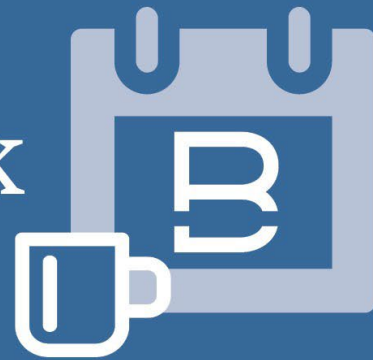


# The Work Week

Bassford Remele Employment Practice Group



July 7, 2025

Welcome to another edition of *The Work Week with Bassford Remele*. Each Monday morning, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

[Bassford Remele Employment Practice Group](#)

---

## Department of Labor Budget Cuts Signal Major Shift for Federal Employment Law

[Nicolas L. Hanson](#)

The Department of Labor's ("DOL") proposed budget for fiscal year 2026 represents a dramatic turning point for federal employment and labor law enforcement. The DOL's proposed budget calls for a nearly 35% reduction, encompassing deep cuts to personnel and core functions such as job training and employment monitoring. This downsizing will significantly diminish the DOL's daily impact on millions of Americans.

### Elimination of the OFCCP and Shifting Responsibilities

The most widely noted change is the complete elimination of the Office of Federal Contract Compliance Programs ("OFCCP"). The OFCCP has long been responsible for enforcing Executive Order 11246, which ensured that federal contractors comply with affirmative action and nondiscrimination laws. The proposed budget aligns with President Trump's new Executive Order 14173, "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," and reflects the administration's broader efforts to oppose statistically based disparate impact cases.

With the OFCCP's closure, its responsibilities are slated for redistribution. Enforcement of Section 503 of the Rehabilitation Act (governing disability nondiscrimination) would move to the Equal Employment Opportunity Commission ("EEOC"). Furthermore, enforcement of Vietnam Era Veterans Readjustment Assistance Act ("VEVRAA") (governing veterans' rights) would shift to the DOL's Veterans' Employment and Training Service ("VETS").

However, the proposed budget provides only minimal additional resources for these agencies. VETS would receive just \$7 million and 17 new full-time employees to handle VEVRAA, while the EEOC's funding would be cut by nearly \$20 million, despite taking on new Section 503 duties. By contrast, the OFCCP previously had nearly 500 full-time employees and a robust regulatory framework.

### **Impact on Other DOL Programs**

The budget also proposes eliminating several other programs, such as the Job Corps, while also transferring the Bureau of Labor Statistics to the Department of Commerce. This raises concerns about the reliability of the government's primary workforce data-gathering institution.

The National Labor Relations Board ("NLRB") would also be diminished. The NLRB's budget would be trimmed by \$14 million, which would eliminate nearly 100 jobs. Such a drastic reduction would force the NLRB to operate with just 839 full-time case-handling staff—the fewest in almost two decades. Both labor and management fear these cuts could bring the agency's decision-making capacity to a near standstill.

However, the proposed changes are not yet final. Congressional approval is required for the transfer of Section 503 enforcement to the EEOC, as current law assigns that authority to the Labor Secretary. The OFCCP has already laid off most of its staff, though a federal judge recently ordered their reinstatement.

These cuts and restructurings come at a time when the Supreme Court and the Department of Justice are also reshaping the landscape for federal contractors and recipients of federal funds. Recent executive orders and litigation signal a move away from disparate impact theory and heightened scrutiny of diversity, equity, and inclusion ("DEI") programs.

### **What Employers Should Expect**

Should the proposed budget cuts be approved, employers may experience a variety of effects. Federal contractors, for instance, may face less-frequent or less-rigorous audits and investigations for discrimination, but must still comply with nondiscrimination laws as enforcement shifts to other agencies. Employers and employees alike may experience delays or gaps in enforcement as agencies adjust to new responsibilities with fewer resources. Furthermore, workforce data users should monitor for potential changes in the reliability and availability of labor statistics if the Bureau of Labor Statistics is moved.

The DOL's proposed budget marks a significant contraction in federal oversight of workplace discrimination and labor standards. Employers should stay informed and consult counsel as the regulatory environment continues to evolve

At Bassford Remele, we actively track emerging and upcoming legislative developments in employment law, with particular attention to workplace policy shifts influenced by recent state and federal regulatory changes. Feel free to reach out if you need assistance in this continually evolving landscape!

---

---

**LEARN MORE ABOUT OUR EMPLOYMENT PRACTICE » »**

---

---

*Copyright © 2025 Bassford Remele, All rights reserved.*