8%
Texas-34	Rep. Vicente Gonzalez**	Former Rep. Mayra Flores	D+2.6%
Nebraska-02	Tony Vargas	Rep. Don Bacon**	R+2.4%
New York-04	Laura Gillen	Rep. Anthony D’Esposito**	D+2.0%
New York-22	John Mannion	Rep. Brandon Williams**	D+8.2%

Election Key Takeaways

2024 Election

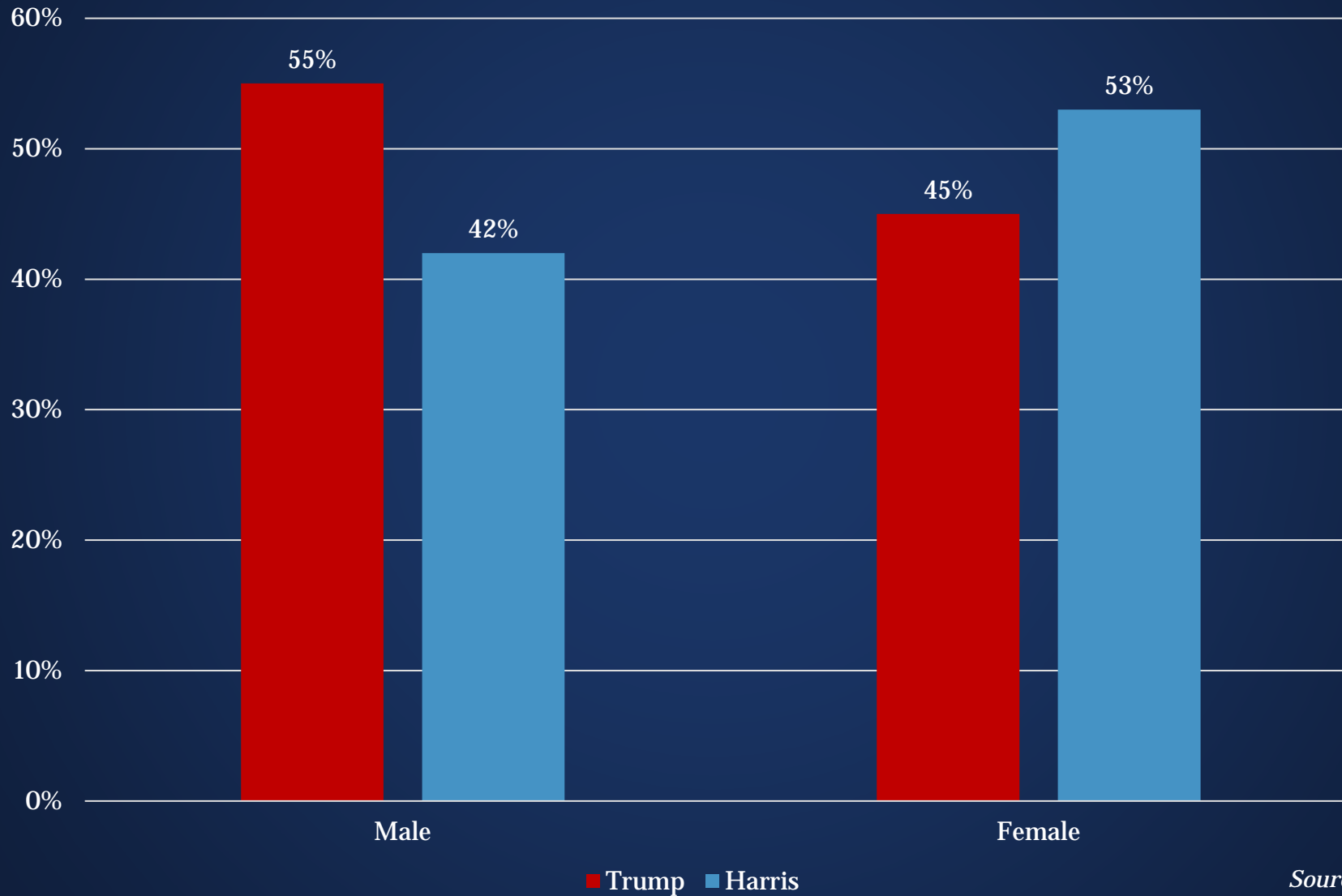
Key Takeaways

- While a divided government was expected, Republicans outperformed expectations.
- President-elect Trump won all seven battleground states. In 2020, President Joe Biden won six battleground states, losing only North Carolina to President-elect Trump.
- President-elect Trump won the popular vote; the last Republican to win the popular vote was George W. Bush in 2004.
- Vice President Kamala Harris underperformed with women by three points compared to President Biden in 2020.
- More than half of voters without a college degree voted for President-elect Trump, about the same as in 2020.
- The Trump campaign's efforts to court Latino voters paid off, losing the Latino cohort by eight points after losing them by 23 points in 2020.



Factors That Won the 2024 Election – Gender Gap

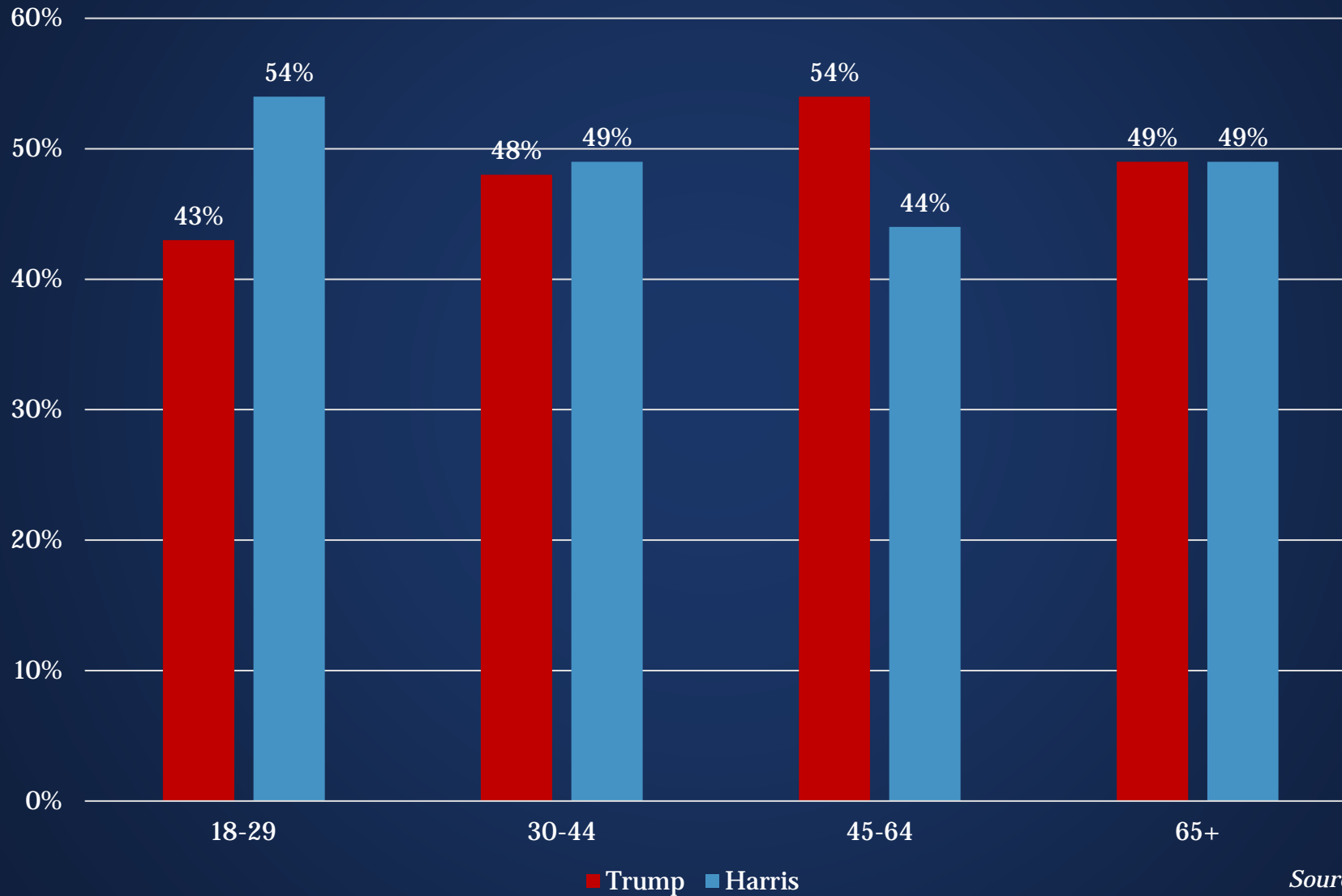
Election
2024



Source: Washington Post, 2024

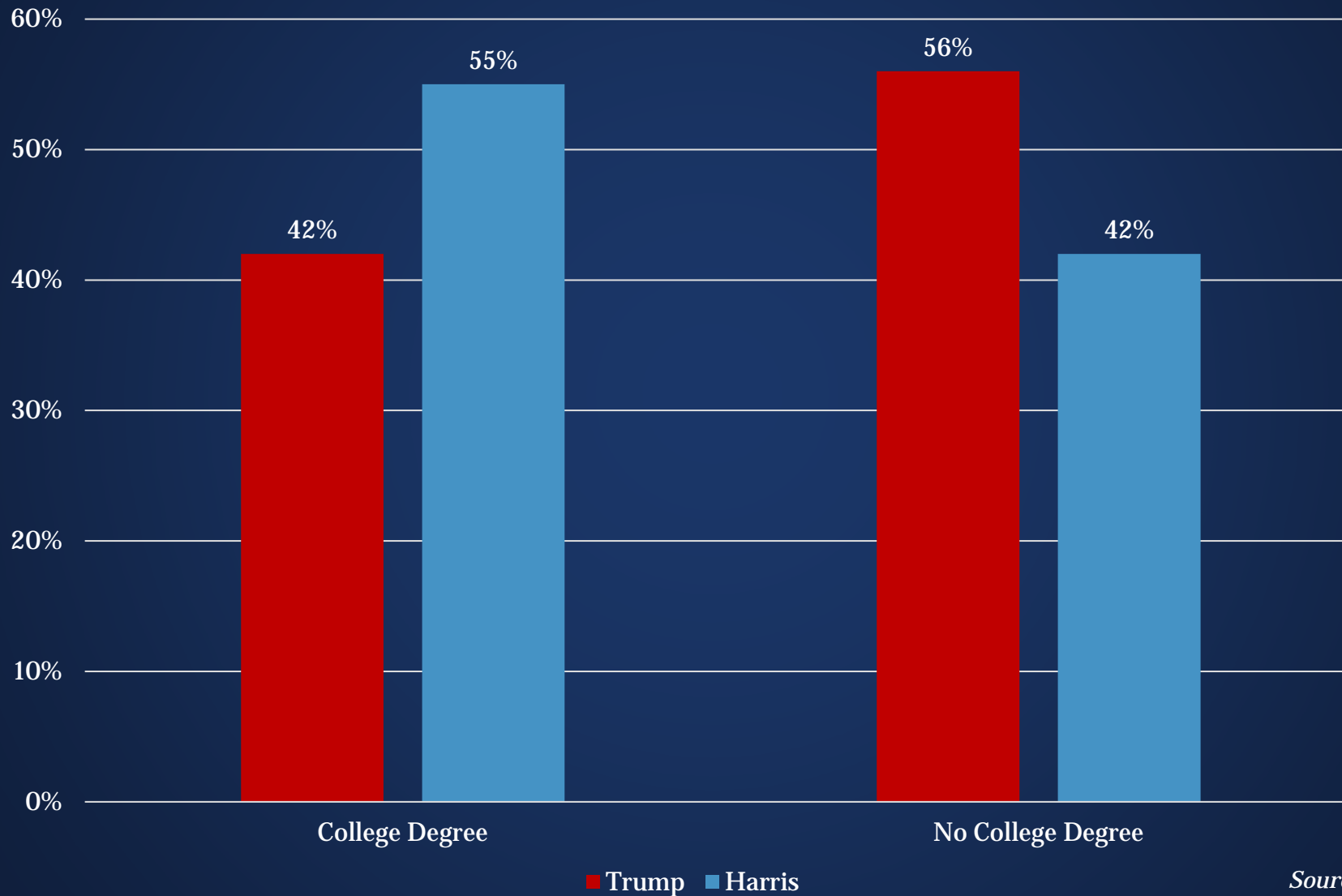
Factors That Won the 2024 Election – Age Gap

Election
2024



Source: Washington Post, 2024

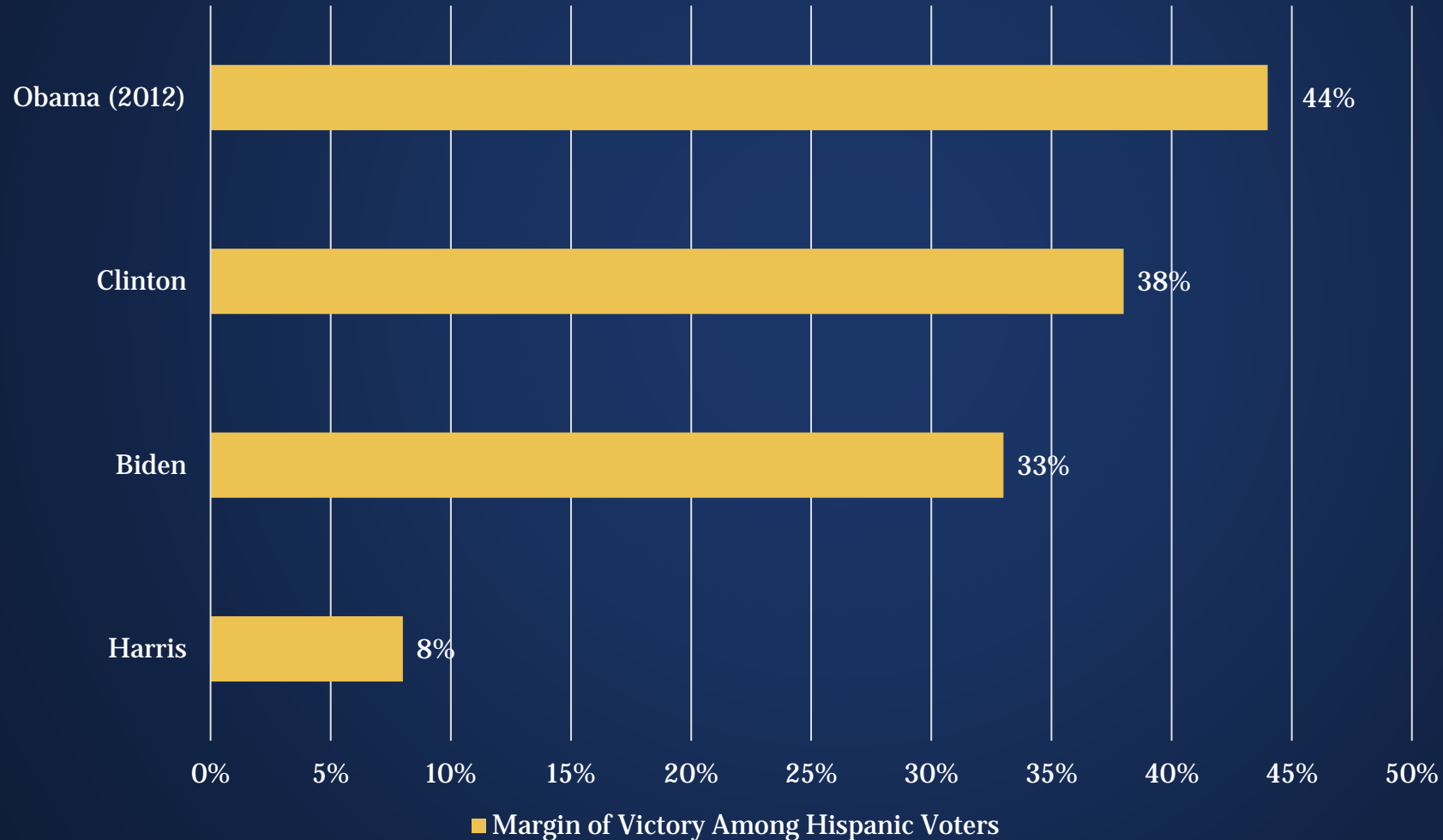
Factors That Won the 2024 Election – Education Level



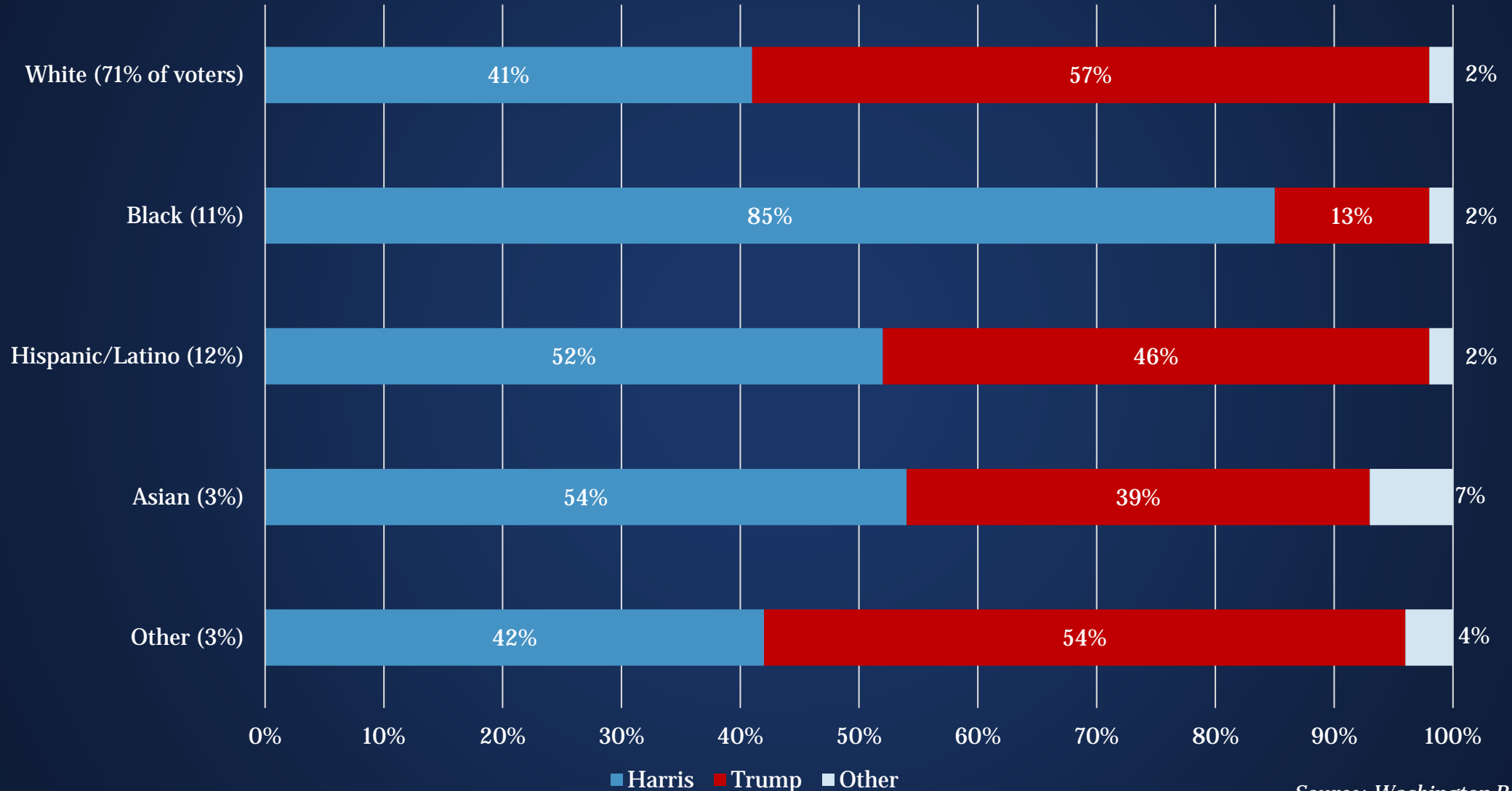
Source: Washington Post, 2024

Factors That Won the 2024 Election – The Hispanic Vote

- Harris underperformed among Hispanic voters, winning the demographic by as little as eight points per exit polling. In three previous races, Democrats won the Hispanic vote by upwards of 30 points.



Factors That Won the 2024 Election – Demographic Breakdown



Source: Washington Post, 2024

Lame-Duck Session Preview



Lame-Duck Session Preview



- Expect heavy pressure from President-elect Trump to push decisions into the new year, but a strong push from the current administration and Senate Democrats to complete major action before the end of the year; Congress may stay in session up until the Christmas holiday.
- Suspending the debt ceiling (expires January 2, 2025) and additional funding for Ukraine will cause political fireworks; President-elect Trump will engage on these issues with congressional Republicans despite not yet being in office.
- Speaker Mike Johnson (R-LA) has more leverage to cut a year-end Fiscal Year (FY) 2025 spending deal that slows the growth of or jettisons the side deals associated with the Fiscal Responsibility Act.
- Republicans may pursue a short-term Continuing Resolution into early 2025 so a Republican Congress could cut spending and restructure agencies immediately.
- The National Defense Authorization Act (NDAA) should pass in December. The NDAA could also be the vehicle for expiring programs or AI legislation.
- Democratic Senators will confirm as many judges as possible. Republicans confirmed one circuit judge and 12 district court judges during then-President Trump's final lame-duck session.
- President-elect Trump may direct Republicans to "clear the decks" of legislative issues like privacy, crypto, and railway safety legislation. This will likely not include the Farm Bill.

President-Elect Trump's Top Priorities

Trump Administration

Key Takeaways

- With a Republican-controlled Congress, President-elect Trump may be able to advance ambitious parts of his agenda, checked only by the Senate filibuster and intra-party disagreement.
- Expect an extension of the 2017 tax cuts, efforts to slow immigration, a reversal of many Biden administration regulations, new or higher tariffs on imports, and a partial reversal of federal support for clean energy.
- After the Supreme Court's *Loper Bright* decision, it will be more difficult for the second Trump administration to drastically change regulatory course.





President-Elect Trump's Top Priorities

- Extend the Tax Cuts and Jobs Act (TCJA)
- Impose across-the-board tariffs of up to 20% on imported goods
- Impose 60% tariffs on goods imported from China (100% on vehicles imported from China)
- Restore control of the border; restructure immigration processes
- Rescind green energy grant and loan programs
- Fund Israel in its war with Iran and Hamas
- Negotiate an end to the Ukraine conflict or reduce U.S. funding
- End racial preferences in federal government programs
- Expand domestic fossil fuel production
- Replace the top level of federal bureaucracy; rein in the civil service
- Restrict federal spending





Announced Appointments

President-elect Trump's announced appointments to political positions that do not require Senate confirmation:



Susie Wiles, who served as co-chair of President-elect Trump's campaign, will be the first woman to serve as chief of staff. Wiles is respected with Trump insiders and outsiders.

Susie Wiles
Chief of Staff



Stephen Miller, who is one of President-elect Trump's longest-serving immigration advisors. During the first Trump administration, Miller served as a White House senior advisor for policy.

Stephen Miller
Deputy Chief of Staff
for Policy



Rep. Michael Waltz (R-FL), who serves on the House Armed Services Committee and is a former Green Beret. Waltz will be responsible for briefing President-elect Trump on key national security issues.

Michael Waltz
National Security
Advisor



Tom Homan, who served as acting Immigration and Customs Enforcement (ICE) Director during the first Trump administration. Homan will play a key role in implementing President-elect Trump's campaign pledges to secure the US-Mexico border.

Tom Homan
Border Czar



Announced Cabinet Nominees

President-elect Trump's announced cabinet nominees:



Marco Rubio
Secretary of State

Sen. Marco Rubio (R-FL), who currently serves on the Senate Foreign Relations Committee and as ranking member of the Senate Intelligence Committee. If confirmed, Rubio will serve as the top nation's top diplomat.



Elise Stefanik
Ambassador to the
United Nations

Elise Stefanik (R-NY), who currently chairs the House Republican Conference, has been one of President-elect Trump's top supporters in Congress. If confirmed, Stefanik will serve as the top U.S. representative at the United Nations.



Michael Waltz
National Security
Advisor

Rep. Michael Waltz (R-FL), who serves on the House Armed Services Committee and is a former Green Beret. If confirmed, Waltz will be responsible for briefing President-elect Trump on key national security issues.



Lee Zeldin
Environmental
Protection Agency
Administrator

Lee Zeldin (R-NY), who was a member of Congress from 2015 to 2023, has been a strong supporter of President-elect Trump. If confirmed, Zeldin would play a central role in rolling back Biden-era climate regulations.



Recess Appointments

- On November 10, President-elect Trump called on the next Senate Republican Majority Leader to embrace recess appointments, which would allow the president to bypass the Senate confirmation process.
- Sen. Rick Scott (R-FL) quickly weighed in saying he agrees 100% and will do “whatever it takes to get your nominations through as quickly as possible.”
- Neither Sens. John Thune (R-SD) nor John Cornyn (R-TX) ruled out the possibility. Sen. Thune said, “all options are on the table” toward delivering on Trump’s agenda “including recess appointments,” while Sen. Cornyn noted: “The Constitution expressly confers the power on the President to make recess appointments.”
- It is unclear whether President-elect Trump used his power to send a message to Senate Republicans or if he plans to use recess appointments for his administration.

Future Leadership

Future House Republican Leadership

- Expect the top Republican leadership team – Speaker Mike Johnson (R-LA), Majority Leader Steve Scalise (R-LA), and Majority Whip Tom Emmer (R-MN) – to win reelection.
- Conservative Jim Jordan (R-OH) is a likely leadership challenger as he previously ran for Speaker.
- Conference Chair Elise Stefanik (R-NY) will be nominated for UN Ambassador, which opens up this leadership spot. Reps. Lisa McClain (R-MI), and Kat Cammack (R-FL) are reportedly running for the GOP Conference Chair spot.
- National Republican Congressional Committee (NRCC) Chairman Richard Hudson (R-NC) is seeking re-election for the position.
- House Republicans will hold their leadership election on November 13. House Republicans may also consider changes to the party's rules.



