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Show me the money!

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Money talks. While it is not unusual that a president's proposed discretionary budget is not fully adopted by Congress, it is telling of the administration's priorities. This year is no exception. Most of the Trump proposed budget cuts and shifts were predictable based on candidate Trump's campaign themes; others, a bit of a surprise. As with the administration's first discretionary budget proposal in March, the most recent proposal sent to Congress on May 23 is "skinny," not only in the amount of details, but also because of significant cutbacks to federal programs, and the Department of Labor budget in particular.

The budget proposal currently before Congress is not this administration's first attempt to push through its discretionary cuts. On March 16, the Trump administration proposed a $58 billion increase in discretionary budget spending for Defense, school choice and the border wall with Mexico, to be paid for with massive cuts to the Environmental Protection Agency, State Department, Department of Agriculture, DOL and Department of Health & Human Services and many other agencies.

In order to keep the government open through September, on May 5, President Donald Trump signed a $1.1 trillion spending bill, cutting the DOL discretionary spending allotment only $83 million, dramatically down from the $2.5 billion cut he had proposed only two months earlier in March.

But three weeks later on May 23, Trump re-proposed much of his March discretionary budget for the government's fiscal year starting in October. Big winners under the proposed budget were the Department of Defense and infrastructure projects. Although the Department of Justice proposed budget was cut by 3 percent, within the DOJ budget, billions were shifted to border security and immigration enforcement. While the proposed budget left Social Security and Medicare largely untouched, consistent with candidate Trump's campaign promises, it slashed Medicaid by over $600 billion over the next 10 years, and cut Social Security disability insurance payments by $72 billion, contrary to campaign promises.

The May budget, however, was not the first indication that Medicaid was on the ropes. Deep cuts in Medicaid and phasing out of Medicaid by 2020 was also part of the American Health Care Act (AHCA), which narrowly passed the House on May 4. The Senate has already vowed to introduce its own health care bill in response to some of the most controversial provisions of the AHCA, such as allowing states to charge different premiums for pre-existing conditions and allowing individual plans to define their own core set of essential health benefits.

As with Trump's March proposed budget, the administration's latest budget proposal impacts the DOL more than most of the agencies, with a proposed cut of 20 percent, reducing the DOL budget by $2.4 billion. Within the DOL budget, there are also significant reallocations. Hardest hit are job training programs, including elimination of the Senior Service Employment Program, shrinking the Job Corps workplace training program for disadvantaged youth, decreasing federal funding for job training and employment service grants, eliminating "less critical" technical assistance grants to disabled workers and cutting the DOL's Employment & Training Administration. There are also significant adjustments to a number of other programs. It proposes refocusing the Bureau of International Labor Affairs from ensuring employees around the world are treated fairly to ensuring that U.S. trade agreements are enforced for American workers. It projects raising nearly $15.9 billion over the next 10 years to improve the Pension Benefit Guaranty Corporations' solvency, while separately offering to accelerate agency premium payments to pension plan sponsors.

The proposed budget also merges the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance Programs (OFCCP) into a single agency, while reducing the OFCCP budget by 17 percent with no additional budget to the EEOC to absorb the cost of the proposed merger. By the Congressional Review Act, the administration has already repealed the Blacklist Rule under the Fair Pay and Safe Workplace Act for federal contractors. The National Labor Relations Board budget would also be cut by 6 percent while the budgets for Occupational Safety and Health Administration (OSHA) and the Wage and Hour Division's budget would remain largely unchanged. Within the OSHA budget, however, $11 million in training grants would be eliminated, and the Trump administration has already taken steps to halt the Obama administration's proposed overtime reform, while Republicans in the House are proposing a new Working Families Flexibility Act allowing for compensatory time to be offered in lieu of overtime pay.

The proposed DOL budget also shifts monies within unemployment insurance funds. Most notably, as advocated by Ivanka Trump, it proposes a new $25 billion nationwide parenting leave program of six weeks paid leave for new and adopting parents, funded out of the existing state unemployment insurance programs (which many assert are already fund-challenged), encouraging states to tighten and crack down on eligibility requirements and anticipating an additional $13 billion in unemployment insurance revenues, gained from increasing employer unemployment contributions from those employers who have high employee turnover rates. On June 6, however, in response to concerns that taking monies from state unemployment funds alone could impact the most vulnerable unemployed, the American Enterprise Institute and the Brookings Institution unveiled their bipartisan proposal providing for eight weeks of gender-neutral paid parental leave, with 70 percent wage replacement and job protection. Funding would come from "a combination of payroll taxes and saving elsewhere in the budget, with no increase in the deficit but also no adverse effects on low-income families."

Perhaps nothing received as much attention during the presidential campaign, and since the election, as immigration enforcement. The administration's current budget reflects the president's campaign promises.

DHS would get a significant spending increase - about 7 percent. The total budget for DHS is $44.1 billion. Even so, senior DHS officials describe the budget as merely an "important down payment." This suggests even more taxpayer money will be spent on immigration enforcement in future years.

Out of this additional $2.8 billion, $2.6 billion is allocated for border security, primarily the southern border "great, great wall" that candidate Trump pledged would be paid for by Mexico. In return for this expenditure, taxpayers will see 32 miles of new border wall, replacement of 14 miles of an existing secondary fence, and an unspecified number of miles of levee wall in the Texas Rio Grande Valley.

Approximately $1.5 billion more than in the last budget is allocated to the detention and deportation of aliens unauthorized to be in the country. The budget also proposes hiring 1,000 new Immigration and Customs Enforcement (ICE) officers and 500 new Border Patrol officers. Furthermore, the budget allocates funds for 125 new ICE attorneys and 70 new federal prosecutors for DOJ, to prosecute border crime.

ICE is effectively the federal government's immigration police and the lead agency for programs like E-Verify, a federal program that enables employers to verify the employment eligibility of new hires. E-Verify is voluntary, with more than 650,000 employers enrolled. The administration wants to make E-Verify mandatory; currently there is a bill before the House to make it so, with $131 million budgeted for E-Verify.

The federal immigration court backlog hit a record high of nearly 600,000 pending cases, even though 79 new immigration judges have been sworn in since November 2015. Although the hiring of another 10 judges is budgeted, the increase is so slight and the administration's planned increase in detainment and deportation of undocumented aliens is so high that the backlog is expected to increase. More taxpayer funds are expected to be needed to pay for this in the future, including more detention facilities.

The budget proposes to cut funding for sanctuary cities that limit cooperation with immigration authorities, such as housing immigration detainees in local jails instead of DHS detention centers, even though no current federal law imposes such a requirement.

Other cuts to DHS are in areas like Federal Emergency Management Agency's ability to assist Americans in times of disaster, as well as funds that have been used in the past for counterterrorism.

What to Expect

Employers should expect months of vigorous debate in Congress from both sides of the aisle regarding the budget and monetary priorities. While promised rollbacks of regulations may be welcomed by many employers, uncertainty and reduced agency staffing may result in delay or impose new challenges, including: a decrease to the labor pool as undocumented workers become unavailable, an increase of immigration enforcement including random worksite audits of U.S. employers, a decrease in federally funded job training, coordination of potential new parenting leave provisions with existing state family leave laws, uncertainty related to employee health care, more stringent unemployment eligibility, an increase in unemployment tax rates for those employers with the highest employee turnover, and social security disability and pension plan reforms.