



The NEA Monthly Lobbyist Report for Members

National Employers Association (NEA) NEA July 2025 Federal Policy Report

I. Work on the Hill

The passage of a landmark legislative package, the One Big Beautiful Bill Act (H.R.1), on July 4th marked a turning point in the federal policy landscape. Congress and federal agencies have since entered a new phase of legislative and administrative activity, setting the tone for policy developments across Washington. The law spans a wide range of sectors and was primarily designed to reshape tax policy, reduce regulatory burdens, and restructure federal incentives. It encompasses approximately 870 pages, including provisions affecting healthcare, energy and environmental regulation, infrastructure, defense, and more, reflecting a clear shift in federal priorities under the current administration. Even for organizations not directly impacted by its provisions, the bill has significantly influenced current budget decisions, regulatory agendas, and the overall pace and direction of policymaking. This influence continues to shape the federal environment and the broader dynamics of government engagement. To provide context and understanding for the current federal landscape across agencies and on Capitol Hill, the report begins by outlining developments that have followed the law's enactment.

Post-passage developments include significant tax and spending changes across multiple sectors, including the extension of the 2017 tax provisions, revisions to Medicaid and food assistance, increased funding for defense and border operations, and the rollback of several clean-energy programs. These changes have triggered federal activity across Congress, the executive branch, the courts, and the broader political landscape, directly stemming from the new law. The One Big Beautiful Bill Act was approved through narrow party-line votes, including a 51 to 50 margin in the Senate, with the Vice President casting the tie-breaking vote. The legislation prompted a wide range of reactions on Capitol Hill. Democratic leaders expressed concern about the scope and speed of the bill's provisions, particularly those affecting healthcare and safety-net funding. Senate Minority Leader Chuck Schumer and others raised questions about potential coverage impacts and long-term affordability. Some fiscally conservative Republicans, including Senator Rand Paul, also voiced reservations about the overall size of the spending package. Nevertheless, leadership maintained that the bill represents a needed rebalancing of federal priorities and advances longstanding goals on tax, regulatory, and budgetary reform.

Legislative Responses, Oversight, and Legal Developments

In the weeks following the bill's enactment, members of Congress have introduced targeted legislation in response to specific provisions. On July 30th, 2025, House Democrats Greg Landsman, Raul Ruiz, Robin Kelly, and Debbie Dingell introduced the Protect Our Hospitals Act (H.R. 4807), which would reverse OBBBA's planned reduction in the allowable Medicaid provider tax rate. Under current law, many states impose taxes on hospitals and other providers as a way to help finance their share of Medicaid expenditures. OBBBA includes a phased reduction in the permissible rate from 6 percent of net patient revenue to 3.5 percent by 2032, citing concerns that higher rates may create incentives for states to structure financing



arrangements that maximize federal matching funds without a corresponding increase in actual state spending. Proponents of the OBBBA provision argue that the change promotes greater fiscal transparency and aligns with longstanding efforts to limit what some analysts view as overly aggressive financing practices. Supporters of the Protect Our Hospitals Act have raised concerns that the reduction could significantly affect Medicaid funding streams in some states and place strain on hospitals, particularly in rural and underserved communities. The bill reflects a broader debate about how to balance state flexibility with federal oversight in Medicaid financing, and it is likely to remain part of ongoing discussions as Congress continues to review the law's broader healthcare implications.

Formal congressional oversight activity has been relatively limited, given majority party support for the new law. Democratic members, serving in the minority, have elevated concerns through public statements and relied on external reviews to scrutinize implementation. For example, in late July, the nonpartisan Government Accountability Office (GAO) found that the Department of Health and Human Services violated the Impoundment Control Act by withholding funds appropriated by Congress for the Head Start program. This finding came as the administration weighed the possibility of submitting a new rescissions package to Congress, aimed at identifying areas for potential spending reductions consistent with the broader fiscal objectives of the One Big Beautiful Bill Act. The GAO's conclusion underscores ongoing questions around inter-branch authority and highlights the role of independent oversight bodies in monitoring the execution of federal spending.

Meanwhile, congressional committees have continued to spotlight aspects of the law through hearings and press briefings. Republican-led committees have focused on the law's provisions related to tax relief, border security, and regulatory reform. At the same time, Democratic members have emphasized areas where they believe additional review may be warranted, particularly in the context of healthcare access and environmental policy. These differing priorities reflect broader policy debates that are expected to continue as agencies move forward with implementation. Legal experts also anticipate further judicial developments related to select provisions of the law. For example, some environmental organizations are evaluating legal options in response to the bill's rescission of certain climate program funds and new provisions designed to streamline energy project approvals. Similarly, legal challenges may emerge around public benefit provisions, including changes to eligibility and work requirements, particularly where administrative guidance intersects with existing statutory protections. Taken together, these actions reflect the complexity of implementing such a broad legislative package and suggest that both Congress and the courts will continue to play active roles in shaping how the law is applied.

One such case is already underway. On July 28th, 2025, a federal district court issued a preliminary injunction temporarily blocking enforcement of a provision in the One Big Beautiful Bill Act (OBBBA) related to Medicaid reimbursement for certain healthcare providers that offer a combination of reproductive health services and other medical care. The court determined that the provision may raise constitutional concerns and ordered a pause in implementation while the case proceeds. The administration has indicated it will appeal the decision. The case is expected to move to the appellate level in the coming months, though no formal hearing date has been announced.



Executive Branch Implementation and Regulatory Actions

Federal agencies have moved quickly to implement the provisions of the One Big Beautiful Bill Act (OBBBA). Many sections of the law took effect immediately upon enactment on July 4th, prompting updates to regulations, internal guidance, and implementation planning. Among the most immediate priorities is the tax title of the law, which includes new exclusions from federal income tax for overtime pay and tips, as well as an extension of the 2017 individual tax rates beyond their scheduled 2025 expiration. The Treasury Department and IRS are currently drafting regulatory changes to reflect these updates. In parallel, the Social Security Administration released early public communications referencing the law's provision establishing a new deduction for seniors. While some communications suggested the elimination of taxes on Social Security income, the provision does not repeal taxation but instead creates an offsetting deduction. Additional guidance is expected to clarify eligibility and the application process. Several Executive Orders have been issued to direct agencies in carrying out specific provisions of the law. On July 7th, President Trump signed an order titled "Ending Market-Distorting Subsidies for Unreliable, Foreign-Controlled Energy," instructing the Treasury to enforce OBBBA's phaseout of clean energy tax credits, including the wind and solar production credits set to sunset by 2027. The order also directed the Department of the Interior to review policies governing renewable energy leasing on federal lands to align with OBBBA's energy priorities. On July 30th, the President signed an Executive Order to accelerate OBBBA's repeal of the de minimis tariff exemption, which the law eliminates beginning in 2027. Citing national security concerns and fentanyl trafficking risks, the order sets an earlier effective date of August 29th, 2025, for suspending duty-free treatment for non-postal shipments under \$800. In the area of public benefits, the Departments of Homeland Security and Health and Human Services have issued initial guidance to enforce OBBBA's updated eligibility verification requirements for federal programs, including Medicaid. These provisions are intended to strengthen citizenship documentation requirements and reduce improper payments.

Many of the law's structural reforms will require staged implementation over the coming years. The Department of Health and Human Services (HHS) is currently developing regulations to implement OBBBA's nationwide Medicaid work requirement, which takes effect in 2027. The law requires HHS to issue an interim final rule by June 1st, 2026, outlining verification protocols for states to ensure that adult expansion enrollees are working at least 80 hours per month or qualify for exemptions. HHS is also coordinating with states to update IT systems, establish reporting standards, and provide technical assistance. To complement these changes, OBBBA created a \$50 billion Rural Health Transformation Fund to support hospital systems affected by Medicaid policy shifts. CMS will administer the fund, with applications due by December 31st, 2025. Other departments are progressing on parallel tracks. The Department of Education is preparing to implement student loan policy changes, while the Department of Defense is developing spending plans for the additional \$150 billion in defense funding authorized by the law. Agencies such as the Department of Energy and EPA are initiating efforts to wind down or revise existing grant programs affected by OBBBA's repeal of specific climate programs. The Council on Environmental Quality is designing a new fee-based NEPA review system authorized under the law to expedite permitting decisions. While legal challenges may emerge in response to some provisions, particularly in the areas of Medicaid and environmental reform, agencies are



proceeding with implementation through executive action, rulemaking, and intergovernmental coordination. Where permitted, limited administrative discretion may allow flexibility in timelines, including a provision allowing HHS to defer Medicaid work requirement enforcement until 2028 for states demonstrating a good-faith compliance effort.

Wider Implications

The rollout of the One Big Beautiful Bill Act (OBBBA) has brought renewed attention to how Congress and federal agencies coordinate on budget execution and oversight. Congress and federal agencies have continued to navigate their respective roles in executing and overseeing OBBBA's broad mandates. With many provisions requiring immediate action and others unfolding over longer timelines, the balance between executive discretion and legislative oversight remains a central point of activity. Congressional committees have maintained a focus on how cabinet departments are interpreting and applying the law, while agencies are working to implement its provisions in a timely and administratively sound manner. Fiscal authority concerns may emerge as agencies execute spending reductions or reallocate funding in line with the statute. Program administration will require sustained coordination as agencies translate OBBBA's requirements into operational policies. Statutory interpretation questions are also likely to surface, particularly where legislative language requires agencies to balance flexibility with fidelity to congressional intent.