Speaker
Mike Johnson



Majority Leader
Steve Scalise



Conference Chair
Elise Stefanik



House Majority
Whip Tom Emmer



Rep. Jim Jordan



Future House Democratic Leadership

- We expect the top Democratic leadership team – Minority Leader Hakeem Jeffries (D-NY), Katherine Clark (D-MA), Caucus Chair Pete Aguilar (D-CA), and Assistant Minority Leader Joe Neguse (D-CO) – to remain in place. Reps. Robin Kelly (D-IL) and Sara Jacobs (D-CA) may challenge Rep. Ted Lieu (D-CA) for the vice chair position.
- House Democrats will hold their leadership elections on November 19.
- Two more years in the minority may convince some long-serving committee ranking members to retire before the 2026 elections, opening some leadership opportunities for younger Democratic members.



Minority Leader
Hakeem Jeffries



Rep. Katherine
Clark



Caucus Chair
Pete Aguilar



Rep. Ted Lieu



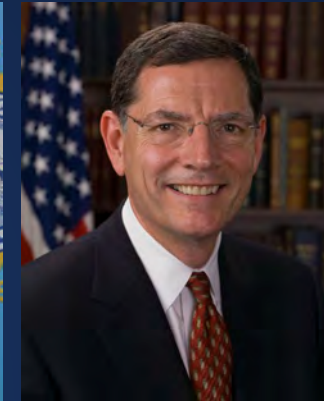
Assistant Minority
Leader Joe Neguse

Future Senate Republican Leadership

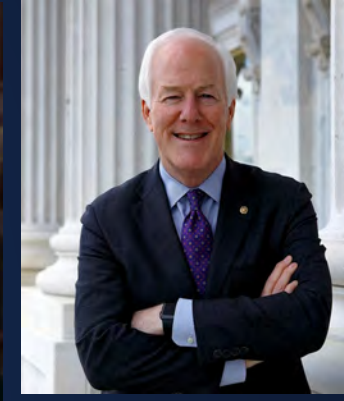
- Majority Leader Mitch McConnell (R-KY) will step down from his leadership post but remain in the Senate until his term ends.
- Current Whip John Thune (R-SD) and former Whip John Cornyn (R-TX) are frontrunners to succeed Sen. McConnell as majority leader. Sen. Rick Scott (R-FL) is running a long-shot campaign. But dynamics could change if President-elect Trump weighs in on the race.
- Sen. John Barrasso (R-WY) is unopposed for majority whip.
- Sens. Tom Cotton (R-AR) and Joni Ernst (R-IA) are running for conference chair.
- Sen. Tim Scott (R-SC) is the only member who has expressed interest in running the National Republican Senatorial Committee. Other potential contenders include Sens. Katie Britt (R-AL) and Pete Ricketts (R-NE).
- Senate Republicans' leadership elections are set for November 13.



Whip John Thune



Sen. John
Barrasso



Sen. John Cornyn



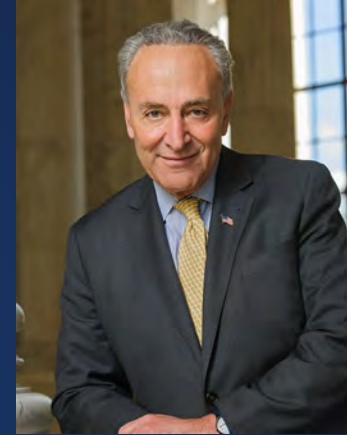
Sen. Joni Ernst



Sen. Tom Cotton

Future Senate Democratic Leadership

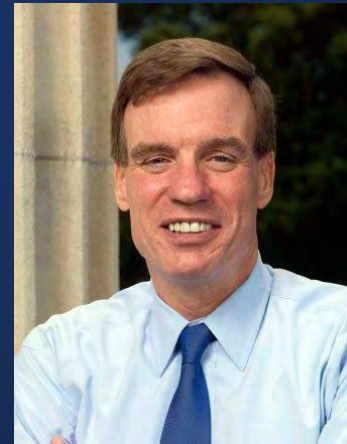
- Sen. Chuck Schumer (D-NY) will remain as the top Democrat in the Senate as minority leader, given the flip in control.
- Similarly, Sen. Dick Durbin (D-IL) will remain as the minority whip.
- The policy chair position, the third ranking leadership member, is open, with Sen. Amy Klobuchar (D-MN) and Cory Booker (D-NJ) vying for the spot.
- Sen. Kristen Gillibrand is running unopposed for Democratic Senatorial Campaign Committee chair.
- The Democratic Senate leadership races will likely be in early December.
- Senate Democrats will have competitive opportunities in Texas and North Carolina in 2026.



Sen. Chuck
Schumer



Sen. Dick Durbin



Sen. Mark Warner



Sen. Elizabeth
Warren



The Future of the Supreme Court

- President-elect Trump may have as many as three seats to fill in four years which would make the Supreme Court of the United States (SCOTUS) the Trump court for years to come.
- With only a small majority in the Senate, SCOTUS appointments will be epic political battles.
- Moderate Senate Republicans like Susan Collins (R-ME) and Lisa Murkowski (R-AK) would force a more moderate appointment from President-elect Trump.
- Republican appointees Clarence Thomas (76) and Samuel Alito (74) will face major pressure to step down.
- Justice Sonia Sotomayor is the most likely Democratic nominee to step down due to health issues but will face pressure to stay.





119th Congress House Committee Leadership

House Committee Leadership

Election
2024















Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Agriculture	 Rep. Glenn "GT" Thompson (R-PA)	 Rep. David Scott (D-GA)	 Rep. Glenn "GT" Thompson (R-PA)	 Rep. David Scott (D-GA)
Appropriations	 Rep. Tom Cole (R-OK)	 Rep. Rosa DeLauro (D-CT)	 Rep. Tom Cole (R-OK)	 Rep. Rosa DeLauro (D-CT)
Armed Services	 Rep. Mike Rogers (R-AL)	 Rep. Adam Smith (D-WA)	 Rep. Mike Rogers (R-AL)	 Rep. Adam Smith (D-WA)
Budget	 Rep. Jodey Arrington (R-TX)	 Rep. Brendan Boyle (D-PA)	 Rep. Jodey Arrington (R-TX)	 Rep. Brendan Boyle (D-PA)

House Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Education and the Workforce	 Rep. Virginia Foxx (R-NC)	 Rep. Robert "Bobby" Scott (D-VA)	 Rep. Tim Walberg (R-MI) Rep. Burgess Owens (R-UT)	 Rep. Robert "Bobby" Scott (D-VA)
Energy and Commerce	 Rep. Cathy McMorris Rodgers (R-WA)	 Rep. Frank Pallone (D-NJ)	 Rep. Brett Guthrie (R-KY) Rep. Bob Latta (R-OH)	 Rep. Frank Pallone (D-NJ)
Ethics	 Rep. Michael Guest (R-MS)	 Rep. Susan Wild (D-PA)	 Rep. Michael Guest (R-MS)	 Rep. Veronica Escobar (D-TX) Rep. Mark DeSaulnier (D-CA) Rep. Deborah Ross (D-NC) Rep. Glenn Ivey (D-MD)

House Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Financial Services	 Rep. Patrick McHenry (R-NC)	 Rep. Maxine Waters (D-CA)	    Rep. Bill Huizenga (R-MI) Rep. French Hill (R-AR) Rep. Andy Barr (R-KY) Rep. Frank Lucas (R-OK)	 Rep. Maxine Waters (D-CA)
Foreign Affairs	 Rep. Michael McCaul (R-TX)	 Rep. Gregory Meeks (D-NY)	    Rep. Michael McCaul (R-TX) Rep. Darrell Issa (R-CA) Rep. Ann Wagner (R-MO) Rep. Joe Wilson (R-SC)	 Rep. Gregory Meeks (D-NY)

House Committee Leadership

Election
2024




Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Homeland Security	 Rep. Mark Green (R-TN)	 Rep. Bennie Thompson (D-MS)	 Rep. Mark Green (R-TN)	 Rep. Bennie Thompson (D-MS)
House Administration	 Rep. Bryan Steil (R-WI)	 Rep. Joe Morelle (D-NY)	 Rep. Bryan Steil (R-WI) Rep. Barry Loudermilk (R-GA)	 Rep. Joe Morelle (D-NY)
Judiciary	 Rep. Jim Jordan (R-OH)	 Rep. Jerry Nadler (D-NY)	 Rep. Jim Jordan (R-OH)	 Rep. Jerry Nadler (D-NY)

House Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Natural Resources	 Rep. Bruce Westerman (R-AR)	 Rep. Raúl Grijalva (D-AZ)	 Rep. Bruce Westerman (R-AR)	 Rep. Raúl Grijalva (D-AZ)
Oversight and Accountability	 Rep. James Comer (R-KY)	 Rep. Jamie Raskin (D-MD)	 Rep. James Comer (R-KY)	 Rep. Jamie Raskin (D-MD)
Rules	 Rep. Michael Burgess (R-TX)	 Rep. Jim McGovern (D-MA)	   Rep. Guy Reschenthaler (R-PA) Rep. Michelle Fischbach (R-MN) Rep. Nick Langworthy (R-NY)	 Rep. Jim McGovern (D-MA)

House Committee Leadership

Election
2024





Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Science, Space, and Technology	 Rep. Frank Lucas (R-OK)	 Rep. Zoe Lofgren (D-CA)	 Rep. Brian Babin (R-TX)	 Rep. Zoe Lofgren (D-CA)
Small Business	 Rep. Roger Williams (R-TX)	 Rep. Nydia Velázquez (D-NY)	 Rep. Roger Williams (R-TX)	 Rep. Nydia Velázquez (D-NY)
Transportation and Infrastructure	 Rep. Sam Graves (R-MO)	 Rep. Rick Larsen (D-WA)	  Rep. Sam Graves (R-MO) Rep. Rick Crawford (R-AR)	 Rep. Rick Larsen (D-WA)
Veterans' Affairs	 Rep. Mike Bost (R-IL)	 Rep. Mark Takano (D-CA)	 Rep. Mike Bost (R-IL)	 Rep. Mark Takano (D-CA)

House Committee Leadership

Election
2024











Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Ways and Means	 Rep. Jason Smith (R-MO)	 Rep. Richard Neal (D-MA)	 Rep. Jason Smith (R-MO)	 Rep. Richard Neal (D-MA)
Permanent Select Committee on Intelligence	 Rep. Michael Turner (R-OH)	 Rep. Jim Himes (D-CT)	 Rep. Michael Turner (R-OH)	 Rep. Jim Himes (D-CT)
Select Committee on the Strategic Competition Between the U.S. and the Chinese Communist Party	 Rep. John Moolenaar (R-MI)	 Rep. Raja Krishnamoorthi (D-IL)	 Rep. John Moolenaar (R-MI)	 Rep. Raja Krishnamoorthi (D-IL)

119th Congress Senate Committee Leadership

Senate Committee Leadership

Election
2024















Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Aging	 Sen. Bob Casey (D-PA)	 Sen. Mike Braun (R-IN)	 Sen. Rick Scott (R-FL)	 Sen. Kirsten Gillibrand (D-NY)
Agriculture, Nutrition, & Forestry	 Sen. Debbie Stabenow (D-MI)	 Sen. John Boozman (R-AR)	 Sen. John Boozman (R-AR)	 Sen. Amy Klobuchar (D-MN)
Appropriations	 Sen. Patty Murray (D-WA)	 Sen. Susan Collins (R-ME)	 Sen. Susan Collins (R-ME)	 Sen. Patty Murray (D-WA)
Armed Services	 Sen. Jack Reed (D-RI)	 Sen. Roger Wicker (R-MS)	 Sen. Roger Wicker (R-MS)	 Sen. Jack Reed (D-RI)

Senate Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Banking, Housing, and Urban Development	 Sen. Sherrod Brown (D-OH)	 Sen. Tim Scott (R-SC)	 Sen. Tim Scott (R-SC)	 Jack Reed (D-RI), Mark Warner (D-VA), Sen. Elizabeth Warren (D-MA)
Budget	 Sen. Sheldon Whitehouse (D-RI)	 Sen. Chuck Grassley (R-IA)	 Sen. Lindsey Graham (R-SC)	 Sen. Sheldon Whitehouse (D-RI)
Commerce, Science, and Transportation	 Sen. Maria Cantwell (D-WA)	 Sen. Ted Cruz (R-TX)	 Sen. Ted Cruz (R-TX) Sen. John Thune (R-SD)*	 Sen. Maria Cantwell (D-WA)

* Should Sen. Thune's leadership bid fail, he would have seniority over Sen. Cruz for the Commerce Committee gavel, but he would be term-limited in 2027.

Senate Committee Leadership

Election
2024



















Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
<p>Energy and Natural Resources</p>	 Sen. Joe Manchin (I-WV)	 Sen. John Barrasso (R-WY)	 Sen. Mike Lee (R-UT)	 Sen. Martin Heinrich (D-NM)
<p>Environment and Public Works</p>	 Sen. Tom Carper (D-DE)	 Sen. Shelley Moore Capito (R-WV)	 Sen. Shelley Moore Capito (R-WV)	 Sen. Sheldon Whitehouse (D-RI)
<p>Ethics</p>	 Sen. Chris Coons (D-DE)	 Sen. James Lankford (R-OK)	 Sen. James Lankford (R-OK)	 Sen. Chris Coons (D-DE)

Senate Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Finance	 Sen. Ron Wyden (D-OR)	 Sen. Mike Crapo (R-ID)	 Sen. Mike Crapo (R-ID)	 Sen. Ron Wyden (D-OR)
Foreign Relations	 Sen. Ben Cardin (D-MD)	 Sen. Jim Risch (R-ID)	 Sen. Jim Risch (R-ID)	 Sen. Jeanne Shaheen (D-NH)
Health, Education, Labor, & Pensions	 Sen. Bernie Sanders (I-VT)	 Sen. Bill Cassidy (R-LA)	 Sen. Bill Cassidy (R-LA)	 Sen. Bernie Sanders (I-VT)
Homeland Security and Government Affairs	 Sen. Gary Peters (D-MI)	 Sen. Rand Paul (R-KY)	 Sen. Rand Paul (R-KY)	 Sen. Gary Peters (D-MI)

Senate Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Indian Affairs	 Sen. Brian Schatz (D-HI)	 Sen. Lisa Murkowski (R-AK)	 Sen. Lisa Murkowski (R-AK)	 Sen. Brian Schatz (D-HI)
Intelligence	 Sen. Mark Warner (D-VA)	 Sen. Marco Rubio (R-FL)	 Sen. Tom Cotton (R-AR)	 Sen. Mark Warner (D-VA)
Judiciary	 Sen. Dick Durbin (D-IL)	 Sen. Lindsey Graham (R-SC)	 Sen. Chuck Grassley (R-IA)	 Sen. Dick Durbin (D-IL)

Senate Committee Leadership

Election
2024



Committee	118 th Chair	118 th Ranking Member	119 th Chair	119 th Ranking Member
Rules and Administration	 Sen. Amy Klobuchar (DFL-MN)	 Sen. Deb Fischer (R-NE)	 Sen. Deb Fischer (R-NE)	  Sen. Jeff Merkley (D-OR) Sen. Alex Padilla (D-CA)
Small Business and Entrepreneurship	 Sen. Jeanne Shaheen (D-NH)	 Sen. Joni Ernst (R-IA)	 Sen. Joni Ernst (R-IA)	 Sen. Ed Markey (D-MA)
Veterans' Affairs	 Sen. Jon Tester (D-MT)	 Sen. Jerry Moran (R-KS)	 Sen. Jerry Moran (R-KS)	 Sen. Richard Blumenthal (D-CT)

2026 and 2028 Election Preview



Previewing 2026 Off-Year Elections

- 33 Senate seats are up in 2026, 20 held by Republicans and 13 by Democrats.
- Republicans will have competitive races in Colorado, Georgia, Minnesota, Michigan, New Mexico, and New Hampshire if Sen. Jeanne Shaheen (D-NH) retires.
- Democrats will have competitive races in Alaska, Iowa, Kansas, Maine, and North Carolina.
- States where the presidential election was won with less than 54% in 2020 or 2024 include:

Republican	Democrat
<ul style="list-style-type: none"> • AK – Dan Sullivan • IA – Joni Ernst • KS – Roger Marshall • ME – Susan Collins • NC – Thom Tillis • OH – JD Vance’s seat 	<ul style="list-style-type: none"> • CO – John Hickenlooper • IL – Dick Durbin • NJ – Cory Booker • GA – Jon Ossoff • MN – Tina Smith • MI – Gary Peters • NM – Ben Ray Lujan • NH – Jeanne Shaheen • VA – Mark Warner

*Red text indicates a state won by Republicans by less than 54% of the vote.

*Blue text indicates a state won by Democrats by less than 54% of the vote.

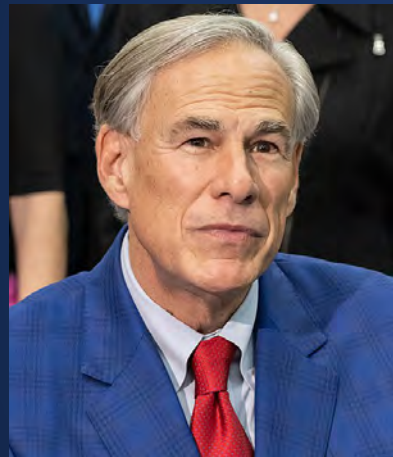


Who Are the 2028 White House Frontrunners?

- President-elect Trump is term limited and cannot run in 2028.
- As vice president, JD Vance would have the inside track to the nomination.
- Popular Republican governors who may challenge Vance include:



Ron DeSantis - FL



Greg Abbott - TX



Brian Kemp - GA



Kim Reynolds - IA



Sarah Sanders - AR

Gage Skidmore from Surprise, AZ, United States of America - Kim Reynolds
Gage Skidmore from Surprise, AZ, United States of America - Sarah Huckabee Sanders

Who Are the 2028 White House Frontrunners?

Election
2024



- Republican senators eyeing a presidential run include:



Sen. Tom Cotton - AR



Tim Scott - SC



Marco Rubio - FL



Ted Cruz - TX



Josh Hawley - MO



Katie Britt - AL



Who Are the 2028 White House Frontrunners?

- The Harris-Walz loss likely eliminates the two from future presidential runs.
- Democrats must look for new leadership most likely from the deep bench of surrogates who emerged in this election cycle.
- Democrats have a much deeper bench of governors in 2028, including:



Gretchen Witmer - MI



Gavin Newsom - CA



Jared Polis - CA



Andy Beshear - KY



Wes Moore - MD



Maura Healey - MA



Phil Murphy - NJ



Roy Cooper - NC



Josh Shapiro - PA

Who Are the 2028 White House Frontrunners?



- Democrats also have a stable of Cabinet officials and Senators who could run:



Commerce Secretary
Gina Raimondo - RI



Transportation Secretary
Pete Buttigieg - MI



Sen. Cory Booker - NJ



Sen. Michael Bennet - CO



Sen. Amy Klobuchar - MN



Sen. Raphael Warnock - GA



Sen. Kirsten Gillibrand - NY

Key Questions



What Is Historic About the 2024 Election?



- President-elect Trump joins Grover Cleveland as the only presidents elected twice in non-consecutive terms.
- At 78, Donald Trump is the oldest American ever elected president.
- President-elect JD Vance is the third-youngest vice president.
- President-elect Trump is the first Republican presidential candidate to win the popular vote since George W. Bush in 2004.
- The Senate flipped 10 times from 1900-2000 and six times since 2000.
- Republicans will control the House for 24 of the last 32 years, a feat they last accomplished between 1895 and 1931.



What Will Democrats Do as the Minority Party in Congress?

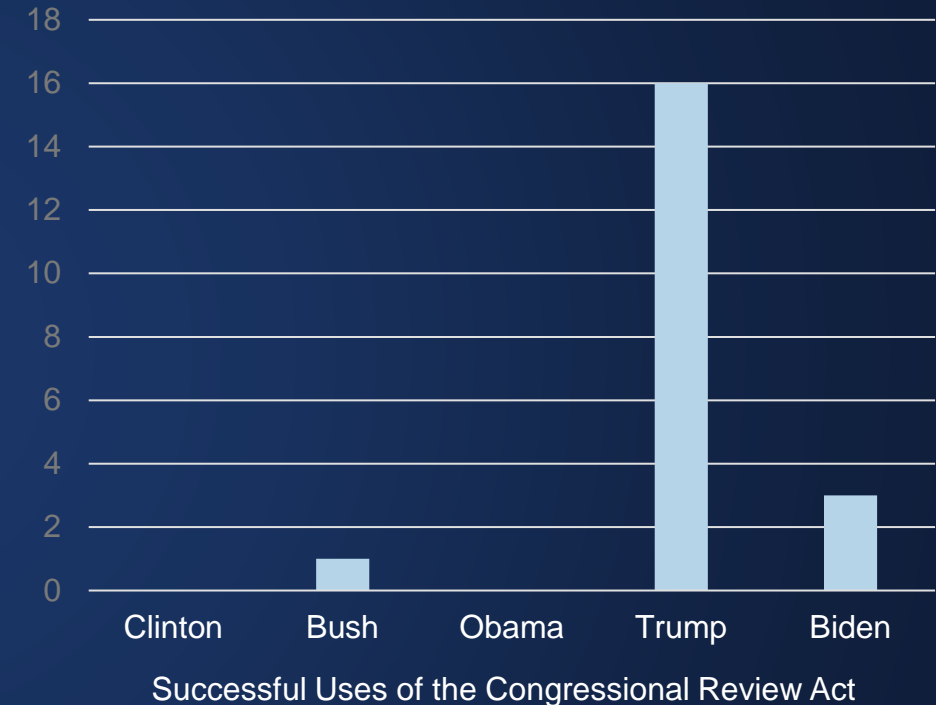


- Debate whether their election failure was Trump-dependent or related to the late entry of Vice President Harris.
- Determine a frontrunner for the 2028 Democratic nomination.
- Consider whether the future of the party should be more or less progressive.
- Advocate for the preservation of the Senate filibuster, which will prevent many President-elect Trump objectives from becoming law.
- With such a narrow Republican majority in the House, a small number of member deaths or retirements could land Democrats in the majority.



Will the Next Congress Use the Congressional Review Act?

- President-elect Trump used the Congressional Review Act (CRA) to overturn 16 Obama administration regulations.
- President Biden used the CRA to overturn three Trump administration regulations.
- With control of Congress and the presidency, expect Republicans to advance several CRA resolutions to overturn a number of Biden administration regulations.
- While Congress will determine the official date after which regulations are subject to CRA review, the CRA review window is estimated to open around August 2, 2024.





Will Sequestration Come Into Play in 2025?

	Defense Discretionary	Nondefense Discretionary	Total
Original levels	\$895.21 billion	\$710.69 billion	\$1.605 trillion
Revised levels under a CR	\$849.78 billion	\$736.45 billion	\$1.586 trillion
Difference	-\$45.43 billion	+\$25.67 billion	-\$19.67 billion

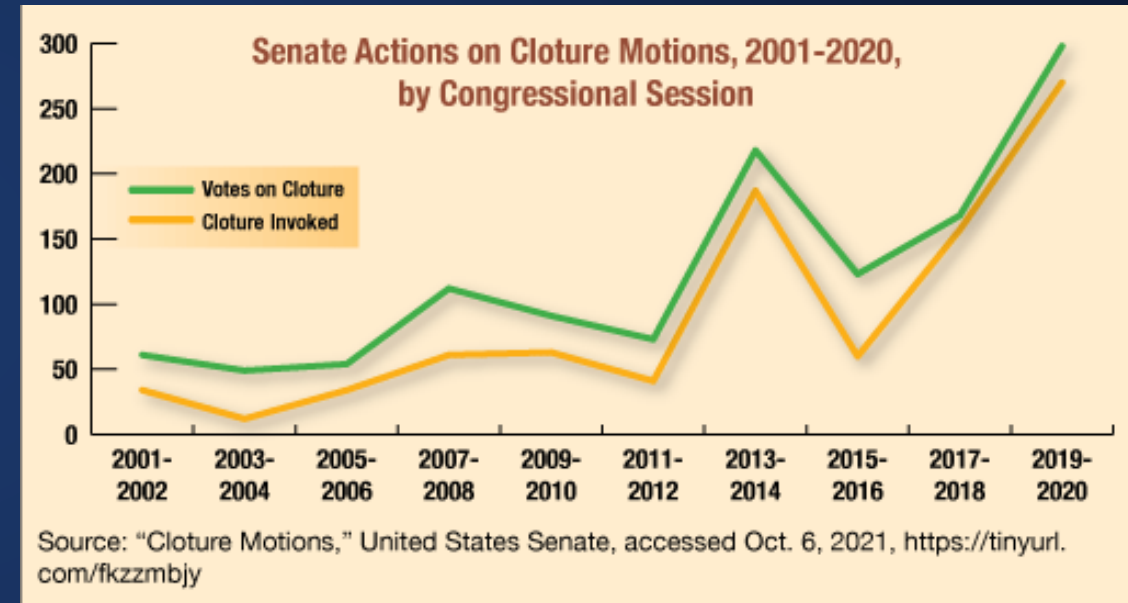
FY25 Original and Revised Discretionary Limits under the Fiscal Responsibility Act of 2023

- The Fiscal Responsibility Act of 2023 set discretionary spending caps for FY24 and FY25 and imposes a sequester if full-year appropriations are not enacted by April 30, 2025.
- If there is a continuing resolution (CR) in place on January 1, 2025, all FY25 appropriations bills would need to be enacted by April 30, 2025 to avoid an automatic 1% cut from the FY23 funding levels across nearly all appropriations accounts.
- If Congress fails to enact full-year appropriations by April 30, 2025, overall spending for FY25 would be decreased by \$20 billion, but defense spending would be reduced by \$45.43 billion and nondefense spending would be increased by \$25.67 billion.
- The Fiscal Responsibility Act spending caps expire at the end of FY25, and lawmakers will need to agree on new spending caps for FY26.



