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Federal and State Government Update

August 20, 2025

HR INDIANA ANNUAL CONFERENCE 2025

AFFILIATE OF SHRM SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Agenda

Economic Level Set

Jobs Report

Inflation Report

Artificial Intelligence Update

State Update

Indiana General Assembly Session

Federal Update

Big Beautiful Bill components relevant to HR

Supreme Court Update

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June Jobs Report

New Jobs 147,000 (expected 110,000) HIT
Unemployment 4.1% (expected 4.3% HIT
Wages increased slightly to 3.7% on a YoY basis
Inflation rate is 2.4% on a YoY basis
Wholesale prices are down 5% on a YoY basis
Labor Force Participation Rate at 62.3% MISS 

3.3M quits, led by transportation and information technology
7.7M jobs open (There are 28 people for every 100 jobs open)

Where The Jobs Are

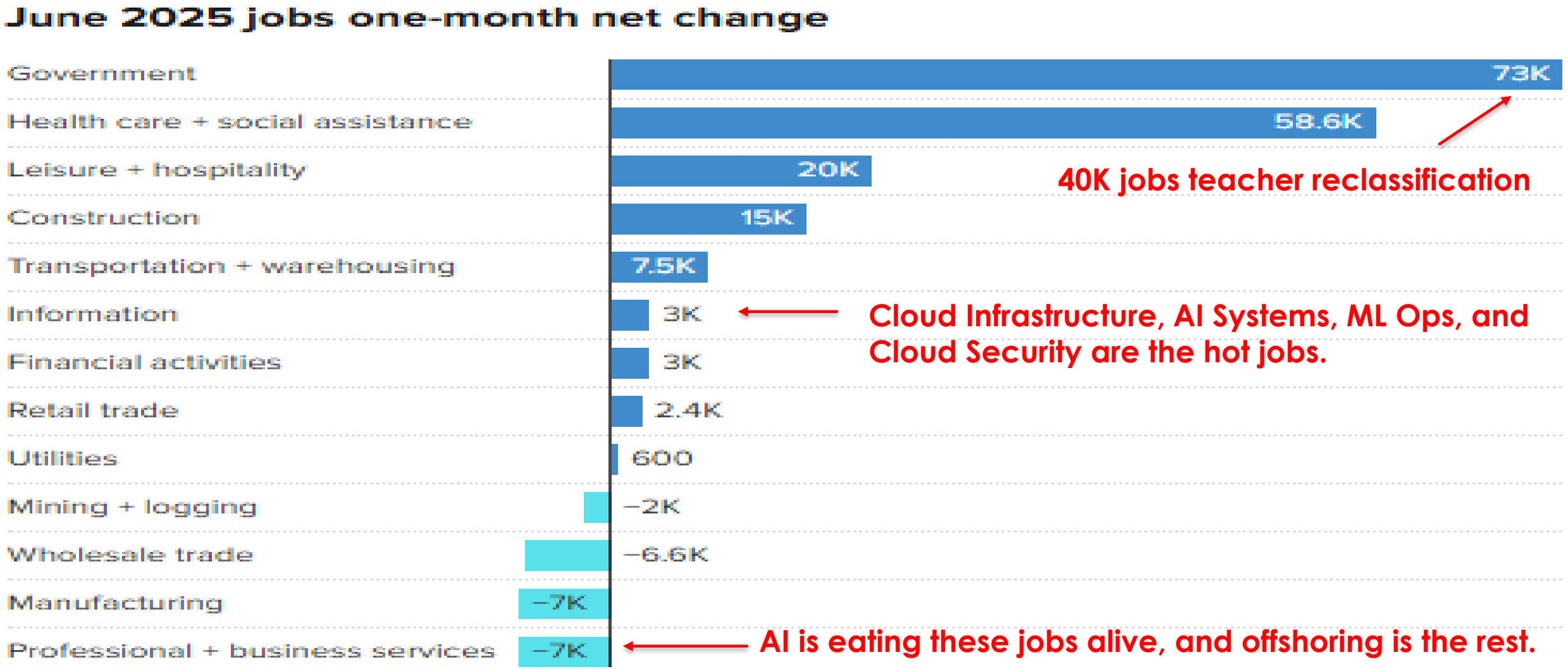


Chart: Gabriel Cortes / CNBC
Source: U.S. Bureau of Labor Statistics
Data as of July 3, 2025

