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Congressional Overview

This past week in Washington D.C., legislative activity was shaped largely by preparations for the upcoming fiscal year and broader policy developments, despite Congress being in its annual August recess. Before recessing, both chambers advanced several FY26 appropriations bills. The Senate passed packages covering Military-Construction-VA, Agriculture-FDA, and the Legislative Branch, while the House approved Defense and Military-Construction-Veterans Affairs bills. These actions are critical as lawmakers face a tight timeline to avoid a government shutdown when they reconvene in September.

Beyond appropriations, the White House released a comprehensive National AI Action Plan, outlining strategies to boost innovation, infrastructure, and global leadership in artificial intelligence. Additionally, redistricting efforts continue as well as updates in tax and trade policy, and developments in health care, education, and energy legislation. These activities reflect a broad and evolving policy landscape that contractors—especially those engaged in federally funded projects—should monitor closely for potential impacts on labor, infrastructure, and procurement regulations.

President Trump's Tariffs Proceed with Intensity

As of August 1, 2025, President Trump's tariffs proceed with intensity, estimating that the average rate is now 15.2%, well above last year's 2.3% and the highest level since World War II. A special tariff rate of 50% will apply in three weeks to India as punishment for purchasing oil from Russia. Additionally, President Trump proposes a 100% semiconductor tariff that he says would not apply to companies investing in U.S. operations like Apple. Finally, President Trump plans to impose tariffs on imported medicine.

Some economists believe the government will become reliant on the tariff revenues and prove difficult to reverse in future administrations. The idea is rooted in what's known as policy entrenchment—once a government starts collecting revenue from tariffs, it may become fiscally dependent on that income, making it politically and economically harder to remove those tariffs later.

Big Numbers and a Little Context

President Trump has talked often about using tariff revenues to balance the budget, but if that is going to happen, we are going to need a lot more tariffs. The U.S. Government collected a record \$28 billion in tariffs in July, compared to the monthly deficit of \$291 billion. Total deficit for this fiscal year is now \$1.63 trillion (with two months left in the fiscal year), and the National Debt just went over \$37 trillion for the first time.

Vacancies in DOL Leadership

The Senate faces a substantial labor agenda upon its return from the August recess, with 10 nominees pending for key enforcement roles at the U.S. Labor Department. Currently, every significant leadership position requiring Senate approval, apart from the Secretary and Deputy Secretary roles, is under temporary leadership.

While the slow confirmation pace is not entirely unusual (President Biden's wage administrator took two years to confirm, and his EBSA pick over a year), Republicans are exploring ways to expedite the process, including potential rule changes to limit debate and procedural votes.

Despite the lack of confirmed leadership, the Trump administration's policy work has continued unabated, though it may impact litigation against the agency. Recently, the DOL proposed rescinding numerous rules, such as ending minimum wage and overtime eligibility for certain health aides, canceling regulations supporting the Office of Federal Contract Compliance Programs, and removing various outdated guidance documents.

The agency has also introduced new initiatives, including an opinion letter program and several employer self-audit programs to help companies avoid enforcement actions. Attorneys credit Trump's decision to appoint experienced former DOL officials to top positions for maintaining momentum, despite the leadership void in subagencies.

However, confirmed leadership offers specific advantages, particularly in legal matters, having confirmed leaders can streamline processes related to rule and policy sign-offs and proper succession, which, if mishandled, can complicate litigation.