

Impact of Federal Changes on Labor and Employment in Vermont

House Committee on General and Housing

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National Labor Relations Board

Significant impact of federal budget cuts and staffing reductions in 2025

1/27/25 - Board member (Gwynne Wilcox) and General Counsel (Jennifer Abruzzo) fired

Board lacked a quorum, freezing most Board level activity

12/18/25 – Senate confirmed James Murphy and Scott Mayer to the Board and Crystal Carey as General Counsel – quorum has been restored

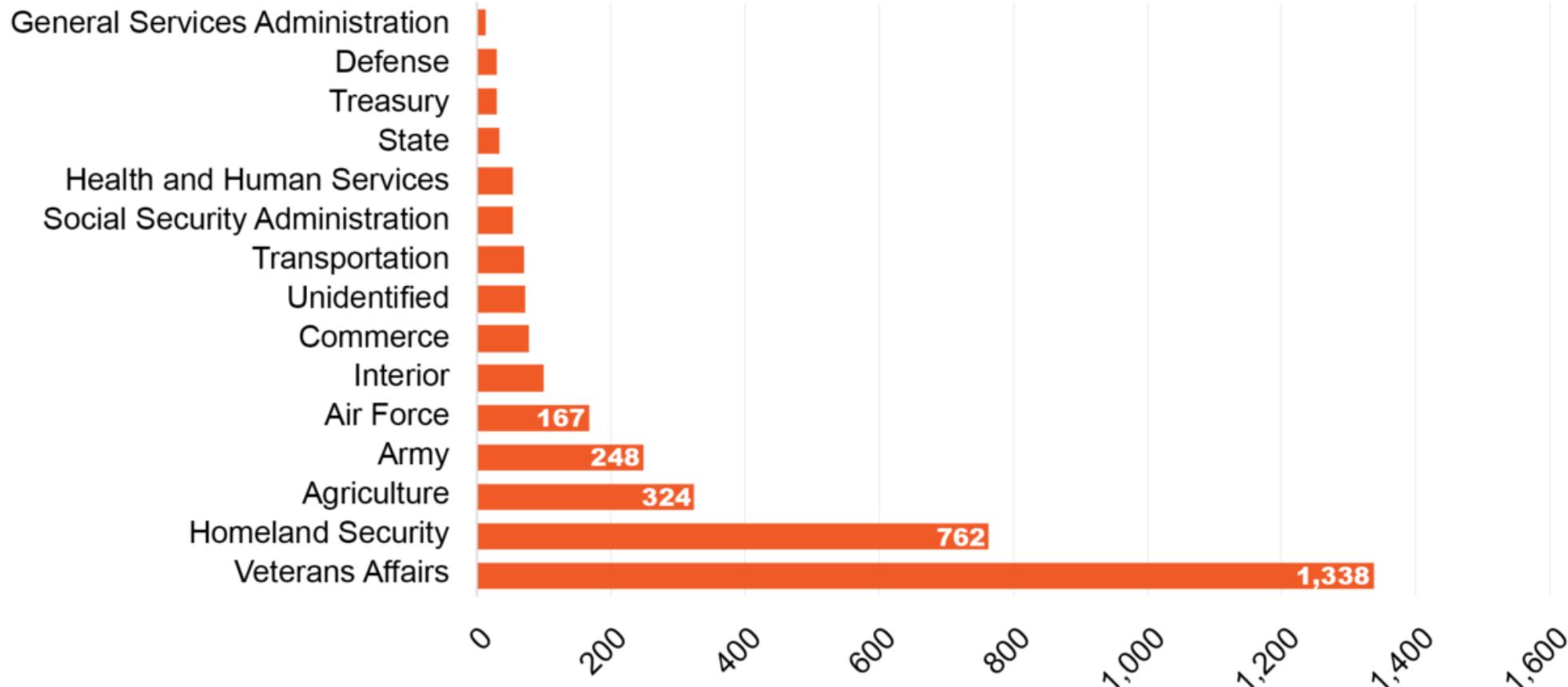
NLRB requested 4.7% cut to its budget for FY 2026 – includes reduction of workforce by 100 FT positions