The implementation of OBBBA has prompted renewed coordination between federal agencies and state governments, particularly in areas where program design and service delivery are jointly administered. Several provisions in the law necessitate updates to state systems, regulations, and administrative processes. In response, federal agencies, including HHS and CMS, have begun holding technical briefings and offering preliminary guidance to support states in aligning with statutory timelines. States are now evaluating the operational and financial impacts of these provisions. Some have raised questions about implementation logistics, including how IT infrastructure updates, staffing, and oversight will be managed within the timeframes outlined in the law. Others have focused on how these changes may interact with existing state laws or waiver programs. Separately, in late July, a coalition of 16 states filed a legal challenge to a newly finalized HHS rule concerning health insurance access and cost-sharing structures under the Affordable Care Act. Although this rule is not part of OBBBA, the filing illustrates how ongoing regulatory changes are being closely monitored at the state level. It also underscores the dynamic nature of federal-state engagement as agencies implement new requirements and states assess potential legal or policy conflicts. This evolving landscape suggests that coordination between federal and state governments will remain a central feature of OBBBA's rollout, particularly in areas where states play a direct role in administering programs affected by the law. Agencies and state partners are expected to continue engaging over the coming months as rulemaking progresses and compliance deadlines approach.

The policy shifts initiated by OBBBA are likely to remain the subject of congressional hearings, agency oversight, and regulatory refinement in the months ahead. While near-term implementation continues across federal departments, longer-term adjustments may depend on outcomes in the 2026 elections, which could affect legislative priorities and administrative direction. For now, agencies and lawmakers are engaged in translating the law's broad



provisions into specific programs, rules, and funding decisions, and coordination between federal departments, Congress, and state governments will remain active throughout the process.

July Highlights

Friday, July 25th, 2025

Senator Ashley Moody (R-FL)

Gianmarco Herrera, Legislative Correspondent

Lobbyit met with Gianmarco Herrera from the office of Senator Ashley Moody on behalf of the National Employers Association (NEA) to discuss ongoing efforts to expand access to affordable, flexible health insurance coverage through short-term, limited-duration insurance (STLDI) plans. The conversation focused on NEA's support for restoring access to 36-month plans through (H.R. 379), the Healthcare Freedom and Choice Act, given the importance of STLDI coverage for workers in transition or not yet eligible for employer-sponsored plans, and emphasized that the legislation represents a practical step toward improving coverage continuity and reducing out-of-pocket costs for working Americans.

The conversation also explored potential Senate interest in introducing a companion bill to (H.R. 379) and provided an opportunity to introduce NEA's broader work. Gianmarco expressed openness to continued dialogue, noting that the office would welcome the chance to discuss healthcare priorities further. He followed up after the meeting to reiterate his office's interest and that it was a pleasure to connect, and offered to meet for a coffee or follow-up meeting during a future visit to the Hill to continue the discussion.

II. Labor and Workforce Policy

Joint Employment and Worker Classification Legislation

Federal labor policy in July 2025 continued to evolve in an employer-focused direction, solidifying trends of deregulation and flexibility while adding new initiatives. On Capitol Hill, the House Education and Workforce Committee advanced a suite of bills aimed at codifying clearer limits on joint employment and worker classification. In mid-July, the committee approved the Save Local Business Act (H.R. 4366), which would define a "joint employer" as only companies with "direct, actual, and immediate control" over a worker, sharply limiting when separate businesses share liability. Alongside this, lawmakers passed the Modern Worker Empowerment Act (H.R. 1319) to establish a uniform test for distinguishing employees from independent contractors, as well as the Modern Worker Security Act (H.R. 1320) to create a legal safe harbor for businesses offering portable benefits to gig workers. These measures, if enacted, promise employers greater certainty in organizing their workforces and would reduce the threat of sudden reclassification lawsuits. This legislative push aligns with NEA's long-standing advocacy for clear labor definitions. Codifying narrower joint-employment and contractor criteria could advance policy objectives by reducing legal uncertainties for member companies.

The same House markup also approved the SCORE Act (H.R. 4312) to address college athletics, dovetailing with executive action later in July. The White House issued a "Saving College Sports" executive order directing the Labor Department and NLRB to clarify that student-athletes are *not* employees, while ensuring they can profit from their name, image, and likeness



(NIL) under defined guardrails. Together, these efforts seek to preempt the patchwork of state NIL laws and protect the amateur status of collegiate sports, while giving athletes avenues for compensation without making universities their employers. It is important to note that federal intervention here could prevent disruptive reclassification of student-athletes as employees, a stance generally welcomed by business and educational groups. Supporting a uniform national solution on NIL rights reinforces preferences for clear, preemptive federal standards over a costly state-by-state regulatory patchwork.

DOL Compliance Assistance and Regulatory Reforms

On the administrative front, the Department of Labor (DOL) introduced a significant compliance assistance initiative in late July that underscores the current administration's pro-employer approach. DOL announced the revival of its Payroll Audit Independent Determination (PAID) program on July 24th, a voluntary self-audit program that had been discontinued in 2021. Under the reinstated PAID program, employers can proactively identify and rectify potential wage-and-hour or leave violations (under the Fair Labor Standards Act and even the Family and Medical Leave Act) with DOL's guidance, thereby avoiding protracted investigations and penalties. As Deputy Secretary of Labor Keith Sonderling explained, "Self-audits are one of the most effective ways to build a culture of compliance and trust," giving employers tools to "correct potential violations proactively" in partnership with the agency.

The return of PAID offers an opportunity for businesses to efficiently resolve overtime or minimum wage discrepancies, though participating employers must meet the program's conditions (such as making affected workers whole on back pay) and additional requirements that DOL has added to strengthen the process. Overall, this reflects the administration's philosophy of encouraging compliance through cooperation and education rather than solely through punitive enforcement. From Lobbyit's perspective, NEA can leverage the PAID program's revival as a positive example of non-punitive enforcement. We recommend that NEA leadership ensure member companies are aware of this program's benefits and conditions. By highlighting employers' good-faith compliance efforts via PAID, it could strengthen cases in advocacy for cooperative regulatory approaches.

Concurrently, DOL is advancing a sweeping regulatory reform agenda. In response to a January executive order requiring agencies to repeal ten existing regulations for every new one, the department has proposed over 60 rule changes across wage-and-hour standards, federal contractor obligations, retirement plan oversight, and select OSHA regulations. While these proposals are still under review by the Office of Management and Budget, they signal a broader shift toward streamlining federal oversight and recalibrating enforcement priorities. In the interim, DOL's Wage and Hour Division rolled back two late Biden-era practices under the Fair Labor Standards Act. On May 1st, Field Assistance Bulletin 2025-1 instructed investigators to stop applying the stricter 2024 final rule on independent contractor classification, reverting to an earlier multi-factor test from 2008/2019 guidance that is widely seen as more flexible and favorable to employer-defined contractor models. (Notably, the 2024 rule remains binding in private litigation, but DOL's enforcement posture has shifted.)



Separately, on June 27th, Field Assistance Bulletin 2025-3 prohibited Wage and Hour officials from seeking liquidated damages during pre-litigation investigations, allowing such penalties only through formal litigation. The agency argues this change will improve efficiency and clarity for employers facing citations. DOL has also proposed significant changes to rules for federal contractors, including rescinding or scaling back requirements under Executive Order 11246, Section 503 of the Rehabilitation Act, and VEVRAA (the Vietnam Era Veterans' Readjustment Assistance Act), such as certain affirmative action plan mandates, audit procedures, and related compliance obligations. If finalized, this overhaul would substantially reduce administrative requirements for covered employers, shifting more compliance to a voluntary footing. These regulatory moves, still in the proposal stage as of July, exemplify the administration's deregulatory thrust in labor policy.

Lobbyit is closely monitoring these rulemakings and can be prepared to submit comments or testimony on NEA's behalf supporting changes that reduce unnecessary burdens. The association has consistently advocated for right-sizing federal mandates, and this DOL agenda largely aligns with that goal. At the same time, any major shifts, such as changes to contractor EEO obligations, may introduce legal uncertainty during the transition period. The Department of Labor is expected to release implementation guidelines to clarify new requirements for employers.

OSHA Enforcement, Union Organizing, and Workforce Initiatives

At the Occupational Safety and Health Administration (OSHA), regulators likewise revised their approach to enforcement in July, a development welcomed mainly by employers. On July 14th, OSHA announced new policies designed to support small businesses and encourage prompt hazard correction. The updated guidance, issued via revisions to OSHA's Field Operations Manual, raises the threshold for small-business penalty reductions and introduces new credits for rapid compliance. Now, employers with up to 25 employees are eligible for a 70% penalty reduction (expanding a provision that previously applied only to firms with 10 or fewer employees), and a new 15% "Quick-Fix" credit is available for employers that correct cited safety hazards within five days. These changes, effective immediately, are intended to reward good-faith compliance efforts and expedite case resolution. These enforcement incentives are a positive step that will especially benefit smaller member companies. By easing punitive fines in favor of quick corrections, OSHA is validating that it emphasizes partnership over punishment. Lobbyit believes that highlighting these OSHA policy changes in its communications with both NEA members and policymakers, using them as evidence that incentive-driven compliance can maintain safety while reducing undue financial strain on small businesses.