CNBC

Artificial Intelligence Advances and Implications

The U.S. unemployment rate set a milestone statistic in June:

For the first time in history, the recent college graduate unemployment rate exceeded the general unemployment rate (6.6% vs. 4.2%)

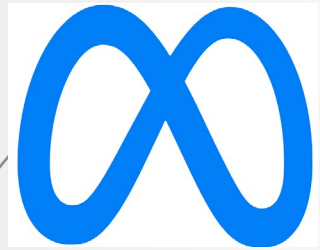
A main contributor is AI eliminating entry-level roles

Artificial Intelligence Advances and Implications

AI research investment commitments:



$44B



$65B



$75B



$80B



$100B

Artificial Intelligence Level Set

Total U.S. active workforce 2025: 168M

AI, on average, is 99% less costly than an employee

11% of the workforce is engaged in office administration jobs

AI can supplant most of these roles TODAY

Many of these roles will be performed by AI by 2027 (~18M jobs)

.01% of the workforce are lawyers

ChatGPT 4 is out and is specifically designed for the legal field

Expect erosion of first-year law and paralegal roles by 2026. (~50K jobs)

Artificial Intelligence Level Set

6% of the workforce is engaged in Business and Finance

Chat GPT 5, due this month, is targeting these roles

Expect significant job erosion by 2028 (~11M jobs)

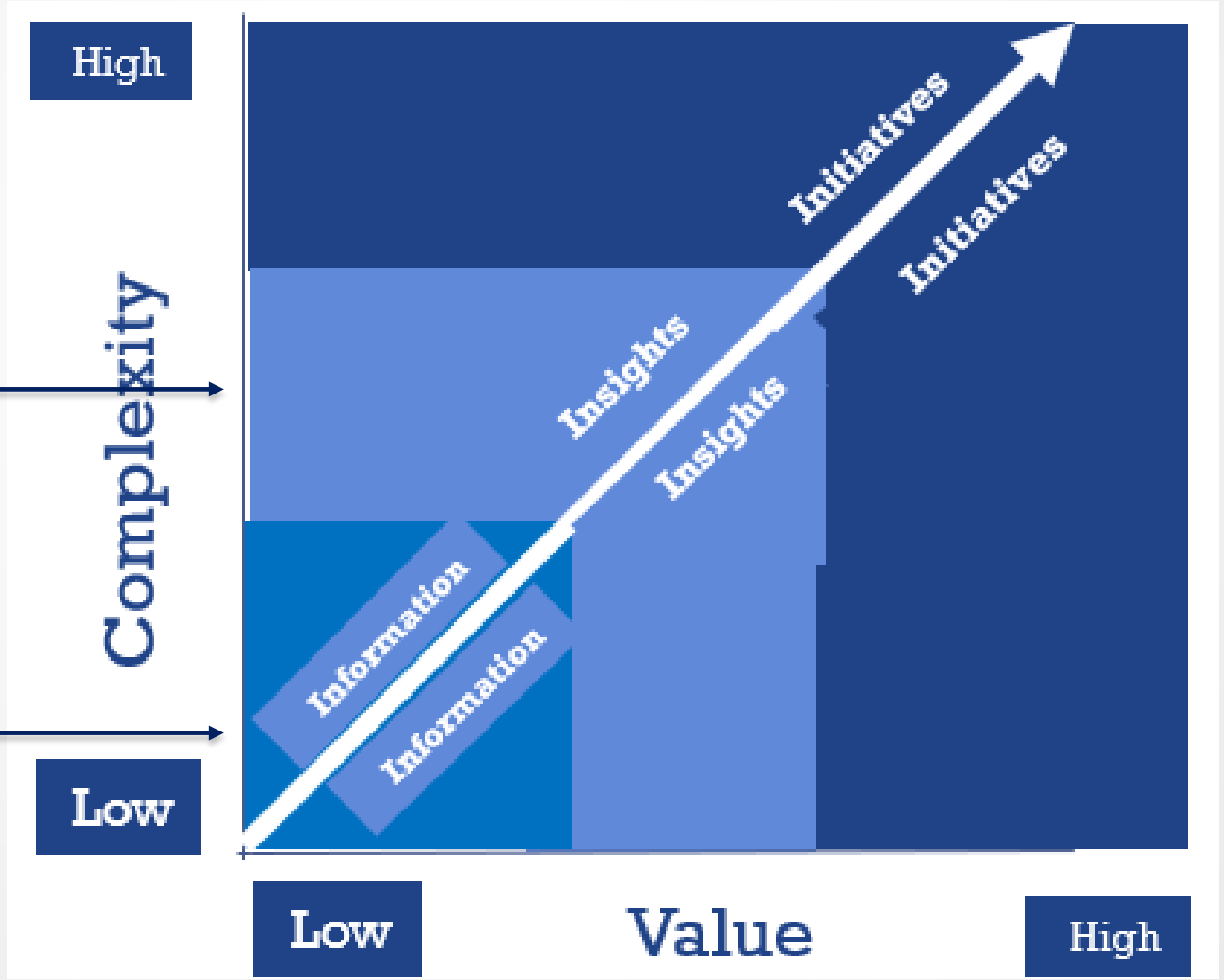
7% of the workforce is in front-line supervisory or mid-level management