What to expect in 2026:

- (1) increased delays in union elections, ULP processing & board rulings
- (2) change in Board composition may lead to shift in existing precedent

Thousands of Vermonters have federal jobs

Federal employees based in Vermont, by agency, Sep 2024



Data source: Office of Personnel Management

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Federal Mediation and Conciliation Service

FMCS historically provided free neutral third-party mediation services to Vermont's public and private sector employers and unions

March 2025 – Executive Order sought to close agency

95% of 143 mediators were fired, leaving only 5-6 mediators nationally

Legal challenge by 21 AGs, including VT => R.I. federal court permanently enjoined the EO (November)

SDNY federal court held FMCS's policy limiting its services was arbitrary and capricious (December)

Impact in VT – loss of free mediation services for public sector and reduced availability of mediators for private sector

U.S. Department of Labor

OBBA – (1) eligible tipped workers will be able to deduct up to \$25,000 in tips from income subject to federal income tax

OBBA - (2) tax deduction for qualified overtime compensation up to \$12,500 for single filers and \$25,000 for married filers

Rescinded a Biden-era rule that increased the minimum wage for federal contractors to \$15/hour in 2022 with an index for inflation

Not moving forward with Biden-era rule increasing salary threshold for the white collar overtime exemption

DOL is no longer enforcing 2024 regulation on independent contractor status (which would have made it harder for employers to misclassify workers as independent contractors)

U.S. Department of Labor

Withdrew a proposed rule that would have ended the use of waivers allowing employers to pay disabled workers less than federal minimum wage

Employer self-auditing through the Payroll Audit Independent Determination program (PAID) enabling employers to self disclose and remedy FLSA and FMLA violations

Voluntary correction of violations of ERISA for employers through the Voluntary Fiduciary Correction Program

Occupational Safety & Health

Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings – still under consideration

Proposal to reduce the scope of the “general duty” clause which requires employers to provide workplaces that are “free from recognized hazards that are causing or likely to cause death or serious physical harm”

Also seeking to lessen record-keeping requirements, penalties, and debt collection procedures

Federal Trade Commission

April 23, 2024 – FTC issued a Final Rule banning non-compete agreements nationwide and requiring employers to provide notice of the Rule to current and former employees

August 20, 2024 – Texas federal court held Rule was unlawful and unenforceable

New FTC Chairman has created a Joint Labor Task Force to investigate and prosecute anticompetitive conduct, including non-competes

Sept. 2025 – FTC warns healthcare companies about restrictive noncompetes

Diversity, Equity, and Inclusion

Jan. 27, 2025 – Executive Orders

- Barring federal agencies and federal contractors from considering race, color, sex, sexual preference, religion or national origin in employment practices
- Rescinded policy imposing equal opportunity and DEI requirements on the federal government
- Rescinded policy prohibiting discrimination against federal employees on the basis of sexual orientation or gender identity
- Directed federal agencies to investigate DEI practices of private employers

Guidance from the Equal Employment Opportunity Commission and the Department of Justice has followed suit

Equal Employment Opportunity Commission

Lack of quorum following firing of two Democratic Commissioners in January 2025; quorum restored with appointment and confirmation of Brittany Panuccio in October 2025

Priorities of New Chair, Andrea Lucas

- Closure of pending disparate impact investigations
- Enhanced enforcement of national origin discrimination
- Limiting interpretation of *Bostock* to termination, failure to hire/promote but not to harassment claims or workplace facility access based on gender identity

Immigration

Labor force impact of removing work permits and temporary immigration protections from non-US born workers lawfully in the U.S.

Interim Final Rule on minimum wage for H-2A farm workers

Changes to H-1B program

Removes interview waiver for business/employment visa categories



Questions?