In addition to these enforcement incentives, OSHA has put forward several deregulatory rule changes. One proposal would repeal the Construction Illumination standard (which mandates specific lighting levels in active construction zones), on the basis that it is no longer necessary and does not meaningfully reduce risk. Another proposal would narrow OSHA's use of the General Duty Clause by exempting any hazard considered inseparable from the core nature of a professional activity, a change particularly relevant to industries like athletics and entertainment, where some level of risk is inherent to the job. OSHA has also moved to eliminate the COVID-



19-specific recordkeeping requirement, citing the reduced need for separate pandemic-related documentation in the current environment. Taken together, these updates suggest a strategic shift toward more flexible, targeted enforcement and the removal of standards that OSHA no longer deems essential to mitigating risk. The overall thrust is to focus on core safety issues while easing administrative burdens on employers, consistent with the broader deregulatory agenda. These proposed rollbacks represent further progress in trimming outdated or overly broad rules. OSHA is expected to move forward with these efforts, and real-world examples from businesses may be used to illustrate the costs of complying with outdated or low-value regulations. At the same time, the agency has indicated that core safety protections will remain in place. These changes have drawn criticism from some stakeholders who argue that repealing certain rules could go too far. The policy shift reflects a focus on reducing administrative burdens while maintaining essential worker protections.

Labor regulators addressed contentious union-related practices as well. The NLRB's Acting General Counsel, William Cowen, issued new guidance on July 24th concerning the practice of "salting," a tactic where union organizers seek employment at a non-union company in order to unionize it from within. The memo instructs NLRB field offices to scrutinize the bona fides of discrimination claims by such union "salts," looking at factors like whether an applicant followed routine hiring procedures and genuinely pursued employment, to distinguish legitimate hiring discrimination from pretextual claims and uphold employers' right to vet candidates.

Meanwhile, congressional Republicans moved to reinforce management's position on this issue. Rep. Burgess Owens (R-UT) introduced the Start Applying Labor Transparency (SALT) Act, which would amend federal labor law to require unions to register any "salts" they deploy with the Department of Labor. By mandating disclosure of these undercover union organizers, the proposal aims to deter aggressive salting campaigns and give small businesses, in particular, early warning of union infiltration efforts. Unions argue that salting is a legitimate organizing method, but proponents of the SALT Act contend it would curb bad-faith applications and "coercive" practices that unfairly burden employers. The bill's prospects are uncertain, but its introduction signals congressional support for businesses facing union pressure and reflects a broader push to rebalance labor organizing tactics in management's favor. This focus on salting provides an opportunity to weigh in on union transparency and fair hiring practices. Support measures, whether through NLRB guidance or legislation, are aimed at addressing deceptive hiring practices such as salting. These measures are intended to protect employers from tactics that may interfere with standard hiring procedures. Lobbyit will keep NEA leadership updated on the SALT Act's progress, while NEA could begin preparing supportive testimony or comments should hearings be scheduled. Even if the bill stalls, the heightened scrutiny of salting by NLRB staff is a welcome development, and the association can reinforce that momentum by sharing any experiences members have had with salting tactics in its advocacy narratives.

Reflecting President Trump's broader agenda, workforce development and technological change remained a focal point in July. The White House unveiled "Winning the Race: America's AI Action Plan," a strategic framework for artificial intelligence that emphasizes not only national security and innovation but also the implications for American workers. The plan calls for an urgent national effort to upgrade worker skills and AI literacy. Federal agencies are directed to



make AI-related education and training a core objective of all relevant workforce programs, from apprenticeships to community college grants. This high-level directive aligns with employer-driven upskilling efforts, promising new funding and policy support for training initiatives to help employees adapt to automation. Employers can anticipate expanded grants and public-private partnerships in fields like AI, cybersecurity, and advanced manufacturing training as the plan's pillars, accelerating innovation, building AI infrastructure, and shaping international AI norms, are implemented over time.

Additionally, the Senate moved forward on personnel in July as the Health, Education, Labor & Pensions (HELP) Committee advanced President Trump's nominees for several roles at the Equal Employment Opportunity Commission (EEOC), the DOL, and OSHA's Review Commission. This indicates that agency leadership will soon be fully staffed with appointees supportive of the current deregulatory course. With business-friendly majorities likely to be in place at agencies such as the EEOC and NLRB in the coming months, employers can expect continued reconsideration of late Biden-era regulations (for instance, rules on independent contractor status, overtime pay thresholds, and joint-employer doctrine) in favor of more moderate or guidance-based approaches.

The AI Action Plan indicates that new federal resources will be directed toward worker training initiatives. These efforts include support for reskilling programs that address the impact of artificial intelligence on the workforce. Agencies are expected to prioritize employer engagement in the design and implementation of these programs. At the same time, key labor agencies are likely to be led by officials who support a deregulatory approach. Existing guidances on topics such as independent contractor classification and salting are expected to shape future regulatory policies. Labor policy developments continued to reflect a climate of regulatory relief alongside support for voluntary compliance. Legislative and administrative actions are promoting employer flexibility while advancing long-term workforce development strategies focused on emerging technologies.

Overall, July's labor and workforce events suggest a balancing act between easing burdens on employers and preserving essential worker protections. The Association should remain attentive to these changes on behalf of its members. Encouraging utilization of programs like PAID or new federal training grants can improve compliance and workforce quality across companies. While enforcement practices are shifting toward a less punitive approach, core labor standards remain in effect. Union activity and workforce-related litigation are continuing to evolve, including developments related to salting and name-image-likeness policies. In response, sources say that many employers have begun reviewing their human resources policies and legal strategies to ensure compliance with existing requirements. Lobbyit recommends that NEA continue to support policies that sustain this pro-employer momentum, while also preparing to address any unintended consequences, thus maintaining a narrative of balanced progress in labor policy.

III. Healthcare Policy

Medicaid Work Requirements and ACA Subsidies



Federal healthcare policy saw incremental but notable developments through July 2025, largely building on initiatives set in motion earlier in the year. The most consequential change came via the newly enacted budget reconciliation law (H.R. 1), which carried several health-related provisions important to employers. The One Big Beautiful Bill Act (OBBBA) implements significant Medicaid and Affordable Care Act (ACA) reforms aimed at curbing federal costs. Most prominently, it allows states to impose work requirements on certain Medicaid recipients and schedules a gradual sunset of the enhanced ACA marketplace insurance subsidies that were introduced during the pandemic. Supporters state that tying Medicaid eligibility to employment or training will incentivize workforce participation and reduce dependency on government aid. However, many healthcare providers and business groups have voiced concern that tens of thousands of low-income workers could lose coverage as a result, potentially increasing uncompensated care burdens on hospitals and shifting costs onto employer health plans. Employers with large part-time or lower-wage workforces who indirectly benefited from broader insurance coverage among employees are now closely monitoring how states implement these new conditions. The loss of ACA subsidies for moderate-income individuals over the coming years may likewise affect employers by driving some workers who lose individual market assistance to seek coverage under employer-sponsored plans (or else risk going uninsured). While these measures fulfill a long-standing conservative goal of containing entitlement spending, their practical effects on workforce health and stability will become clearer as federal agencies and states roll out the policies in late 2025 and 2026. H.R. 1 includes a host of technical Medicaid changes that tighten eligibility and funding formulas. For example, it phases down the allowable use of provider taxes by states and caps certain Medicaid payments, and it narrows eligibility for some immigrant populations who were previously covered.

Although a \$50 billion federal rural health initiative was authorized as part of OBBBA, the overall thrust of the Medicaid provisions is toward stricter controls, lower provider payments, and reduced benefits availability, reflecting an effort to reduce costs and encourage alternative coverage where possible. In this evolving environment, states are developing their work requirement policies and adjusting Medicaid eligibility, engaging with state policymakers (possibly through state-level affiliates or coalitions) to ensure employers' perspectives are heard. Reductions in public insurance support could have spillover effects on the employer-sponsored insurance market, highlighting to lawmakers the importance of transitional measures or exceptions that protect workers who are trying to stay insured. These changes may lead to shifts in how employees enroll in health benefits, including a potential increase in individuals seeking coverage through employer-sponsored plans. Again, employers are reviewing their benefits strategies to prepare for possible changes in enrollment patterns.

Beyond the budget law's broad strokes, Congress continued to pursue targeted healthcare legislation of interest to employers. In late June, the House Education and Workforce Committee approved two bills designed to expand affordable health coverage options for small employers. The Association Health Plans Act (H.R. 2528) and the Self-Insurance Protection Act (H.R. 2571). These bills, reported out of committee on June 26th, would make it easier for small businesses to band together in Association Health Plans (AHPs) and would shield stop-loss insurance for self-funded small-employer plans from aggressive state regulation. July did not see House floor votes on these measures (congressional attention was absorbed by the reconciliation



process), but House leaders signaled an intent to bring the AHP and stop-loss bills up after the August recess. If enacted, the AHP reforms would let small firms join large-group insurance pools across state lines as a “single employer,” leveraging scale to secure lower premiums and broader provider networks. The stop-loss bill, meanwhile, would clarify that small businesses have just as much right to self-insure as large businesses, preventing states from banning or restricting stop-loss policies for small employers. It is worth noting that small and mid-sized companies have strongly supported these changes, seeing them as avenues to reduce healthcare costs. Critics, including some state insurance regulators and patient advocates, counter that if not carefully designed, such plans could draw younger, healthier groups out of traditional insurance markets and drive up premiums for others. Those debates will likely resume in early fall when Congress returns.