Will the Senate Eliminate the Filibuster?

- We do not expect the Senate will change the filibuster despite President-elect Trump's efforts.
- In his first term, President Trump pushed Senate Republicans to end the filibuster, but the Senate resisted.
- Given the small Republican majority in both chambers, President-elect Trump may try again, with the support of junior Republican Senators.
- Now that they are back in the minority, Senate Democrats will have renewed appreciation for the filibuster.



Impact of Recent Supreme Court Cases on Congress

Election
2024



- In light of the Supreme Court decision in *Loper Bright Enterprises v. Raimondo* (No. 22-1219) ending *Chevron* deference, Congress will have to draft statutes to avoid ambiguity.
 - While Congress may delegate authority to agencies, the Supreme Court said delegations of authority must be precise and specific (i.e., delegating to an agency the authority to give meaning to a particular statutory term).
 - Congressional staff will need to seek technical advice on how to draft new legislation.
- In July, the chairperson of each House committee sent a letter to the federal departments and agencies under its jurisdiction seeking assistance in identifying agency actions that could be impacted by *Loper Bright*. It is unclear how committee leadership will use this information.
- The Supreme Court magnified the effects of *Loper Bright* through its decision in *Corner Post, Inc. v. Board of Governors of the Federal Reserve System* (No. 22-451), extending the timeframe in which litigants may challenge final agency actions under the Administrative Procedures Act (APA). As a result, expect increased litigation challenging the validity of agency actions.
- The full effects of *Loper Bright* and *Corner Post* will not be known for several years, but policymakers will likely need more guidance in drafting legislation in light of these decisions.

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Artificial Intelligence

Artificial Intelligence



Key Takeaways

- With the launch of generative artificial intelligence (AI) chatbots in late 2022, interest and concerns with AI have skyrocketed.
- The 2024 Republican Party Platform supports AI development rooted in “free speech and human flourishing.”
- President-elect Trump promised to repeal the Biden administration’s Executive Order on AI ([E.O. 14110](#)), which in relevant part, invoked the Defense Production Act to require foundation model developers to share information with the federal government. He may also rescind parts of the Biden administration’s National Security Memorandum on AI.
- During his second term, President-elect Trump will likely rely on the AI industry to largely regulate itself when it comes to safety and security.
- With Republicans in control of Congress, AI policymaking will be targeted and focused on competition with China.
- Look for Congress to pass a few bipartisan targeted AI bills before the end of the year.

The Trump Administration's Approach to AI Policy

Election
2024



- President-elect Trump supports a light regulatory touch on AI and has voiced support for open-source models.
- President-elect Trump vowed to repeal the Biden administration's Safe, Secure and Trustworthy Artificial Intelligence Executive Order ([E.O. 14110](#)), arguing it “imposes Radical Leftwing [sic] ideas on the development of the technology.”
- Similarly, President-elect Trump may seek to cancel portions of the Biden administration's National Security Memorandum on AI but retain provisions that are consistent with the Trump administration's policymaking vision for AI (i.e., President-elect Trump said he wants to double U.S. electrical capacity to support AI needs).
- The Trump administration may launch AI-related “Manhattan Projects” and create industry-led agencies to monitor AI risk, among others.
- The Trump administration will likely continue efforts undertaken by the Biden administration to control the flow of AI and related technologies to China.
- Project 2025, which may influence the Trump administration's policy decisions, calls for federal investment in the development of AI systems to promote U.S. competitiveness with China. Although it does not include detailed nondefense AI priorities, Project 2025 argues government oversight in key areas, including privacy, should be rolled back.

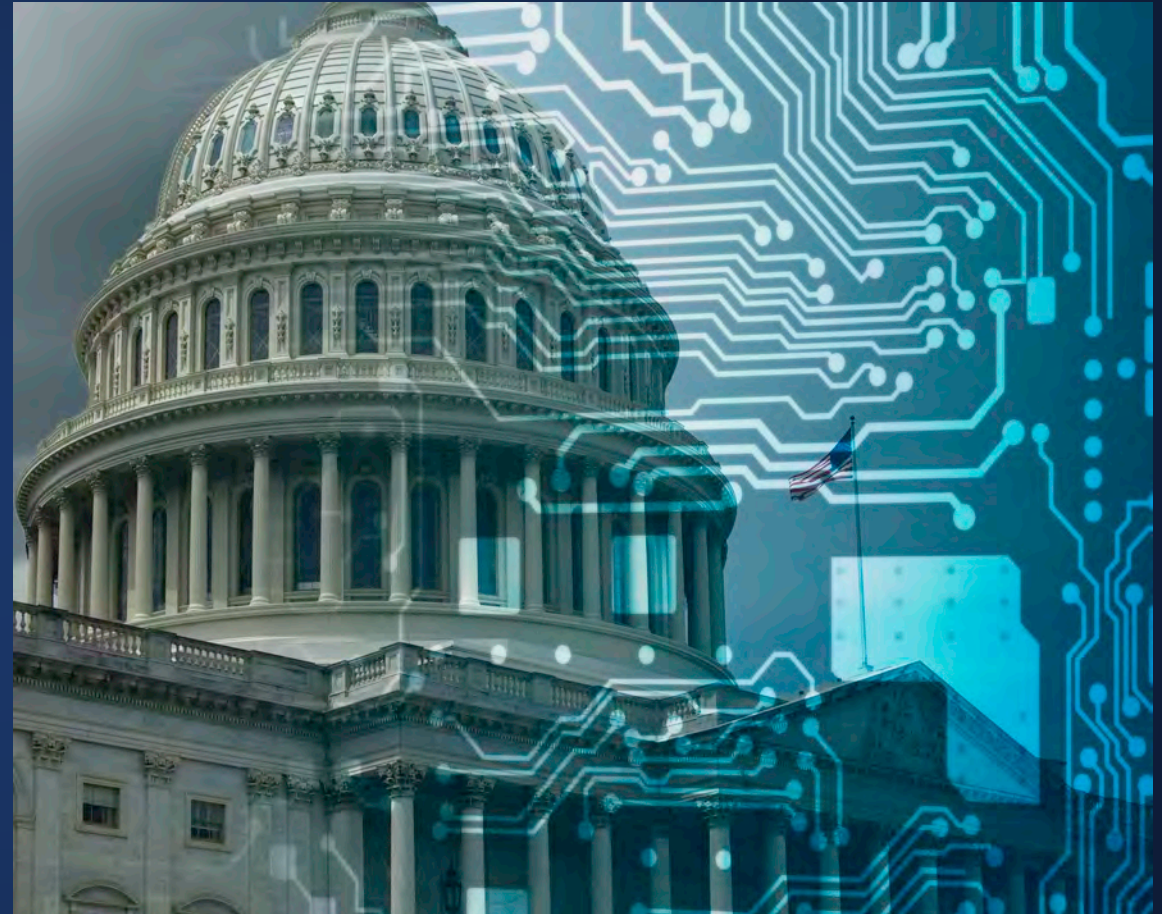
Senate AI Policy Outlook in the 119th Congress

- Sen. John Thune (R-SD), who is running for Senate majority leader in the 119th Congress, has been deeply involved in AI policy discussions, drafting a bipartisan “light touch” framework alongside Sen. Amy Klobuchar (D-MN) in 2023.
 - If Sen. Thune becomes majority leader, advancing that framework may become a significant priority and he would likely play an active role in AI policy discussions.
- If Sen. Thune becomes majority leader, Sen. Ted Cruz (R-TX) will serve as chairman of the Senate Commerce Committee in the 119th Congress.
 - Sen. Cruz would have significant input on what AI-related legislation the Senate considers. He has been critical of efforts to regulate AI broadly and will likely only consider narrow AI legislation.
 - This could include his Take It Down Act ([S.4569](#)), which would criminalize the spread of non-consensual intimate imagery, including deepfakes, and require social media companies to remove the content when notified by a victim.
- If Sen. John Cornyn (R-TX) becomes Majority Leader, Sen. Thune would likely use his seniority on the Commerce Committee to bump Sen. Cruz from leading the committee. As chairman of the Senate Commerce Committee, Sen. Thune would lead AI-related legislative efforts in the Senate.
- It is unclear whether the bipartisan AI Working Group, which is led by current Majority Leader Chuck Schumer (D-NY) and Sens. Mike Rounds (R-SD) and Todd Young (R-IN), will continue to play a role in coordinating AI policy.



House AI Policy Outlook in the 119th Congress

- House Speaker Mike Johnson (R-LA) and Majority Leader Steve Scalise (R-LA) are wary of legislation that could lead to evaluation of claims of algorithmic discrimination under a disparate impact standard or otherwise stifle AI development. Given their leadership role, we expect the House to consider narrow legislation targeted at gaps in existing law.
- The bipartisan House AI Task Force established by House Speaker Johnson and Minority Leader Jeffries (D-NY) will continue to play a leading role in setting the AI policy agenda.
- We may also see legislative efforts focused on competition with China to ensure the U.S. maintains leadership in AI innovation (i.e., a CHIPS-like investment program focused on AI).
- The bipartisan Artificial Intelligence Caucus will continue to play a role in educating members of Congress on AI issues.





AI Policy: What to Watch in the Lame-Duck Session

- The Biden administration will continue to implement the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence Act (E.O. 14110), but President-elect Trump has vowed to rescind the executive order.
- The House AI Task Force is expected to release a report outlining several bills that could be passed this Congress.
- House and Senate leaders are working to pass AI-related bills that have been marked up by the House Science, Space, and Technology and Senate Commerce Committees.
 - Possible vehicles include the FY25 NDAA, the end of the year funding package, and a standalone AI package.
- Both the House and Senate versions of the FY25 National Defense Authorization Act include several AI-related provisions aimed at expanding AI adoption in defense applications and ensuring the Department of Defense (DOD) adopts the AI-enabled infrastructure needed to support emerging technologies.
 - While the provisions included in the House and Senate NDAA bills differ, the bills are being conferenced, and several AI-related provisions are likely to be included in the final FY25 NDAA, which Congress will consider in December.



Key Contacts

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Defense and National Security

Defense and National Security

Key Takeaways

- President-elect Trump and Congress will continue to focus on strategic competition with China.
- The Republican-controlled Congress and Trump administration will likely increase spending caps on defense.
- Military assistance for Israel will continue, while aid for Ukraine will be met with resistance by the incoming president and some Republican lawmakers.



Defense and National Security Overview

Election
2024



Lame-Duck Session

- House Armed Services (HASC) and Senate Armed Services (SASC) Committees will complete work on the FY25 National Defense Authorization Act.
- The bill is one of the remaining must-pass legislative vehicles. There is a mix of AI and China-related legislation that is under consideration by congressional leadership to be added in a final agreement.
- NDAA has passed for 63 consecutive years, which neither party wants to break.

119th Congress – Priorities

- Congress will work to strengthen the U.S. industrial base through further investments to help counter foreign adversaries, including China.
- The Trump administration will use the Committee on Foreign Investment in the U.S. (CFIUS) oversight, similar to the first term, to address national security concerns that benefit U.S. investors.
- Republicans and the administration will pursue increasing defense spending above current spending caps – with a focus on shipbuilding, Navy modernization, artificial intelligence, and critical technology research and development (R&D).

Defense and National Security Overview – 119th Leadership

Election
2024



- The House and Senate Armed Services Committees leadership will remain in place with Sen. Roger Wicker (R-MS) becoming chair, Sen. Jack Reed (D-RI) serving as ranking member, Rep. Mike Rogers (R-AL) maintaining the gavel, and Rep. Adam Smith (D-WA) continuing to serve as ranking member.
- There will be a reshuffling of subcommittee leadership with several vacancies due to departing members including:
 - SASC Subcommittee on Cybersecurity – Sen. Joe Manchin (I-WV)
 - HASC Subcommittee on Intelligence and Special Operations – Rep. Ruben Gallego (D-AZ)
 - HASC Subcommittee on Personnel – Rep. Jim Banks (R-IN) and Rep. Andy Kim (D-NJ)
 - HASC Subcommittee on Strategic Forces – Rep. Doug Lamborn (R-CO)

China Competitiveness – The Trump Administration

Election
2024



Microelectronics fabrication remains a key priority in U.S./China competition

- U.S. competition with China will be a focus for the administration. President-elect Trump is expected to take an extremely aggressive anti-China stance, including potentially imposing a 60% tariff on Chinese imports on top of a broad-based 10% to 20% tariff on all imports.
 - This policy would likely spark significant retaliatory tariffs from China, increasing the cost of goods across the economy and reducing U.S. exports to China.
- President-elect Trump will propose increases to defense spending to remain competitive against China. Increases may be directed towards emerging and critical technology development to reduce dependence on foreign-made technologies.
 - To address Chinese infiltration in critical infrastructure, President-elect Trump's agenda proposes restricting Chinese ownership of energy, technology, telecommunications, farmland, and other strategic national assets to limit access in the market.
- President-elect Trump provided military support and strengthened bilateral relations with Taiwan during his first administration, however he has since called for Taiwan to “pay us for defense” and alleged that Taiwan has stolen the U.S. chip industry. He has been ambiguous about whether the U.S. should defend Taiwan if invaded by China.

China Competitiveness – Congress

Election
2024



The U.S. Pacific Command Forces
in the Indo-Pacific region

- Countering China will remain a top priority in the 119th Congress.
- The House and Senate Armed Services Committees are expected to continue funding U.S. Indo-Pacific Command at high levels in support of the Pacific Deterrence Initiative, as well as increase topline defense authorization levels.
- Republicans are expected to continue scrutiny of U.S. economic entanglement with China, particularly related to electric vehicles, semiconductors, biologics, and other critical technologies.
 - This may include the imposition of outbound investment screening mechanisms and other trade restrictions, as early as during the lame-duck session.
- Republicans may use the context of China competitiveness to advocate for policies that increase the domestic production of critical minerals.

Foreign Assistance Funding for Ukraine

Election
2024



- The U.S. has provided over \$117 billion in military aid to Ukraine since it was invaded by Russia.
- A growing number of Republican lawmakers have been critical of spending additional funds on Ukraine as the war has continued.
- Republican leadership will be reticent to approve additional military aid to Ukraine. Significant cuts to foreign assistance, including reduced arms shipments, is possible.
- On the campaign trail, President-elect Trump promised to quickly negotiate an agreement to end the Russia-Ukraine war as part of a broader effort to minimize American involvement in foreign wars.
 - He may use the threat of halting military aid to get President Zelenskyy to the negotiating table with Russia.
 - He could also threaten to prolong Ukraine's already long path toward North Atlantic Treaty Organization (NATO) accession.

U.S. Support for NATO

Election
2024



- President-elect Trump will likely downsize the United States' participation in the North Atlantic Treaty Organization.
 - Throughout his first term, he repeatedly threatened to pull out of NATO entirely if European countries did not increase spending to meet the 2% defense investment guideline.
 - In February 2024, he threatened to withhold U.S. protection under Article 5 from countries not spending enough on defense.
 - Eight out of 32 NATO countries have not yet reached the 2% threshold.
- It is unlikely that Congress would approve a complete abandonment of NATO, even with both chambers under Republican control.
- In response to concerns of a premature exit from NATO, Congress passed restrictions that prevent a president from unilaterally withdrawing from NATO in the FY24 NDAA. However, there are other legal avenues he could take to limit U.S. participation in NATO, which would significantly impact the alliance.
- Some Trump-aligned defense advisors have called for a dramatic reorientation of NATO that would reduce America's security role in Europe.

Defense Spending

Election
2024



House Armed Services Committee Chair Mike Rogers (R-AL)

- HASC and SASC will complete work on the FY25 NDAA during the lame-duck session.
 - Lawmakers need to resolve the topline authorization level. The House-passed NDAA would total \$895.2 billion, whereas the Senate bill would authorize \$908.4 billion, an extra \$25 billion more than DOD requested and that exceeds the FY25 defense spending caps established in the Fiscal Responsibility Act.
- In the 119th Congress, defense spending is expected to grow with strong support from the DOD.
 - HASC and SASC are expected to prioritize research on emerging technologies, including AI and hypersonic weapons, and growing DOD’s cyber capabilities.
 - Strategic competition with China and Russia will continue to be a priority, shaping the policy and funding priorities in the annual NDAA.
 - Republicans may add provisions to the NDAA targeting “woke” policies to restrict diversity, equity, and inclusion (DEI) initiatives and climate policies pursued in the previous administration at DOD.

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2024



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Education

Education

Key Takeaways

- Although President-elect Trump has called for the elimination of the Department of Education (DOE), he will not have the congressional support needed to do so given narrow margins in the House and Senate.
- Republicans will look for ways to reduce the federal role in education through cutting spending for key education programs at the federal level, such as funding for Title I K-12 schools and forcing civil servants out.
- The Trump administration also will eliminate or halt action on numerous Biden-era regulations, including Title IX and student loan debt relief, and will aggressively pursue elimination of campus DEI programs and a revamped accreditation system.





Overview

- Rep. Virginia Foxx's (R-NC) last few months as chair of the House Education and the Workforce Committee may signify a few key developments:
 - Some parting gifts for Chairwoman Foxx in a year-end package may include:
 - An agreement on the bill to reauthorize the Workforce Innovation and Opportunity Act (WIOA), the Stronger Workforce for America Act ([H.R. 6655](#)), considered a Dr. Foxx legacy priority
 - An agreement to amend the Higher Education Act of 1965 to extend Federal Pell Grant eligibility to certain short-term workforce programs ([H.R. 6585/S. 161](#))
 - Other bipartisan provisions of her College Cost Reduction Act ([H.R. 6951](#)), which is the linchpin of her Higher Education Act (HEA) reauthorization proposal.
 - The Stop Campus Hazing Act ([H.R. 5646/S. 2901](#)), which passed the House by voice vote in September, is likely to be signed into law before the end of the year.
- Reps. Burgess Owens (R-UT) and Tim Walberg (R-MI) are expected to battle for the gavel next Congress. While Rep. Owens is a close ally of Chairwoman Foxx, Rep. Walberg is next in seniority to lead the committee for the Republicans.
- Senate HELP Committee roles will flip with Sen. Cassidy becoming chairman and Sen. Bernie Sanders (I-VT) becoming ranking member. It remains to be seen how much Sen. Cassidy will prioritize education issues once he has the gavel.
 - Sen. Cassidy has expressed interest in passing legislation related to literacy and learning disability issues considering his personal experience with one of his children who has dyslexia.
 - He also may look for ways to pass the College Transparency Act ([H.R. 2957/S. 1349](#)) next Congress given it has been one of his higher education priorities for several Congresses.



Overview

- President-elect Trump has proposed to eliminate the Department of Education, and while that is unlikely to occur, he will work with a Republican-controlled Congress to pursue drastic funding cuts to education programs like Title I and postsecondary education.
 - Low morale amongst the department’s career employees could lead to a mass exodus during the first few months of the new administration, if not forced out as part of a broader effort to dismiss career Democrats within federal government.
- Other key goals of the Trump administration and Republican Congress in this space include:
 - Overturning or significantly altering several Biden administration regulations, such as Title IX and student loan repayment programs.
 - President Biden could make one-time student loan account adjustments and address student loan debt in bankruptcy before leaving office in preparation.
 - Legislation advancing universal school choice, the expansion of 529 savings accounts, and the support of homeschooling families.
 - Continued oversight of colleges and universities on First Amendment rights, antisemitism, Title IX, DEI programming, accreditation standards, and foreign influence issues.
 - Potential HEA reauthorization, with the College Cost Reduction Act as the base bill.
- It is unclear who President-elect Trump will select as his Education Secretary. While the role recently has been awarded to K-12 school leaders, Arkansas Governor Sarah Huckabee Sanders, Virginia Governor Glenn Youngkin, Moms for Liberty Co-Founder Tiffany Justice, and former Secretary Betsy DeVos are contenders.

Early Learning and Child Care Issues

Election
2024



- **Child Care and Development Block Grant Program (CCDBG).** Increased investments in CCDBG have earned bipartisan support since the pandemic, and Rep. Owens has championed robust funding for the program in recent Congresses.
 - Expect congressional Republicans to focus on updating CCDBG, which has not been reauthorized in 10 years, in addition to prioritizing relevant tax credits, incentivizing choice in providers, including home-based and onsite care, and expanding military care.
 - In lieu of agreement on a CCDBG reauthorization bill, the Trump administration could roll back or rewrite the Biden administration’s regulations governing CCDBG family copayments and Head Start wage requirements.
- **Tax Credits.** Given the expected focus on tax reform in 2025, with the expiration of many tax provisions in the Tax Cuts and Jobs Act, many of the bipartisan policies in the child care space are expected to be in play during this debate in addition to the Child Tax Credit, including the Child and Dependent Care Tax Credit, the Employer-Provided Child Care Tax Credit (or Section 45F), and the Dependent Care Assistance Program.

K-12 Education

Election
2024



- **Federal Support for Education.** President-elect Trump has said he wants to close the Department of Education and move education policymaking to the states. Even with Republican majorities in both chambers, he will not succeed in closing the Department of Education given the need for legislation to do so and the slim majorities in both chambers, though he may seek to lessen the department’s effectiveness if there is a mass exodus or dismissal of civil servants.
- **Curriculum Issues.** Many Republicans focused on curriculum issues and countering “woke” policies in K-12 schools on the campaign trail.
 - Republicans will continue to look for opportunities to conduct oversight and advance policies at the federal level that address their concerns, including reinstating the first Trump administration’s 1776 Commission that President Biden repealed when he entered office.
 - That said, most of the action will remain with state and local officials who have jurisdiction over these topics in K-12 education.
 - The Trump administration may utilize the grantmaking and contracting process to place restrictions on carrying out these policies.



Use of security guard as a school safety priority

- **School Safety.** President-elect Trump supports stricter school discipline measures in classrooms, as well as school hardening measures and policies to train teachers to use concealed weapons, as ways to combat school safety threats.
 - Despite bipartisan support for additional investments in the Bipartisan Safer Communities Act (BSCA, [P.L. 117-159](#)), it is unlikely the Trump administration would support increased funding for these programs.
 - Vice President-elect Vance has been critical of BSCA for restricting schools from purchasing weapons for hunting, archery, and shooting programs.
- **School Choice.** Similar to the first Trump administration, we expect a second administration to prioritize education freedom issues, including advancing policies related to school choice, vouchers, 529 savings accounts, and homeschooling families.
 - The administration does not have much leverage to advance school choice priorities other than broad support for programs like the Charter Schools Program.
 - Despite this, Republican lawmakers may look for ways to implement expanded school choice policies, including through bills like the Educational Choice for Children Act ([H.R. 531/S. 120](#)).

Education Technology

Election
2024



- Like in his first term, President-elect Trump is likely to look for ways to cut funding for federal education programs, including programs that fund education technology purchases in schools.
 - **Student Success and Academic Enrichment Grant (SSAEG).** Schools can purchase education technology equipment through this block grant program, but President-elect Trump’s previous budget proposals zeroed it out.
 - Congress ignored his previous requests to eliminate the program; expect flat funding or slight reductions for SSAEG in the 119th Congress.
 - The administration and Congress may compromise on funding increases for rural areas, which could mean a boost for the Rural Education Achievement Program, with authorized uses matching those under SSAEG.
 - **E-Rate.** This program is funded through the Universal Service Fund and is used to purchase broadband and technology equipment for K-12 schools and libraries.
 - It is unclear whether the Trump administration would continue to fight for this program and its current funding structure, which is currently tied up in legal battles.
 - **Children’s Data Privacy.** Protecting children from technology companies and the collection of their data for non-education related reasons is a bipartisan issue that will likely be addressed next Congress if policymakers do not find a way to pass legislation updating current laws to protect children’s data privacy in the lame-duck session.

College Affordability

Election
2024



Current House Education and the Workforce Committee
Chairwoman Virginia Foxx (R-NC)

- **Federal Support for Higher Education.** Given President-elect Trump's desire to dismantle the Department of Education is unrealistic, he will instead threaten college affordability investments and programs through slashed budget proposals.
- **Deregulation.** If Congress is unable to repeal regulations through the Congressional Review Act, President-elect Trump's Department of Education may spend much of its time pulling or redrafting regulations and guidance related to campus protests, student loan repayment and forgiveness, Title IX, distance education, TRIO eligibility for DREAMERs, and textbook affordability.
- **Higher Education Accountability.** Reducing college costs would remain a priority for congressional Republicans, but expect it to come through market-driven solutions, such as performance-based funding incentives, institutional risk-sharing, and revoking tax-exempt statuses from nonprofit colleges and universities that come under congressional scrutiny.
 - Given the work to advance House Education and the Workforce Committee Chairwoman Foxx's College Cost Reduction Act ([H.R. 6951](#)) in the 118th Congress, expect it to serve as the base for any HEA reauthorization legislation that moves forward in the 119th Congress.
- **Career Pathways.** An increased focus on workforce-oriented education, such as certification programs and non-traditional degree opportunities, will likely be a priority for congressional Republicans and the administration.

