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QUARTERLY OUTLOOK

APRIL 2026

GOVERNMENT AFFAIRS | PUBLIC RELATIONS | ADVISORY SERVICES

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TRUMP
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Overview

As the 2026 midterm elections draw closer, President Trump's decision to take military action in Iran has dominated both the domestic and foreign agendas. The conflict there has impacted everything from federal spending decisions to energy affordability to an upcoming meeting with President Xi of China. Congress must also take steps to fund the government and reauthorize key programs.

In this edition of the BGR Quarterly Outlook, BGR's bipartisan policy experts analyze the issues and challenges confronting lawmakers and the President.



Key Dates & Expirations

Primary season is heating up ahead of the **November 3** midterm elections. Lawmakers must also deal with several key legislative deadlines.

Upcoming Elections

April 16 - New Jersey's 11th Special
April 21 - Virginia Redistrict Referendum
PRIMARIES
May 5 - Indiana, Ohio
May 12 - Nebraska, West Virginia
May 16 - Louisiana
May 19 - Alabama, Georgia, Idaho,
Kentucky, Oregon, Pennsylvania
June 2 - California, Iowa, Montana, New
Jersey, New Mexico, South Dakota

September 30 Expirations

- Government Funding
- Surface Transportation Reauthorization Act
- Farm Bill
- EX-IM Bank Reauthorization

December 30 Expirations

- Target deadline to pass fiscal 2027 National Defense Authorization bill
- Water Resources Development Act up for biennial authorization
- EX-IM Bank authorization lapses

[Read Primary Schedule here](#) →



Trump Administration Outlook

President Trump Approval Rating

President Trump's approval rating has dropped from the beginning of 2026.

Current Approval Rating

41.2% approve | -15.1

56.3% disapprove

Historical Comparison

41.8% approve – Donald Trump 1st term | -12.1

54.0% disapprove – Donald Trump 1st term

38.0% approve – George W. Bush 2nd term

43.0% approve – Barack Obama 2nd term



Foreign Policy Dominating Agenda

President Trump has been largely focused on foreign policy objectives throughout the second year of his second term.

Impacts Of Iran Conflict Continue

Defined in part at its outset by shifting U.S. goals, the Iran conflict has now simmered into a contest of control of the Strait of Hormuz, with direct impacts on energy and shipping, and second order global economic impacts. Iran's traditional capabilities have been significantly degraded, if not destroyed, but asymmetric capabilities are now competing with a U.S. blockade, causing global markets to oscillate. All eyes are on U.S.-Iranian diplomacy, fostered by Pakistan, to prevent further escalation in the region and reopen traditional trade routes.

A China Deal Remains Elusive

The President remains focused on achieving a U.S.-China trade agreement, limiting restrictions to keep tensions low. While the Iran conflict may further delay the long-expected Trump-Xi meeting, both sides have signaled positive movement on pre-meeting frameworks. At the same time, Congressional and national security voices remain focused on reducing dependence, tightening controls, and sustaining pressure on Beijing.

[Read BGR's China Quarterly here](#) →

Personnel Changes Afoot

After one full year in office and ahead of the midterm elections, President Trump has made some changes to his Cabinet.

Department of Homeland Security

In the midst of a DHS funding dispute over the actions of immigration officials in Minnesota, the President made a change in leadership at the agency. Secretary Mark Wayne Mullin, a former Senator with strong relationships across the aisle.

Department of Justice

After the departure of Attorney General Pam Bondi, the President named Todd Blanche Acting Attorney General. Blanche and the Acting AG. A long-term replacement could be named later this year.

The President staffed his Cabinet with people committed to implementing his agenda, but he's also unafraid to make changes to respond to new challenges. Compared to his first term, these departures have been more considered and allowed exiting team members to arrange softer landings.



Sean Cooksey
BGR Managing Director

Trump's Fiscal Policies Proceeding

The economy and affordability remain a top priority for voters. President Trump and his economic team are working to convince their economic and spending policies will ultimately pay off for Americans' pocketbooks.

Budget Released

The FY27 budget request increases defense spending while prioritizing national security, economic growth, and core government functions and proposing reductions to non-defense discretionary programs.

Tariffs

The President's tariff agenda remains alive and strong, despite the Supreme Court decision limiting his authority. While refunds for certain tariffs will soon be available, sectoral and country-specific tariffs will replace the lost tariff tools.