The association has historically championed AHP expansion as a way to give small employers more buying power in the insurance market. Lobbyit recommends that NEA continue coordinating with allied trade groups to push for a House vote and to lay groundwork in the Senate, emphasizing safeguards that address critics’ concerns (such as consumer protections) while underscoring the cost relief these plans would provide to small businesses. In the meantime, NEA could prepare to guide its members on potential new coverage options if these reforms pass, for example, advising on how to join an association plan or navigate multi-state compliance. Conversely, assisting members brace for the compliance challenges that could come with multi-state health arrangements if the federal landscape shifts. Participation in current policy discussions on small business health benefits and on how new coverage options are structured and implemented can shape the future of benefit design for small employers across industries.

Drug Pricing and Telehealth Policy

The executive branch has also been using its authority to reshape healthcare programs in a more market-driven and cost-conscious direction. Over the summer, the Department of Health and Human Services (HHS) laid the groundwork for President Trump’s “most-favored-nation” Medicare drug pricing initiative, first announced in the spring. HHS officials held initial consultations in July with pharmaceutical companies on a plan to peg certain Medicare drug reimbursements to the lower prices paid abroad. While July did not bring a formal proposed rule yet, these talks indicate the administration’s seriousness in pursuing international reference pricing to rein in drug costs. If successful, such a policy could eventually yield savings not only for government programs but also potentially for private employers, since Medicare often sets benchmarks that ripple into the broader drug market. However, the pharmaceutical industry is expected to resist and possibly litigate any reference pricing rule. Staying alert for concrete rulemaking on drug pricing, for instance, by monitoring HHS announcements in the coming months, and being cautious about assuming immediate relief on employer pharmacy costs. This initiative has a long road ahead, and its outcome is uncertain. Lobbyit will keep NEA leadership informed of any rule proposals. If NEA wishes, we can weigh in during the public comment period with the perspective of employers who sponsor health plans.

Congress also extended several telehealth flexibilities in June, and they remained in effect through July with bipartisan support. The new law, H.R. 1, made permanent a policy allowing



high-deductible health plans paired with Health Savings Accounts to cover telemedicine visits on a pre-deductible basis. This change is retroactive to January 1st and replaces a temporary policy that was scheduled to expire at the end of 2024. The continuation of this flexibility has allowed employers to offer virtual care services cost-effectively. Telehealth usage remains high across many workplaces and has become a consistent part of how employees access medical services. The permanent extension of telehealth flexibility reflects a federal policy response to changes in how employees access healthcare. This development supports continued use of virtual care services under employer-sponsored plans and may lead to consideration of similar updates in other areas of health benefits. Lobbyit will continue to monitor state actions on telehealth licensing, since variation at the state level could impact multi-state employers. By staying engaged on these fronts, employers can retain the ability to offer affordable, innovative health coverage options.

Meanwhile, the partisan divide over health policy persisted alongside these substantive changes. Having failed to prevent H.R. 1's Medicaid and ACA cuts, congressional Democrats used July to introduce symbolic "messaging" bills, for example, an effort led by Senate Finance Committee Ranking Member Ron Wyden to reverse what they dubbed the recent health coverage restrictions. These proposals had little chance of success in the current Congress but signaled the likelihood of health policy being a battleground issue in the future. Recent activity in Congress indicates that some lawmakers are seeking to reverse elements of the July 2025 policy changes, including Medicaid work requirements. If political control changes in the future, these efforts may gain traction. In the meantime, employers are continuing to evaluate and implement new options such as association health plans and expanded telehealth coverage. These developments are being monitored as part of broader efforts to assess the impact of recent federal policy changes.

IV. Small Business and Lending

Revised SBA Lending Criteria

July 2025 brought a mix of regulatory implementation and legislative action affecting small businesses' access to capital and growth opportunities. On the regulatory side, lenders and borrowers spent the month adapting to the Small Business Administration's new lending rules, which took effect June 1st and marked a significant shift in SBA policy (these changes were detailed in prior updates). The tightened Standard Operating Procedure (SOP 50 10 8) for the flagship 7(a) loan program is now fully in force, and early feedback from the lending community suggests it is achieving its intended effects, both positive and challenging. Lenders report that clarified eligibility criteria (for example, a requirement that all 7(a) loan applicants be 100% owned by U.S. citizens or permanent residents) have "brought greater certainty about which businesses qualify, even if it means saying 'no' more often," thereby bolstering the program's integrity. At the same time, small business borrowers are encountering a more rigorous application process. With the restoration of traditional underwriting standards and the reintroduction of guaranty fees and the SBA's franchise directory, obtaining an SBA-backed loan now demands more documentation of creditworthiness and ownership structure, and may carry slightly higher upfront costs. Well-prepared entrepreneurs with solid financials and U.S. ownership are still getting approved. Still, marginal applicants who might have been greenlit



under last year's looser rules are being turned away or asked for additional guarantees. SBA leadership, including Administrator Kelly Loeffler, defended these changes in Hill testimony as necessary risk management to protect the program from defaults and fraud.

As of July, there were anecdotal reports of a short-term dip in 7(a) loan volume as lenders and borrowers alike adjusted to the new criteria, but loan officers expect activity to rebound once applicants learn to meet the stricter standards. The tightening of SBA lending standards is a nuanced development. On one hand, it reinforces sound lending practices that ultimately safeguard taxpayer-funded programs. On the other hand, it raises the bar for some small firms seeking credit. Loan volume trends under the new SBA lending rules are being monitored, and businesses have begun providing feedback on the revised process. Some lenders and borrowers have cited challenges such as increased paperwork or longer processing times. Policymakers have noted the importance of maintaining program integrity while also preserving access to credit for eligible small businesses. Striking that balance will remain a talking point in Lobbyit's discussions on behalf of NEA around SBA reauthorization and oversight.

COVID EIDL Relief for Borrowers Update

In welcome news for many pandemic-impacted small employers, the SBA in July introduced a relief option for those still repaying COVID-era disaster loans. Effective immediately, businesses with outstanding COVID Economic Injury Disaster Loans (EIDL) can request a *50% reduction in their monthly payments for six months* to help ease cash-flow pressures. This payment assistance program, announced on the SBA's website on July 31st, allows eligible small businesses with EIDL loans (up to \$200,000 original principal, and not significantly delinquent) to cut their payments in half for half a year by applying through the MySBA online portal. Importantly, interest still accrues during this period so that participants will face a slightly larger balloon payment at the loan's end; nevertheless, the interim relief could be a lifeline for businesses still recovering from the pandemic's economic effects. Under program rules, a company can use this deferral "once every five years" if needed. By late July, SBA officials reported strong interest in the program, especially among restaurants, retailers, and other industries whose COVID EIDL repayments have come due just as inflation and higher operating costs bite.

Sources recommend that small businesses holding EIDL debt should evaluate if they meet the criteria and consider applying if short-term relief would help stabilize their operations. From Lobbyit's viewpoint, NEA could play a valuable role in disseminating information about this relief program to its members. We recommend that NEA leadership alert eligible member companies about the application process and deadlines for the EIDL payment reduction. This SBA move aligns with a broader shift as the agency transitions from emergency lending into long-term portfolio servicing. The emphasis now is on providing flexibility to ensure loans are repaid over time, rather than pushing struggling borrowers into default. NEA might also highlight this relief program in its policy communications as an example of the government adjusting to real-world conditions facing small businesses. It is a reminder that open communication with lenders and utilization of available relief options can significantly improve small business resiliency. This action reflects an effort to provide flexibility for borrowers facing ongoing financial pressures. Additional borrower support measures may be considered if economic conditions warrant further relief.



Innovation Funding and Investment Legislation

On Capitol Hill, July saw bipartisan momentum behind initiatives to boost small business financing and innovation. The House Committee on Small Business held markups and introduced legislation targeting key programs up for renewal. Notably, on July 28th, Committee Chairman Roger Williams (R-TX) introduced the Investing in National Next-Generation Opportunities for Venture Acceleration and Technological Excellence (INNOVATE) Act. This House bill mirrors a measure previously offered by Sen. Joni Ernst (R-IA), and it would reauthorize and strengthen the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which support R&D at small firms. The INNOVATE Act aims to ensure these programs, which direct federal research funding to small businesses, continue to propel cutting-edge technological development and manufacturing in the U.S. for years to come. It includes measures to safeguard SBIR and STTR against foreign influence (for example, by preventing adversaries like China from exploiting them) and to encourage more private investment alongside federal grants. Given the SBIR program's prior reauthorization drama (it was nearly halted in 2022 before a last-minute extension), small tech firms and startups have been eager for a long-term renewal. The House and Senate now appear aligned on this issue, raising optimism that a bipartisan SBIR/STTR bill could reach the President's desk later this year. For small firms in technology, defense contracting, or innovative manufacturing, a refreshed SBIR program would mean continued access to grant funding and R&D partnerships that can accelerate product development. Even companies not directly engaged in federal R&D may benefit indirectly, as a robust startup ecosystem spurs supply chain opportunities and commercial innovations that established businesses can adopt. Supporting the INNOVATE Act's advancement, especially those in high-tech and manufacturing sectors, have a stake in a vibrant SBIR/STTR program, whether as participants or downstream partners.