Campus Climate

Election
2024



- Congress and the Trump administration will focus on a variety of higher education issues, including First Amendment rights, antisemitism, foreign influence, DEI, and college athletics.
 - **Title IX.** President-elect Trump is expected to withdraw the Biden administration’s Title IX final rule, eliminating protections for LGBTQ+ students and DEI programs.
 - **Civil Rights and Antisemitism.** Combatting antisemitism remains a top priority for Republicans.
 - Members in both chambers will push for more hearings, legislation, and regulations to address this issue on and off college campuses. Congressional Republicans will work to ensure students’ First Amendment rights, such as freedom of speech and association, remain intact and will reintroduce the Respecting the First Amendment on Campus Act ([H.R. 7683](#)), which aims to address institutional overreach on students’ free speech.
 - The department also is likely to issue new guidance threatening DEI initiatives on college campuses.
 - **Foreign Influence.** Foreign influence in higher education remains a concern for Republicans, who will continue to investigate and call for limiting funds to institutions that take donations from foreign adversaries. Lawmakers will continue to push for reforms to Section 117 of the HEA, which addresses foreign gift and contracting reporting requirements for institutions.
 - **Student Athletics.** It is unclear how Congress will look to address college athletics issues, such as name, image, and likeness or employment of college athletes, given the recent proposed settlement in several cases related to these issues, though Republican control of both chambers may help these efforts progress next Congress.

Workforce Legislative Issues

Election
2024



- **Workforce Innovation and Opportunity Act Reauthorization.** Despite the bipartisanship that often accompanies a workforce reauthorization bill, the 118th Congress has yet to pass WIOA reauthorization legislation, making it likely this work will continue in the 119th Congress if not accomplished in the lame-duck session.
 - The House passed its bill – the Stronger Workforce for America Act ([H.R. 6655](#)) – earlier this year. The bill is seen as a top legacy issue for Chairwoman Foxx.
 - The Senate HELP Committee released a discussion draft but has not considered a bill formally.
- **Pell Grants for Short-Term Programs.** Congress may attach a proposal to expand Pell Grant eligibility to short-term programs, such as the House’s Bipartisan Workforce Pell Act ([H.R. 6585](#)) or the bipartisan, bicameral JOBS Act ([H.R. 793/S. 161](#)), as part of a year-end package.
 - Sticking points remain over a pay-for mechanism and whether for-profit entities should be eligible to participate.
 - Given the bipartisan nature of these proposals, Congress will continue its efforts to pass legislation next year if it does not act in the lame-duck session.

Workforce Regulatory Issues

Election
2024



- **Overtime Rule.** The Biden administration's overtime rule, which went into effect on July 1, 2024, incrementally increases the eligibility thresholds for workers' overtime pay over the next couple of years.
 - The rule faces several legal challenges, and President-elect Trump has not indicated how he would address the rule and if he would seek to repeal and replace it.
 - He will push for legislation to end taxes on overtime pay as part of the tax package discussions likely to take place next year.
- **Worker Classification.** The Biden administration repealed the Trump-era worker classification rule and instituted a stricter standard for companies utilizing independent contractors, which went into effect in March 2024.
 - Business groups filed lawsuits challenging the rule, meaning it is unlikely President-elect Trump will defend the rule in court.
 - Instead, he may repeal the rule and reinstate a version similar to his previous administration's proposal.
- **No Tax on Tips.** President-elect Trump has proposed eliminating tax on tips for certain workers.
 - While Republican Senators have introduced legislation since the campaign announced the plan, it is unclear whether there is sufficient support in Congress to make the change.

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Election
2024



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Energy and Climate

Energy and Climate

Key Takeaways

- Under an all-Republican government, energy production is expected to continue to decarbonize while the economy continues to add significant volumes of renewable energy.
- The election of President-elect Trump and a Republican Congress affect the pace and direction of this transition, in particular with respect to tax subsidies provided under the Inflation Reduction Act.
- Several other policies that President-elect Trump is likely to pursue will support fossil fuel production, in addition to market conditions and power needs, including changes to federal permitting laws and regulations; expanding opportunities to access public lands for oil and gas leasing and development; and reducing regulatory requirements with respect to air quality, water quality, and environmental justice considerations.



Energy and Climate

Election
2024



North Dakota Governor Doug Burgum, a potential candidate to become Energy Secretary

- President-elect Trump is expected to repeal or limit recent Biden administration rulemakings targeting new gas and existing coal power plants, methane emissions from oil and gas production, energy efficiency standards, and more.
- The incoming administration and Congress will also broadly pursue policies to facilitate oil and natural gas production, including easing permitting and allowing new oil and gas leases on public land.
 - President-elect Trump has also said he would restart oil production in Alaska’s Arctic National Wildlife Refuge.
- Congressional Republicans and President-elect Trump may scrap or curtail Inflation Reduction Act (IRA) incentives and other funding for clean energy technologies.
 - The Trump administration may cancel current contracts and programs as soon as day one. Rescinding other sources of funding, like IRA tax credits, will require legislation from Congress, though tax regulations not yet finished may be withdrawn and others revised.



United Nations Framework Convention on Climate Change

- President-elect Trump has also committed to withdraw the United States from the Paris Climate Agreement as he did in his first term.
 - President-elect Trump may go even further in his second term. Trump campaign advisors advocated withdrawal from the United Nations Framework Convention on Climate Change (UNFCCC), which serves as the forum for global climate talks.
 - Withdrawing from the UNFCCC may require Senate approval.
- On the campaign trail, President-elect Trump criticized large renewable energy projects, particularly offshore wind, and has promised to block such projects his first day in office.

Permitting Reform

Election
2024



- Republican control of the White House and Congress makes Sen. Joe Manchin's (I-WV) bipartisan permitting reform proposal ([S. 4753](#)) unlikely to be signed into law this year. Instead, Republicans will likely wait to advance their own proposal next Congress.
- Controlling all three branches of government, Republicans are likely to ease the permitting process for infrastructure projects, particularly for oil, gas, and nuclear, and may seek to limit a plaintiff's ability to challenge projects under the National Environmental Policy Act (NEPA) and other laws.
- To further speed environmental reviews for infrastructure projects, the Trump administration will also likely rewrite Biden administration's NEPA [regulations](#), which themselves revised aspects of NEPA [rules](#) issued in Trump's first term.

Environmental Justice Outlook

Election
2024



- While President-elect Trump has yet to release specific plans, the Trump White House will likely reduce funding for environmental justice initiatives established under President Joe Biden.
 - President-elect Trump is expected to end the Justice40 initiative, which established a goal that 40% of the overall benefits of certain federal climate, clean energy, affordable and sustainable housing, and other investments go to communities overburdened by pollution.
- Throughout the 2024 campaign, President-elect Trump consistently emphasized strong support of the U.S. fossil fuel industry and plans to rescind key environmental and climate regulations.
- The White House is expected to seek drastic cuts in funding for the Environmental Protection Agency.



Electric Vehicles and Charging Infrastructure

- Republican members of Congress regularly criticized the Biden administration for its rollout of the Bipartisan Infrastructure Law and Inflation Reduction Act electric vehicle (EV) incentives.
- For instance, House Energy and Commerce leaders led a [letter](#) to Department of Energy Secretary Jennifer Granholm and Department of Transportation Secretary Pete Buttigieg raising questions about the prior administration's ability to implement the National Electric Vehicle Infrastructure Formula and the Charging and Fueling Infrastructure discretionary grant programs.
- Similarly, President-elect Trump frequently criticized EVs on the campaign trail. In office, he is expected to increase restrictions on batteries with Chinese inputs (such as the Foreign Entity of Concern Rules), curtail tax incentives for EVs provided under the IRA, and roll back Clean Air Act standards that incentivize manufacturers to produce EVs.



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Election
2024



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Federal Funding and Appropriations

Federal Funding

Key Takeaways

- Republicans may delay final FY25 spending bills to next year when they have complete control of Washington.
- Congressional Republicans will work with President-elect Trump to reduce domestic spending growth. Small majorities may make it difficult to meet President-elect Trump's goals of eliminating agencies or programs.
- Earmarks are likely to remain, but Republicans may tweak accounts and criteria.
- Congressional Republicans may push for a new multi-year agreement on spending caps to curb nondefense spending with key exceptions.



America First
A Budget Blueprint to Make
America Great Again

The image shows the cover of a budget blueprint document. The title is 'America First: A Budget Blueprint to Make America Great Again'. The cover is white with black text and is set against a dark blue background. A circular seal is partially visible in the lower right corner of the image.



Federal Appropriations Overview

- **Lame-Duck Session Strategy 1** – Congress passed a Continuing Resolution (CR) which ends on December 20, however it is not clear an FY25 appropriations deal can be reached, as Republicans may prefer to delay funding until they control Congress and the White House in January. This strategy backfired on them in 2016-2017.
- **Lame-Duck Session Strategy 2** – Potential supplemental funding package to support natural disasters and foreign aid. The Biden administration pledged to send \$6 billion to Ukraine before President-elect Trump comes into office, given that Washington will be more skeptical of Ukraine support next year.
- **Lame-Duck Session Strategy 3** – Determine whether to address a debt ceiling extension deal before January 2, 2025, when the current suspension expires.
- **Trump Rerun** – He will repeat his first term effort to reduce domestic government spending and eliminate select programs. His first term and Project 2025 provide insight into areas likely to be targeted.
- **Reality** – President-elect Trump's budget cuts will be more likely evident in FY26, when he controls more of the process, than FY25 when inheriting the budget work of the previous administration.
- **Leadership Turnover** – Reps. Tom Cole (R-OK) and Rosa DeLauro (D-CT) and Sens. Susan Collins (R-ME) and Patty Murray (D-WA) will likely remain Appropriations Committee leaders. Both committees will shuffle subcommittee leadership roles after retirements, election losses, and committee movement. Key changes include:
 - Ranking member of the House State/Foreign Operations Subcommittee – Rep. Barbara Lee (D-CA) retiring.
 - Ranking member of the House Commerce, Justice, Science (CJS) Subcommittee – Rep. Matt Cartwright (D-PA) lost.
 - Chairs of the Senate Military Construction/Veterans Affairs and Defense Subcommittees - Sen. Kyrsten Sinema (I-AZ) retiring, and Sen. Jon Tester (D-MT) lost.

Earmarks in 119th Congress

Election
2024

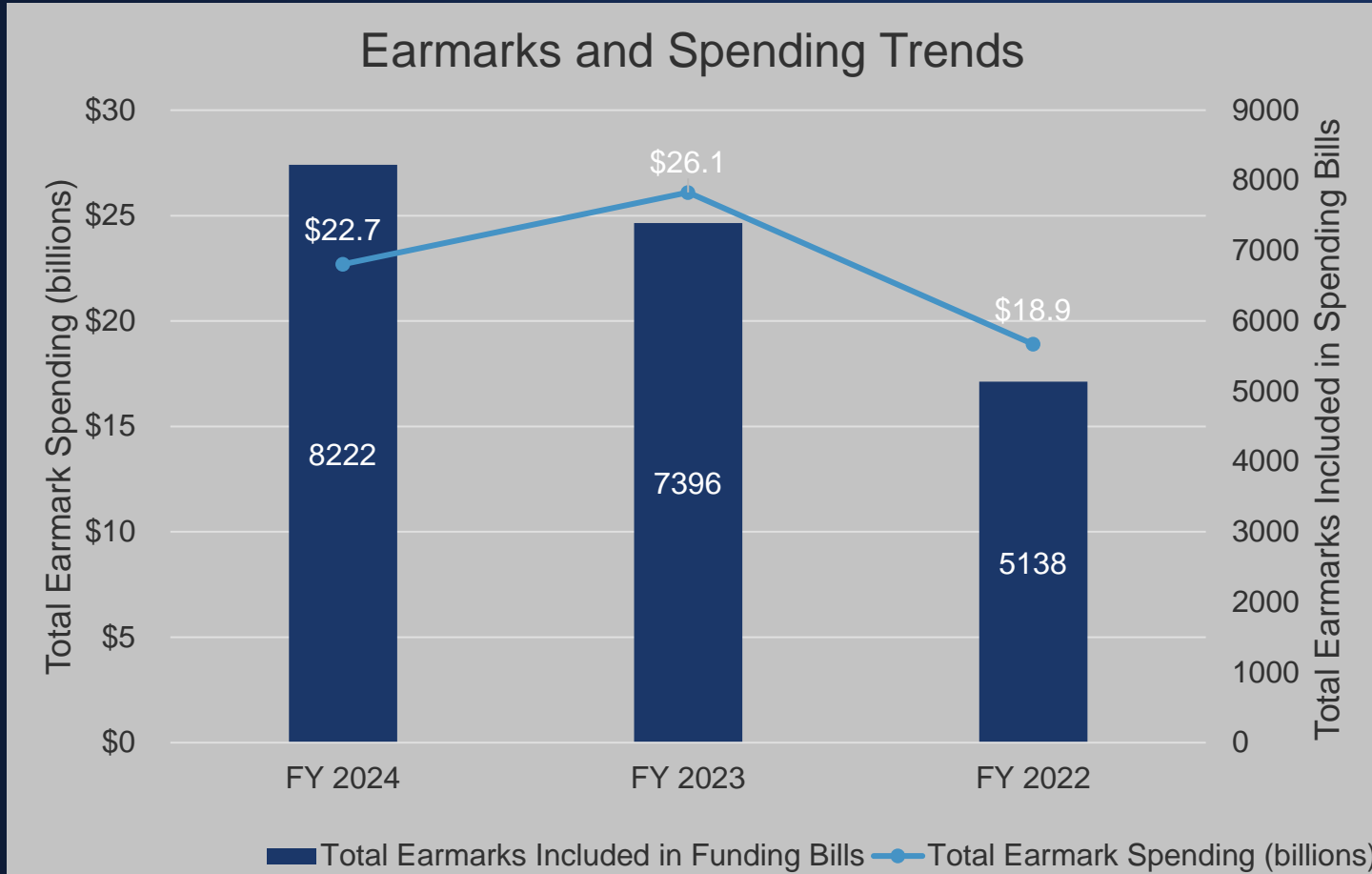


House Appropriations Chair Tom Cole (R-OK)

- **Earmarks Will Grow** – Some Republicans remain hostile, but more Republicans ask for them each year, as do nearly all Democrats.
- **Process Tweaks** – With complete control of Congress, Republicans may alter eligible accounts and specific criteria.
 - For example, House Republicans already ban earmarks in the Financial Services and Labor-HHS-Education funding bills, and non-profits were ineligible under certain accounts. However, Chairman Cole has indicated his willingness to reopen the Labor-HHS-Education accounts next year.
- **Earmark Reality** – The ruling party usually takes home at least 60% of total earmark dollars awarded each year.
 - In FY24, the Republican majority won 62% of House earmark funding.

Earmark Trends Since FY20 Reinstatement

Election
2024



Data Source: Citizens Against Government Waste

- Total number of earmarks approved has increased each appropriations cycle.
- Total spending on earmarks fell in FY24 after Republicans won the House, despite more members requesting project funding.
- FY25 earmarks won't be finalized until Congress reaches a spending deal.

Impoundment



- The Congressional Budget and Impoundment Act of 1974 prohibits the executive branch from delaying or withholding appropriated funds.
- President-elect Trump believes he has the constitutional power to impound federal funds because legislative restrictions on this executive authority are unconstitutional. He has pledged to use impoundment to reduce waste, fraud, and abuse in federal spending.
- Many domestic programs and agencies are at risk of impoundment.

Impoundment Process:

1. President-elect Trump submits a special rescission message to Congress detailing the total amounts to be rescinded, the programs affected, and his reasoning.
2. Congress must act to approve a rescission bill that includes all, part, or none of the president's request. If Congress does not pass a rescission bill, the affected funds must be released after a 45-day period.
3. President-elect Trump would challenge a congressional action that overturns his impoundment actions and pursue the case to the Supreme Court.

Federal Spending Outlook for Domestic Discretionary Programs

Election
2024

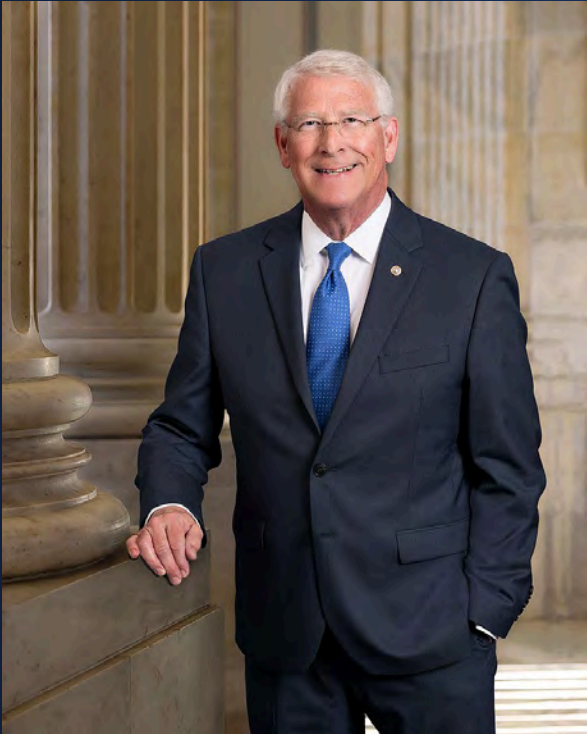


Former Office of Management and Budget (OMB)
Director Russell Vought, who could return in a
second Trump administration

- Besides impoundment, President-elect Trump can only cut federal spending growth if congressional Republicans are united, as Democrats will oppose proposals to significantly cut spending.
- For example:
 - In his FY18 budget request, former President Trump sought to save \$26.7 billion by eliminating 66 federal programs at the Department of Health and Human Services, USAID, and other federal agencies.
 - In his FY20 budget request, former President Trump proposed cuts at the Environmental Protection Agency (31%), Department of State (23%), and Department of Transportation (22%), but wanted to increase funding for the Departments of Defense, Homeland Security, and Veterans Affairs.
- **2025-2029 Reality** – Spending growth will likely slow for most domestic discretionary spending, and many accounts may lag behind the rate of inflation.

Federal Spending Outlook for Defense Spending

Election
2024

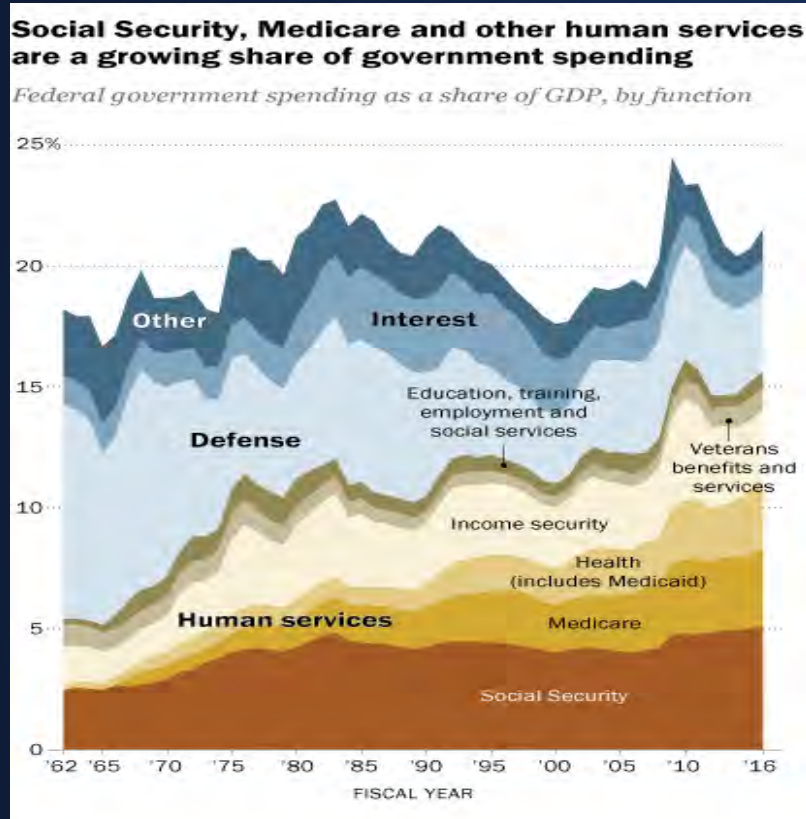


Senate Armed Services Committee Ranking Member Roger Wicker (R-MS). He is likely to chair the committee next Congress

- The federal government is likely to increase defense spending.
- During his first term, former President Trump’s budget request repeatedly called for significant increases to defense spending.
- During the 2024 campaign, President-elect Trump promised to “provide record funding for our military.”
- Defense hawks in Congress, including current Senate Armed Services Committee Ranking Member Roger Wicker (R-MS) will push for defense spending to match 5% of GDP.
- If he can, President-elect Trump will use impoundment to squeeze domestic spending to pay for the trifecta of increased defense spending, tax cuts, and reducing the deficit.

Federal Debt Outlook

Election
2024



Source: Pew Research Center

- According to the Congressional Budget Office (CBO), the federal government will spend more in FY24 paying interest on the debt than on national defense.
 - CBO estimates the federal government will spend \$870 billion on interest and \$850 billion on defense.
- The party controlling Congress is quick to pass new spending and policies adding to the deficit, while the party out of control suddenly grows concerned with reducing the deficit. Recent examples include Covid-relief bills, the Inflation Reduction Act, and the Tax Cuts and Jobs Act.
- Most government outlays are for entitlements and social welfare support programs that both parties refuse to address. Long-term entitlement reform is the only way to solve an otherwise inevitable debt crisis in the United States.
- President-elect Trump's campaign alluded to ways to cut entitlements, but public criticism led him to pledge to preserve Social Security and Medicare benefits.

Fiscal Commissions and Entitlement Reform

Election
2024



- **1980-2024** – There have been over half a dozen major bipartisan congressional efforts to identify solutions to control spending and entitlement reform. These efforts have yielded limited success.
- **2025-2029** – As tax and spending problems multiply, appointing a commission allows officeholders to delay tough decisions and to have someone to blame if tough decisions are ever reached. Establishing such a commission in 2025-2026 seems possible.
- **Creation of Efficiency Commission** – During the campaign, President-elect Trump proposed the creation of a Government Efficiency Commission, which would conduct a comprehensive financial audit of the federal government to recommend reforms. Elon Musk has expressed interest in leading this effort.
- **Reality Check** – Reforming entitlement benefits carry heavy political risks for either party, which is why Congress usually avoids it.

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Election
2024



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Financial Services

Financial Services

Key Takeaways

- The Trump administration will seek to reduce regulatory burdens in the banking, financial services, and housing sectors; repeal environmental, social, and governance (ESG) and climate disclosure standards ([EO 14030](#)) implemented under President Biden; and embrace the cryptocurrency industry.
- The Consumer Financial Protection Bureau will be less influential under President-elect Trump.
- President-elect Trump may seek to influence the Federal Reserve's decision-making on interest rates.
- Republicans in Congress will seek limits on outbound investment to and inbound investment from China and work with Democrats to establish guardrails for artificial intelligence.



Overview

- Republicans are expected to use their control of both chambers to prioritize:
 - 1) Countering China in the financial services sector
 - 2) Reducing bureaucracy and “red tape” to increase the U.S. housing supply
 - 3) Checking the authorities of the Securities and Exchange Commission and its “politicized approach” to digital assets
 - 4) Discouraging the use of environmental, social, and governance standards in financial markets.
- The Democratic minority will work to slow Republican legislative efforts. The Democratic party will highlight:
 - 1) Advancing consumer protections in fintech, private equity (the activities and conduct of portfolio companies), and shielding the Consumer Financial Protection Bureau from political pressures
 - 2) Promoting financial inclusion and fair lending
 - 3) Housing affordability
 - 4) ESG reporting, particularly as it relates to the climate and diversity
 - 5) Oversight of the Trump administration
- Despite Republicans’ control, the slim majorities make it unlikely the 119th Congress will pass sweeping changes in financial services law. Bipartisan progress on certain issues is nonetheless possible. For example, members of both parties have expressed interest in exploring the application of AI within financial services and housing, and there is bipartisan support for some measures countering China.

Potential Agency Nominees and Congressional Leadership

Election
2024



- **Department of the Treasury:** President-elect Trump may nominate hedge fund manager John Paulson or his former U.S. Trade Representative Robert Lighthizer to serve as Secretary of the Treasury.
- **Federal Reserve:** President-elect Trump stated he will allow Federal Reserve (Fed) Chair Jerome Powell to serve for the remainder of his term, which ends in 2026. Despite this, the President-elect has suggested that the Fed should show deference to the executive branch; this might include interest-rate decisions and regulations.
- **House Committee on Financial Services:** Given former Rep. Patrick McHenry's (R-NC) retirement, Reps. Andy Barr (R-KY), Bill Huizenga (R-MI), Frank Lucas (R-OK), and French Hill (R-AR) are expected to compete to lead the committee. Rep. Maxine Waters (D-CA) is anticipated to serve as ranking member.
- **Senate Committee on Finance:** Sen. Mike Crapo (R-ID) will likely chair the committee, while Sen. Ron Wyden (D-OR) is expected to be ranking member.
- **Senate Committee on Banking, Housing, and Urban Affairs:** Sen. Tim Scott (R-SC) is anticipated to chair the committee, with Sens. Jack Reed (D-RI), Mark Warner (D-VA), or Sen. Elizabeth Warren (D-MA) serving as ranking member.

Housing

Election
2024



Senate Banking Committee
Ranking Member Tim Scott (R-SC)

- Likely Banking Committee Chair Sen. Tim Scott (R-SC) recently led housing legislation that seeks to improve housing counseling and financial literacy programs, encourage small dollar mortgages, and update reporting requirements for federal agencies.
- How the House Financial Services Committee addresses housing will be driven by the new chair. The leading candidates are Reps. French Hill (R-AR), Bill Huizenga (R-MI), and Andy Barr (R-KY).
- The 2024 GOP platform promises to “promote homeownership through Tax Incentives and support for first-time buyers and cut unnecessary Regulations that raise housing costs.”
- Republicans are likely to focus their efforts on rolling back regulations they view as barriers to housing construction, though they may also push to include tax incentives for homeowners in tax legislation negotiations.