A strong economy is vital to Republicans' chances of protecting their narrow majorities in November. Every decision made by the administration and Congress will be driven by that objective.



Joseph Lai
BGR Principal



Congressional Outlook

Potential Congressional Agenda

On the to-do list for Congress in the months ahead ...

- Wrapping up FY 26 Funding Department of Homeland Security and Advancing FY 27 Appropriations
- Potential War Powers Resolutions
- Potential Reconciliation Package
- National Defense Authorization Act
- Major Reauthorizations Needed Including FISA, Surface Transportation, Farm Bill



Leadership is managing this narrow majority one day at a time. While it may not always be pretty, essential legislative items will find a path forward, but aspirational legislation runs the risk of falling by the wayside until after the midterms.

Steve Pfrang, *BGR Principal*



FY26 Appropriations Status

Congress is working to resolve outstanding FY26 funding for the Department of Homeland Security while appropriators in both chambers begin advancing the FY27 appropriations process.

- Funding for the Department of Homeland Security (DHS) lapsed on **February 14, 2026**, triggering a **partial government shutdown limited to the department** amid a congressional impasse over immigration enforcement policy.
- The funding dispute is centered on **Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP)**, following controversial use-of-force incidents and broader disagreements over oversight and reforms.
- **Most DHS operations continue in a limited capacity**, while some components, including ICE and CBP, have been less affected due to alternative funding streams.
- The Administration has directed DHS to resume paying employees using available funds, including back pay, which has **reduced operational strain**. However, this funding is **temporary** and does not replace the need for congressional appropriations.
- All other federal agencies are **fully funded through September 30, 2026**, under enacted FY26 appropriations legislation.
- In late March, the **Senate advanced a DHS funding bill that excludes ICE and CBP**, while the House has not yet reached agreement on a path forward.
- As of mid-April, **no final deal has been enacted**, with Republican leadership considering a two-track approach pairing the Senate's funding bill with reconciliation to address ICE and CBP funding.

Foreign Intelligence Surveillance Act Status

Facing multiple expirations and looming midterm elections, Congress is racing to extend expiring national security, agriculture, and transportation programs while Republicans maintain their unified control; however, given the short timeline and narrow majority in the House, they may have to prioritize short-term extensions over major policy reform.

Expiration: Sunsets on April 20, 2026

Core Authority: Section 702 permits surveillance of non-U.S. persons abroad for intelligence purposes

Political Dynamics: Bipartisan interest in reform, balanced against national security concerns

Complications: In 2024, Trump urged Congress to “kill” FISA, despite previously upending other surveillance programs in his first term

Outlook: Temporary extension likely to avoid intelligence gaps, with limited reforms possible



Farm Bill Status

Facing multiple expirations and looming midterm elections, Congress is racing to extend expiring national security, agriculture, and transportation programs while Republicans maintain their unified control; however, given the short timeline and narrow majority in the House, they may have to prioritize short-term extensions over major policy reform.

Expiration: September 30, 2026

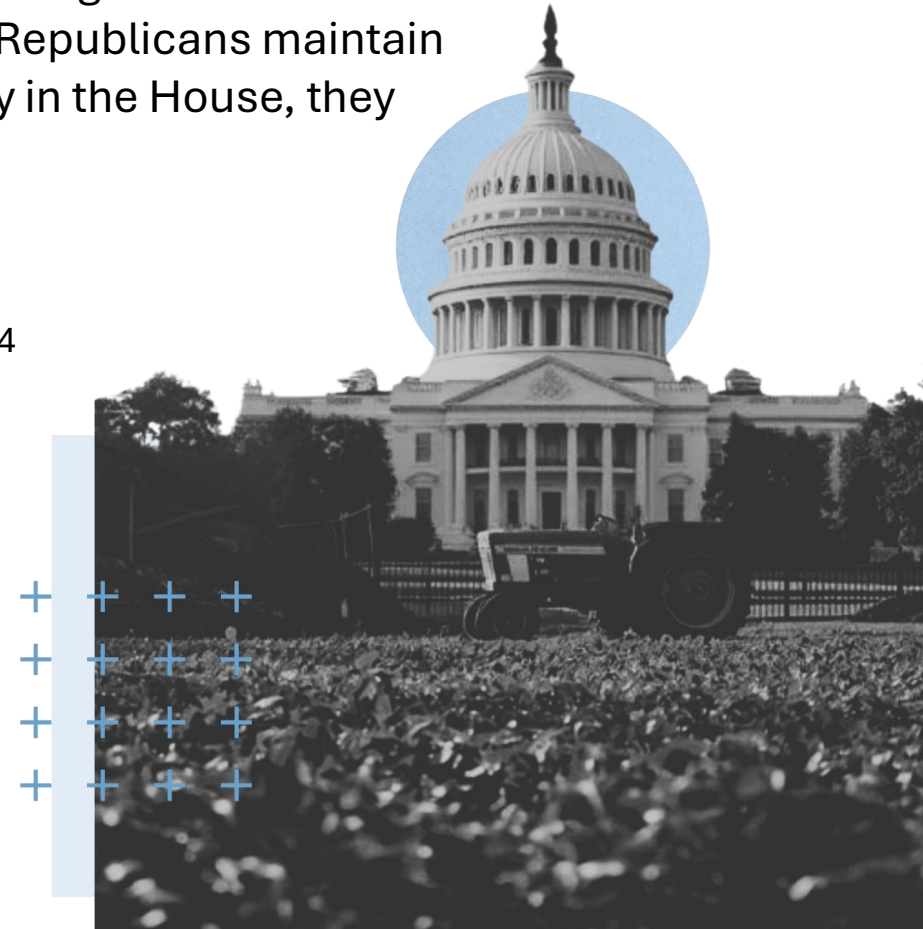
Status: 2018 Farm Bill extended multiple times following one-year extensions in 2023 and 2024