Multiple AI platforms will absorb many management tasks, increasing the span of control. Most are available today. This will lead to a reduced need for management roles (~4M jobs). Expect significant erosion by 2026.

AI and Impact on functions

Chat GPT 5

Chat GPT 4
Grok 4
Claude
MS Copilot



What will be the Government's Reaction?

The last two great dislocations were globalization (U.S. manufacturing goes overseas) and the Internet

Both played out over roughly ten years

The response to the former was the WARN Act, which was passed in August 1988 and took effect in 1989, roughly two years after the massive layoffs had ended.

There was no response to the adoption of the internet because the job creation occurred in close proximity, blunting the dislocations and disruptions

What will be the Government's Reaction?

The changes wrought by AI adoption will be widespread across all industries, occurring virtually simultaneously and rapidly over the next three years.

The government is not prepared. At all.

Very few workers are prepared. At all.

The government will be slow, late, and likely incorrect.

HR will have to buckle up. It's going to get bumpy.

Indiana General Assembly 2025



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Indiana General Assembly- 2025

Bills Tracked

~~**HB1284**~~	~~Background checks~~	~~**SB113**~~	~~Permits medical use of cannabis- age 21~~
~~**HB1300**~~	~~Prohibitions: Wage History~~	~~**SB115**~~	~~Paid FML Program~~
~~**HB1338**~~	~~Immunization Requirements~~	~~**SB131**~~	~~Customers using the employee's restroom for medical use~~
~~**HB1625**~~	~~Prohibits Noncompete- 6/30/25~~	~~**SB385**~~	~~E-Verify Case Requirements~~
~~**HB1647**~~	~~Mental Health: Paid Leave~~	**SB475**	Physician Noncompete
~~**HB1654**~~	~~Legal sale of cannabis- age 18~~	~~**SB480**~~	~~Prior Authorization restrictions~~
~~**SB96**~~	~~Pharmacist admin immunizations~~	~~**SB488**~~	~~Reemployment skills training pilot~~
		SB409	Employee absence: Case Conference
		SB289*	DEI prohibitions on state agencies.

Indiana General Assembly- 2025

SEA 475: Physician Non-Compete Ban

Effective July 1, 2025

Prohibits new non-compete agreements with licensed physicians in Indiana.

Applies to all physicians in medicine or osteopathic medicine.

Binds hospitals, health systems, affiliated managers, and parent companies

Indiana General Assembly- 2025

Senate Bill 409: Case Conference Leave

Effective July 1, 2025 – July 1, 2029

Applies to all employers — no minimum staff or service time required.

Provides unpaid leave for:

School truancy conferences

IEP meetings for children with disabilities

Covers biological, adopted, foster, and stepchildren.
Limit: 1 event per year with 5 days' notice to employer

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Indiana General Assembly- 2025

HEA 1003 – Healthcare Cost Transparency- July 1, 2025

What it does: Bans anti-competitive contract clauses in healthcare provider agreements, requires clarity on facility fee charges, and restricts physician fee schedules.

HR impact: Employers, particularly those self-funding health plans, must review third-party administrator (TPA) and network contracts to ensure compliance and cost transparency for employees. Benefits teams will need to communicate changes clearly to employees.

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124th Indiana General Assembly- 2025

Summary of SB 289- effective May 6, 2025

Repeals diversity committees at public colleges and universities.

Prohibits:

- K–12 schools and public agencies from requiring DEI training or materials promoting stereotypes or assigning collective guilt.
- State licensing boards from mandating DEI affirmations.