The Consumer Financial Protection Bureau

Election
2024



- With Republicans in control of Congress and the White House, the Consumer Financial Protection Bureau (CFPB) is expected to become the target of increased scrutiny.
- Currently, the CFPB is housed in and funded by the Federal Reserve, exempting it from the traditional appropriations process.
- Republicans may attempt to use the budget reconciliation process to redesignate the CFPB as a separate agency, subjecting it to the annual appropriations process.
- This would allow congress to exercise the power of the purse over the CFPB.
- Under the Trump administration, the CFPB is expected to likewise be subordinated to other regulatory bodies in overseeing the financial sector.



Digital Assets

Regulatory Framework

- The 118th House passed the bipartisan Financial Innovation and Technology for the 21st Century (FIT21) Act ([H.R. 4763](#)), legislation to bring certain consumer protections and market structure to the digital asset sector. FIT21 could be a starting point for debate in the new Congress.
- Republicans may use control of the 119th Congress to further develop a regulatory framework, especially given Senate Banking Committee Chair Tim Scott's (R-SC) crypto-friendly posture. Notwithstanding Republican control, any proposal must have some bipartisan support to pass the Senate.

Stablecoins

- House and Senate leadership are unlikely to agree on stablecoin legislation during the lame-duck session. Stablecoin legislation will remain a priority for the 119th Congress.

Central Bank Digital Currencies (CBDC)

- President-elect Trump is unlikely to nominate a Federal Reserve Board of Governors that would entertain the creation of a CBDC.
- Republicans may reintroduce legislation ([H.R. 5403](#)) to prevent the Federal Reserve from unilaterally issuing a CBDC to limit future administrations.





Outbound Investment

Addressing national security concerns with investment in China will be a bipartisan priority.

Proposals could include:

Disclosure

- Sens. Cornyn (R-TX) and Casey's (D-PA) Outbound Investment Transparency Act ([S. 2678](#)) would require investors in high-tech sectors to disclose new investments, joint ventures, or certain technology transfers with foreign entities of concern. A modified version of this proposal was included in the Senate Manager's Package to the FY25 National Defense Authorization Act but may be challenged by House Financial Services Committee Republicans.

Restrictions by Sector

- Reps. McCaul (R-TX) and Meeks' (D-NY) Preventing Adversaries from Developing Critical Capabilities Act ([H.R. 6349](#)) would restrict transactions with foreign entities that develop in certain critical technologies, for example, semiconductor, hypersonic, and advanced-computing industries in countries that may threaten U.S. security.

Restrictions by Entity

- Rep. Barr's (R-KY) Chinese Military and Surveillance Company Sanctions Act ([H.R. 760](#)) would impose sanctions on foreign persons or entities engaged in certain transactions or investments with companies tied to the Chinese military.

Anti-Money Laundering

Election
2024



Former Treasury Secretary Steven Mnuchin

- President-elect Trump is not expected to make substantial changes to his predecessor's anti-money laundering (AML) regime, given his support for the Anti-Money Laundering Act of 2020 ([P.L. 116-283](#)).
- Given his hawkish positions with respect to China, he may look to expand and intensify sanctions against foreign adversaries based on national security concerns.
- The Trump administration will largely maintain sanctions against financial facilitators of human rights abuses, terrorism, proliferation, drug trafficking, human trafficking, transnational crime, and cybercrime.
 - In an effort to end the war in Ukraine, President-elect Trump may float lifting AML-related sanctions on Russia as leverage to bring Russian President Vladimir Putin to the negotiating table.

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Election
2024



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Foreign Affairs

Foreign Affairs

Key Takeaways

- President-elect Trump will continue to question and criticize the value of U.S. participation and involvement in international organizations and agreements, and reassess the U.S. role in them.
- President-elect Trump will place a lower priority on climate, human rights, and democracy in U.S. policy, and higher priority on energy independence, secure supply chains, and rebuilding America's manufacturing base.
- President-elect Trump will avoid traditional trade and investment agreements in favor of targeted sectoral approaches to enhance the U.S. economy.
- Strategic competition with China will remain a top foreign policy challenge.
- A Republican-controlled Congress will encourage President-elect Trump to be "tough on China" and implement policies which benefit the American worker and build up domestic manufacturing.
- It remains unclear who will be the chair of the House Committee on Foreign Affairs; Rep. Michael McCaul (R-TX) is seeking a waiver to remain, but he is also interested in a senior national security role in the new Trump administration, should one be offered.
- Rep. Greg Meeks (D-NY) is expected to remain the top Democrat on the panel.





America on the World Stage

- During his first term, President-elect Trump withdrew the U.S. from several international organizations and agreements, including the Paris Climate Accord, the Iran nuclear deal, the United Nations Human Rights Council, the World Health Organization, and the United Nations Educational, Scientific and Cultural Organization. Since leaving office in 2020, he has continued to express skepticism of the value of international organizations and agreements.
- During his second term, President-elect Trump will reassess the U.S.' role in several international organizations.
 - **NATO:** President-elect Trump has opposed NATO's collective defense clause, especially for countries not meeting defense spending guidelines, and threatened to undermine or abandon the alliance.
 - **United Nations:** President-elect Trump criticized the UN's "utter weakness and incompetence" and complained the U.S. contributes too much to the organization.
 - **World Trade Organization (WTO):** President-elect Trump called the WTO a "disaster" and threatened to withdraw. He believes China and other nations abuse WTO rules granting developing nations additional trade flexibility.





Secretary of State

- President-elect Trump plans to nominate Sen. Marco Rubio (R-FL) to serve as Secretary of State.
- Sen. Rubio is a senior Republican on the Senate Foreign Relations Committee and is the top Republican on the Senate Intelligence Committee.
- He is not expected to face resistance from his colleagues during the nomination process in the Senate.
- Sen. Rubio has taken an aggressive stance on China and is set to become the first Secretary of State to be sanctioned by the People's Republic of China (PRC).
- Sen. Rubio is one of the 15 Republican Senators to vote against the \$95 billion military aid package for Ukraine arguing it did not do enough to secure the U.S. southern border. He has called for Ukraine to seek a negotiated settlement with Russia.
- He has been a critic of Obama and Biden administration policies towards Latin America and has advocated for tougher sanctions against the governments of Nicaragua, Cuba, and Venezuela.



Sen. Marco Rubio (R-FL)



Policies Towards China

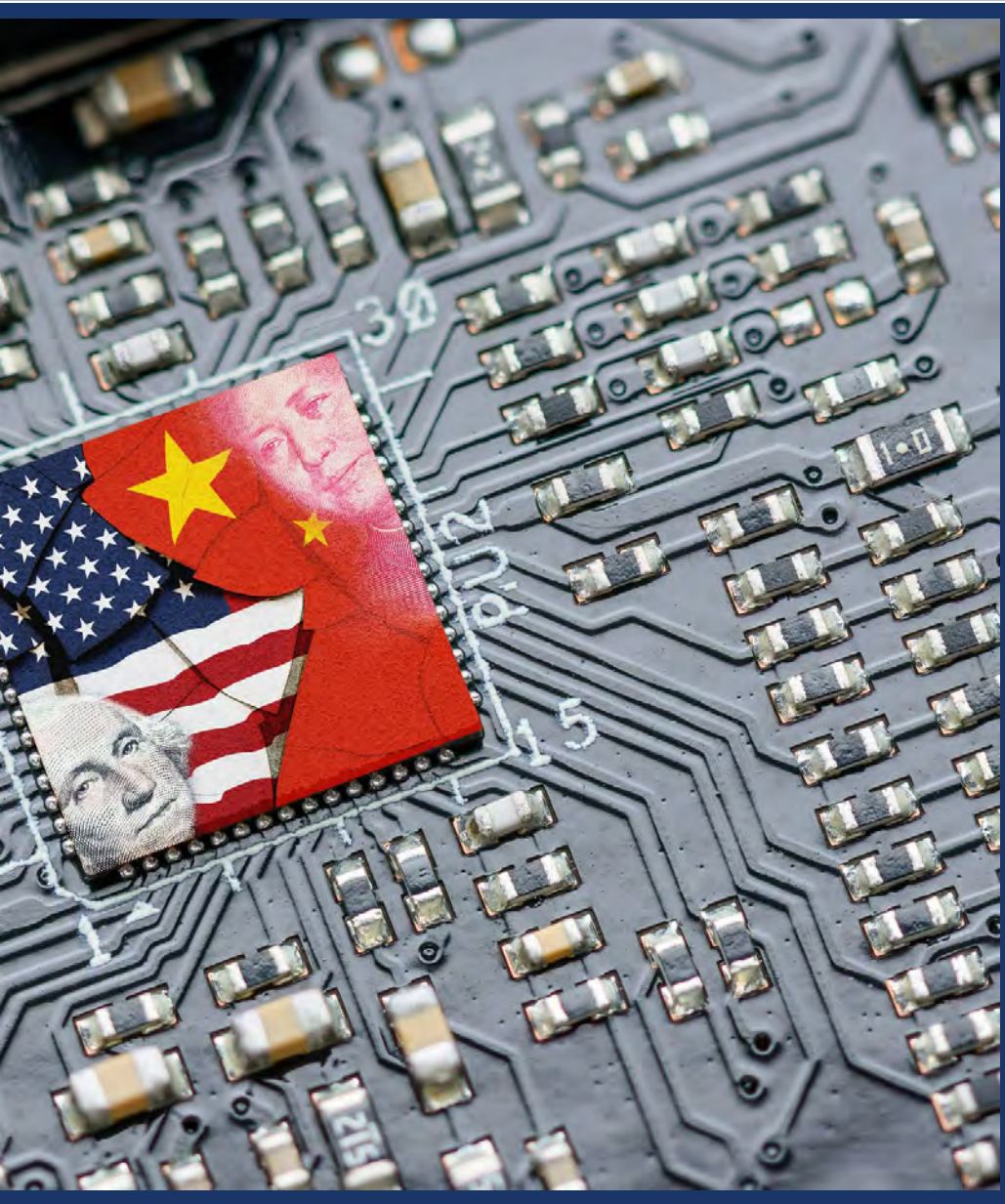


- President-elect Trump will confront China over what he says are economic abuses, intellectual property theft, currency manipulation, export and other subsidies, and economic espionage.
- President-elect Trump says aggressive action is required to protect American workers and to reduce the United States' large bilateral trade deficit.
- He says his policies would “completely eliminate dependence on China in all critical areas,” including electronics, steel, and pharmaceuticals.
- President-elect Trump has proposed revoking China's Most Favored Nation trade status and will encourage legislation calling for reciprocal trade.
- President-elect Trump will continue to use tariffs, sanctions, export controls, and investment restrictions to reign in what he refers to as China's “exploitation of U.S. resources.”
- He has threatened to impose tariffs up to 60% or more on imports of Chinese goods.



Policies Towards China (Cont'd.)

- Actions by a Republican-controlled Congress could include:
 - Condemning China's state-led industrial policy
 - Ramping up restrictions on Chinese technology companies with ties to the government
 - Pushing for a deal with the Chinese government to label the synthetic opioid fentanyl as a controlled substance and ban its production in China
 - Prioritizing legislation to combat forced labor
 - Cracking down on economic espionage





Russia-Ukraine War

- President-elect Trump has repeatedly claimed he could quickly end the conflict between Russia and Ukraine without providing specifics on how he would do so.
- He will not deploy U.S. troops to Ukraine and has suggested he would not defend NATO allies that do not invest enough in their own military budgets against Russia.
- President-elect Trump intends to facilitate a deal between the nations “that ends the violence and paves a path forward to prosperity,” but has not elaborated on what such a deal would entail.
 - Retired Lieutenant General Keith Kellogg and Fred Fleitz, who both served in former President Trump’s national security team during his first term, recommended telling Ukraine it will only receive additional U.S. weapons if it enters peace talks and telling Russia any refusal to negotiate will result in increased U.S. support for Ukraine. President-elect Trump reportedly responded favorably, but has not committed to the strategy.
 - President-elect Trump has stated Russian President Vladimir Putin’s current terms to end the war are “not acceptable.”



Russia-Ukraine War (Cont'd.)



- President-elect Trump is unlikely to support Ukraine joining NATO.
- President-elect Trump believes European countries need to contribute more to Ukraine's defense and will not support additional foreign assistance to the country.
 - Vice President-elect Vance has repeatedly criticized U.S. support for Ukraine and said he “[doesn’t] really care what happens to Ukraine one way or another.”
- Congressional Republicans will use their control of both chambers to reduce foreign assistance funding for Ukraine, focusing instead on domestic priorities and countering China's global influence; however, more centrist Republicans, particularly those in the Senate, are unlikely to support the elimination of aid to Ukraine entirely.



Policies Towards the Middle East

- President-elect Trump's policies and initiatives are likely to remain consistent with those of his first term and could include:
 - Strong disinclination toward diplomacy with Iran over a nuclear deal, and pressure with economic sanctions
 - An easy working relationship with regional strongmen like President Abdel-Fattah el-Sisi of Egypt, Recep Tayyip Erdoğan of Türkiye, and a warm relationship with Saudi Arabia
 - Desire to achieve a new deal like the 2020 Abraham Accords
 - Potentially a similar ban on immigration from Muslim-majority countries

Saudi Arabia

- President-elect Trump will likely seek to finalize a U.S.-Saudi-Israel deal to normalize relations, though it faces obstacles given the conflict in Gaza.
- The first Trump administration was inconsistent on security partnership to Saudi Arabia when Iran attacked oil fields in 2019.

President-elect Trump has offered support for Israeli Prime Minister Benjamin Netanyahu and has said “do what you have to do.”

ISIS attacks in Iraq and Syria are on track to double from 2023 to 2024; it is unclear if President-elect Trump, given his inconsistent regional security approach in his first term, will prioritize the fight against ISIS in his second administration.

President-elect Trump supports an assertive stance against Iran, but it is unclear what exact approach he might take given his mixed record of action from his first term and the uncertainty of current dynamics with Iran.



Policies Towards Latin America and the Caribbean



- A second Trump administration will use strong rhetoric to put explicit pressure on Latin American and Caribbean countries to pick a side between the growing competition between the U.S. and China.
- As part of this, President-elect Trump may resurrect or rebrand the América Crece (Growth in Americas) program, which supports economic development by encouraging private sector investment in energy and infrastructure projects.
- President-elect Trump will prioritize military law enforcement operations to combat the flow of illegal drugs and transnational crime across the Caribbean and Eastern Pacific coasts.
- He will take an aggressive stance and implement new sanctions against the governments of Nicaragua, Venezuela, and Cuba.
- A Republican-led Congress may push for the passage of the Americas Trade and Investment Act ([H.R. 7571/S. 3878](#)) to prioritize partnerships with the Western Hemisphere on trade, supply chains, energy, and immigration to offer an alternative solution from China's Belt and Road Initiative.



Immigration and Border Security

President-elect Trump is expected to execute immigration reforms on his first day back in office. Tom Homan, who will serve as the “Border Czar,” vowed to implement President-elect Trump’s vow to carry out the largest deportation in U.S. history in a “humane manner” with a “well-targeted, planned operation” conducted by ICE.

The Republican party’s 2024 platform vows to implement measures to sharply reduce both legal and illegal immigration by building on actions taken during the first Trump administration to reshape asylum, border, and deportation policy. President-elect Trump and a Republican Congress will seek to:

- **Conduct mass deportations and halt releases of migrants who entered the U.S. illegally**
- **Roll back temporary protected status**
- **End Deferred Action for Childhood Arrivals**
- **Restore the “Remain in Mexico” program**
- **Reinstate the Title 42 border policy**
- **Deploy troops to the border**
- **Continue efforts to build a wall between the U.S.-Mexico border**



Key Contacts

Election
2024



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Healthcare and Life Sciences

Key Takeaways

- President-elect Trump campaigned largely on undoing much of what the Biden-Harris administration has accomplished; expect him to attempt to reverse or rebrand Biden-led health policy initiatives wherever possible.
- Republicans will control both chambers of Congress and the White House come January 2025. President-elect Trump and congressional Republicans will look to use the budget reconciliation process to enact some of their biggest priorities, including those in healthcare.
- For other healthcare priorities that cannot be passed via reconciliation, Republicans will need to work with Democrats to get most of them passed into law – this includes some of the bipartisan issues that have had support in the 118th Congress.





Healthcare Policy Overview

- The Republican sweep suggests Democrats' messaging on healthcare and other policy items came up short:
 - Democrats made reproductive freedom a centerpiece of the presidential and congressional campaigns and hoped to benefit from ballot measures to expand abortion access in 10 states. On election night, seven of the 10 states passed the ballot initiatives. Early exit polls found roughly 14% of voters said abortion was the most important issue facing them in the election.
- The GOP sweep could make for a quieter than usual lame-duck session – particularly if President-elect Trump pushes congressional allies to punt FY25 funding into next year.
- Four developments to watch during the lame-duck session:
 - Exiting Biden administration and congressional Democrats maximize their remaining time in power.
 - Committee leaders focusing on reauthorizations and other policy priorities.
 - Balancing of costs, tradeoffs, and legacy items for retiring members.
 - Leadership elections and committee jockeying will color the health policy agenda in the lame-duck session.
 - Speaker Mike Johnson (R-LA) is expected to stay in power but will need to stay close to President-elect Trump through leadership votes.
 - Senators John Thune (R-SD), John Cornyn (R-TX), and Rick Scott (R-FL) vie for Senate majority leader as Senator Mitch McConnell (R-KY) steps aside after serving nearly two decades as the Senate Republican leader. Expect President-elect Trump to insert his influence into this race.
 - Eye toward 2025 – preparations for full GOP control begin.
 - Expect the filibuster to survive, but President-elect Trump to push for its elimination when it hinders his policy objectives.
 - Republicans plan for partisan means to advance priorities – the CRA and reconciliation.
 - Also expect Republicans to consider delaying or setting aside certain Biden administration health regulations, such as the Nursing Home Minimum Staffing Requirements, to pay for their legislative priorities.
 - Anticipate limited, bipartisan reforms for Pharmacy Benefit Managers (PBMs) and efforts to encourage competition.
 - “Personnel is policy” – President-elect Trump’s rhetoric over the years has been critical of manufacturers but look to appointees and staff selections to confirm seriousness of potential impact to industry.

Timeline for the Transition Into the 119th Congress



Election:

- Nov. 5: Republican sweep
- Beginning of Presidential Transition

119th Congress Transition:

- Nov. 13: Leadership elections and committee assignments begin
- Jan. 3: 119th Congress sworn in

Health Legislative Agenda:

- New committee leadership elected
- Continuation of policies not accomplished in the 118th Congress
- New policy priorities for Republican House and Senate

2024

2025

2026

Lame-Duck Session:

- Dec. 20: FY25 appropriations deadline
- Efforts to avert expiration of reauthorizations, secure legacy items, and possible bipartisan end-of-year riders

Trump Administration Transition:

- Jan. 20: President-elect Trump sworn into office
- Nomination of key cabinet officials - some officials and staff from the first Trump administration may return

Health Regulatory Agenda:

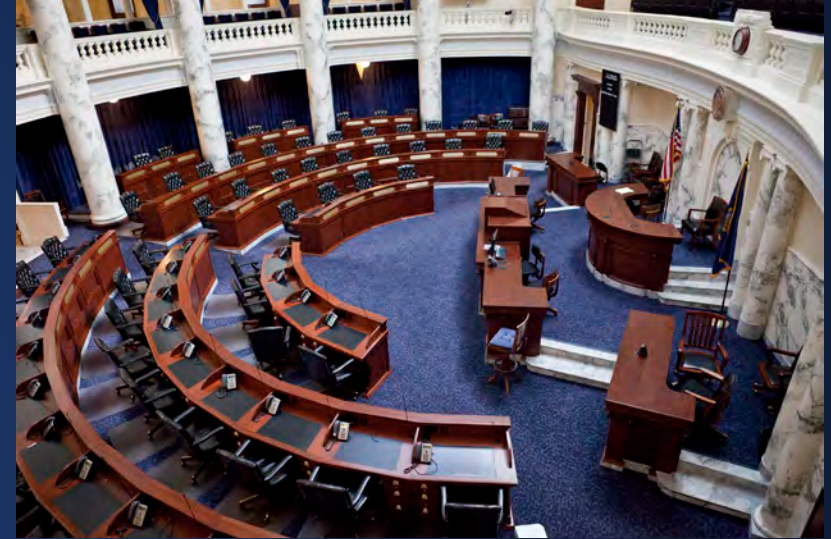
- Trump administration nominates agency leaders at Centers of Medicare & Medicaid Services (CMS), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), etc.
- Agency goals begin to take shape and build on those from the first Trump administration and reversing Biden administration initiatives

Wrapping up the 118th Congress: Lame-Duck Session

Election
2024

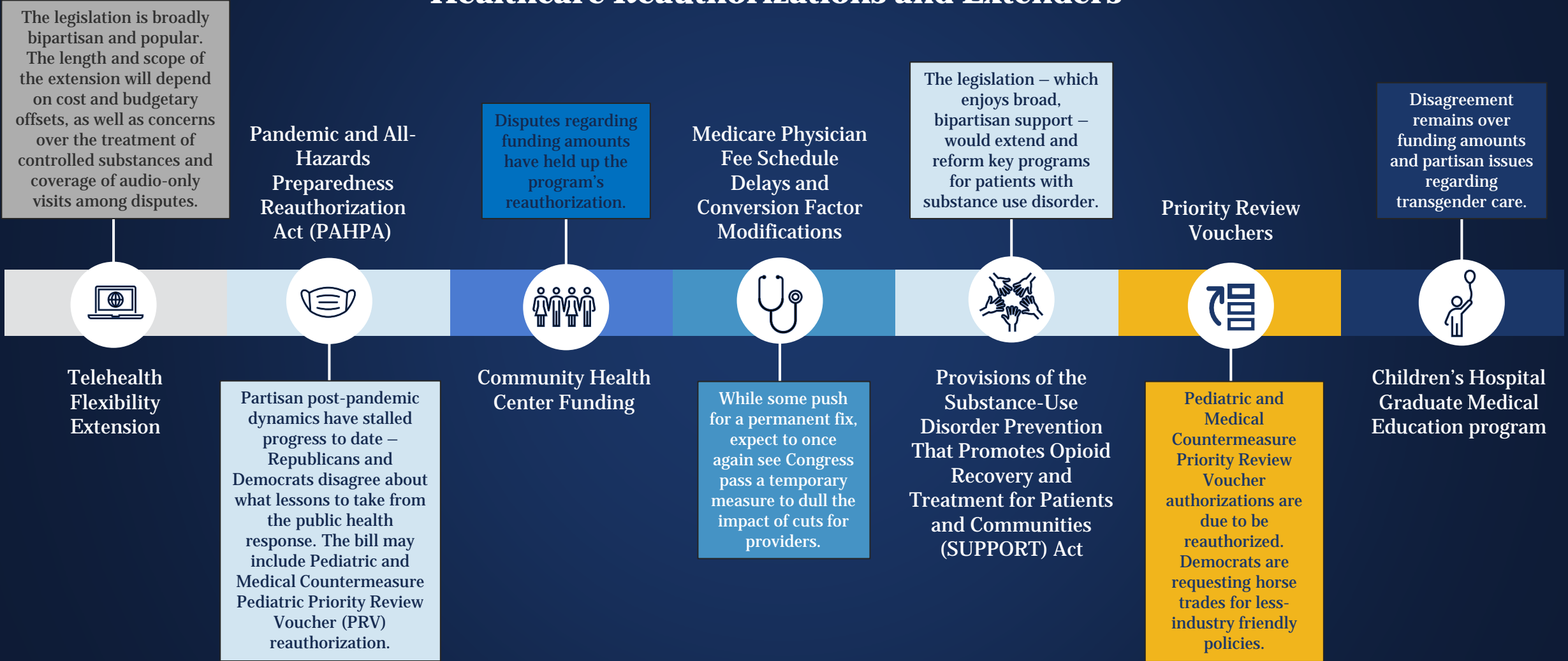


- There are a number of outstanding legislative items expected to be completed by the end of the year, most notably, passage of an appropriations bill, or bills, to fund the government.
 - If Congress seeks to finalize the FY25 appropriations process, the package could serve as a legislative vehicle to move many member healthcare priorities.
 - But expect pressure from President-elect Trump to delay the funding fight until there is full GOP control in Washington.
 - If Congress opts for a CR, anticipate a narrow health policy package of reauthorizations, or extensions, and pay-fors.
- Priorities include a number of reauthorizations, PBM reforms, extending COVID-era telehealth flexibilities, consideration of the BIOSECURE Act, prior authorization reforms, and providing a short-term fix to address the Medicare Physician Fee Schedule.
- Where possible, congressional leadership in both chambers will seek agreement to move legacy items for retiring members and clear the decks before 2025.