Legislative Reality: Election-year dynamics make passage of a full reauthorization unlikely

Risk of Inaction: Failure to act before the 2026 crop year would trigger outdated “permanent law” from the 1930s–40s

Policy Gaps: Several mandatory programs were not extended and may lose authority after FY2026

Outlook: Short-term extension expected; standalone bill may address unresolved programs and permanent law



Surface Transportation Reauthorization Status

Facing multiple expirations and looming midterm elections, Congress is racing to extend expiring national security, agriculture, and transportation programs while Republicans maintain their unified control; however, given the short timeline and narrow majority in the House, they may have to prioritize short-term extensions over major policy reform.

Expiration: September 30, 2026

Status: The current authorization was included in the Infrastructure Investment and Jobs Act (IIJA) in 2021

Process: Committee hearings began in early 2025; markup and final language expected in early 2026

Policy Focus: Safety, infrastructure modernization, and potential new fees for EV and hybrid vehicles

Political Tension: Bipartisan framework, but climate and energy provisions could drive negotiations

Outlook: Reauthorization likely, with EV fees and climate policy as key pressure points



Reconciliation 2.0

Congressional Republicans are considering a second reconciliation package following President Trump's directive to use the budgetary vehicle to bypass Democratic opposition to funding ICE and U.S. Border Patrol. House and Senate Republican leaders are coordinating a plan that would largely center on ending the ongoing Department of Homeland Security (DHS) shutdown and securing funding for the war in Iran.

GOP Leadership

- Speaker Johnson and Senate Majority Leader Thune continue to keep reconciliation on the table, but some House Republicans privately and publicly doubt that another bill can pass.
- House Ways & Means Chair Jason Smith (R-MO) has said that if there is a second reconciliation bill, "it needs to be one that addresses the concerns of the American people, and affordability is the concern I hear more than anything."

Vote Dynamics

- The vote tally is not on Republican's side when it comes to getting another party-line reconciliation bill through Congress. In the House, Speaker Johnson can only lose one vote. Putting that into perspective, President Trump's Working Families Tax Cuts received two no votes from Republicans.

Policy Scope and Constraints

- President Trump's primary focus is ending the DHS shutdown and has called for fully funding ICE and Border Patrol to bypass Democratic opposition.
- Republican Leadership is also considering including defense and war funding in a potential reconciliation package.
- Many House conservatives are also calling for the inclusion of the SAVE Act, election integrity legislation favored by many Republicans.

“The reconciliation process is never easy, but current dynamics in congress will make a second package particularly challenging for Congressional Republican. However, expect them to push hard to get something done quickly.”



Kathryn Reed
BGR Vice President

The background of the slide is a blue-tinted photograph of a political rally. In the foreground, a sign features a waving American flag and the word "VOTE" in large, bold, blue letters. Below the sign, a ballot is visible with the text "LOOK HERE" and "VOTE HERE" and a circular logo. In the background, other signs with the word "VOTE" and an American flag are visible, along with the silhouettes of people holding signs.