Requires publication of DEI-related training/materials by public schools, agencies, and universities.

Enforces via private right of action, allowing individuals to sue for violations

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Indiana General Assembly- 2025

What This Means for Indiana Workplaces

Public sector (schools, agencies, universities) must:

- Remove or halt mandatory DEI training that asserts group superiority, collective guilt, or moral determination by identity.
- Maintain and publish DEI-related materials transparently online.
- Enforcement mechanisms are active, particularly for public institutions

Private-sector employers are not directly regulated by SB 289, but may feel indirect impact via shifts in public-sector norms or pressure from state-funded contractors.

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Cabinet 2025 - Governor Mike Braun

- **Lisa Hershman**, Secretary of Management and Budget and head of the OMB
- **Matthew Ubelhor**, Secretary of Transportation and Infrastructure
- **Katie Jenner**, Secretary of Education
- **David Adams**, Secretary of Commerce
- **Mike Speedy**, Secretary of Business Affairs and head of the IDOL
- **Jennifer-Ruth Green**, Secretary of Public Safety
- **Suzanne Jaworowski**, Secretary of Energy and Natural Resources
- **Gloria Sachdev**, Secretary of Health and Family Services
- **Anthony Scott**, Superintendent of the Indiana State Police

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Cabinet 2025 - Governor Mike Braun

Mike Speedy – Secretary of Business Affairs & Commissioner of the Department of Labor

Confirmed Priorities:

Worker Classification Enforcement – Continued audits for proper classification of employees vs. contractors, especially in construction, manufacturing, and gig sectors.

Wage and Hour Compliance – Focused enforcement on wage theft prevention, minimum wage adherence, and timely wage payments.

Cabinet 2025 - Governor Mike Braun

Mike Speedy – Secretary of Business Affairs & Commissioner of the Department of Labor

Confirmed Priorities continued:

Youth Employment Law Changes (effective Jan 1, 2025) –

- 16–17-year-olds: May now work the same hours as adults, without parental permission.
- 14–15-year-olds: Extended hours until 9 PM between June 1 and Labor Day.
- Employers with ≥5 minors must continue reporting via the YES system.

Workplace Safety (IOSHA) – Inspections targeting high-risk sectors for safety compliance and training documentation.

Cabinet 2025 - Governor Mike Braun

Moderate to High Impact on HR Employment Law Administration

Katie Jenner – Secretary of Education & Superintendent of Education

- **Why:**
  - Governs **teacher credentialing, certification, and licensure** for educational employers.
  - Oversees school employee training requirements, mandated reporting, and educator discipline procedures.
- **Implication for HR**: Impacts K–12 and higher ed HR teams managing licensure renewals, employment eligibility, and compliance with school personnel policies.

Cabinet 2025 - Governor Mike Braun

Moderate Indirect Impact

Gloria Sachdev – Secretary of Health and Family Services

- **Why:**
  - Oversees public health and family services programs, such as Medicaid, public health emergency standards, and healthcare workforce initiatives.
- **Implication for HR**:
  - Healthcare employers must follow regulations issued under her purview for workforce credentialing, public health compliance, and care staffing mandates.
  - General employers could be impacted by public health workplace guidance during health emergencies.

Federal Government 2025



President



Donald Trump

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Trump Administration Cabinet



Pete Hegseth
Defense Department



Kristi Noem
Homeland Security



Tulsi Gabbard
National Intelligence



Pam Bondi
Attorney General



Marco Rubio
State Department



Dorothy Shea
United Nations



Robert F. Kennedy
HHS

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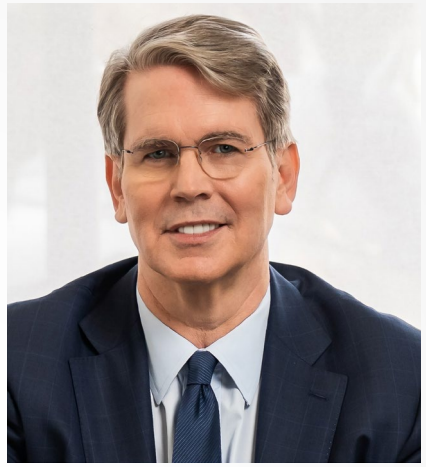
Trump Administration Cabinet