In addition, the House Small Business Committee advanced other bipartisan measures in July. One prominent bill is the Investing in All of America Act of 2025 (H.R. 2066), which was reported out of committee by a 23–0 vote. This legislation would amend the Small Business Investment Act to encourage Small Business Investment Companies (SBICs) to channel more capital into manufacturing, rural enterprises, and industries critical to national security. By lifting certain leverage limits for investments in those priority areas, the bill aims to unlock more financing for small manufacturers and rural businesses that often struggle to attract venture capital. Another committee-approved measure (H.R. 4549) proposes creating an Office of Rural Affairs within the SBA. The goal is to institutionalize advocacy and tailored assistance for rural small businesses, ensuring they are not left behind in access to SBA programs. These efforts reflect a congressional recognition that, despite a generally strong economy, capital gaps persist in specific sectors and regions. Should these bills become law, small businesses in the targeted categories may find it easier to obtain equity investments or SBA support for expansion. For example, expanded SBIC financing could provide new avenues for manufacturers to raise growth capital. At the same time, a bolstered SBA focus on rural development might translate into more outreach and custom loan products for those areas. Small business partners, particularly in rural communities or domestic manufacturing, will want to follow the progress of H.R. 2066 and related reforms as the legislation is currently under consideration in Congress,



and its outcomes may affect financing opportunities for small businesses across a range of industries. Lobbyit will keep NEA apprised of any movement on these bills when Congress reconvenes, such as Senate committee reviews or appropriations tie-ins.

V. Tax and Benefits Policy

Extension of Tax Cuts and SALT Cap Relief

July 2025 brought significant developments in federal tax and benefits policy, headlined by the enactment of H.R. 1's comprehensive tax reforms. The One Big Beautiful Bill Act (OBBBA) immediately ushered in a new tax landscape affecting employers and employees alike. Most prominently, the law permanently extends the 2017 Tax Cuts and Jobs Act's individual and small-business tax provisions, averting their scheduled expiration at the end of 2025. This means that S-corporations, partnerships, and sole proprietorships can count on the current lower individual income tax rates and the 20% qualified business income (pass-through) deduction continuing beyond 2025, providing long-term certainty for business tax planning. (Corporate tax rates, already permanently reduced to 21% under the 2017 law, remain unchanged.) For many mid-sized companies and family businesses, the permanence of these tax cuts offers relief and stability, allowing for investment and hiring decisions to be made with more confidence about future after-tax profits. Beyond the extensions of existing cuts, OBBBA includes an array of new targeted tax adjustments aimed at supporting the workforce and family benefits, as well as incentivizing business investment.

One notable change is that the law raises the cap on the federal state and local tax (SALT) deduction from \$10,000 to \$40,000 for joint filers (and \$20,000 for single filers) starting in 2025. This higher cap will remain in place through 2029 before expiring in 2030, meaning it is not a permanent fix. Nevertheless, this adjustment is a significant concession to taxpayers (and many businesses organized as pass-through entities) in higher-tax states. It will provide moderate relief to some employees and business owners. As NEA has urged for SALT cap relief in the past, this temporary lifting of the cap represents progress on that front. However, because the relief is not permanent, NEA with Lobbyit should continue to push for long-term solutions to the SALT deduction issue. Members in states like New York, New Jersey, California, and others will feel the difference in the near term, but uncertainty could return after 2029. Documenting how the SALT cap increase affects mid-sized employers or entrepreneurs to build a case to assist with making the change permanent in the future.

Tax Policy Developments Related to Workers and Families

H.R. 1 also introduced several tax provisions aimed at supporting working families and employees, which indirectly benefit employers by improving workforce stability. For example, OBBBA modestly enhances the Child Tax Credit, increasing it from \$2,000 to \$2,200 per child beginning in 2025 and indexing that amount for inflation thereafter. (While the House's initial proposal had a larger increase, the final law settled on \$2,200, and the structure of refundability remains as before.) This increase will put a bit more money in working families' pockets, indirectly easing employees' financial pressures. Another notable change is a temporary \$6,000 supplemental standard deduction for seniors age 65 or older (on top of the existing senior deduction), available from 2025 through 2028. This "senior deduction" falls short of campaign



proposals to end taxation of Social Security benefits. Still, it does provide older workers and retirees with additional tax relief that could encourage later-life workforce participation or part-time work. Employers with older employees may consequently see a slight uptick in retention or delayed retirements as a result of this incentive, which is an important consideration for industries facing skilled labor shortages. By increasing take-home income, they may contribute to greater employee satisfaction and could encourage continued workforce participation among experienced workers.

For employers that offer benefits, several provisions of the new tax law are directly relevant. One is the permanent expansion of the Employer-Provided Child Care Credit. Under prior law, businesses could claim a tax credit of up to \$150,000 per year (covering 25% of qualified costs) for providing childcare facilities or support for employees. H.R. 1 raises this credit to cover 40% of qualified childcare expenditures and lifts the cap to \$500,000 annually (with future inflation adjustments). It also establishes a larger credit for small businesses specifically, recognizing that smaller employers may need extra help to afford on-site daycare or contracts with childcare providers. This is a meaningful incentive for employers to invest in childcare assistance as an employee benefit. Given the tight labor market and the high cost of childcare nationally, companies that facilitate affordable childcare for their staff stand to improve recruitment and retention, particularly of working parents. Businesses may wish to evaluate whether they can take advantage of this enhanced credit by establishing childcare reimbursement programs, reserving slots at local daycare centers, or even partnering with nearby employers to run a consortium childcare center, knowing that 40% of those costs could effectively be offset by the federal credit going forward.

Another benefit-related change is the permanent extension of tax-free employer contributions toward employees' student loan repayment. The CARES Act of 2020 first allowed employers to contribute up to \$5,250 per year toward an employee's student loans on a tax-free basis, but that provision was set to expire in 2025. H.R. 1 removes the sunset, making this educational assistance exclusion a permanent feature of the tax code (and indexing the \$5,250 cap for inflation after 2026). This means assisting employees with student debt is now a stable, long-term benefit option that creates no tax liability for either the company or the employee. As companies have already rolled out student loan repayment programs to attract younger talent, now that these programs can continue indefinitely, employers who were on the fence might consider adding this benefit. Such contributions can significantly improve morale and loyalty among Millennial and Gen Z workers for whom student debt is a major concern, all while remaining tax-deductible for the business and non-taxable for the recipient. NEA could encourage its member companies to review these expanded credits and exclusions and integrate them into their benefits strategies where feasible. The association can also use these provisions in its public policy messaging, for instance, praising Congress for helping employers support working parents and indebted graduates. Notably, by making the student loan contribution exclusion permanent, lawmakers responded to a priority for the business community.

Business Investment and International Tax Changes



H.R. 1 contains numerous business-friendly tax measures aimed at stimulating investment and economic growth. It restores full expensing (100% bonus depreciation) for qualifying equipment and machinery purchases, which had been scheduled to phase down under prior law. In addition, businesses can once again deduct domestic research and development (R&D) expenses in the year incurred rather than amortizing them over five years, effectively reversing a recent change that had begun to force the spreading out of R&D write-offs. These provisions lower the after-tax cost of capital investments and innovation, encouraging employers to spend on new technology, facility upgrades, and product development. The law also increases the Section 179 small-business expensing limit to \$2.5 million (up from about \$1 million), allowing more immediate write-offs for smaller firms; it even retroactively makes this higher limit available for tax years back to 2022 for eligible companies. Furthermore, the limitation on business interest deductions is liberalized beginning in 2025; companies may now calculate the cap based on earnings *before* interest, taxes, depreciation, and amortization (EBITDA), rather than the previous, less favorable EBIT standard. Interest expenses tied to production costs are excluded from the limitation as well, and a new ordering rule clarifies how the interest cap interacts with capitalization requirements.

Together, these changes (often aligning with priorities of capital-intensive industries) should ease financing costs and improve cash flow for businesses planning to invest in equipment or expansion. The law also extends the Opportunity Zone program and will designate new ten-year Opportunity Zones starting in 2027, with added incentives for investments in rural areas. All of these adjustments reflect a policy intent to spur private-sector investment by improving the tax treatment of business costs. The tax package includes several pro-investment provisions, such as the restoration of full expensing and the immediate deductibility of research and development expenses. These changes are expected to benefit a wide range of businesses by lowering the after-tax cost of capital investments and innovation. As the Treasury Department develops implementing regulations, collaborators' input may help ensure that the new provisions are applied with clarity and consistency across industries.

Several updates to the international and high-income tax rules were included as well. The Base Erosion and Anti-Abuse Tax (BEAT) rate, for instance, will increase slightly to 10.5% after 2025, although this is lower than some projections under prior law. Rules governing the Global Intangible Low-Taxed Income (GILTI) and Foreign-Derived Intangible Income (FDII) regimes were tweaked to align with the new domestic provisions. However, the overall effect on multinational businesses will unfold as Treasury issues guidance. Estate and gift tax exemptions will rise significantly in 2026. The individual estate tax exemption jumps to approximately \$15 million (or \$30 million for a married couple), up from the current ~\$13 million, with continued inflation indexing. Separately, a new 1% excise tax is imposed on physical cash transfers out of the country (often termed a "remittance tax"), although electronic transfers through U.S. financial institutions are exempt. The international provisions indicate that, despite domestic tax relief, the administration is maintaining pressure on profit-shifting and outbound cash flows, albeit moderately.

The increase in estate tax thresholds is a welcome development for family-owned businesses and succession planning, and highlights relief in communications. Conversely, the new remittance



tax, though small, could set a precedent of taxing cross-border financial movements, something to potentially keep an eye on if any members rely on cash transactions with overseas operations or personnel. On the international corporate side, forthcoming regulations related to Global Intangible Low-Taxed Income (GILTI) and Foreign-Derived Intangible Income (FDII) are expected to clarify how recent tax changes will apply to multinational businesses. These rules may affect how U.S. companies with global operations calculate and report income across jurisdictions. In addition, the law addresses a politically salient issue by raising the SALT deduction cap, as discussed in the latter. Recent tax changes enacted under H.R. 1 are expected to remain in effect through at least 2029, providing a period of relative stability for business tax planning. Additional guidance from the IRS and Treasury will be necessary to implement several of the law's provisions. For example, detailed regulations are expected by October on new reporting requirements related to tip income and overtime pay deductions.