Political Outlook

Trump's Second Midterm

In his first midterm election, President Trump suffered significant losses. How will his party fare the second time around?

2018

- GOP **lost 42** House seats
- GOP net **gained 2** Senate seats
- Trump's approval was **-9.7%**
- Right track/Wrong track was **-13%**

2026

- **34** House seats in play
- **7** Senate seats in play
- Trump's approval is **-14.7**
- Right track/Wrong track is **-24.8%**



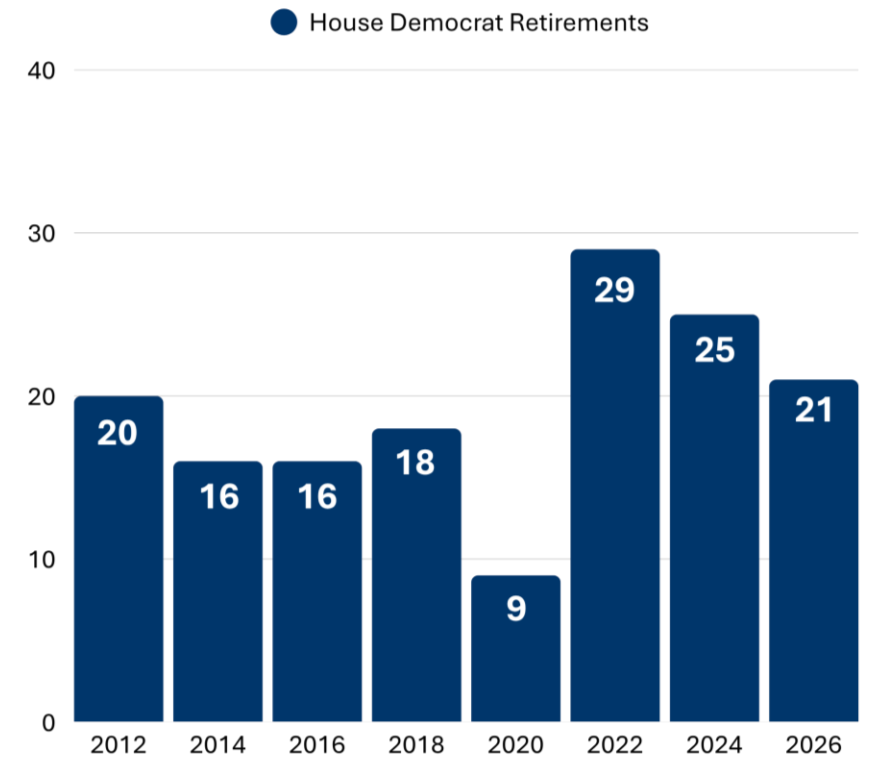
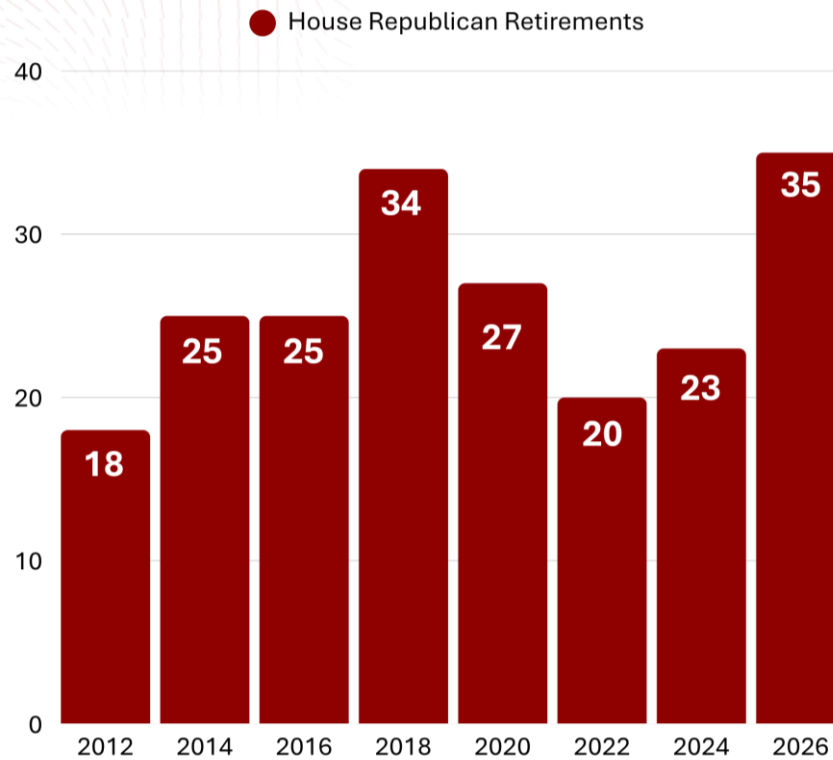
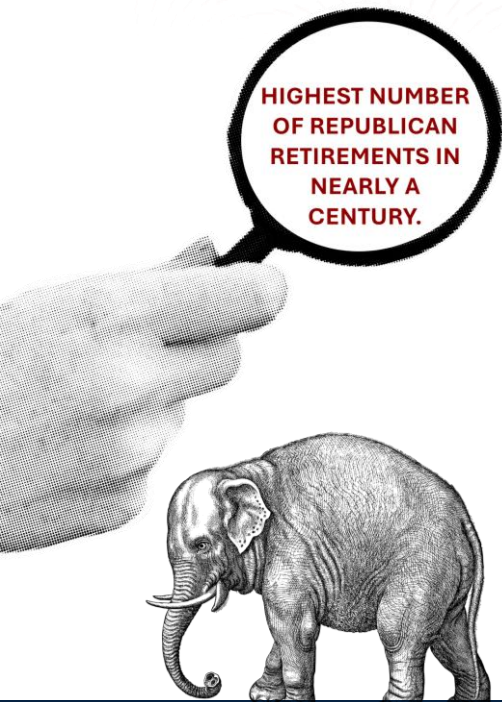
“Republicans are facing significant headwinds this midterm, to be sure. However, the President and his team have been through this once and will be applying lessons learned in an effort to manage losses.”