Wrapping up the 118th Congress: Lame-Duck Session

Healthcare Reauthorizations and Extenders





Wrapping up the 118th Congress: Lame-Duck Session

Likelihood of enactment of other health policy items:

While there is a chance Congress could see a relatively standard post-election omnibus package that would open the door for the inclusion of additional policy provisions, the likelihood of a CR into 2025 remains a real possibility. *If* there is an opportunity to move a larger healthcare package, we anticipate the likelihood of inclusion of various policies, as outlined below, with cost presenting a significant limiting factor:

Probable	Possible	Unlikely	Not this Year
<p>“Pro-competition” FDA reforms</p> <ul style="list-style-type: none"> • Most are intended to ease approvals of generics and biosimilars • Many generate savings • Has bipartisan support 	<p>BIOSECURE Act</p> <ul style="list-style-type: none"> • Bipartisan momentum stalled with many House Democrats voting against the bill in September • Key committee lead, Sen. Rand Paul (R-KY), continues to oppose 	<p>IRA reforms</p> <ul style="list-style-type: none"> • Most come with significant costs • Most Democrats still unwilling to consider even technical changes at this time 	<p>Cures 2.0</p> <ul style="list-style-type: none"> • Still in concept form
<p>Certain PBM reforms</p> <ul style="list-style-type: none"> • Many generate savings • Initiatives focused on transparency reforms in public programs are the most likely 	<p>Pharmaceutical Intellectual Property (IP) reforms</p> <ul style="list-style-type: none"> • Many generate savings • Has bipartisan support • These reforms are unlikely to be adopted without an exchange for more industry-friendly policies 	<p>Reforms to ease drug shortages</p> <ul style="list-style-type: none"> • Partisan divisions over whether to use carrots (incentives) or sticks (reporting; penalties) to address 	<p>VALID Act</p> <ul style="list-style-type: none"> • Many Republicans continue to oppose following perceived failings by public health agencies during the pandemic • Most Democrats content to let agency regulate
<p>Prior authorization reforms</p> <ul style="list-style-type: none"> • The CBO’s score on the cost of the reforms has gone from \$16 billion to zero following changes from the administration • Enjoys bipartisan support 	<p>Site neutral payment reforms</p> <ul style="list-style-type: none"> • Generates savings • Opposition from hospitals and many members has stifled momentum 	<p>New Medicare coverage</p> <ul style="list-style-type: none"> • Coverage for multi-cancer screening, breakthrough devices, and anti-obesity drugs is popular but costly • Could see narrower and/or temporary alternatives enacted instead 	<p>340B reforms</p> <ul style="list-style-type: none"> • Senate Gang of Six yet to introduce legislation and will not have time to negotiate a bill with the House before the end of the lame-duck session • Other proposals seen as favoring one industry over another

Congressional Leadership Changes

Election
2024



House and Senate Leadership in the 119th Congress and impact on health policy

- Now that House Republicans have held on to their House majority, Speaker Mike Johnson (R-LA) is expected to be rewarded by retaining the gavel for the 119th Congress.
 - Speaker Johnson has not shown a great deal of interest in health policy, so expect Republican health policy priorities to be driven at the committee level.
- Rep. Hakeem Jeffries (D-NY) is expected to continue to lead House Democrats.
 - Expect him to highlight where he perceives Republican policies are hurting Americans in the run-up to the 2026 mid-terms.
- With Republicans taking control of the Senate, and longtime GOP leader, Sen. Mitch McConnell (R-KY), stepping down, Sens. John Thune (R-SD) and John Cornyn (R-TX) are seen as the most likely successors.
 - Both Sens. Thune and Cornyn are on the Senate Finance Committee, so expect either senator to prioritize healthcare matters that are important to them as majority leader.
- Sen. Chuck Schumer (D-NY) is expected to continue to lead Senate Democrats.
 - Like Jeffries, expect him to highlight where he perceives Republican policies are hurting Americans in the run-up to the 2026 mid-terms where Democrats will have an opportunity to reclaim the majority.



Speaker
Mike Johnson (R-LA)



Minority Leader
Hakeem Jeffries (D-NY)



Current Majority Leader
Chuck Schumer (D-NY)



Current Minority Whip
John Thune (R-SD)



Former GOP Whip
John Cornyn (R-TX)

Wrapping up the Biden Administration

Legacy Preservation

- Expect the Biden administration and congressional Democrats to make the most of their time in power, with a focus on legacy preservation and preventing the incoming Trump administration from rolling back gains.
- Expect Democrats to finalize rules and guidance where possible.
 - But the Biden administration may hold back from implementing the most controversial rules to avoid potential reversals using the Congressional Review Act.
- Some political appointees may seek to “burrow” in as career employees at various health agencies.

Inflation Reduction Act Implementation

- President Biden could accelerate IRA implementation before leaving office. (e.g., announce the next 15 selected drugs before the February 1, 2025 statutory deadline).
- However, current HHS leadership have stated their intent to work with the transition team on selection.



President Joe Biden

Department of Health and Human Services Transition

Election
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- Secretary Xavier Becerra will look to finalize as much of the outstanding Health and Human Services (HHS) regulatory agenda as possible before President-elect Trump is inaugurated. Reports suggest the secretary is eyeing a 2026 bid for governor of California. He'll look to shore up his legacy in the Biden administration as much as possible as he could likely return to electoral politics.
- Unfinalized HHS rules that could be undone in the next Trump administration include:
 - Extending the Affordable Care Act (ACA) subsidies for DREAMers
 - Banning medical debt from credit reports
 - Pursuing reproductive health privacy protections
 - Guaranteeing contraceptive coverage mandates
 - Finalizing a menthol cigarette ban
- In former President Trump's first term, HHS delayed several rules from the Obama administration, including the 340B ceiling price final rule. We can expect a similar review and rollback of HHS rules from the Biden administration.
- President-elect Trump should not face significant difficulty appointing lead personnel for HHS given the GOP's control of the Senate unless he chooses controversial figures for any Senate-confirmed positions like Robert F. Kennedy Jr., who endorsed his campaign with a pledge from Trump that he would be involved in health personnel and policy.



HHS Secretary Xavier Becerra (NYT)

Outgoing Food and Drug Administration Commissioner's Priorities

Election
2024



Current FDA Commissioner Dr. Robert Califf

Commissioner Robert Califf is not expected to be retained in a second Trump administration. That will leave him with only a few months to finalize his legacy at the FDA. In the interim, he will continue to advance the following priorities:

1) Improve evidence generation for medical products

- Realize the potential of real-world evidence, including electronic health data and patient-reported symptom data, as a reliable basis for FDA and industry decision-making
- Make post-market clinical trials more effective, less burdensome, and more affordable

2) Address misinformation

- Encourage companies to correct misinformation about their products
- Improve FDA's communication of information to the public

3) FDA reorganization

- Finalize the unified human foods program and streamline FDA's inspections, investigations, and import functions

Outgoing Centers of Medicare & Medicaid Services Administrator's Priorities

Election
2024



- Administrator Chiquita Brooks-LaSure is not expected to be retained in a second Trump administration.
- During the final months of the Biden administration, we expect her to focus on:
 - Accelerating IRA implementation, including potentially selecting the next 15 drugs for price-setting before the February 1, 2025 statutory deadline
 - Adopting final policies across CMS' programs to further advance the Biden administration's goal of "Building Health Equity into the DNA of CMS"
 - Shoring up operational improvements, expanded outreach, and coverage changes to ensure sustained gains in expanded access and enrollment across Medicaid, Medicare, and the marketplace
- Certain areas of focus that carried over the last two administrations, such as hospital prices transparency and opioid use, may continue as a focus under another Trump administration.



CMS Administrator Chiquita Brooks-LaSure



Look Ahead to the 2025 Healthcare Landscape: Congress

Partisan Tools – The Congressional Review Act

- Republican control of the White House and both chambers of Congress enables congressional Republicans, in coordination with President-elect Trump, to use the CRA which includes an expedited procedure for the new administration to review — and potentially block — rules and regulations completed by the Biden administration if the rules were finalized late during the previous Congress.
 - While still a moving target, expect any regulation submitted to Congress after early August to be potentially subject to reversal using the CRA.
 - Not only can Congress and the incoming administration use the CRA to block recently completed rules and regulations or undo the rule or regulation, it also can prevent federal agencies from issuing a “substantially similar” rule or regulation in the future. As a result, the Trump administration’s use of the CRA has the potential to change the immediate trajectory of a rule or regulation, as well as raise a lasting regulatory barrier.
- The Biden administration has paid close attention to the CRA date after the first Trump administration overturned a number of rules finalized in the waning months of the Obama administration. They have finalized a number of rules disfavored by Republicans (e.g., regulation of lab-developed tests and nurse staffing) well in advance of the CRA deadline.
 - However, the Medicaid Drug Rebate Program final rule could be susceptible to a vote though some of its most controversial aspects, including the best price “stacking” and other policies that were not included in the final rule.

Look Ahead to the 2025 Healthcare Landscape: Congress



Partisan Tools – Budget Reconciliation

- The Republican trifecta will also enable the Trump administration and congressional Republicans to use a special parliamentary tool referred to as budget reconciliation to create a vehicle for expedited passage of a legislative package to advance their priorities.
 - Budget reconciliation is a special parliamentary procedure that overrides the Senate’s filibuster rules, which may otherwise require a 60-vote supermajority for passage.
 - Eligible policies must have a budgetary impact which cannot be merely incidental to the provision’s underlying policy changes.
 - The use of a budget reconciliation package allows President-elect Trump and congressional Republicans to pass legislation without Democratic support.
- Prospective policies of interest to industry include:
 - Focus on tax reform provisions from the TCJA, including corporate rate and R&D.
 - Expect consideration of reforms to the Inflation Reduction Act’s drug pricing provisions.
 - IRA passed without support from a single congressional Republican. Congressional Republicans have argued its price controls risk stifling innovation and access.
 - Anticipate the Trump administration and congressional Republicans to push to repeal, delay, or narrow the scope of the IRA’s drug-pricing provisions. Full repeal of the provisions would be costly – supporters will more likely have to settle for smaller changes to the law.
 - The Affordable Care Act repeal and replace efforts are not a priority.
 - Key committee Republicans have acknowledged the unpopularity of 2017 repeal efforts.
 - But there will be pressure to continue the ACA subsidies provided during the Biden administration – or risk seeing significant drops in coverage.

Look Ahead to the 2025 Healthcare Landscape: Congress

Election
2024



Potential Inflation Reduction Act Drug Pricing Reforms

- Even if many Congressional Republicans would like to fully repeal the IRA's drug-pricing provision, doing so is expensive and may be seen as politically perilous as Republicans remember the 2018 mid-terms following efforts to repeal the ACA.
- In a Republican-controlled Congress, there may be opportunities to advance the proposals below to mitigate some of the IRA's impact. The items below all have limited, bipartisan support, but inclusion in a partisan reconciliation bill is likely the surest path to enactment.
 - **Optimizing Research Progress Hope and New Cures (ORPHAN Cures) Act ([H.R. 5539](#) / [S.3131](#))**
 - The IRA exempts certain orphan drugs from selection under the Drug Price Negotiation Program. This bill would extend that exemption for “orphan drugs” to those that are designated for multiple orphan diseases or conditions and/or that are approved for multiple orphan diseases or conditions, intending to encourage follow-on investment into orphan drug development.
 - **Ensuring Pathways to Innovative Cures (EPIC) Act ([H.R. 7174](#))**
 - The IRA's negotiation program created different timelines for when “drug products” (seven years after NDA-approval) and biological products (11 years after BLA-approval) may be selected for negotiation. The EPIC Act would create equity between products by equalizing the period before selection – setting the timeline at 11 years for all products.
 - **Maintaining Investments in New Innovation (MINI) Act ([H.R. 5547](#) / [S. 476](#))**
 - Similar to, though smaller in scope than EPIC, the MINI Act would create a new category of “Advanced Drug Products,” which would not be eligible for selection until at least 11 years after approval.
 - **Preserving Life-Saving Access to Specialty Medicines in America (PLASMA) Act ([H.R. 6465](#) / [S. 4741](#))**
 - Under the IRA's Part D Discount Program, statutory discounts will be phased-in for certain smaller manufacturers, known as “specified manufacturers” and “specified small manufacturers.” The PLASMA Act would extend the phase-in to manufacturers of “plasma-derived products,” given the plasma industry's unique position in the market.

Look Ahead to the 2025 Healthcare Landscape: Congress

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Changes to Pharmacy Benefit Managers Practices

- Should Congress fail to pass bipartisan legislation to reform PBM drug pricing practices in the 118th Congress, congressional Republicans may seek to revisit proposals that are designed at providing greater transparency in PBM activities, including advancing provisions included in the House-passed Lowers Costs, More Transparency Act ([H.R. 5378](#)).
- The most commonly discussed PBM reforms include:
 - Transparency and oversight of PBMs
 - Prohibiting certain alleged anticompetitive conduct (e.g., spread pricing, gag clauses, and linking fees to the price of drugs) on the part of PBMs
 - Additional provisions intended to drive generic and biosimilar adoption
- Many PBM reforms generate financial savings according to the CBO, increasing their likelihood of consideration.
- Following the launch of a Federal Trade Commission (FTC) probe in 2022, the agency released an [interim staff report](#) titled, “Pharmacy Benefit Managers (PBMs): The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies” as part of its multi-year investigation examining the impact that PBMs’ vertical integration has on U.S. prescription drug prices.
- Expect litigation regarding the FTC’s role to continue.





340B Reform

- The 340B Drug Discount Program requires pharmaceutical manufacturers participating in Medicaid to sell covered outpatient drugs at discounted prices to covered entities
 - Approximately one-third of U.S. hospitals participate, and the 340B Program is now the second largest federal drug discount program (after Part D).
- Growth of 340B has led to several reform efforts:
 - 340B ACCESS Act ([H.R. 8574](#))
 - Codifies contract pharmacy and patient definitions and preempts state laws, among other reforms.
 - One of the bill's lead sponsors, Rep. Larry Bucshon (R-IN), is retiring.
 - 340B Patients Act ([H.R. 7635/S.5021](#))
 - Limits the ability of manufacturers to place conditions on covered entity purchases, including if dispensed by a contract pharmacy. It would impose civil monetary penalties for violations.
 - Discussion draft led by bipartisan.
 - SUSTAIN 340B Act ([H.R. 2534](#)).
 - 340B Senate Working Group; expect formal introduction during the lame-duck session to frame 2025 discussions.
 - Until introduced, text is a moving target, but expect codifications of contract pharmacy and child site arrangements in the 340B statute and certain program integrity reforms without preempting state laws.
- Supporters of the 340B program in its current state versus those in favor of reforms do not break down along traditional partisan lines.
 - Significant movement must be bipartisan to advance in the Senate – making the SUSTAIN Act perhaps the most viable legislation at this time, though two of the Democratic members are retiring this year.

Administration Interaction:

- The 340B statute is administered by the HRSA.
- During the first Trump administration, HHS reduced Medicare reimbursement to outpatient hospitals for drugs purchased under the 340B program – a decision that was later struck down in court.
- Expect the Trump administration to consider additional flexibilities in administration – though they may be reluctant to make policy decisions that would favor one industry over another.



Look Ahead to the 2025 Healthcare Landscape: Congress

Legislative Efforts to Address Drug Shortages and National Security

- In the 118th Congress, committees of jurisdiction in both chambers sought to find policy solutions to address key drug shortages. However, there has not been enough consensus yet, as neither chamber has passed a comprehensive set of drug shortage policies.
 - Expect continued efforts on Capitol Hill and at the FDA to combat drug shortages, as well as efforts to seek expansion of FDA’s statutory authority requiring drug shortage notifications and efforts to promote quality manufacturing and supply chain resiliency.
- Based on policies and bills that have been passed in committee, we could envision President-elect Trump and congressional Republican leadership trying to advance policies related to:
 - Supply chain reporting requirements
 - Notification requirements for potential drug shortages
 - FDA reporting on use of drug shortage authorities
 - Incentives in Medicare, Medicaid, and/or 340B
- Related to the issue of shortages are national security concerns regarding pharmaceutical supply chains and U.S. reliance on perceived foreign adversaries.
 - It is unclear at this time if the BIOSECURE Act, which would prohibit certain activities with named Chinese entities, will become law during the lame-duck session. Regardless, expect both Congress and the Trump administration to continue to scrutinize these collaborations.



Look Ahead to the 2025 Healthcare Landscape: Congress

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2024



Pharmaceutical Competition and Intellectual Property

- Many Republicans are more comfortable pursuing lower drug prices by increasing competition, and we anticipate Congress will continue to focus on drug prices and competition in industry. Many Democrats are also open to such reforms.
- In the 118th Congress, there have been bipartisan efforts to address competition issues in the prescription drug and biopharmaceutical market. These policies pertain to a cross-section of federal stakeholders and agencies, including the FDA, the Federal Trade Commission, and the U.S. Patent and Trademark Office.

Administration Interaction:

- March-In Rights: President-elect Trump is unlikely to formalize President Biden's March-In framework.
- FDA: See additional discussion of related policies on beginning on Slide 166.

IP

- Increased coordination between FDA and PTO:
 - The Senate Judiciary Committee has reported legislation that would require increased coordination between FDA and PTO, and the Senate HELP Committee is expected to report similar legislation after the election.
- Senate Judiciary Committee has also reported legislation that would reform various patent practices, including the prohibition of “product hopping.”
 - The “product hopping” bill already passed the Senate via unanimous consent in July 2024. The House was expected to vote on the legislation before the election, but the vote was delayed.

FDA

- During the lame-duck session, Senate HELP Committee may report legislation that would:
 - Eliminate the requirement for “switching studies” for biosimilars in most instances. If not passed then, it could be reconsidered in 2025.
- Related proposals include separate bills that would:
 - Limit the filing of “objectively baseless” citizen petitions.
 - Require FDA to inform generics, upon request or during review, whether a drug is qualitatively and quantitatively the same as the listed brand-name drug (commonly referred to as Q1Q2).



Look Ahead to the 2025 Healthcare Landscape: Congress

Physician Payment Reform and Hospital Outpatient Departments

- Physician payment cuts and site-neutral reforms have significant implications for providers, but CMS lacks the authority to substantively address these matters without legislation. The agency would likely welcome the reforms below:
- **Physician Payment:** As it has done in previous years, Congress will likely work to temporarily increase how much physicians are reimbursed under Medicare before the calendar year (CY) 2025 conversion factor (CF) of 32.34665, which is 2.83% lower than the CY24 CF of \$33.2875 and kicks in on January 1, 2025. If Congress does not provide a short-term fix before the end of the year, it will likely do so in early 2025. The size of the increase largely depends on available funds and could be lower than in years past due to competing priorities and a broad understanding that long-term reform is needed.
 - With the 118th Congress beginning to think through potential long-term changes to physician payment, significant progress could be made in the 119th Congress to reform the system. However, it is unlikely such reforms will be finalized and implemented before the next CY25 physician fee schedule proposed rule is released in the summer of 2025, so Congress may again be called upon to provide short-term payment relief next year.
 - While Congress deliberates on long-term reforms to physician reimbursement, members of Congress will likely work to pass smaller reimbursement and coverage bills in the lame-duck session and next year that have bipartisan support, such as the Medicare Multi-Cancer Early Detection Screening Coverage Act ([H.R. 2407/S. 2085](#)).
- **Site Neutrality:** Support for site-neutral payment policies does not fall along traditional partisan lines, but given their potential to save billions of dollars, reforms in this area that are limited in scope could serve a bipartisan pay-fors in the lame-duck session or next year.
 - The House-passed Lower Costs, More Transparency Act ([H.R. 5378](#)) included a provision to ensure that Medicare pays the same rate for physician-administered drugs in off-campus hospital outpatient departments (HOPDs) and physician offices. This provision and a provision requiring each off-campus HOPD of a Medicare provider to obtain and include a national provider identifier on billings for service claims are the most likely to be included in an omnibus funding package or passed next year.
 - Sens. Cassidy and Hassan recently released a [bipartisan legislative framework](#) that would enact more sweeping site-neutral Medicare policies than the Lower Costs, More Transparency Act. With Sen. Cassidy at the helm of the Senate HELP Committee, the framework could gain momentum next Congress.

Look Ahead to the 2025 Healthcare Landscape: Congress

Election
2024



Congressional Oversight



House Oversight Chair
James Comer (R-KY)

- House Republicans have pursued a vigorous oversight agenda of the Biden administration's public health regulatory personnel, focused on the administration's handling of the COVID-19 pandemic. These efforts are likely to continue under a Republican trifecta.
 - This may now include oversight of biopharmaceutical companies that developed and manufactured vaccines for COVID-19, especially as Robert F. Kennedy Jr. plays an influential role in President-elect Trump's transition.
- Regardless of whether the BIOSECURE Act is passed in 2024, expect additional scrutiny of industry's ties to China and other perceived adversaries.
- In addition to considering legislation, congressional Republicans are likely to further pursue oversight of PBMs and the use of prior authorization.
- The Republican trifecta may engage in oversight of providers regarding abortion and transgender care issues.

Look Ahead to the 2025 Healthcare Landscape: FDA

Overview and Congressional Interaction

- The Trump administration will push for less oversight and enforcement concerning FDA-regulated products. The agency will likely rely on greater enforcement discretion in many instances and focus enforcement efforts on areas that pose serious threats to consumer safety.
- The FDA is likely to have less independence from White House oversight than it had during the first Trump administration. Continued efforts to address medical product shortages, treatments for rare diseases, and digital health technologies are anticipated while the FDA's current focus on nutrition, tobacco products, cosmetics, and oversight of lab-developed tests will likely be deprioritized. Regardless, we anticipate many of FDA's core functions to continue largely business as usual.
- President-elect Trump has stated that he will give Robert F. Kennedy, Jr. a prominent health-related role during his second term, although it is unclear whether the role will be as an advisor to the president or within a public health agency. Robert F. Kennedy, Jr. has made it clear that he intends to bring major changes to the FDA and has criticized the agency for their approach to regulating a wide variety of products including psychedelics, stem cells, raw milk, and nutraceuticals, among others.



Congressional Interaction:

- The Senate must confirm President-elect Trump's nominee to lead the agency, and with a bloc of moderate members, he will likely be unable to choose a truly controversial nominee to lead the agency.
- Apart from some of the previously discussed items around competition, and perhaps narrow tobacco or foods legislation, expect the Republican Congress to pass on enacting major FDA reforms around lab-developed tests or other items that might be deemed to give the agency additional, broad regulatory authorities.
- User fee discussions could create the opportunity for narrow policy riders.

Look Ahead to the 2025 Healthcare Landscape: FDA

Election
2024



Medical Products

- **User Fee Reauthorization**
 - The prescription drug, generic drug, biosimilar, and medical device user fee authorizations expire in 2027; negotiations for these user fee programs are expected to begin in 2025. The time leading up to negotiations will provide opportunities for regulated industry to set priorities and start developing policy riders that may be included in the 2027 user fee package.
 - Similarly, the over-the-counter monograph drug user fee program expires in 2025, and negotiations for FY26-FY30 started in 2023.
- **Digital Health Technologies (DHTs)**
 - There is continued interest in developing DHTs among industry, FDA, and other stakeholders (e.g., patient organizations).
 - FDA established the Digital Health Advisory Committee (DHAC), which is tasked with advising the agency on issues related to DHTs. The DHAC inaugural meeting will take place in November 2024. We anticipate seeing additional DHT-focused initiatives as FDA continues to address complex issues associated with AI such as AI-enabled medical devices and AI-enabled tools used in drug development.
 - Clinical trials are expected to continue incorporating more DHTs following FDA's release of several guidance documents, including guidance on digital health technologies for remote data acquisition in clinical investigations, and conducting clinical trials with decentralized elements.

Look Ahead to the 2025 Healthcare Landscape: FDA

Election
2024



Medical Products (cont'd)

- Clinical Trial Design
 - Diversity will continue to be a focal point for FDA and trial sponsors, though maybe less so under a second Trump administration, particularly following FDA's issuance of the Diversity Action Plan guidance for industry. Such plans are intended to increase enrollment of participants belonging to historically underrepresented populations to help improve the strength and generalizability of the evidence generated.
- Intended Use
 - The Trump administration is likely to take a different approach to implementation of the FDA's intended use rule, requiring a higher evidentiary bar before allowing the agency to take enforcement actions against sponsors for making claims and statements that stray beyond a product's FDA-approved labeling.

Look Ahead to the 2025 Healthcare Landscape: FDA

Election
2024



Drugs and Biologics – Rare Disease Developments

The following developments are likely in the rare disease space:

- Potential continuation of efforts on the Hill to address the *Catalyst Pharmaceutical v. Becerra* decision pertaining to orphan drug exclusivity.
 - The RARE Act ([H.R. 7383/S. 1214](#)), which would reverse *Catalyst*, was recently passed by the House as part of a broader package. If this bill is not signed into law during the lame-duck period, expect to see an effort to revive it in the 119th Congress.
- Cell and Gene Therapies – this is a continued area of focus for industry and FDA; a surge of applications is anticipated.
- Pediatric Priority Review Vouchers – there is bipartisan support for renewal, anticipated in the fall of 2024.
 - The Pediatric PRV reauthorization was passed in September by the House as part of a broader package, and the Senate HELP Committee is expected to consider the bill after the election. If this measure is not passed during the lame-duck session, expect to see it get brought up again in the 119th Congress.



Look Ahead to the 2025 Healthcare Landscape: FDA

Election
2024



Drugs and Biologics

Rare Disease Developments (cont'd)

- Rare Disease Innovation Hub – a planned initiative led by FDA's Center for Drug Evaluation and Research and Center for Biologics Evaluation and Research with close collaboration with other relevant FDA centers and offices. The goal is to facilitate rare disease product development. Expect to see the Trump administration maintain this initiative.

Vaccines

- Vaccine policy is an area where the Trump administration is expected to deprioritize broad-scale vaccination development, distribution efforts, and vaccine-related education.