Lobbyit will continue monitoring these developments to ensure NEA is aware of compliance and to adjust their planning as needed. Lobbyit also notes that congressional Republicans are already contemplating a "Reconciliation 2.0" package for the fall, potentially to address items left out of H.R. 1. This could include further agency reforms or technical corrections as well as proposals that could introduce new requirements for employers. Potential engagement in this process can influence how future provisions are shaped and implemented. The July tax reforms solidify a pro-business tax environment with tax reductions made permanent and new incentives on the books. The stage is set for businesses to plan ahead with fewer tax-related uncertainties. Reviewing the new tax provisions to determine how best to apply benefits such as full expensing, enhanced credits for employee benefits, and increased SALT deduction limits. These measures may influence investment decisions, workforce support strategies, and overall tax planning. Demonstrating the economic outcomes of these provisions could contribute to ongoing policy discussions about their long-term continuation.

VI. Immigration Policy

Ongoing Country-Specific Travel Restrictions and Workforce Impact

Immigration policy continued to tighten in July 2025, as the Trump administration's enforcement-oriented measures took further effect and legal battles over those measures intensified. A major development from late June was the revival of a travel ban affecting 19 countries in Africa and the Middle East, which remained in force throughout July. Under this policy, most nationals from the listed countries are barred from entering the U.S. unless they qualify for specific exemptions (such as diplomats or certain immediate family members of Americans). For employers, this means that hiring or transferring staff from the affected regions is extraordinarily difficult at present. In July, companies in sectors like healthcare, information technology, and engineering scrambled to adjust their recruitment pipelines, as candidates from countries like Nigeria, Iran, and Sudan cannot obtain new visas under the ban. Some employers have shifted to recruiting talent from other countries not on the list, while others are exploring remote work arrangements as a stopgap for would-be hires who cannot physically relocate to the U.S. due to the ban. There is also continued caution for any current employees from those countries who are in the U.S. on temporary visas (such as H-1B workers). Sources are advising



these workers to avoid international travel for now, since leaving the U.S. could prevent their return under the ongoing restrictions.

Throughout July, concerns that ongoing country-specific travel restrictions may affect access to global talent and create workforce planning challenges in certain sectors. While the administration has cited national security priorities in maintaining the current policy, employers are monitoring the operational impact of these limits, particularly where candidates from the affected regions previously filled roles. In response, some organizations have begun documenting cases where projects have been delayed or positions remain unfilled due to visa restrictions, in order to better understand and communicate the potential economic effects. In parallel, certain sectors are implementing contingency workforce strategies, such as expanding domestic recruitment or identifying candidates from unaffected countries, to maintain staffing continuity. Some have also proposed process-based adjustments, including improved waiver procedures or expedited review for roles requiring specific technical expertise. These proposals are intended to support workforce needs while respecting broader policy objectives. Litigation related to the travel restrictions is ongoing, and Lobbyit will continue monitoring any legislative developments that may inform future updates or opportunities for engagement.

End of Humanitarian Parole and Workforce Impacts

The fate of hundreds of thousands of migrants who were paroled into the U.S. for humanitarian reasons under the now-terminated CHNV program (which admitted nationals from Cuba, Haiti, Nicaragua, and Venezuela) became more precarious in July. Following the Supreme Court's late-June decision allowing the administration to end the program, the Department of Homeland Security (DHS) moved to formally terminate parole and work permits for those individuals. By mid-July, over 530,000 parolees from those four countries were in limbo, roughly 240,000 of whom had entered the U.S. workforce (in industries ranging from construction to hospitality) under temporary work authorizations. DHS began issuing notices in June and July informing these parolees that their permission to stay and work will be revoked. However, litigation and advocacy have introduced some delays and confusion. The impact on employers is already materializing. In a court brief filed in a First Circuit case this month, labor unions detailed significant "disruptions to production [and] working conditions" caused by stripping CHNV parolees of work authorization. For instance, one food processing plant had to lay off 130 formerly paroled workers, forcing remaining staff to work overtime to maintain output. Hotels that lost employees are resorting to temporary staffing agencies, sometimes undermining the wage rates established through collective bargaining. Employers across several states reported confusion about how to verify which employees are no longer authorized to work, given inconsistent communication from DHS.

In response, many affected businesses, along with city governments and industry groups, have been calling for a solution to provide relief for these workers and their employers. Possibilities floated include extending Temporary Protected Status (TPS) to cover these individuals or creating a deferred action program to let them stay employed legally. Notably, a federal judge in New York ruled on July 1st that DHS improperly tried to shorten Haiti's existing TPS designation, thereby keeping thousands of Haitian workers under TPS protection through early



2026. This kind of judicial pushback may hint at relief for some populations. In the meantime, employers should take stock of any workers on parole-based work permits and consult immigration counsel on steps to remain compliant if those permits lapse. This could involve helping affected employees explore alternative visa options or preparing for workforce adjustments. It is a delicate situation; employers want to retain trusted workers, yet must abide by I-9 and E-Verify rules that prohibit employing someone without authorization. Open communication and humane handling of these transitions, if they must occur, is advised.

Legal proceedings, including the case *Doe v. Noem*, are challenging the termination of parole and work authorization for certain migrant populations under the CHNV program. Organizations have raised concerns about the potential economic impact of removing work authorization for approximately 240,000 individuals, many of whom are employed in sectors such as construction and service industries. In response, some organizations are advocating for interim policy solutions, such as extensions of Temporary Protected Status or phased transitions to minimize workforce disruption. Employers are also reviewing compliance procedures, including I-9 verification and employee documentation, to ensure adherence to federal requirements as policies change. Proactively addressing this issue demonstrates leadership in balancing legal compliance with workforce stability.

Evolving Federal Policy on Asylum-Seeker Employment

The administration is moving forward with a proposed regulation to bar asylum seekers from obtaining work permits while their cases are pending. As reported in June, the draft rule would reverse the current policy that allows asylum applicants to apply for an Employment Authorization Document if their case remains undecided after 180 days. Under the proposal, asylum seekers would become eligible to work legally only if their asylum is granted or if the average nationwide case processing time falls below six months, a threshold that is unlikely to be met in the near term.

During July, the proposal advanced through the regulatory process, with formal publication anticipated by early fall. Businesses and organizations have raised concerns, noting that many asylum cases take well over a year to resolve. Without access to legal work authorization, eligible individuals could be pushed out of the formal economy. Sectors such as agriculture, food processing, landscaping, and hospitality, which currently employ significant numbers of asylum applicants under the existing 180-day rule, could experience labor shortages if the change is implemented. Economists have suggested that the rule could extend wait times for work eligibility even further and may contribute to increased participation in unauthorized employment. For employers, this change could reduce the pool of available workers at a time when many industries are already facing hiring challenges. Some industry representatives have also indicated that restricting work permits could increase pressure on existing legal guest-worker programs such as H-2B, although those programs are capped and may not fully meet labor demand.

The rule has not yet been finalized. For now, the current work authorization rules remain in effect, and the 180-day clock continues to apply. Lobbyit is closely monitoring the regulatory timeline and any changes to the proposed policy. This issue is of particular interest to labor-



intensive sectors, where shifts in work authorization may influence workforce availability and planning. If the rule is formally proposed and if NEA determines that it aligns with their priorities, there will be an opportunity to submit public comments during the rulemaking process. In that case, Lobbyit can assist with drafting a submission focused on practical workforce impacts, including potential consequences for staffing levels, operations, or service delivery.

In addition, some collaborators have suggested complementary policy options to help address potential labor shortfalls. These include proposals to expand or uncap legal seasonal worker programs such as H-2B. Employers are also beginning to prepare internally by reviewing workforce documentation and compliance procedures. This may involve auditing employee work authorization expiration dates and adjusting recruitment strategies, including outreach to domestic workers or alternative immigrant populations. More broadly, immigration policy developments in July introduced changes across several employment-based pathways and affected access to work authorization for specific groups. These shifts have prompted employers to re-evaluate workforce planning strategies and assess the reliability of existing hiring pipelines. In response, organizations have emphasized the importance of maintaining clear and lawful avenues for employment while adapting to evolving compliance requirements. Current efforts remain focused on supporting transparency, continuity, and workforce stability across affected industries.

VII. Housing and Community Development

Federal Housing Funding Outlook and Workforce Considerations

Federal housing policy in July 2025 was heavily influenced by the ongoing budget process and administrative reforms at the Department of Housing and Urban Development (HUD). With the passage of H.R. 1, lawmakers endorsed to varying degrees many of the budgetary priorities outlined in President Trump's FY2026 HUD proposal, which had called for deep cuts and structural changes. The exact appropriation levels for housing programs are still being negotiated on Capitol Hill, but the general trajectory is toward reductions in federal housing assistance, albeit perhaps not as drastic as initially proposed. The administration's budget had envisioned a \$33 billion (nearly 50%) cut to HUD's funding, including a \$26.7 billion rollback in Section 8 rental vouchers and the elimination of longstanding block grants like CDBG (Community Development Block Grants) and HOME. By mid-June, the House's draft Transportation-HUD appropriations bill proposed significant reductions of its own, though on a smaller scale than the administration's request, indicating some cushion for Section 8 and the preservation of certain community development programs.