David Urban
BGR Managing Director

Retirement is Trending

The modern record for Congressional retirements has been reached in 2026, surpassing 2018, when Republicans last lost a majority. In addition to creating open seats, the retirements will result in significant member turnover in the next Congress.



House and Senate Race Dynamics

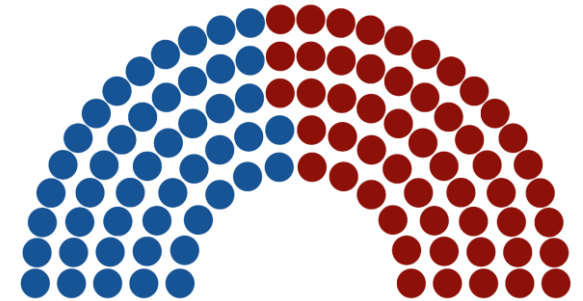
The 2026 Midterms are in full swing, and control of the House is up for grabs. With history on their side, Democrats are confident they can flip the chamber by a comfortable margin. Their strategy is focused on defending their current incumbents and picking up enough seats held by vulnerable Republicans across several swing districts. The Cook Political Report currently rates **17 districts as “Tossups”, 3 districts as “Lean GOP” and 14 districts as “Lean Dem.”**

Unlike the House, the Senate map presents structural advantages for Republicans. With fewer competitive pickup opportunities and several vulnerable incumbents defending difficult terrain, Democrats face an uphill battle. The Cook Political Report currently rates several key Senate races as highly competitive, including multiple “Tossup” contests alongside seats leaning toward Republicans. BGR examines the dynamics shaping the path to Senate control below.

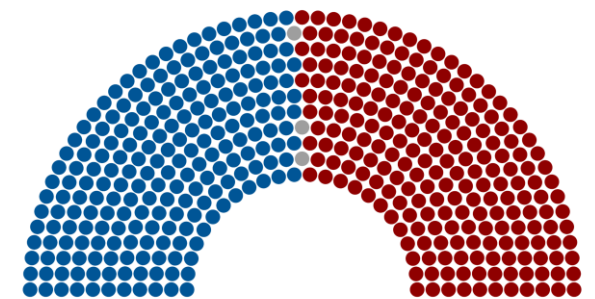
[READ ABOUT KEY SENATE RACES HERE](#)

[READ ABOUT KEY HOUSE RACES HERE](#)