Look Ahead to the 2025 Healthcare Landscape: FDA

Election
2024

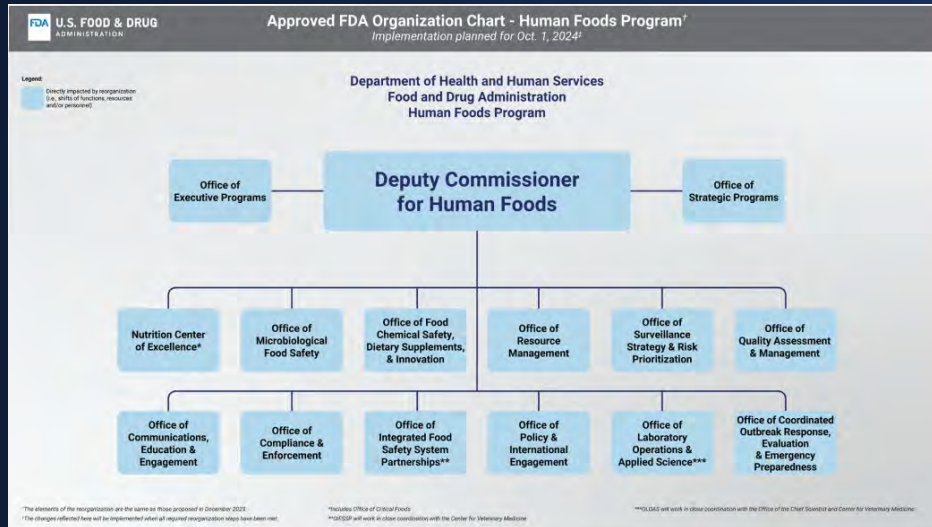


Medical Devices

- Laboratory Developed Tests
 - In May 2024, FDA published the final rule on Laboratory Developed Tests (LDTs) and two draft guidance documents. There are likely to be some changes to FDA’s enforcement of the LDT Final Rule by the Trump administration, particularly considering strong statements that were issued by President-elect Trump’s former Secretary of HHS and General Counsel of HHS during COVID-19 related to LDTs not being devices regulated by FDA. FDA action in this space under the Trump administration may include expanding and/or extending the enforcement discretion policies articulating FDA’s intended phased enforcement approach of the final rule.
 - Litigation: Two cases challenging FDA’s final rule have been consolidated and the matter is now pending in a U.S. District Court in Texas. Under the current briefing schedule, the litigation is unlikely to be resolved before late winter or early spring. Given the ongoing litigation, we anticipate continued uncertainty for clients that operate in this space. In the interim, LDT manufacturers should proceed as if the final rule will be enforced as described by the FDA.
 - LDTs remain a hot topic and many will point to the ongoing litigation as a reason to encourage Congress to re-start negotiations on a bill like the VALID Act ([H.R. 2369](#)). However, the Trump administration is unlikely to push for a legislative fix to the regulation of LDTs in the event the current litigation results in an injunction or otherwise makes the final rule unenforceable, and we do not anticipate much of a legislative effort on the part of Republican committee leadership either.
- Artificial Intelligence and Machine Learning (AI/ML)
 - Expect FDA to continue its own initiatives around AI apart from HHS’ broader efforts.
 - We should expect FDA to finalize the March 2024 draft guidance, Select Updates for the Premarket Cybersecurity Guidance: Section 524B of the FD&C Act, further explaining how the Center for Biologics Evaluation and Research, the Center for Drug Evaluation and Research, the Center for Device and Radiological Health, and the Office of Combination Products are working together concerning AI/ML products.

Look Ahead to the 2025 Healthcare Landscape: FDA

Food, Cosmetics, and Cannabis



FDA's Human Foods Program reorganization plan was approved by the Secretary of Health and Human Services in May 2024

- **Human Foods Program (HFP) reorganization:** The unified HFP will allow FDA to elevate the importance of nutrition, uphold the safety of the nation's food supply, and respond to food-related emergencies, such as the 2022 infant formula shortages.
- **Front of pack labeling:** The Trump administration could deprioritize FDA's efforts to conduct research and propose a standardized front-of-package system for food.
- **Infant formula:** FDA will continue enhancing the safety of infant formula through the development of a prevention strategy, enhanced inspection activities, increased engagement with the infant formula industry, and by pursuing regulatory action.
- **Modernization of Cosmetics Regulation Act of 2022 (MoCRA):** FDA will continue implementing MoCRA in the new era of cosmetics regulation, including enforcement of the new cosmetic product facility and product registration and listing requirements.
- **Cannabis Rescheduling:** The Biden administration's proposal to reschedule cannabis to schedule III under the Controlled Substances Act will not be completed before January, potentially allowing the Trump administration to delay or alter the rescheduling.

Look Ahead to the 2025 Healthcare Landscape: FDA

Election
2024



Tobacco

- FDA Regulatory Actions

- Regulation of e-cigarettes, vapes, and other electronic nicotine delivery systems (ENDS) products
 - During the first Trump administration, Commissioner Scott Gottlieb targeted vapor products. Then-President Trump also announced the federal government was going to ban flavored e-cigarettes until products were approved by the FDA.
 - However, shortly after, former President Trump then raised concerns about such restrictions. Additionally, during the 2024 campaign, President-elect Trump promised to protect access to such products.
- Proposed Rule Prohibiting Menthol Cigarettes and Flavored Cigars
 - The Biden administration delayed the final rules to ban menthol cigarettes and flavored cigars in December 2023, and ultimately did not publish these final rules. It is unlikely that the Trump administration will proceed with publishing these final rules. This proposed rule was stalled during the first Trump administration.

- Trump White House

- The Trump administration is unlikely to push for legislation to modernize the Tobacco User Fee Framework to extend to all regulated tobacco products, including ENDS products.
- The Trump administration is unlikely to support FDA's proposal to revise section 704(a)(4) of the FD&C Act to give FDA authority to request records or other information in advance of or in lieu of inspections for tobacco products.

Look Ahead to the 2025 Healthcare Landscape: CMS

Election
2024



Congressional Interaction:

- It's unclear who President-elect Trump may choose to lead CMS, but expect it to be someone (perhaps a state GOP Medicaid director or someone from industry) with a less aggressive posture toward industry than during the Biden administration. So long as they are seen as qualified and non-controversial, expect a relatively quick confirmation in the Republican Senate.
- Popular, bipartisan legislation (supporting items like telehealth, multi-cancer screening, and coverage for breakthrough devices) that would increase coverage and reimbursement often comes with a high price tag, limiting their viability in Congress.

- Under the Biden administration, advancing health equity was a key CMS strategic pillar, but the Trump administration is not expected to continue such policies or focus on health disparities.
- Given that behavioral health and telehealth were well-received policy areas of focus and interest for both the Biden and prior Trump administrations, expect a second Trump administration to further direct CMS efforts in this area.
- If past is prologue, expect the CMS administrator appointed by President-elect Trump to continue efforts from his first administration to repeal the Affordable Care Act and reduce the size of the Medicaid program.
- Prescription drug costs will remain a focus of a second Trump administration.
- While President-elect Trump's former CMS administrator Seema Verma set priorities around burden reduction, hospital transparency, and medical record interoperability, it is unclear if those areas will necessarily be a focus again during a second Trump administration (or his appointed administrator).

Look Ahead to the 2025 Healthcare Landscape: Drug Pricing

Election
2024



IRA Implementation and Other Drug Pricing Issues to Watch



- President-elect Trump may pursue reforms to lower out-of-pocket costs, such as a rebate pass-through.
 - The IRA delays the HHS Office of Inspector General “Rebate Rule” until at least 2032, but CMS has separate authority to require pass-through under Part D.
 - It is unclear whether President-elect Trump will limit the use of copay accumulator programs, following a district court decision invalidating regulations that permitted certain commercial health plans to decide whether to use accumulators.
 - In October, the Biden administration indicated CMS will address this issue in “future rulemaking.”
 - President-elect Trump has sent mixed signals as to whether he intends to revive his “Most Favored Nation” (MFN) international reference pricing plan. His campaign’s most recent comments suggest he is no longer interested in the proposal.
- States continue to enact legislation that would establish transparency requirements and price controls on prescription drugs.

Look Ahead to the 2025 Healthcare Landscape: CMS

Election
2024



Telehealth

- Both the Biden administration and the first Trump administration took steps to promote telehealth flexibility, while balancing patient safety, care quality, and fraud and abuse concerns and acknowledging the agency's limited authority to permanently expand access to telehealth services absent congressional action. The first Trump administration waived many telehealth restrictions in response to the Public Health Emergency (PHE) and permanently expanded the list of telehealth services that are payable under the Medicare Physician Fee Schedule. The Biden administration further expanded the list of Medicare telehealth services, currently has removed some frequency limitations for telehealth subsequent care services in inpatient and nursing facility settings, and recognized "direct supervision" to include audio-video communications technology (not audio-only) for a subset of services. These efforts continued post-PHE and in the absence of statutory changes to Medicare telehealth rules. The second Trump administration will likely pursue similar policies that promote telehealth flexibility while guarding against potential fraud and abuse.

Behavioral Health

- Expanding access to behavioral health services was an area of focus for both the Biden and first Trump administrations. The Trump administration implemented several policies related to opioid use disorder in response to the SUPPORT Act, as well as a demonstration program allowing state Medicaid programs to provide substance use disorder treatment and/or mental health treatment in inpatient settings (i.e., in institutions for mental disease). As part of its Behavioral Health Cross-Cutting Initiative, the Biden administration expanded the Certified Community Behavioral Health Clinic demonstration project, allowed marriage and family therapists and mental health counselors to enroll as Medicare providers, established payment for intensive outpatient programs, increased payment for select behavioral health services, and strengthened parity protections for mental health and substance use disorder care. We expect the second Trump administration will pursue similar policies to expand access to behavioral health services, with a focus on promoting state flexibility.



Look Ahead to the 2025 Healthcare Landscape:

Testing Payment Models and Coverage for Breakthrough Devices

- **Center for Medicare and Medicaid Innovation (CMMI):** Following new CBO findings, House and Senate Republicans have become increasingly concerned about CMMI's lack of savings and could seek to increase oversight and guardrails of CMMI in 2025. CBO initially estimated CMMI would save \$2.8 billion in its first decade. However, a 2023 CBO report found that the center increased spending by \$5.4 billion over the first 10 years and will cost an additional \$1.3 billion over the second decade. Republicans also point out that few of the 50 models CMMI has tested have lowered the cost of care and improved patient health outcomes.
 - As with current and past administrations, expect the Trump administration to continue to use CMMI authority to advance its priorities in healthcare delivery and payment. And it may be that existing models under the Biden administration are ripe for continuation. For example, given President-elect Trump's support for outcome-based agreements (OBAs) during his prior term, he may continue to advance the CMMI Cell and Gene Therapy Model, which will test CMS-led OBAs in Medicaid.
- **Transitional Coverage for Emerging Technologies (TCET):** Following the Biden administration's repeal of the Trump-era Medicare Coverage for Innovative Technology (MCIT) [final rule](#), it [finalized](#) the TCET final notice, a more limited pathway for Medicare coverage of breakthrough medical devices.
 - Congress may work to pass legislation to reinstate a version of MCIT, but how far that legislation will go will largely depend on its cost. Alternatively, the Trump administration could adopt the same or some version of its MCIT final rule.

Look Ahead to the 2025 Healthcare Landscape:

Election
2024



Overview



- Healthcare likely will remain a top enforcement priority for the federal government – and the Department of Justice (DOJ) and HHS will continue to devote significant resources, although the new administration’s promised focus on immigration enforcement may draw resources away from white collar enforcement areas.
- Because investigations often take years, any changes in focus or shifts in priorities for healthcare enforcement in the second Trump administration may not be immediately apparent, with the likely caveat of prioritized immigration enforcement.
- Although the Republican party traditionally supported the False Claims Act (FCA), it remains an open question whether the incoming administration might agree with a recent district court decision which found the relator provisions of the FCA to be unconstitutional in cases where the government declines to intervene.
- More generally, the Trump administration may re-evaluate the Biden administration’s approach to corporate cooperation principles, including giving greater deference to companies who seek cooperation by only identifying individuals “materially” involved in the misconduct.

Look Ahead to the 2025 Healthcare Landscape: Enforcement Trends

Election
2024



Department of Justice

- In February, DOJ announced that the highest number of settlements and judgments under the False Claims Act in history – with 543 separate FCA settlements and judgments totaling more than \$2.5 billion for FY23 with more than half (\$1.8 billion) attributed to healthcare related matters.
- As in recent years, FCA matters have involved allegations of fraud touching on nearly every aspect of the industry, including federal and state healthcare programs, providers, pharmacies, and laboratories:
 - **Renewed focus on financial inducements to generate referrals**, primarily through the federal Anti-Kickback Statute and the Stark Law – including one of the largest FCA settlements in history stemming from Stark Law allegations.
 - **Sustained long-running efforts to combat the opioid epidemic**, including through actions against pharmacies involving filling of unlawful prescriptions for controlled substances that were not for a medically accepted indication, lacked a legitimate medical purpose, or are for excessive quantities of opioids.
 - **Added focus on medically unnecessary services and substandard care billed to federal healthcare programs**, with increased scrutiny of the role of vendors and providers in connection with diagnoses submitted to Medicare Part C and other government healthcare programs.
 - **Continued post-pandemic scrutiny on suspect telehealth arrangements that undermine providers' independent judgment**, including improper financial incentives to prescribe based on volume and sham encounters that do not allow for legitimate patient visits (such as lack of follow-up and time limitations).
 - Recent congressional inquiries regarding pharmaceutical manufacturer arrangements with telehealth providers through direct-to-consumer platforms suggest that telehealth will remain a focus not only for DOJ, but also on the Hill.

Look Ahead to the 2025 Healthcare Landscape: Enforcement Trends

Election
2024



Criminal Enforcement

- Coordination among DOJ, HHS, and the Drug Enforcement Administration, as well as state and local law enforcement agencies through the 2024 National Health Care Fraud Enforcement Action resulted in charges against 193 defendants, including 76 licensed providers similarly involved in a wide array of alleged schemes including adulterated and misbranded HIV drugs, unlawful distribution of millions of Adderall and other stimulants, and payment of kickbacks and bribes by telemedicine companies. Each of these areas likely will remain areas of focus in the second Trump administration.
 - Although the executive branch drives law enforcement priorities, the change in administration may be less subtle than in other areas, at least with respect to use of the FCA to target alleged healthcare fraud.
 - In the final full fiscal year of the first Trump administration (FY20), DOJ announced \$2.2 billion in FCA settlements and judgments, including a nearly identical volume of recoveries (\$1.8 billion) attributed to healthcare-related matters. That said, President-elect Trump appointees may reflect changes in priorities given that in FY20 the largest recoveries came from the pharmaceutical industry, including resolution of allegations of kickbacks paid by drug and device manufacturers to influence prescribing decisions, as well as allegations that manufacturers illegally paid patient copays for their own drugs through purportedly independent foundations.
- Given the campaign's focus on the elimination of civil service protections, any attempt by the incoming administration to reduce headcount and/or re-assign key agency personnel may result in uncertainty with respect to enforcement priorities.

Look Ahead to the 2025 Healthcare Landscape: Enforcement Trends

Election
2024



Federal Trade Commission

- Despite some Republican support for Federal Trade Commissioner (FTC) Chair Khan, President-elect Trump is likely to appoint his own chair and nominate a third Republican commissioner, shifting majority control of the commission to Republicans.
- Expect the following from the FTC in the second Trump administration:
 - Merger enforcement likely to continue at similar levels, but with a greater willingness to entertain settlements
 - Potential re-examining of 2023 Merger Guidelines
 - New Hart-Scott-Rodino rules likely to stay
 - Likely end to rulemaking efforts (e.g., non-compete ban)
 - Existing litigation matters likely to continue (including PBM enforcement action)
 - Less aggressive posture toward private equity
 - Unfair methods of competition enforcement under Section 5 of the FTC Act likely re-examined (including potential withdrawal of 2022 Section 5 Policy Statement)
 - Robinson-Patman Act likely shelved again
 - Potentially less enforcement against single-firm conduct (i.e., monopolization) under Section 2 of the Sherman Act, but continued scrutiny of Big Tech





Look Ahead to the 2025 Healthcare Landscape:

Health Technology and Artificial Intelligence

- Under the Biden administration, HHS announced a reorganization, clarifying that AI, data, and technology responsibilities are overseen by the rebranded Assistant Secretary for Technology Policy and Office of the National Coordinator for Health Information Technology.
 - Expect a second Trump administration to continue this organizational structure, at least in name, while seeking greater collaboration with industry.
- During his first presidential term, President-elect Trump focused on accelerating the development of AI and enhancing federal research and support for AI initiatives.
 - While President-elect Trump has raised concerns about the dangers of AI use, his broader actions around AI and intense political focus on international competition would suggest his administration will not take a stringent approach to regulating AI.

Congressional Interaction:

- Senate HELP Committee Republicans have released a white paper detailing how AI can improve healthcare and calling for “robust, flexible” regulatory frameworks.
- The paper highlights how AI can boost drug development, alleviate administrative burdens on providers, and improve patient and physician education. The outlook overall was very bullish.
- House Democrats could follow the lead of a bipartisan Senate proposal around federal AI regulation.



Look Ahead to the 2025 Healthcare Landscape:

Other Public Health Agencies



- President-elect Trump famously clashed with many public health officials during his first term. He is unlikely to retain President Biden's leaders at the National Institutes of Health (NIH) or the Centers for Disease Control and Prevention (CDC).
 - Like FDA, expect President-elect Trump to be limited in his ability to nominate truly controversial nominees in the mold of Robert F. Kennedy Jr. because moderate Senate Republicans may not support such a pick – and Democrats would unanimously oppose.
 - CDC – Director Mandy Cohen will be the last Director of CDC that did not require Senate confirmation. President-elect Trump may look to industry or academia for his selection, and under a law passed in 2022, the nominee must now be confirmed by the Senate.
 - NIH – Director Monica Bertagnolli was confirmed in November 2023. She has kept a relatively low profile during the Biden administration, but expect President-elect Trump to install his own nominee after feeling burned by renominating former Director Francis Collins.

Congressional Interaction:

- Sen. Bill Cassidy (R-LA) released a [proposal](#) to reform NIH in May of this year. Expect to see him attempt to enact some of those reforms should he take the gavel at Senate HELP, as expected.

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Oversight and Investigations

GOP Oversight and Investigations Focus

- With Republicans in control of the White House and Congress, we expect greater scrutiny of government and corporate support for corporate ESG policies.
- Republicans will seek to challenge content moderation by social media companies. Additionally, Republicans may examine claims of de-banking for disfavored industries.
- The Republican-controlled Congress may examine compliance with recent SCOTUS decisions, including the ban on affirmative action in college admissions.
- Populist impulse may highlight the lack of transparency in health care expenses across the industry.
- A Trump administration may seek to restrict federal funding to universities that receive funding from foreign adversaries and may increase scrutiny of the non-profit sector generally.
- Republicans will continue their investigations into antisemitism and censorship of conservative voices on college campuses.
- Investigations may highlight Republican concerns about energy policy, including an over reliance on renewables, and U.S. competitiveness and pollution by competitors such as China.





GOP Oversight and Investigations Leadership

- The House Oversight Committee will not see changes in leadership as Republicans are the majority, leaving Rep. James Comer (R-KY) as chair and Rep. Jamie Raskin (D-MD) as ranking member.
- The Senate Homeland Security and Governmental Affairs Committee leadership will flip with Sen. Rand Paul (R-KY) as chair and Sen. Gary Peters (D-MI) as ranking member.
- New Senate HELP Chairman Bill Cassidy (R-LA) and Banking Chairman Tim Scott (R-SC) can be expected to conduct oversight of matters within the committees' respective jurisdiction.
- House Energy and Commerce (E&C) and Financial Services Committees can be expected to continue practice of oversight, but chairmanship of both will be contested. Reps. Brett Guthrie (R-KY), Richard Hudson (R-NC), and Bob Latta (R-OH) are running for chair of E&C and Reps. Andy Barr (R-KY), Bill Huizenga (R-MI), and French Hill (R-AR) are expected to compete for the gavel of Financial Services.



Rep. James Comer



Rep. Jamie Raskin



Key Takeaways – Oversight and Investigations

- Congressional authority exercised through lawmaking:
 - Power of the purse
 - Other law making
 - Giving/removing agency authority
 - Raising/lowering taxes
 - Requiring/forbidding certain conduct
- Oversight and Investigations
 - Examine any matter within law-making jurisdiction
 - Useful when law making is difficult, e.g., divided government, emerging issue
 - Follows/advances party policy preferences but could affect any company in any sector

Why Does Congress Conduct Oversight and Investigations?

Election
2024



- Developing facts to support a particular political or policy agenda
- Shaming or embarrassing a company or industry to change behavior
- Scrutinizing agency leadership or establishing a record to support changes to a federal program
- Exposing criminal or civil wrongdoing
- Target matters of public concern – any sector could be subject to scrutiny

Key Contacts

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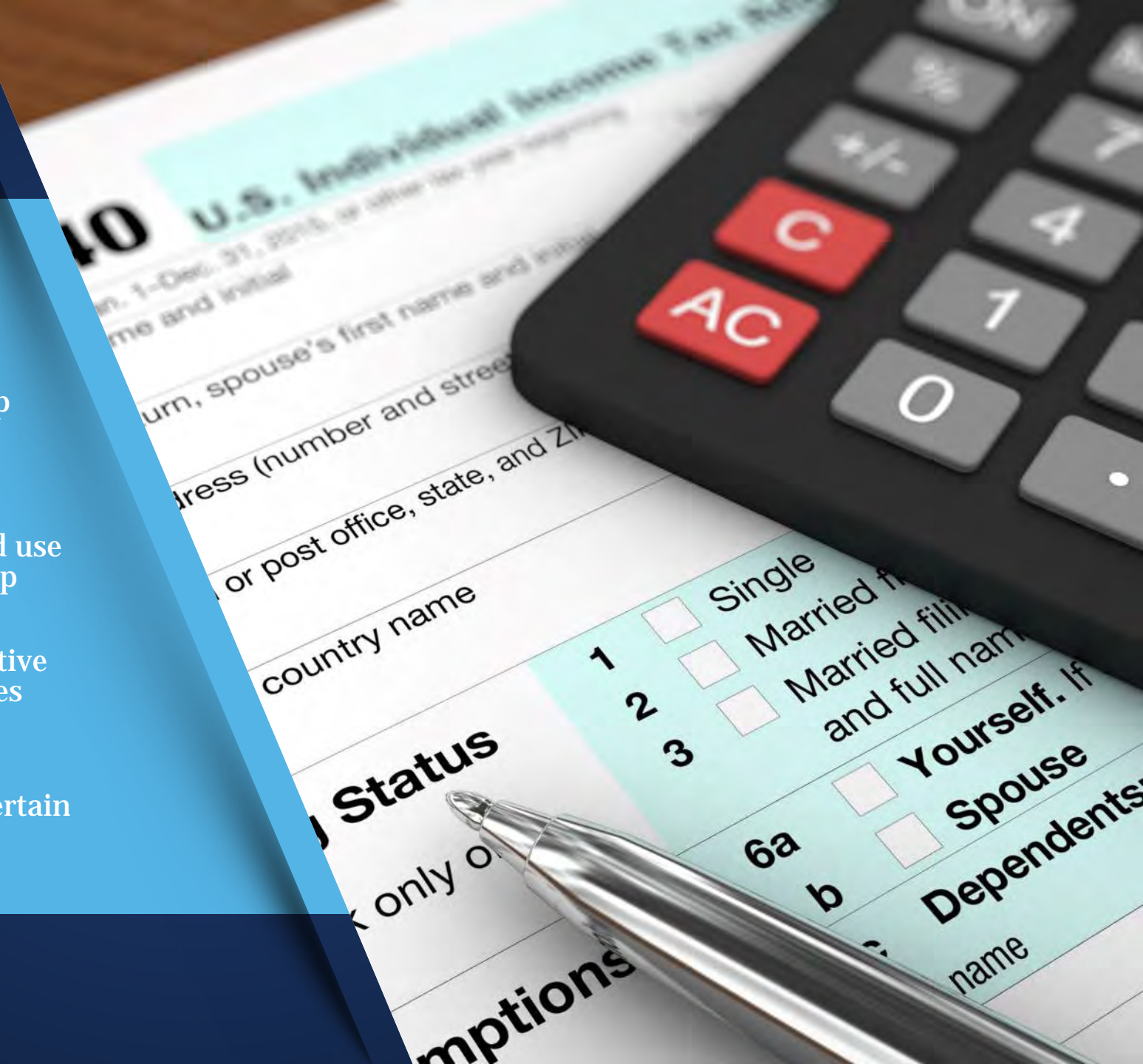
Paul Waters



Tax

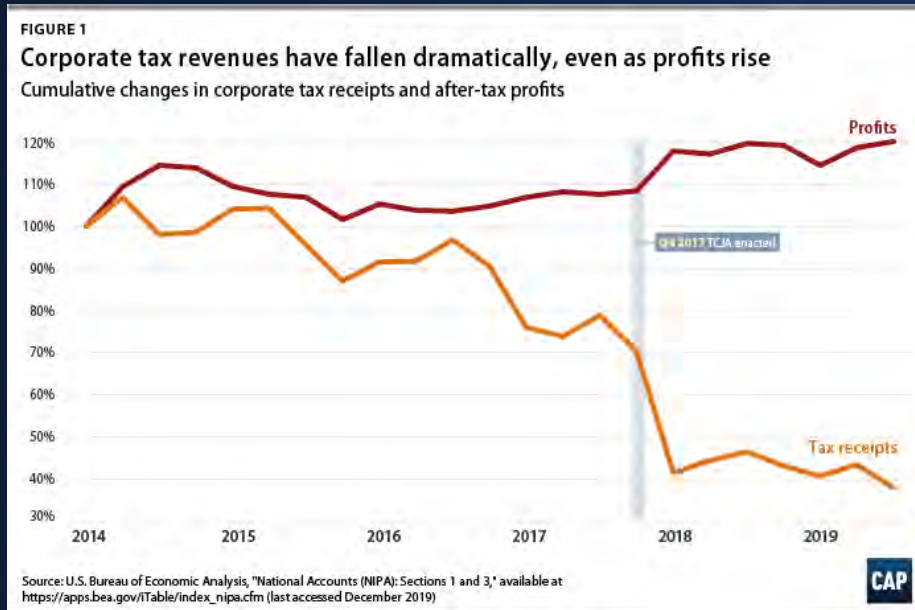
Key Takeaways

- Key provisions of the Tax Cuts and Jobs Act (TCJA, [P. L. 115-97](#)) expire in 2025.
- The extension of the expiring provisions alone is scored at \$4.6 trillion over the next decade. Republican lawmakers and President-elect Trump seek additional tax breaks that will increase the fiscal cost.
- Lawmakers failed to adopt a fiscal 2025 budget resolution in 2024, so congressional leaders could use two budget windows — FY25 and FY26 — to tee up reconciliation packages next Congress.
- Planning started in 2024 for the necessary legislative policy and strategy to use reconciliation authorities and extend and expand on expiring provisions of the TCJA.
- Republicans are expected to modify and curtail certain existing tax subsidies enacted under the Biden administration for clean energy.