Linda McMahon
Education



Howard Lutnick
Commerce Department



Scott Bessent
Treasury Department



John Ratcliffe
CIA



Lee Zeldin
EPA



Doug Burgum
Interior



Doug Collins
Veteran Affairs

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Trump Administration Cabinet



Andrea Lucas
EEOC Commissioner



Marvin Kaplan
NLRB Chair



Lori Chavez-DeRemer
Labor



Kash Patel
FBI



Jamieson Greer
U.S. Trade Rep



Kelly Loeffler
SBA



Scott Turner
HUD

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Presidential Approval

REAL CLEAR POLITICS RealClearPolitics Poll Average



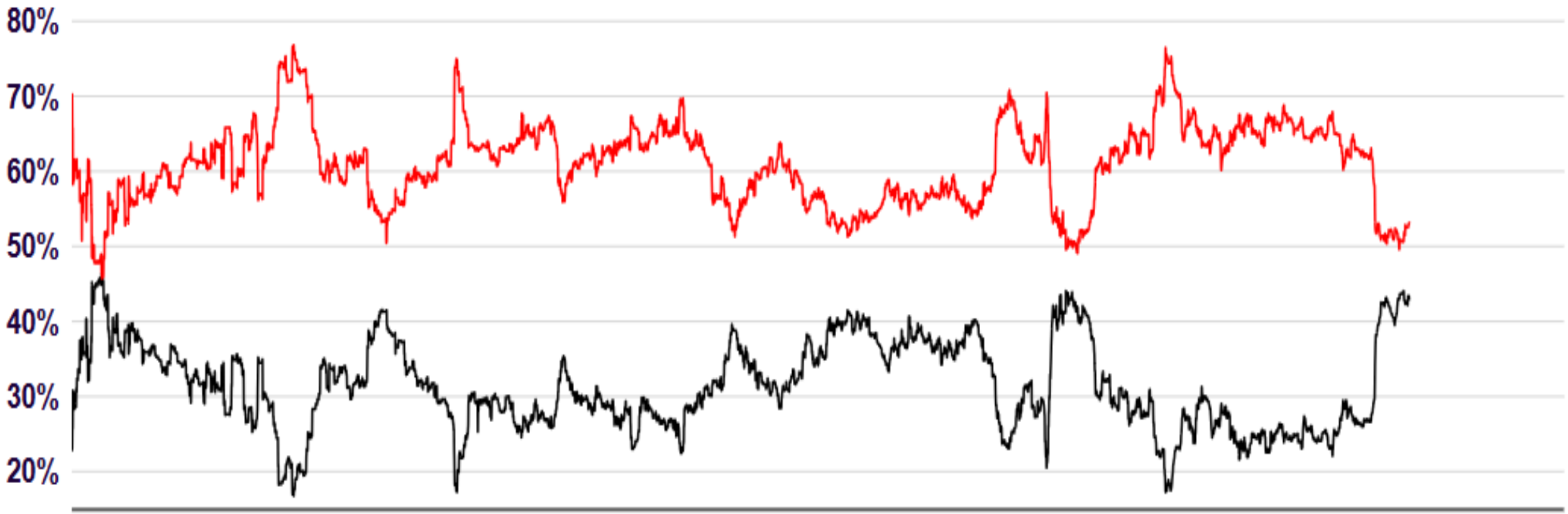
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REAL CLEAR POLITICS

RealClearPolitics Poll Average

42.8 Right Direction 53.3 Wrong Track -10.5

Direction of Country



Executive Orders

President Trump issued 2 Executive Orders affecting HR

Ending Illegal Discrimination and Restoring Merit-Based Opportunity

- Terminated EO 11246 (Johnson) establishing Affirmative Action for government contractors
- Significant impact on OFCCP as 90% of their work was AA compliance
- Will almost certainly impact EEO-1 reporting

Ending Radical & Wasteful Government DEI Programs & Preferencing

- Eliminates all DEI, Environmental Justice, positions, policies, programs, and activities at every level of the Federal Government
- The order uses language that suggests potential legal action against private-sector companies. Many have followed suit.