SENATE
53R – 47D

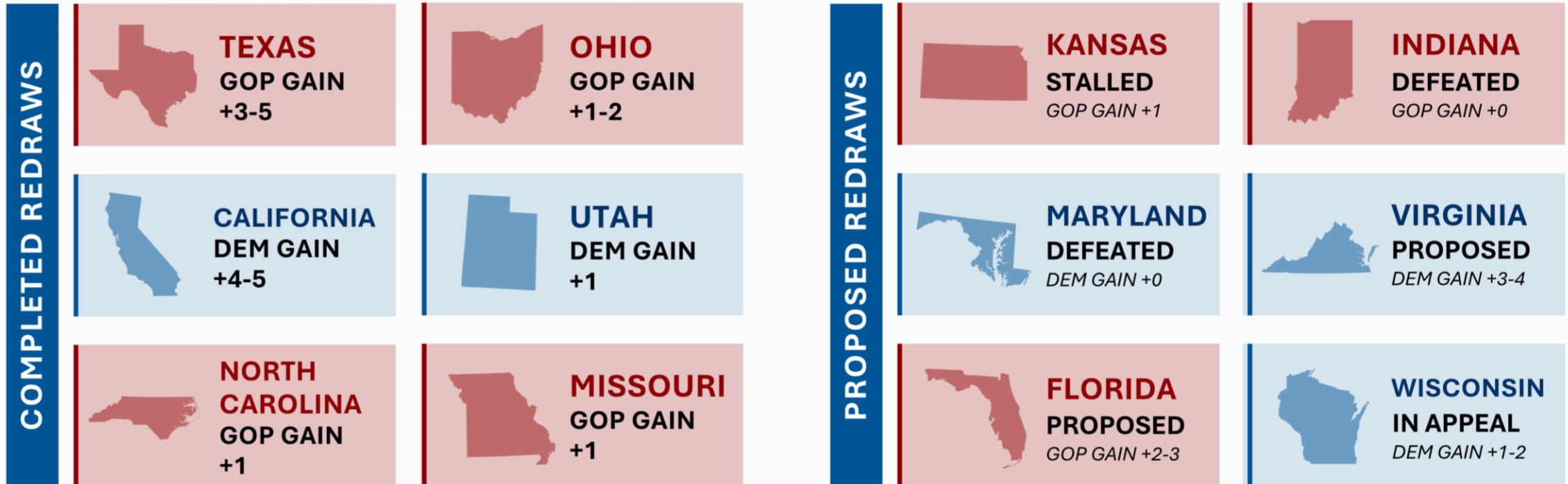


HOUSE
218R – 214D



Mid-Decade Redistricting

Several states took the unconventional step of engaging in a mid-decade redistricting process in order to impact the midterm elections. The outcome of outstanding map challenges could determine control of the House.




CURRENT NET CHANGE: **R+0-4**

PROPOSED NET CHANGE: **D+0-3**

2026 Competitive Gubernatorial Races

There are several states with competitive races for governor. With the potential for as many as 18 new faces in governor's mansions across the country, there will be significant agency turnover and policy shifts.


GEORGIA
OPEN
2022 GOV: R +7.5
2024 PRES: R +2.2




OHIO
OPEN
2022 GOV: R +25
2024 PRES: R +11




KANSAS
OPEN
2022 GOV: D +2.2
2024 PRES: R +16



IOWA
OPEN
2022 GOV: R +19
2024 PRES: R +13



ARIZONA
INCUMBENT:
KATIE HOBBS (D)
2022 GOV: D +.7
2024 PRES: R +5.5




MICHIGAN
OPEN
2022 GOV: D +11
2024 PRES: R +1.4



NEVADA
INCUMBENT:
JOE LOMBARDO (R)
2022 GOV: R +1.5
2024 PRES: R +3.1



WISCONSIN
OPEN
2022 GOV: D +3.4
2024 PRES: R +5.5



2026 Competitive State Legislature Elections

The midterm elections will also determine which party controls several state legislatures. Some of the most competitive states are outlined below.

MICHIGAN



House: **58 (R)** – **52 (D)**
Senate: **19 (D)** – **18 (R)**

MINNESOTA



House: **67 (D)** – **67 (R)**
Senate: **33 (D)** – **32 (R)**

PENNSYLVANIA



House: **102 (D)** – **101 (R)**
Senate: **27 (R)** – **23 (D)**

WISCONSIN



Assembly: **54 (R)** – **45 (D)**
Senate: **18 (R)** – **15 (D)**

ARIZONA



House: **33 (R)** – **27 (D)**
Senate: **17 (R)** – **13 (D)**

GEORGIA



House: **100 (R)** – **80 (D)**
Senate: **32 (R)** – **23 (D)**

N. CAROLINA



House: **71 (R)** – **29 (D)**
Senate: **30 (R)** – **20 (D)**

NEW HAMPSHIRE



House: **218 (R)** – **177 (D)**
Senate: **16 (R)** – **8 (D)**



Policy Previews

✓ FY26 Appropriations Wrap-Up and Current Status

Appropriations

Key Takeaways:

