A Democratic Congress will have a significant impact on the US space industry… and SpaceX

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The 2026 Congressional midterm elections have delivered the biggest policy reset for the US space industry since President Trump returned to office. The Democrats won both chambers of Congress, and from January 2027 they will write the budgets and chair the committees that govern federal space spending. Our view is clear: this is not a retreat from US space ambitions, but it is a sharp change in how that ambition is funded and who benefits from it. Programmes funded through party-line reconciliation and pushed forward by the White House now face a bipartisan appropriations process. Meanwhile, SpaceX, the industry's dominant player, goes from enjoying political support to likely facing political scrutiny. For operators, manufacturers and investors, the next 24 months will reward diversification, demonstrable value and procurement discipline.

SpaceX: from political ally to target of Democratic oversight

No company is more exposed to the change in Washington than SpaceX. Elon Musk was the election cycle's largest donor, giving more than USD445 million to Republican candidates and groups, most of whom lost. Democratic lawmakers have signalled investigations into the government contracts awarded to Musk's companies and into Starlink's role in Ukraine. Markets noticed: SpaceX shares fell nearly 4% the day after the vote, even as the wider market rose.

Even so, SpaceX's commercial business remains very strong. Our research suggests oversight is more likely to slow its public procurement growth than to damage its core business. Our analysis of Starlink in the SpaceX S-1 filing found that Starlink's connectivity revenue and margins already look impressive, although they may come under pressure from increased competition. Our *Starlink Broadband constellation: 5-year outlook* projects that Starlink's network capacity will grow sixfold over the next 5 years, while the cost of capacity falls by more than 50%. Growth on that scale does not depend on who chairs a committee in the House of Representatives.

The real exposure lies in government and defence. Expect sharper questions on sole-source awards, Starshield, spectrum decisions and the country's reliance on a single launch provider. This scrutiny creates an opening for competitors. As we argued in *The US Military should rely on multiple vendors for the Golden Dome, not just SpaceX*, depending solely on SpaceX poses many risks, and the military should support a diverse vendor base to stimulate the commercial market and strengthen national satellite sovereignty. A Democratic Congress is well placed to write that principle into appropriations language. That would benefit rival low-Earth orbit (LEO) operators, launch providers and the wider manufacturing base.

Golden Dome: rebranded, refocused and right-sized

Golden Dome is the programme most directly in the firing line. Our report *The US Golden Dome initiative* concluded that it places space at the forefront of future US defence spending, accelerating a shift towards space-enabled, integrated missile defence. That remains true, but the funding path has broken down. The first tranche of roughly USD24 billion came through reconciliation in the One Big Beautiful Bill Act. For FY2027, the Pentagon placed USD17 billion in a further reconciliation package and just USD400 million in the base budget. The government is running on a continuing resolution, and Golden Dome has no FY2026 baseline to fall back on. The programme's own director has warned that without funding "there is no Golden Dome".

The new Democratic majority is unlikely to abandon homeland missile defence, and the requirement for a layered architecture has bipartisan roots in the FY2024 National Defense Authorization Act. Instead, we expect a potentially re-scoped programme, likely under a new name. Space-based interceptors are the most vulnerable element, and sensing, tracking and data transport are the most resilient. The central argument will be over the programme's cost. The administration estimates USD185 billion, while the Congressional Budget Office puts it at USD1.2 trillion.

For vendors, the implications closely match our recent work. Our report *The PWSA has a future as part of the Golden Dome* advises situational awareness players to demonstrate reliability, teamwork and expertise in PWSA Tranche 3-related activities. Our case study on proliferated LEO satellite-based services shows that the PWSA and MILNET have already been absorbed into the Golden Dome, leaving the Space Based Services IDIQ as the only active part of pLEO in 2026. A cost-conscious Congress is likely to protect proven contract vehicles that buy through task orders, such as this one. Missile warning, tracking and resilient networking are likely to hold up, but business plans should not fully depend on the active, often in-space, interception and destruction of missiles.

Budgets: regular order returns

The third shift, and perhaps the most important, is in how decisions get made. For 2 years, US space policy has been driven by executive orders and reconciliation. A return to regular order will slow decisions but likely make them more durable. Our *US space-related priorities and budget analysis* showed that FY2026 spending and the reconciliation act positioned space as an enabling domain for homeland defence and overseas deterrence, redirecting research, procurement and operations budgets. A Democratic Congress will keep that strategic logic but rebalance it. It will scrutinise programme costs more closely and give more weight to bipartisan line items.

Civil space should perform relatively well. Congress had already rejected most of the proposed NASA cuts for FY2026, enacting about USD24.4 billion against a request of roughly USD18.8 billion. The White House has since requested USD18.83 billion for FY2027. A Democratic majority will be even less willing to accept deep cuts to science and Earth observation (EO), which

supports instrument builders, data providers and the wider EO value chain. The near-term risk is timing. A continuing resolution and a possible government shutdown fight in December 2026 could push new starts and contract awards into 2027.

What industry should do now

The message for the space industry is clear: expect less volatility in direction but more friction in execution. Companies should:

- map their revenue exposure to reconciliation-funded lines
- position for multi-vendor and sovereign-capability requirements
- emphasise sensing, tracking and resilient communications over unproven interceptor concepts
- engage early with incoming committee leadership.

The US commitment to space leadership is intact, but the politics around it have significantly changed. Players that adapt fastest will capture the opportunity.

For deeper analysis, explore our SpaceX research hub and the wider Analysys Mason Space research programmes.