118th Congress

House

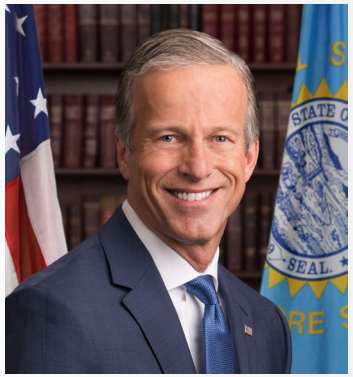


Republicans 220

Democrats 213

Democrat Vacant 2

Senate



Republicans 53

Democrats 45

Independent 2

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2025 CONGRESSIONAL CALENDAR

CQ Roll Call

Both chambers in session | Senate only in session | House only in session

January

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
			1 New Year's Day	2	3 12th Congress begins	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 MLK Jr. Day Inauguration Day	21	22	23	24	25
26	27	28	29	30	31	

February

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17 Presidents Day	18	19	20	21	22
23	24	25	26	27	28	

March

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23 30	24 31	25	26	27	28	29

April

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
		1	2	3	4	5
6	7	8	9	10	11	12 Passover (begins)
13	14	15	16	17	18 Good Friday	19
20 Easter, Passover (ends)	21	22	23	24	25	26
27	28	29	30			

May

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26 Memorial Day	27	28	29	30	31

June

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19 Juneteenth	20	21
22	23	24	25	26	27	28
29	30					

July

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
		1	2	3	4 Independence Day	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24 31	25	26	27	28	29	30

September

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
	1 Labor Day	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22 Rosh Hashana (begins)	23	24 Rosh Hashana (ends)	25	26	27
28	29	30				

October

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
			1 Yom Kippur (begins)	2 Yom Kippur (ends)	3	4
5	6	7	8	9	10	11
12	13 Columbus Day	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
						1
2	3	4	5	6	7	8
9	10	11 Veterans Day	12	13	14	15
16	17	18	19	20	21	22
23 30	24	25	26	27 Thanksgiving Day	28	29

December

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
	1	2	3	4	5	6
7	8	9	10	11	12	13
14 Hanukkah (begins)	15	16	17	18	19	20
21	22 Hanukkah (ends)	23	24	25 Christmas Day	26	27
28	29	30	21			

H.R. 1: One Big Beautiful Bill Passes

President Trump's signature piece of legislation was signed into law on July 4.

The Bill defied expectations and passed before July 4

- It took a lot of arm-twisting
- The House gave in to the Senate on SALT
- The Senate gave in to the House on Medicaid

Both parties will run election campaigns based on the Bill

- The Republicans will run on promises kept
- The Democrats will run on Medicaid reform and ICE

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Elements of the BBB with implications for HR

Workforce Pell Grants

Funded at $6B

Income eligibility is the same as for traditional Pell Grants

Eligible programs must provide at least 150 clock hours of instruction but less than 600 clock hours of instruction for a minimum of eight weeks. This does NOT include correspondence courses.

Elements of the BBB with implications for HR

No Tax on Tips

Effective this year, sunsets in 2028

Zero federal tax on up to $18,500 for an individual tip earner and up to $25,000 for joint filers.

Does NOT apply to high earners ($160K annually)

Elements of the BBB with implications for HR

No Tax on Overtime

Effective this year, sunsets in 2028

Zero Federal tax on up to $12,500 of overtime PREMIUM earnings and up to $25,000 for joint filers.

Elements of the BBB with implications for HR

Enhanced deduction for Seniors

Effective this year, sunsets in 2028

Additional deduction of $6,000 up to $75K in earnings for an individual aged 65 or older and $150K for joint filers.

Elements of the BBB with implications for HR

Section 127

Exclusion for employers to pay employee student loans is made permanent. Note: The average student loan monthly payment is $500.

Increased to $5,520 in 2026

Inflation-adjusted going forward

Any increase that is not a multiple of $50 will be rounded to the nearest multiple of $50

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Elements of the BBB with implications for HR

Paid FMLA Credit

The applicable percentage of the amount of wages paid to a qualifying employee with respect to any period in which such employees are on FMLA leave.

Illustration:

A salaried employee making $45K per year goes on FMLA for 12 weeks. Two weeks are funded by accrued leave, and the balance is paid by the employer. Ten weeks of pay = $8,564. The amount the employer can take as a credit against taxes is the amount paid. The credit is capped at $650K per year.


SEAL OF THE SUPREME COURT OF THE UNITED STATES
E PLURIBUS UNUM

Supreme Court issues landmark decision

Ames v. Ohio

In a 9-0 decision the Court found the plaintiff suffered reverse discrimination and remanded the case to the lower court.

The Court took a very plain reading of Title VII and effectively levels the playing field for both majority and minority groups with regard to discrimination complaints.