1. Congress entered calendar year 2026 with most of the Fiscal Year (FY) 2026 appropriations process still unfinished, highlighting the continued breakdown of regular order.
2. The Trump Administration's FY27 budget request, released in early April, sets out a markedly different set of priorities for the upcoming appropriations cycle.
3. Despite this early movement, the FY27 cycle faces a number of familiar structural challenges.

Anna Reese Couhig

Policy Analyst



The dynamics are playing out in the context of the 2026 midterm elections, which will shape both the pace and substance of appropriations work. As the election season intensifies, floor time will become more limited and partisan dynamics more pronounced, narrowing the window for advancing bipartisan funding bills.

[READ MORE HERE](#)



Iran Conflict Creates Energy, Economic Unease

Commerce and Infrastructure

Key Takeaways:

1. According to public polling, voters do not feel as though the Trump administration has maintained the focus on affordability that President Trump emphasized during his 2024 campaign.
2. We are also seeing signs that voters' ire and sense of unease are impacting matters of policy.
3. Should Congress flip control, look for the next Congress to take its cues from these state and local initiatives, and for, at a minimum, legislation seeking transparency for data center energy usage to receive outsized attention.

Syd
Terry

Principal



Given the economic concerns created by the Iranian conflict, and tension in the Strait of Hormuz rising, initiatives focused on restricting data centers seem poised to receive more support from voters unless something is done to relieve the pressure on voters' pocketbooks.

[READ MORE HERE](#)



FY27 Defense Strategy Guides Multi-Track Funding Process

Defense & Critical Technologies

Key Takeaways:

1. The President's budget request provides a directional blueprint rather than a legislative endpoint, with Congress poised to reshape both the topline and the mechanisms used to deliver funding.
2. While there is bipartisan recognition of the need to invest in readiness and industrial capacity, the scale of the requested increase, roughly a 40- percent jump, sets up a challenging negotiation environment, particularly as lawmakers weigh fiscal constraints and competing domestic priorities.
3. The possibility of a supplemental appropriations request tied to Iran and broader regional operations, adds another layer of uncertainty. Even modest Republican defections could further complicate passage, raising the likelihood of delays or a scaled-down package.

**Max
Richards**

Principal



Looking ahead, the FY27 defense budget process is likely to unfold across three interrelated tracks: base appropriations, reconciliation, and a potential supplemental, each with distinct political and procedural challenges. The interplay among these mechanisms will shape not only the final funding level but also the timing and durability of defense investments.

[**READ MORE HERE**](#)



Housing Policy in the 119th Congress: Supply, Costs, and Compromise

Financial Services & Tax

Key Takeaways:

1. Both chambers have made commendable progress through regular order—a rare achievement in federal housing policy.
2. The legislative calendar presents a narrowing window for comprehensive reform, with the most viable options involving either the House sending an amended bill addressing their concerns, or attaching a negotiated package to must-pass vehicles.
3. Without progress in the coming months, Republicans risk entering the midterms without a clear legislative win on a core economic priority.

Connor
Dunn

Vice President



After a campaign cycle defined by voter frustration with persistent inflation—especially in housing—President Trump and Congressional Republicans entered unified government last year with a clear mandate: lower costs for American families. Housing affordability remains central to that agenda, with rents and home prices still elevated relative to pre-2020 levels and mortgage rates near multi-decade highs. Yet despite early momentum, advancing durable, bicameral housing legislation has proven more difficult than anticipated.

[READ MORE HERE](#)



From Agenda to Action: MAHA's Impact on Health Care Payment and Coverage Policy

Health & Life Sciences

Key Takeaways:

1. A year into Secretary Kennedy's tenure at the Department, a clearer view of how the concept of MAHA will impact payment and coverage policy has emerged.
2. These changes seek to align Medicare policy with the broader strategic pivot toward prevention and long-term health management.
3. As the White House emphasizes affordability in health care ahead of the midterms, policies bridging MAHA with broader affordability and access goals are likely to remain central to regulatory action and messaging.

