

2026 Federal Policy Outlook

January 20, 2026

The outlook for federal policy in 2026 will remain dominated by the current administration's unconventional approach to governance and its eagerness to challenge existing norms and precedents. This approach is likely to continue being used in pursuit of the administration's top goals: immigration restriction and mass deportation; dismantling of diversity, equity, and inclusion goals and practices; and rolling back civil rights protections and enforcement related to discrimination based on race, sex, and gender identity. In addition to these issues, we anticipate the following areas will continue to be the focus of the administration and Congress.

Deregulation. The administration's deregulatory agenda, which began in 2025, is expected to pick up pace in 2026, judging by the voluminous regulatory agendas made public by federal agencies in the fall of 2025. Through the rulemaking process, agencies will continue working to remove DEI language, goals, and directives from federal rules.

Federal workforce. The downsizing of the workforce across most of the federal government that occurred in 2025 will have long-lasting impacts on the administration of grant programs and agencies' roles in enforcing civil rights, consumer, and worker protections — impacts that will also be shaped by agencies' revisions to enforcement priorities and deregulatory actions.

Legislative agenda. In Congress, 2026 has begun under pressure to resolve the unfinished fiscal year 2026 appropriations bills before the January 30 expiration of the current stopgap funding bill. Aside from appropriations, House passage of a three-year extension of the Affordable Care Act's (ACA) enhanced subsidies, over the objection of the speaker of the House, has provided additional momentum for bipartisan Senate negotiations to reach agreement on a deal to address the steep hike in premiums now that the enhanced subsidies have expired, while reproductive freedom advocates have expressed concerns that the deal could be a vehicle for abortion restrictions.

There are prospects for bipartisan action this year on housing and transportation infrastructure. However, a politically charged election year and the administration's divisive approach to governing could make bipartisan cooperation difficult to achieve.

Second reconciliation bill? A number of congressional Republicans, including Speaker Mike Johnson, several key committee leaders, and the Republican Study Committee, have been gearing up for a second budget reconciliation bill to advance changes to healthcare policy, including cuts to Medicaid and the ACA, as well as housing and tax policies. However, the Senate majority leader and several Senate committee chairs are less enthusiastic. The president himself has said a second reconciliation bill is not necessary, though he could change his mind.

H.R. 1 implementation. The implementation of the Budget Reconciliation Act (H.R. 1) will continue through 2026, especially in health and nutrition programs, as new restrictions on who can enroll and cost shifts to states take effect. Agencies will issue regulations and guidance for these and other provisions, including the new Workforce Pell Grant program, scheduled to launch in July.

Midterm effect. In the run-up to the midterm elections, members of Congress who feel vulnerable to losing re-election, including those who now find themselves in newly redrawn congressional districts, may feel more inclined to cross the aisle on certain votes and cosponsor legislation with members of the opposite party, though it remains to be seen whether this impacts the outcome of major legislation. At the same time, House Republican leaders who fear losing their majority may ramp up committee investigations and rush through legislation before a Democratic majority is potentially seated on January 3, 2027.

Key Dates in 2026:

January 30

- **Expiration of FY 2026 Continuing Resolution.**

September 30

- **End of FY 2026.** Deadline for enactment of FY 2027 appropriations legislation.
- **Infrastructure Investment and Jobs Act** expires.

October

- **Supplemental Nutrition Assistance Program.** The state share of SNAP administrative costs will double, as changes to the program included in H.R. 1 continue to be implemented.

November 3

- **Midterm Elections** for the entire U.S. House of Representatives, 35 Senate seats, and 36 governorships.