The Corporate Rate and Other Business Taxes

Election
2024



The TCJA had a significant impact on corporate tax receipts.

- A Republican sweep ensures Republican members of Congress can use the reconciliation process in FY25 or FY26 (or both) to enact tax legislation responding to the expiration of elements of the TCJA.
- In addition, on the campaign trail, President-elect Trump proposed a number of tax changes, including reducing the corporate rate from 21% to 15% for certain businesses that manufacture in the U.S. This proposal may gain traction among Republican tax writers, despite some deficit concerns and populist sentiments.
- Congressional Republicans may use such a tax measure to eliminate other Biden-era corporate tax changes, including:
 - The 15% corporate alternative minimum tax
 - The 1% stock buyback excise tax
 - Cuts to the Inflation Reduction Act (Pub. L. No. 117-169)
- Republicans may use reconciliation to address foreign tax laws under Pillar One and Two.



Expiring Business Provisions

- Other key TCJA business provisions include the pass-through deduction available under Section 199A. This provision, which allows pass-through businesses to significantly reduce their effective tax rates (thus keeping them competitive with corporate tax rates), expires December 31, 2025.
- Republicans will prioritize extending the several other business-related TCJA provisions that will expire or have already expired by 2025. Provisions of particular interest include:
 - Full expensing for research and development costs, which sunset in 2022
 - Bonus depreciation for eligible business assets, which began a phase-out period in 2023
 - Certain business interest deductions under section 163(j)
- In the House, the 10 Republican “Tax Teams” created by Ways and Means Chairman Jason Smith (R-MO) are expected to continue to play a role in educating Republican members on these provisions and shaping a future TCJA extenders package.
- During 2024, Senate Republicans undertook a similar member-education process, but generally behind closed doors, and avoided public presentations on member objectives.



Place-Based Tax Incentives



48D incentivized the development of semiconductor fabrication sites.



48C incentivized the development of clean energy development projects.

- During the Biden administration, tax policy has increasingly been a vehicle for addressing national security interests.
 - The Section 48D advanced manufacturing and 48C advanced energy project investment tax credits demonstrate how tax policy can be used to facilitate the onshoring of supply chains critical to national security.
- Given the Trump administration’s aggressive trade stance, we expect the administration to advocate for additional place-based tax incentives to encourage certain industries to decouple from China, including in the biotechnology and manufacturing spaces.
- Other Republican TCJA priorities operate by a similar mechanism.
 - For instance, extension of the TCJA may include provisions of the Opportunity Zones Transparency, Extension, and Improvement Act ([H.R. 7467/S. 4065](#)), which would disqualify zones where median income exceeds 130% of the national mean and expand reporting requirements.

Individual Provisions



Category	Increase (-) in Deficits from 2025–2034 (Billions)
Individual Income Tax Provisions	-\$3,256
Higher Estate and Gift Tax Exemptions	-167
Business Tax Provisions	-551
Total Increase in Primary Deficits	-3,974
Associated Net Interest Costs	-605
Total of TCJA Extension with Interest	-4,579

SOURCE: Congressional Budget Office, Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues, May 2024.

- The TCJA made significant changes to individual taxes, many of which are set to expire in 2025. The Trump administration and congressional Republicans will seek to extend many of these expiring provisions, which may be offset by cuts to other tax incentives. Expiring individual provisions include:
 - Reduced rates at every income bracket
 - Expansion of the standard deduction
 - The cap on state and local tax deductions at \$10,000
 - The doubling of the Child Tax Credit, among other items
- On the campaign trail, President-elect Trump pledged other individual tax cuts as well, including:
 - Exempting tipped wages from federal income tax
 - Eliminating the cap on state and local tax deductions
 - Eliminating taxes on Social Security benefits, among other items
- These additional tax elements significantly increase the deficit effects of legislation.

International Provisions

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Economic Cooperation and Development

- The Organization for Economic Cooperation and Development's (OECD) Pillar Two 15% global minimum tax will continue taking effect in many jurisdictions throughout 2025.
- The Trump administration and congressional Republicans have expressed significant concerns with these policies and may impose retaliatory measures on nations that implement either Pillar.
- Pillar Two is also expected to complicate the process of complying with the existing Global Intangible Low-Tax Income (GILTI) framework, and American multinational firms may seek to modify GILTI to facilitate cross-border tax planning.
- The OECD is expected to continue negotiating both policy frameworks.
- The United Nations is also expected to continue its work on a competing framework to Pillar Two supported by an array of developing nations.

Clean Energy Tax Measures – Stability of the IRA

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- The Trump White House and Republicans in Congress are widely expected to seek to repeal many of the clean energy tax credits and related programs enacted under the IRA.
 - In September 2024, President-elect Trump vowed to “rescind all unspent funds under the misnamed Inflation Reduction Act.”
 - Measures under particular threat appear to be incentives for the purchase of electric vehicles, including the New Clean Vehicle Credit (Sec. 30D), Clean Commercial Vehicle Credit (Sec. 45W), and elements of other credits that are exposed to Chinese inputs.
 - Republicans may also try to repeal the IRA’s Waste Emissions Charge on methane emissions, as well as its increased Superfund excise charges.
 - Many Republicans in Congress, however, may [seek to preserve](#) certain IRA incentives that result in jobs and manufacturing in their districts.
 - Speaker Johnson, for instance, indicated House Republicans may take a “scalpel” to the IRA, rather than a “sledgehammer.”

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Technology

Technology Policy

Key Takeaways

- President-elect Trump may make changes to the CHIPS program, but he is unlikely to completely roll back the program.
- While President-elect Trump has not weighed in, privacy legislation will continue to be of interest to Congress.
- While the first Trump administration used antitrust enforcement authority to put pressure on Big Tech, it is unclear how prominent antitrust enforcement priorities will be to the second Trump administration. The Trump administration will likely repeal the Federal Communication Commission's (FCC) net neutrality.
- President-elect Trump may call on Congress to repeal Section 230 during his first 100 days in office.
- The Trump administration will likely adopt a national broadband strategy and may request additional funding for the rip and replace program.
- The role of the Cybersecurity and Infrastructure Agency (CISA) in coordinating federal cyber policy will likely be diminished.



CHIPS Incentive Program

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- Despite President-elect Trump's criticism of the CHIPS Act during the final weeks of his campaign, expect the Trump administration to retain the program, but to change some of the program's requirements.
- President-elect Trump was a strong proponent for onshoring and reshoring American manufacturing; expect a continuation during his second term.
- President-elect Trump may seek additional ways to strengthen the CHIPS incentive program's guardrail provisions, which restrict CHIPS incentive award recipients' ability to invest in China for a period of 10 years. Congress may use its oversight power to review guardrail agreements.
- It is unclear if President-elect Trump will support additional funding for the CHIPS Act.
- During the campaign, President-elect Trump called for the creation of a U.S. sovereign wealth fund to finance "great national endeavors."

Data Privacy

- While Republican leadership opposed the passage of federal privacy legislation in the 118th Congress, strong bipartisan support exists for the advancement of federal privacy legislation.
- With a majority in both chambers, Republicans could advance privacy legislation without a private right of action provision, which derailed privacy legislation in 2024.
 - This legislation may also include provisions subordinating state-level privacy laws to a federal standard, potentially drawing pushback from lawmakers in California and other states.
- President-elect Trump has not articulated a stance on privacy legislation and is not expected to be a major player in future privacy discussions.
- Privacy legislation, both a broad federal data standard and the Kids Online Safety Act, are unlikely to pass in the 118th Congress due to opposition from House Republican leadership.
- With Rep. Cathy McMorris Rodgers' (R-WA) retirement at the end of the 118th Congress, House Republicans will need a new leader for data privacy.
- Project 2025 calls for an Executive Order to expand export control authority to regulate and restrict export of U.S. persons' data to countries of concern.
- Project 2025 also calls on the Trump administration to add app providers known for undermining U.S. national security through data collection, surveillance, and influence operations to the Entity List. Project 2025 argues this would prevent app users from getting program updates, essentially ending use of the apps.



Antitrust Policy

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Vice President-elect Vance

- During the first Trump administration, the FTC and the DOJ intensified their scrutiny of tech mergers and acquisitions, but it is unclear how the second Trump administration will approach antitrust.
- Vice President-elect Vance is one of few GOP lawmakers that has expressed support for FTC Chair Lina Khan's enforcement actions against big tech firms; he agrees with her broad interpretation of the FTC's authority. But Lina Khan is unlikely to continue serving in the Trump administration.
- While Vice President-elect Vance has positioned himself to play a significant role in antitrust enforcement, it is unclear whether President-elect Trump will continue the pro-enforcement stance from his first term or entrust Vice President-elect Vance with significant control over competition policy.
- Regardless of Vice President-elect Vance's role, the Trump administration would likely maintain pressure on Big Tech.
- Project 2025 calls for the FTC to be abolished, but it is unclear what impact Project 2025 will have on the second Trump administration.

Net Neutrality and Section 230

- The Federal Communications Commission will likely focus on deregulation and repealing the agency's net neutrality and digital discrimination rules.
 - If the courts themselves do not invalidate the net neutrality rules, FCC Commissioner Brendan Carr, who is considered the front-runner to lead the FCC and a vocal opponent of the net neutrality rules, would most likely issue an order to reverse them. He also called for the repeal of Section 230 and expressed his intent to issue an order limiting the types of cases it would protect.
- President-elect Trump and Vice President-elect JD Vance have been vocal opponents of Section 230 of the Communications Decency Act Of 1934.
 - During his first term, President-elect Trump signed an executive order aimed at limiting Section 230 protections and repeatedly called for its repeal.
 - President-elect Trump may call on Republican leadership to help prioritize repealing Section 230 in the first 100 days.



Individuals protesting the repeal of net neutrality rules, May 2017



Broadband Policy

- While Vice President-elect Vance supported restoring the Affordable Connectivity Program as a senator, his support is not expected to carry over to the Trump administration.
- The Trump administration may loosen the requirements of the Broadband Equity Access and Deployment program.
- Commissioner Carr, who drafted Project 2025's FCC policy recommendations, calls for:
 - A national coordinating strategy for U.S. broadband, infrastructure spending, and spectrum policy
 - \$3 billion in additional funding for the “rip and replace” program
 - Expanding the FCC's Covered List of communications equipment and services that pose an unacceptable risk to U.S. national security
 - Free up more spectrum for wireless services
 - Continue to modernize wireless and wireline infrastructure rules to accelerate deployment



Cybersecurity



- Depending on the outcome of the Senate leadership race, Sen. Ted Cruz (R-TX) will likely lead the Senate Commerce Committee. If Sen. John Cornyn (R-TX) becomes the Senate Majority Leader, Sen. John Thune (R-SC) may take the Senate Commerce Committee gavel for the next Congress.
- Sen. Rand Paul (R-KY) will lead the Senate Homeland Security Committee.
- Neither have a detailed cyber policy record and may deprioritize cybersecurity legislation in favor of other topics. Notably, Sen. Paul is not expected to support any legislation that results in new government spending.
- In the House, Homeland Security Committee Chair Mark Green (R-TN) will continue to prioritize cyber issues, including advancing forthcoming legislation to broaden the cyber workforce.
- A Republican Congress will scrutinize the Cybersecurity and Infrastructure Agency's implementation of the final Cyber Incident Reporting for Critical Infrastructure Act rules, which are expected in 2025.
- Under the Trump administration, the role of CISA in coordinating federal cyber policy will likely be diminished; the Office of the National Cyber Director's role may be minimized or eliminated.



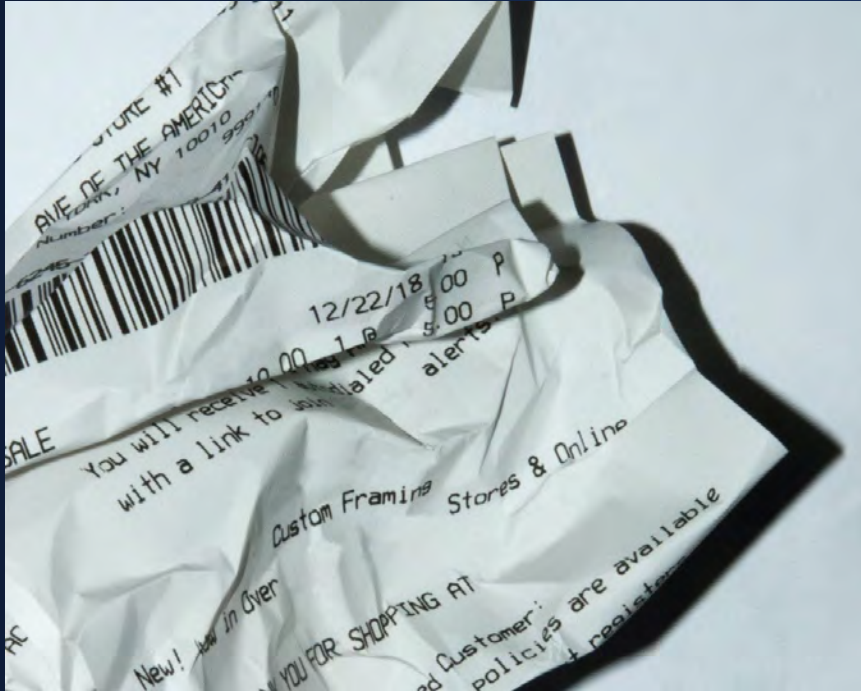


Intellectual Property

- The second Trump administration, like his first, will likely focus on making it more difficult to invalidate patents.
- Expect the Patent and Trademark Office director to focus on cutting down the regulatory process in favor of increased patent grants.
- How the Trump administration handles the director review process, which was mandated by the Supreme Court's *Arthrex* decision, will depend on the director.
- Expect the Trump administration to abandon the terminal disclaimers proposed rule.
- Expect a renewed focus on congressional IP efforts, including legislation to limit the ability to bring validity challenges in multiple venues and clarifying what is patentable under Section 101.
- Do not expect the Trump administration to use federal march-in rights under Bayh-Dole.
- There are opportunities for the Trump administration to appoint pro-business judges to the Federal Circuit.



Junk Fees



- The Trump administration may rescind the Department of Transportation’s rule to regulate how airlines disclose fees to consumers during the booking process, which the 5th Circuit Court of Appeals stayed in August.
- The Trump administration would likely abandon the Federal Trade Commission’s “junk fee” rule to ban fees the FTC deems unfair.
- Republicans in Congress may continue to advance bipartisan proposals to address junk fees including:
 - The No Hidden Fees Act ([H.R. 6543](#)), which would prohibit unfair or misleading price advertising for short-term lodging and require accurate price listings that include all mandatory and resort fees.
 - The bill passed out of the House (384-25) in June. The Senate companion bill, the Hotel Fees Transparency Act ([S. 2498](#)) passed out of committee in August.
- The TICKET Act ([H.R. 3950](#)), which would require full disclosure of all fees at the start of any event.
- The MAIN Event Ticketing Act ([S. 3191](#)), which would expand the cybersecurity and disclosure obligations of ticketers, alongside requiring the disclosure of junk fees
- The Fans First Act ([S. 3457](#)), which would require ticketers to display final sales prices for live events, among other bills.

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Trade

Trade Policy

Key Takeaways

- President-elect Trump champions a protectionist trade policy, using tariffs and renegotiating trade deals to protect U.S. industries and to try to reduce trade deficits.
- The 2024 Republican Party Platform expressed support for universal tariffs on foreign-made goods and encouraged passing the Reciprocal Trade Act to allow the president to impose tariffs on imports from countries that levy higher tariffs on U.S. goods.
- President-elect Trump has promised to impose a 60% tariff on Chinese imports and 10% to 20% tariffs on goods from other countries. Expect his administration to rely on existing laws to accomplish these goals.
- Like his first term, President-elect Trump's trade policy will likely be transactional.





Increased Tariffs

- President-elect Trump promised to impose a tariff of 60% or more on Chinese goods, building on the tariffs he imposed in his first term pursuant to a Section 301 investigation into China's forced technology transfer policies.
- The Trump campaign also proposed a four-year plan to “phase out all Chinese imports of essential goods,” which include “everything from electronics to steel to pharmaceuticals.”
- President-elect Trump may support additional changes to *de minimis* rules. While President-elect Trump has not called for a change in the law, his former U.S. Trade Representative, Robert Lighthizer, has advocated for narrowing the *de minimis* exemption.

Political Dynamics

- President-elect Trump will continue his “America First” trade policy, focused on unilateral actions, aggressive negotiations, reducing the trade deficit, and protecting U.S. industries.
- During his first term, President-elect Trump proposed revoking China's MFN status. With Republicans in control of Congress, he may garner the needed congressional support.
- The Trump campaign also promised to adopt new rules to prevent U.S. companies from investing in China and to “stop China from buying up America,” which could mean further measures for outbound investment screening and stricter CFIUS review.

Congressional Role

- The House Select Committee on Strategic Competition between the United States and the Chinese Communist Party is expected to continue in the 119th Congress.
- President-elect Trump will likely urge Congress to pass the Reciprocal Trade Act to allow the president to impose tariffs on imports from countries that levy higher tariffs on U.S. goods.
- Congressional interest in targeted anti-China legislation will remain strong.



U.S.-Mexico-Canada Agreement



01

“Upon taking office, I will formally notify Mexico and Canada of my intention to invoke the six-year renegotiation provision of the U.S.-Mexico-Canada Agreement (USMCA) that I put in.”

~ President-elect Trump

02

While President-elect Trump said he will not undermine the deal he put together, he wants to fight for a better deal, especially for the auto industry. President-elect Trump also said he will fight for protections against “transshipment.”

03

The USMCA review process requires: (1) a public notice and comment period, (2) congressional briefings outlining negotiations, progress, and proposed action U.S. intends to raise, and (3) the Office of the United States Trade Representative to submit copies of any proposed text to Congress.

Domestic Manufacturing

- To boost domestic manufacturing, President-elect Trump has proposed cutting the corporate tax rate from 21% to 15% for companies that manufacture in the U.S., in addition to imposing tariffs on imports.
- The Trump administration will likely support federal subsidies for domestic manufacturing projects, including in the automotive, artificial intelligence, semiconductor, and biotech sectors. However, the Trump campaign has threatened to end federal support for EVs.
- President-elect Trump said he would rescind any unspent funds under the IRA. Although the Trump administration will be able to slow down or reevaluate direct spending under the law, the IRA tax credits will require congressional action to repeal. As many of the IRA benefits are being reaped in Republican states, a Republican Congress may not be willing to repeal the entire IRA and may instead focus on specific provisions.
- The Trump administration could direct the Department of the Treasury, Internal Revenue Service, and Department of Energy to rework the foreign entity of concern guidance as it applies to the EV tax credit to exclude more entities with links to Chinese parties. Not only could this be politically appealing as “tough on China,” it could further restrict the number of EVs eligible for the tax credit.
- President-elect Trump could expand the Defense Production Act, which needs to be reauthorized in 2025, to help achieve his industrial policy goals.





Supply Chain Resiliency and Critical Minerals

- President-elect Trump wants to bring critical supply chains back to the United States. He also called for eliminating environmental protections that he said impede mining rare earth minerals in the United States.
- President-elect Trump promised to appoint a manufacturing ambassador who will focus on persuading international companies to move operations to the United States.
- The second Trump administration will likely endorse forming a Western Hemisphere alliance to foster private investment to shore up critical mineral supply chains.
- But Project 2025, which was written by many former senior Trump administration officials, called for the elimination of the Department of Energy's Loan Program Office, a loan program focused on prospective critical minerals producers and processors. It is unclear what impact Project 2025 will have on the second Trump administration.



Tariff Policy



Special Trade Measures

- Proposed 10% to 20% tariff on all imports.
- Existing Sections 232 and 301 measures are likely to continue.
- Quota renegotiations are unlikely unless major concessions are made to the United States.
- The Trump administration will likely invoke laws, such as Section 301, to further block Chinese competition.

Traditional Trade Remedies

- President-elect Trump supports expanded use of antidumping and countervailing duty (AD/CVD) proceedings and more aggressive policies and practices.
- The second Trump administration may continue to self-initiate AD/CVD investigations.

Export Controls

- The Trump administration will be a strong supporter of export controls.
- President-elect Trump may further expand China-focused controls in sensitive industries such as semiconductors, AI, biotechnology, and quantum computing.

New Trade Paradigms

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Indo-Pacific Economic Framework for Prosperity

- President-elect Trump opposes the Indo-Pacific Economic Framework for Prosperity (IPEF) and has promised it will be “dead on day one” of his administration.
- The Trump administration is expected to withdraw from the framework with the support of congressional Republicans, who have described IPEF as “[not] nearly ambitious enough” and criticized its lack of congressional approval.

Americas Partnership for Economic Prosperity

- President-elect Trump has not commented on the Americas Partnership for Economic Prosperity (APEP); however, President-elect Trump will likely oppose the APEP because it lacks market access and tariff reduction provisions.
- Congressional Republicans have been similarly quiet on APEP. Despite this, the partnership serves as the foundation for the bipartisan, bicameral Americas Trade and Investment Act.

Americas Trade and Investment Act

- The Americas Trade and Investment Act would expand the USMCA and undertake tariff reforms to promote investment and economic development across the Western Hemisphere.
- There is some bipartisan, bicameral support for the bill and its potential to counter Chinese influence in the Western Hemisphere. The legislation is also generally supported by Latin American leaders.



New Trade Paradigms (Continued)

Global Arrangement on Sustainable Steel and Aluminum

- The Trump administration is not expected to continue Global Arrangement on Sustainable Steel and Aluminum negotiations with the European Union (EU). Rather, President-elect Trump will likely maintain his 2018 tariffs, include the metals in any universal tariffs, and apply AD/CVD laws aggressively.
- Republicans have pledged to support a 10% minimum tariff on all imported goods, which will likely heighten transatlantic trade tensions: the EU reportedly plans to “hit back fast ... and hard.”

U.S.-EU Trade and Technology Council (TTC)

- President-elect Trump, whose first administration largely ignored international efforts, is expected to terminate cooperation through the council in favor of unilateral policies.
- Despite this, international officials previously said they were confident whoever was elected U.S. president would recognize the importance of prioritizing the U.S-EU trade and economic relationship.

Carbon Border Adjustment Mechanism (CBAM)

- Congressional Republicans generally have opposed carbon tariff proposals and efforts to “emulate the failed climate proposals of many European countries.”
- President-elect Trump previously led efforts to prevent factoring carbon emissions into federal decision-making.
- While Republican control of Congress will make a U.S. carbon tax a non-starter, efforts to implement a CBAM have taken root with some Republicans who might advocate it as a way to lower other taxes.

Trade Legislation



GSP

- There is bipartisan frustration over lapse of Generalized System of Preferences (GSP) program.
- Disagreements over labor and environmental standards have stalled reauthorization. But with Republicans in control of Congress, there may be a renewed effort to reauthorize the program, potentially in reconciliation.

TAA

- Some Democrats have argued the GSP program should be reauthorized along with the Trade Adjustment Assistance (TAA) program.
- With control of Congress, Republicans will likely rebuff this effort.

De Minimis

- Coupled with former U.S. Trade Representative Robert Lighthizer's interest, there are bipartisan, bicameral efforts to reform the *de minimis* exemption.
- With Republican control of Congress, there may be legislative efforts to build on the *de minimis* changes the Biden administration implemented.



Trade Legislation

MTB

- Historically, the Miscellaneous Tariff Bill (MTB) has enjoyed bipartisan support.
- Reauthorization could be streamlined, but U.S. trade policy towards China will influence which products will qualify for MTB exclusions.

AGOA

- The African Growth and Opportunity Act (AGOA) expires in 2025. President-elect Trump has previously signaled support for the program.
- However, President-elect Trump will likely seek greater reciprocity in the trade relationships, potentially including reciprocal trade agreements with – or other concessions from – developed economies on the continent.

Level the Playing Field 2.0

- If this bill is not included in the end of the year funding package, it will likely be introduced again in the 119th Congress, as domestic steel interests continue to push for stronger trade enforcement measures.

Export Controls



China

- Without consultation with allies, President-elect Trump is likely to continue technological and economic measures to (1) constrain China's high-tech capabilities, (2) deter Chinese aggression, and (3) trend toward "decoupling" economically from China.
- Expect heightened scrutiny of Chinese investments in the United States, and of American investment flows into China. Export control screenings likely will grow tighter and there will be greater emphasis on supply chain security over economic efficiency.
- But President-elect Trump may consider easing export controls on China if China is willing to make economic concessions to the United States.

Russia

- During his first administration, President-elect Trump tried to build friendly relations with Russia, but he also expanded sanctions on Russian individuals and firms.
- On the campaign trail, President-elect Trump said he plans to end the Ukraine war on day one of his second administration.
- President-elect Trump said he may remove sanctions imposed on Russia by the Biden administration for invading Ukraine because he believes they are hurting the global dominance of the U.S. dollar.



Other Trade Policy Issues

- The Trump administration will likely abandon President Biden’s worker-centric trade agenda to reinstitute an “America First” agenda.
- President-elect Trump’s promise to raise tariffs across the board will hamper any existing trade negotiations or cooperation efforts with U.S. allies and partner countries, including the UK and Kenya.
- Though some congressional Republicans may pressure the administration to adopt a more traditional approach to trade, overall the party will be more aligned than during his first term.
- It is unclear if President-elect Trump intends to conclude negotiations for the U.S.-Taiwan Initiative on 21st Century Trade or seek a new deal that would reflect different priorities.
- Republican leadership will demand the Trump administration address digital trade barriers. However, the President-elect is not expected to prioritize doing so at the World Trade Organization.



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