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This update reflects facts as of Monday morning, November 9, 2026. The situation is fluid and may change.

Congress returns this week for a five-week lame duck session, following a remarkable midterm election. The extraordinarily large Democratic gains obviously portend a different direction for Congress in 2027, a subject for another day that will depend in part on actions taken in 2026. For now, Republicans remain in control of both houses, but face considerable new obstacles and complications.

Sixty current members of the House announced retirement before the election and it appears quite a number more will not be reelected; similarly, the Senate is losing several members through retirement or electoral defeat. Attendance could be a problem, particularly for partisan legislation. Also, Democrats may be reluctant to strike agreements on key issues if they believe they will have more leverage next year, unless they decide it better to clear some issues now so that they can focus on other matters when they gain control.

Congress will immediately confront critical legislation. The government is funded only until December 11. Authorization for agriculture and surface transportation programs also expires on that date. Authorization for defense programs expires at the end of the year. Each of these must-do measures has outstanding issues that remain to be resolved. A partisan reconciliation bill to provide supplemental defense funding, and possibly other matters, may be lost in discussions of funding legislation, if not otherwise stymied by attendance issues, needed unanimity, and lack of time. Even with bipartisan support, energy infrastructure permitting reform and tax administration reform may prove challenging.

Government funding. Congress has passed none of the twelve appropriations bills needed to fund the government through the 2027 fiscal year. The government is currently operating under a continuing resolution that maintains funding at FY2026 levels until December 11. The Administration has requested a 33 percent increase in defense spending. Democrats have demanded relative parity in defense and nondefense spending, as they have in the past. Resolution of top-line spending levels, with the parties far apart, is further complicated by the Iran war. For newly empowered Democrats, demands for limits on future war operations may complicate negotiations with a shutdown looming.

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Further complicating the funding negotiations are actions and proposed actions by the Office of Management and Budget. OMB has impounded and sought rescission of funds Congress appropriated for the current fiscal year, something Democrats are seeking to prevent. OMB has also, in the same vein, proposed political review of government grants.

Sixty votes are needed in the Senate for government funding legislation, so bipartisan agreement is needed. That the Chair of the Senate Appropriations Committee, Sen. Collins, was not reelected will not make that easier. It could be that Congress will resort to another continuing resolution to avoid a government shutdown.

Reauthorization bills. Each of the pending reauthorization measures has its own unresolved issues. Agriculture includes nutrition programs such as the Supplemental Nutrition Assistance Program, funding for which was cut by the 2025 tax and spending bill. Democrats would like to see that funding restored. The Highway Trust Fund is not sufficiently funded by the existing gasoline excise tax, which has not been increased since 1993, and there are environmental issues that need to be resolved.

Democrats are likely to seek limits on the Iran war in the defense authorization bill—the National Defense Authorization Act—especially given its salience in the elections. Program authorizations also must be funded, implicating the pending defense funding controversy. The debate over defense authorization may also be complicated by the looming House vote on impeachment of the Defense Secretary.

Reconciliation and other legislation. The House passed a budget resolution in the Summer to provide $73 billion for defense and national security, needed mostly to replace munitions and equipment used or damaged in the Iran war (the remainder for agriculture programs). The resolution passed by a single vote and the Senate never acted on it. It seems unlikely to be resurrected now, given the need for Republican unanimity, which did not exist previously, and potential absences.

Energy permitting reform legislation—The Bipartisan American Affordability and Jobs Act of 2026—has bipartisan support but is not free of controversy. The issues include continuing environmental concerns and the Administration’s action to restrain or eliminate sustainable energy projects. Sponsors of the legislation have been working on further amendments to address concerns, and a Senate cloture vote is on the schedule for Monday. It is unclear, however, whether Democratic leadership will oppose the bill, hoping to seek further changes next year when Democrats will control both houses.

The Senate passed a bipartisan package of tax administration reforms by unanimous consent in September. The House Ways and Means Committee approved a series of its own bills earlier in the year, but it has not considered the Senate package. It is not yet clear whether Ways and Means will seek to modify the Senate bill or add provisions of its own that the Senate omitted, for which there is little time. So, the outlook is unclear, but the Senate reform bill is legislation that Congress could pass during the lame duck session.

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Extension of expired and expiring tax preferences seems beyond the reach of Congress this year, especially given the Democratic demand for extension of expanded Affordable Care Act premium tax credits. Cryptocurrency regulation legislation remains too controversial for near-term resolution, and time considerations would seem to make legislation to address tax issues uncertain, at best.

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