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Post-Election Regulatory Outlook: Four Takeaways

Shifting political oversight; ongoing regulatory priorities and agendas



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Post-Election Regulatory Outlook: Four Takeaways

Substantial changes in the House and Senate majorities, as well as in a number of state legislatures, have shifted the balance of power, creating a likely tense and adversarial relationship between the Congress and the Administration and potentially inhibiting forward movement on the Administration's policies and priorities.

Although the election will not immediately change the priorities of the Administration or the leadership of federal agencies, it will change the environment in which regulatory policy is developed and implemented. In particular, expect heightened congressional oversight, increased attention to agency leadership and nominations, turnover among political appointees, potentially including Cabinet officials, and possibly greater federal-state divergence, even as the Administration's efforts to advance modernization alongside innovation and national security continue.

Expect:

1. The Administration to remain focused on current priorities.
2. Federal agencies to continue to execute against established agendas.
3. The intensity and direction of Congressional oversight to shift.
4. States to have an elevated role creating further regulatory federal/state divergence and complexity.

1. Administration

The Administration will likely continue advancing its regulatory policies and priorities through executive and agency action. Key areas will include protecting national security (e.g., critical infrastructure, financial crime), reducing regulatory burden (e.g., licensing/permitting, indexing), encouraging innovation (e.g., super intelligence*, quantum computing), and promoting economic growth (e.g., fiscal policies, capital markets). A majority change in Congress may render legislative agreement difficult and could bring more intensive oversight and scrutiny to how those priorities are implemented.

2. Federal Agencies

Federal agencies will continue to execute their supervisory and regulatory authorities against the Administration's stated goals and priorities. However, vacancies in leadership, expiring terms, and future nominations across the federal regulatory agencies are likely to garner congressional attention. The change in Senate control could affect the confirmation prospects and the speed/timing for consideration of future nominees. The result may be less a wholesale change in regulatory direction than a reduction in the pace of change.

3. Congressional Oversight

Committee leadership and agendas will be important indicators of the regulatory environment ahead. Through oversight hearings, investigations, nominations hearings, appropriations and other legislation, Congress can set the agenda of issues to be considered and thereby influence regulatory priorities and implementation even as regulators and ultimately the President continue to direct the activities of the Executive Branch. Expect heightened congressional attention to consumer protection, costs/fees (e.g., credit cards, drug prices), federal workforce reductions, corporate concentrations, healthcare, cryptocurrency, clean energy/climate issues, and bank supervision (e.g., capital, private credit, mergers, chartering). Members of the incoming majority have also clearly signaled their intent to scrutinize Cabinet officials, which may potentially delay the pace and execution of regulatory priorities.

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4. State Level Activity

State election results could further elevate governors, attorneys general and state legislatures as independent regulatory actors. Shifts in party leadership in statehouses across the country could translate into additional activity in areas such as consumer protection, privacy, AI (and related data centers) and financial services, potentially widening differences between federal and state approaches and increasing regulatory fragmentation.

Looking Ahead

The midterm election changes the balance of political and oversight power, but it does not necessarily change the direction of regulatory policy. The key question for 2027 will be if, and how effectively, the Administration, federal regulators, Congress and the states can move forward given competing priorities, authorities and oversight responsibilities, and what those dynamics mean for regulated organizations. Potential areas of common ground include bipartisan efforts on affordability, national security, critical infrastructure, data privacy/security, and emerging technology.



Stay tuned for our forthcoming *Key Ten Regulatory Challenges of 2027*, where we will explore these shifts, the regulatory signals already emerging, and potential regulatory activity organizations should be watching for as they prepare for the year ahead.

**Note: Executive Order 14434 directs departments and agencies to use "Super Intelligence" and "SI" in place of "Artificial Intelligence" and "AI" in official correspondence, public communications, websites, reports, policy documents, and other non-statutory documents within the executive branch.*

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