The decision significantly alters the first portion of the McDonnell Douglas test.

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Supreme Court Lifts Injunction Preventing Federal Employee Layoffs

Trump v. Casa injunction lifted and remanded with instructions

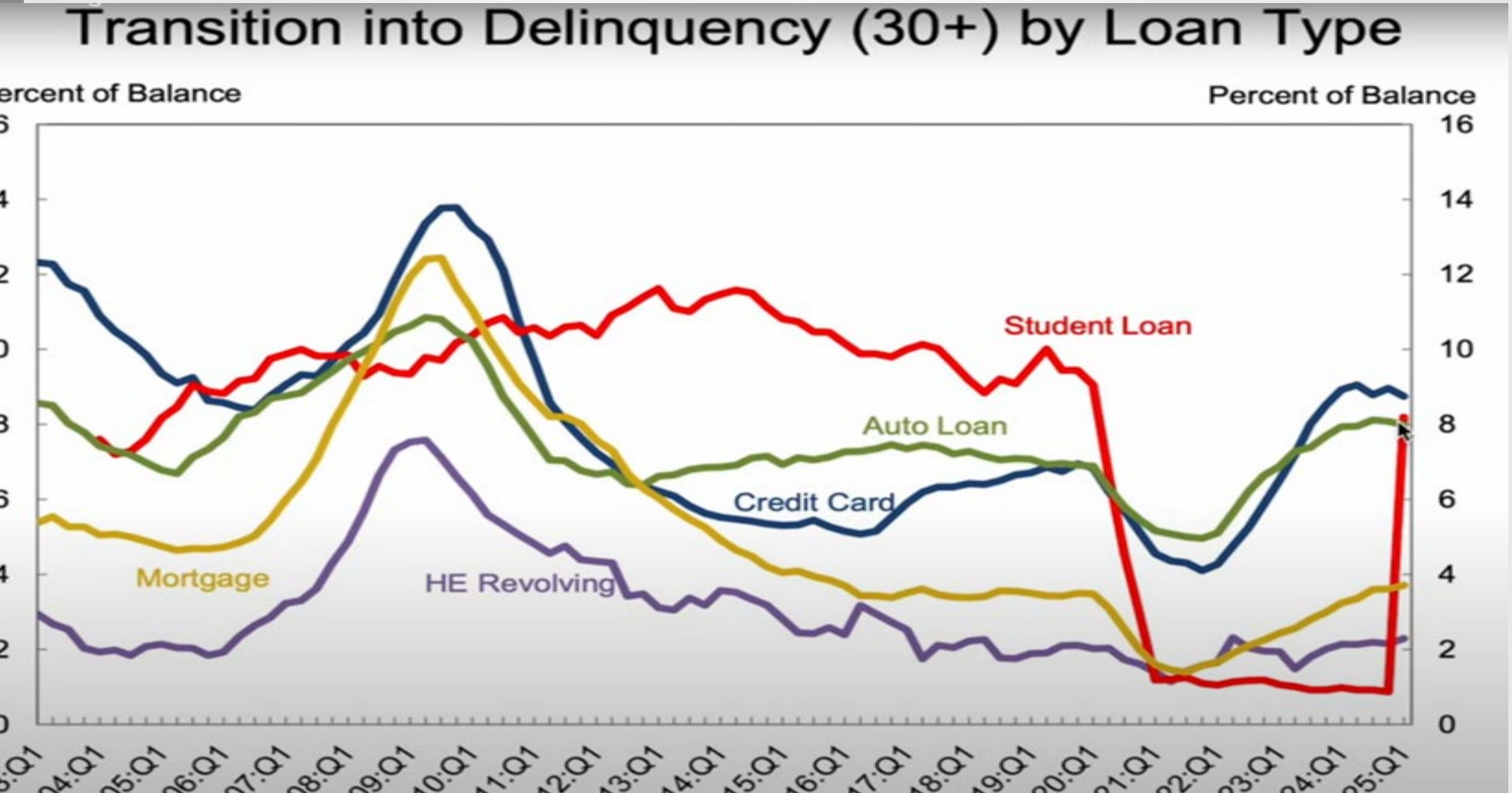
Plaintiffs may advance their case via two channels but must construct a different argument.

AFGE et. al. v. Trump Injunction lifted

This case involved a California District Court order to reinstate laid-off federal workers

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Warn your Payroll Department



Government Affairs Podcast





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