Charlie Chapman

Vice President



While questions remain about the scalability, cost implications, and political durability of these reforms, early integration of MAHA principles into rulemaking and innovation models signals a durable shift toward a prevention-oriented, value-driven system.

[READ MORE HERE](#)



How the Iran War is Impacting Global Supply Chains

International & Trade

Key Takeaways:

1. The disruption extends well beyond crude oil into a range of interconnected supply chains. Refined fuels like diesel and jet fuel are critical to transportation networks, and their shortage directly slows the movement of goods and people.
2. Governments in energy-constrained economies are reducing workweeks to conserve fuel, factories are cutting output, and airlines are limiting flights due to shortages, while broader manufacturing slows as key inputs become scarce or more expensive, creating a systemic shock across energy, agriculture, healthcare, and other industries.
3. If we get to a ceasefire and routes start to reopen, it could mark the start of recovery, however, a complete fix is going to take time.

Maya
Seiden

Practice Head



In a conflict-driven supply shock, insight is key to resilience: companies that monitor geopolitics and understand their supply chain dependencies will be far better positioned to anticipate disruptions and pivot, as needed.

[READ MORE HERE](#)



Integration of Old Tools, New Tactics, Critical to Advocacy Success

Public Relations

Key Takeaways:

1. Working together, BGR and Tunnl are bringing a more precise, data-driven approach to advocacy. This approach helps clients better understand, reach, and influence the audiences that shape policy outcomes in Washington and state capitals across the country.
2. It goes beyond traditional demographic targeting by incorporating attitudinal insights, media consumption patterns, and indicators of influence and engagement.
3. As our government affairs professionals continue to lead with policy expertise and strategic counsel, Tunnl adds a powerful data and technology layer that strengthens those efforts and ensures that advocacy campaigns are reinforced by a broader, more informed communications environment.

**Frank
Ahrens**

Principal



The most effective advocacy efforts today do not separate research, strategy, and execution, they integrate them using data to inform decisions in real time and adapting to a faster, more complex policy landscape.

[READ MORE HERE](#)



Political Outlook for the 2026 Gubernatorial Elections

State & Local Advocacy

Key Takeaways:

1. Beyond the potential flip opportunities, Democrats are laser focused on holding gubernatorial seats in battleground states like **Arizona, Pennsylvania, Michigan, and Wisconsin.**
2. The double-digit 2025 Democratic victories in Virginia and New Jersey where Democrats successfully ran on a platform of economic affordability and cost of living illustrates a theme that continues to resonate with voters and will likely define the 2026 elections.
3. Democrats have seized on the conflict in Iran and the economic fallout from President Trump's tariff policies as a wedge issue with voters, framing affordability and the economy as the defining test of party competence.

**Patrick
Dolan**

*Principal &
Director*



As Virginia and New Jersey demonstrated, to be successful, 2026 Democratic gubernatorial candidates can't just talk about the wobbling economy and President Trump's underwater approval rating, they need to present credible, detailed plans to improve affordability and lower costs.

[READ MORE HERE](#)

Calendars and Schedules



Click [here](#) to view the
**2026 Combined
 Congressional Calendar**

BGR GROUP
2026 STATE LEGISLATIVE SESSIONS

	Convenes	Adjourns	Crossover Deadline	Profile Date
Alabama	01/13/26	03/27/26		06/20/2025
Alaska	01/20/26	05/20/26		01/09/2026
Arizona	01/12/26	04/25/26		11/15/2025
Arkansas	04/08/26	05/07/26		03/09/2026
California	01/05/26	08/31/26	05/29/26	Does not profile
Colorado	01/14/26	05/13/26	03/20/26	12/01/25
Connecticut	02/04/26	05/06/26		Does not profile
Delaware	01/13/26	06/30/26		12/15/25
District of Columbia				Does not profile
Florida	01/13/26	03/13/26		08/01/2025
Georgia	01/12/26	04/06/26		11/15/2025
Hawaii	01/21/26	05/07/26		01/14/26
Idaho	01/12/26	04/10/26		Does not profile
Illinois	01/14/26	05/31/26		
Indiana	12/1/25	02/27/26	02/05/26	10/20/25
Iowa	01/12/26	04/21/26		12/12/25
Kansas	01/12/26	04/10/26	02/19/26	04/12/25
Kentucky	01/06/26	04/05/26		10/01/25

Click [here](#) to view the
**2026 State Legislative
 Sessions Schedules**

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