In July, the House advanced that bill, while Senate appropriators signaled they would counter with a more moderate version likely maintaining near-current funding for core rental assistance and community development initiatives. The expected outcome, sources say, is a compromise landing in the middle. This means Section 8 housing vouchers may face a reduction in growth or modest trims rather than an outright halving, and essential programs like the HOME Investment Partnerships might see diminished funding but not total elimination. For employers, particularly those in high-cost urban areas, potential changes to federal housing assistance programs may have workforce implications. Many employees depend on housing vouchers or public housing to live near their workplaces, and adjustments to funding levels or program structures could



influence housing access and commuting patterns. For example, proposals such as time limits on certain types of assistance may affect housing stability for some workers. Organizations have communicated to Congress the importance of aligning housing policy with workforce needs, encouraging a thoughtful approach that supports program efficiency while maintaining access to affordable housing for working families.

Lobbyit will monitor the appropriations negotiations in September closely, as housing funding may not traditionally be a “business issue,” but as outlined, it has direct workforce implications. Should it appear that rental assistance will be significantly tightened, potentially engaging on this topic, at least informally, to support maintaining a safety net for the lowest-income workers. Contingency planning is also prudent for employers (particularly larger ones or those concentrated in expensive metro areas) that might need to explore partnering with local nonprofits on workforce housing or expanding employer-assisted housing benefits if government support wanes. As noted in previous analyses, some proactive companies are already considering offering housing stipends or master-leasing apartments for employees in case public housing aid diminishes. Such measures might become more important in 2026 and beyond, depending on where federal funding levels ultimately settle. Employers in affected industries may begin to assess what role they can play in supporting workforce housing, particularly in areas where public assistance may be reduced. Some are exploring best practices such as housing stipends, partnerships with local nonprofits, or master leasing arrangements to help ensure employees have access to stable housing.

Aside from funding issues, HUD’s regulatory reform agenda progressed over the summer. Notably, the department is on track to issue a final rule overhauling the Affirmatively Furthering Fair Housing (AFFH) framework later this year. The public comment period on HUD’s proposed AFFH rewrite closed May 2nd, and HUD spent June and July reviewing the extensive feedback. The proposed rule represents a significant shift from the stricter Obama-era mandate toward the approach championed by the Trump administration. HUD’s plan, as outlined in the proposal, “would simplify fair housing planning requirements for state and local governments,” allowing jurisdictions to set their own fair housing goals and report progress via a streamlined process, rather than adhering to a detailed federal template of analyses and benchmarks. In essence, the forthcoming rule is expected to make compliance easier for cities and counties. Instead of lengthy demographic studies and HUD-prescribed targets to reduce segregation or increase housing equity, local authorities would have broad latitude to define what fair housing means in their context and to pursue it as they see fit. This aligns with the administration’s current philosophy of devolving power to states and localities and reducing what it sees as onerous federal oversight.

For employers, especially those in metropolitan regions, the AFFH rule change is worth noting because it will influence local housing development patterns. A more hands-off HUD could mean that some cities will aggressively promote housing growth (knowing they won’t face federal penalties for not meeting rigid integration metrics), potentially speeding up zoning changes for higher-density housing near job centers. This could be positive for employers in areas where a lack of housing supply has driven up rents and made employee recruitment difficult. Indeed, the rule’s supporters argue it empowers high-cost cities to cut red tape and



build more housing, which over time improves affordability and access to labor. However, the flip side is that without firm federal standards, other jurisdictions might do little or nothing to address exclusionary zoning or racial disparities in housing. Less HUD oversight could lead to uneven outcomes, with some affluent suburbs perhaps maintaining restrictive zoning that limits multifamily or affordable housing. Employers with geographically dispersed workforces might see continued housing scarcity in certain communities even as others expand supply. Overall, the change will put the onus on local decision-makers; collaborators may engage more in local housing policy as HUD will be less of an enforcer. If a company operates in a locality that struggles to provide affordable housing for workers, this could be a moment to coordinate with civic groups and city leaders to push for housing initiatives since HUD's new posture is to encourage "local innovation" without prescribing one-size-fits-all solutions.

In July, collaborators on all sides geared up for the final AFFH rule. Civil rights organizations cautioned that the relaxed approach might allow complacency in addressing segregation, and many submitted comments urging HUD to retain some accountability measures. On the other hand, municipal associations and real estate developers largely praised the flexibility, with some mayors saying that not having to fear HUD's rejection of their plans will let them focus on pragmatic housing strategies (such as streamlining permitting or incentivizing transit-oriented development). Associations have conveyed to HUD that businesses value inclusive, affordable housing because it expands the labor pool and improves quality of life; they have encouraged HUD to at least monitor outcomes under the new rule and offer technical assistance where needed. Once the rule is finalized (sources predict it will likely be by this fall), organizations will analyze its impact, but the main takeaway is that local housing policies will matter more than ever. In the absence of extensive federal mandates, these local actions are expected to play a larger role in shaping where and how workforce housing is developed. NEA could consider increasing its engagement at the local or state level on housing issues that affect employers (possibly by working with local chambers of commerce or regional industry groups). Applauding HUD's intent to reduce bureaucracy, while also voicing that employers will remain vigilant about housing progress on the ground and stand ready to support community efforts that enable more affordable housing development.

VIII. Trade and Supply Chain Policy

Broad Tariff Regime Raises Costs

Trade policy in July 2025 was marked by the solidification of the Trump Administration's aggressive tariff regime and a few incremental adjustments intended to refine its scope. The expansive "reciprocal tariffs" program, a hallmark of President Trump's second-term trade agenda, remained firmly in place, continuing to reverberate through global supply chains. Since early April, U.S. Customs has been levying a baseline 10% import tariff on nearly all goods from nearly all countries, with significantly higher rates on imports from nations running large trade surpluses with the U.S. For example, imports from China face a combined tariff rate of about 34%, Vietnam 46%, the European Union 20%, and Japan 24%, among others. (These so-called "Liberation Day" tariffs, as the White House has labeled them, come on top of pre-existing duties like the Section 301 tariffs on China and various anti-dumping duties, meaning some products from China now encounter combined tariff rates above 50%.)



Over the month of July, U.S. companies continued to grapple with the fallout from these import costs. Input prices for manufacturers and consumer prices at the retail level have been rising, contributing to inflationary pressure. A June analysis by JPMorgan is still a reference point in July's debates, cautioned that such high effective rates could "reduce imports and disrupt inventory availability nationwide," and indeed import volumes at major U.S. ports have dipped slightly as firms try to draw down inventories or avoid the steep tariffs where possible. Some businesses have managed to switch sourcing to tariff-exempt countries (notably, Canada and Mexico remain largely exempt under USMCA, aside from a contingency tariff threat that hasn't materialized).

However, shifting supply chains on short notice is challenging, and many companies report they have little choice but to pay the tariffs and either accept lower profit margins or pass costs along to customers. The tariffs' contribution to inflation is an ongoing concern; the Federal Reserve's July economic report even cited tariffs as one factor keeping goods prices elevated. Analysts estimate the 2025 tariff regime amounts to an average annual cost of about \$1,300 per U.S. household. Industry groups have communicated to the Administration the difficulties businesses face under this regime, but the White House remains publicly committed to using tariffs as leverage to negotiate better trade terms.

The broad application of reciprocal tariffs has increased costs for a wide range of imported goods, including inputs used by manufacturers and products sold to consumers. These tariffs have led some businesses to report narrower margins, delayed investment, and higher retail prices. While the administration has maintained its current approach, members of Congress from both parties have expressed interest in reviewing the economic impact of tariffs and exploring mechanisms such as exclusion processes or oversight hearings related to inflation. Lobbyit will be monitoring these developments and continuing to assess how tariff-related costs are affecting operations and planning. If NEA believes it aligns with their goals, they can support these efforts by offering reliable employer insights into how the tariff burden is impacting American businesses and employment. In the meantime, organizations engaged in cross-border commerce could proceed under the assumption that the current trade environment, characterized by high tariffs, careful country-by-country adjustments, and tight enforcement of import rules, will remain the norm as Congress moves into the latter half of 2025. Employers can productively adapt to the current tariff environment by exploring available options such as tariff exclusions, duty-drawback programs, and supply chain diversification strategies. These approaches are being used to help manage increased costs associated with import duties.

Adjustments for Allies and Trade Discussions

July did bring a few nuanced adjustments to the tariff program, reflecting both negotiations with allies and domestic political pressures. Notably, the U.S. and the United Kingdom reached an understanding dubbed the Economic Prosperity Deal that led President Trump to carve out certain U.K. products from the highest tariff tiers. Effective July 23rd, imports of U.K.-origin civil aircraft and aerospace parts were exempted from the 25–50% reciprocal tariffs, aligning with a U.S. promise not to impede U.K.-U.S. defense cooperation. The U.S. also agreed to



special lower rates (around 10%) on U.K.-made automobiles and some auto parts, provided they meet rules-of-origin criteria. These adjustments were lauded by British officials and removed a point of friction with a key ally. For U.S. importers of U.K. goods (particularly in the automotive and aerospace sectors), this was welcome relief, making British components more price-competitive again. It hints that the Administration may be willing to soften tariffs for close partners in exchange for broader strategic cooperation. Similarly, the Administration delayed implementation of reciprocal tariffs on a handful of countries, including some smaller developing nations, until August, citing ongoing talks and progress on trade issues. For instance, tariff hikes slated for Thailand and Vietnam were postponed to allow negotiations on digital services taxes and market access to continue.

However, when negotiations did not yield concessions, tariffs proceeded or even escalated. A vivid example came with Brazil. In early July, Brazil's President Lula da Silva threatened to retaliate with a 50% tariff on U.S. goods if the U.S. imposed its planned high tariffs on Brazil. Despite that warning, President Trump instructed USTR on July 17th to initiate a Section 301 investigation into various Brazilian trade practices seen as a step toward possible new tariffs targeting Brazil's digital services and other sectors. As of mid-August, actual U.S. tariffs on Brazil had not yet increased, but rhetoric on both sides grew heated during July. U.S. companies exporting to Brazil (from agribusiness to automakers) grew nervous about losing that market if a tariff war breaks out. This brinkmanship underscores that the Administration's tariff strategy is dynamic and can expand beyond Asia and Europe to the Americas. Companies engaged in international trade must develop contingency plans for alternate suppliers or markets, as advisable in case a new front in the tariff war opens (for example, with Brazil or other major emerging economies). The Administration's view is that tough tariffs bring trade partners to the table; indeed, by late July, some Brazilian officials hinted at talks to avoid escalation, but the short-term uncertainty is challenging for supply chain planning.

In contrast, developments involving Brazil highlight the unpredictability of trade relations under the current policy framework. Employers that operate in or export to countries affected by shifting tariff policies are reviewing supply chain strategies and risk scenarios in response. Supporting efforts in Congress to reassert some authority over tariff actions, for example, discussions about requiring Congressional approval for certain tariffs to introduce more predictability. Indicating that while fair trade enforcement is important, the absence of clear criteria for exemptions or escalation creates an unstable business climate.

Extending Import Rules and Adaptation

A significant policy change in late July was aimed at closing what the Administration views as a loophole in tariff enforcement. On July 30th, President Trump signed an executive order suspending the de minimis import value exemption, effective August 29th, for non-postal shipments. The de minimis rule had allowed imports valued under \$800 to enter the U.S. free of duties and taxes. Many e-commerce retailers and logistics providers have used this provision to ship low-value goods (often consumer products from China) directly to U.S. customers without incurring tariffs. By ending this exemption for commercial carriers, "shipments that are not sent through the international postal network will be subject to all applicable duties, tariffs, taxes, and



fees,” no matter how small the package. (Postal shipments through national mail services get a temporary carve-out under the order, but even they will face alternative fee schedules based on country-of-origin tariffs in the near future.) This move will particularly impact e-commerce businesses and consumers who purchase inexpensive goods from overseas platforms. Retailers and distributors should prepare for increased costs and customs compliance burdens on small shipments; it may no longer be viable, for example, to import \$100 worth of parts or accessories from abroad without significant fees. In the long run, eliminating the de minimis threshold could push more companies to re-shore sourcing of low-value items or to consolidate shipments. Still, in the short run, it adds another layer of trade friction for small transactions.

In summary, U.S. trade policy in July reinforced a stance of tariff-driven negotiation and protectionism, punctuated by selective relief for allies and tactical pauses for negotiation. No major new trade agreements were reached during the month, and the existing tariff architecture largely persisted. Business leaders have continued to adapt to this reality of elevated import costs by reconfiguring supply chains where possible and advocating for relief where strategic. However, absent a broader shift in policy, firms are focusing on mitigation, staying informed on evolving trade rules, utilizing tariff exclusions or duty-drawback programs, and communicating with government officials about the economic impacts. The Administration demonstrates little sign of backing off on its tariff leverage strategy in the near term.

The current trade environment, defined by broad reciprocal tariffs and limited exemptions, is again expected to remain in place. Adopting a range of mitigation strategies, including supply chain adjustments and changes to customs compliance practices in response to policy shifts such as the elimination of the de minimis exemption for certain e-commerce shipments. Industry collaborators have proposed a more targeted tariff approach that addresses specific trade concerns while limiting unintended consequences for domestic employers and their workforces. Proposals under consideration include reforms to the tariff exclusion process and the introduction of criteria-based frameworks to guide future tariff actions. Discussions with policymakers continue to focus on balancing the goal of protecting American industry with the economic impact that elevated import costs may have on businesses, workers, and consumers.

IX. Monthly Wrap Up

July 2025 was a heavy month across the federal policy spectrum, with the Trump Administration and Congress advancing a largely pro-business agenda that dovetails with many of NEA’s priorities. Labor and employment policy saw continued deregulation and employer-friendly adjustments from narrowed joint-employer definitions and revived compliance programs to OSHA’s incentive-based enforcement and scrutiny of aggressive union tactics. In healthcare, landmark budget legislation introduced significant changes to Medicaid and ACA subsidies while lawmakers pushed forward on small-business health plans and telehealth extensions. Tax policy delivered a sweeping victory for employers by locking in tax cuts and rolling out new incentives for investment, workforce benefits, and family support. Meanwhile, immigration developments affected labor supply in several sectors, including changes related to travel policies and the conclusion of certain parole programs, prompting employer concern about workforce continuity. Housing policy continued to shift toward more limited federal involvement



and increased local control, placing greater emphasis on community-level strategies to support workforce housing. Trade policy remained centered on elevated tariff structures and bilateral negotiations, presenting trade-offs involving cost management alongside targeted relief opportunities through international agreements.

Developments reflect a broader deregulatory trend across multiple policy areas, including labor, tax, and housing. Legislative and administrative actions introduced in July align with long-standing priorities supported by business and employer-focused organizations, such as streamlined compliance requirements, permanent tax measures, and expanded healthcare options for small entities. Pending legislation and ongoing regulatory implementation efforts are expected to shape how these policy changes are applied in practice. Lobbyit will continue monitoring this activity to assess its long-term impact on NEA for employers and the broader workforce. This period presents an opportunity to highlight real-world outcomes and practical examples that demonstrate how recent policy changes are impacting workplaces, helping to inform effective implementation and long-term success.

At the same time, it remains important to be prepared to respond to policy areas where upcoming changes could present risks or where future political shifts might alter the direction of recent reforms. Developments such as the rollback of certain immigrant worker programs and asylum-related employment authorizations, as well as potential reductions in federal housing assistance, underscore how policy shifts can affect workforce stability. These issues are especially relevant in sectors that rely on consistent access to labor and affordable housing. Ongoing engagement on balanced policy solutions, such as supporting immigration frameworks that address both security and workforce needs or encouraging thoughtful approaches to housing support that avoid unintended economic consequences for workers, reflects the mission to support a productive and resilient workforce. In practice, this includes maintaining bipartisan relationships and continuing to share data-driven perspectives on how evolving federal policies may affect both employers and employees.

Next Steps

Looking ahead to August and the fall, several federal developments are expected to shape the policy environment for employers and employees across sectors. With H.R. 1 now signed into law, attention turns to the implementation phase. The law's tax provisions, including extensions of existing cuts and new credits for benefits and investment, may influence how member companies plan for growth, workforce retention, and capital purchases through 2029. Separately, regulatory activity at the Department of Labor and OSHA continues to reflect a deregulatory trend. Proposed changes, such as adjustments to joint employer standards and compliance relief for small businesses, may ease certain administrative burdens. These shifts reinforce an overall direction of reduced regulatory complexity, though businesses may still need to stay informed about transitional guidance and timelines.

Workforce development also remains a federal priority. Initiatives tied to artificial intelligence, job training, and upskilling, such as those outlined in the AI Action Plan, signal increased agency activity in this space. Developments in federally supported workforce programs may be relevant



to employer-led training or partnerships with educational institutions. Additional clarity is expected in the months ahead as agencies begin to issue guidance and funding opportunities tied to these priorities. On trade and immigration, policy changes have narrowed certain labor supply channels and increased input costs for businesses operating in affected sectors. Tariff-related pressures and adjustments to worker visa programs are already shaping hiring and sourcing strategies in some industries. These developments are being monitored in case broader effects on workforce availability or cost structures emerge. Likewise, ongoing housing and community development reforms, particularly the shift toward more locally driven approaches, may influence workforce housing access in certain regions, especially where employees rely on rental assistance or live in high-cost areas.

The upcoming appropriations cycle may also determine funding levels for federal programs that intersect with the business community, including grants for job training, housing, and small business support. While major policy changes are not expected through appropriations alone, the outcome of these negotiations will help define the broader federal landscape through the end of the year. Overall, the months ahead will be shaped by continued regulatory implementation, early-stage federal program activity, and fiscal negotiations. Lobbyit will remain engaged in tracking these developments and advising on their relevance to NEA's outlook. Where federal actions may materially affect employers, employees, or the association's broader environment, Lobbyit will provide additional context and flag potential opportunities for strategic engagement.

In conclusion, July 2025's policy shifts present both opportunities and considerations for the National Employers Association, by capitalizing on the pro-business momentum and thoughtfully addressing the areas of concern. Lobbyit will continue to combine efforts with NEA's leadership in the coming months, providing timely intelligence, guidance, and on-the-ground backing as these issues evolve. Our goal remains to ensure that NEA's federal engagement is proactive, well-informed, and impactful, while shaping a policy landscape in which American businesses can thrive. Thank you for staying engaged with these federal developments. We look forward to continuing this work and advancing NEA's priorities together in the months ahead.