



The Trump Administration 2.0

One of the advantages of partnering with PrestigePEO is the confidence that comes from knowing we're keeping watch as political and regulatory shifts unfold. As the country transitions from the Biden Administration's priorities to a new era under the Trump Administration, employers should be prepared for significant changes that may impact day-to-day operations and long-term strategies.

Just over two months into the new administration, here are a few key areas where small and mid-sized businesses (SMBs) may begin to feel the effects—and how PrestigePEO is here to support you:

Immigration Compliance

The Trump Administration has taken a strong stance against illegal immigration and the employment of individuals not authorized to work in the United States. Employers should expect increased scrutiny with I-9 compliance and be aware of the increase in ICE raids in the workplace.¹

Employers should proactively conduct internal I-9 audits and consider enrolling in E-Verify, a free federal tool to confirm employment eligibility. Businesses should also cooperate with any ICE investigations in the workplace. If you are interested in PrestigePEO doing E-Verify checks for you, please get in touch with your HRBP. PrestigePEO can assist with I-9 guidance, E-Verify checks, and connections to experienced immigration counsel.

Federal Freeze on Government Grants and Cuts to Aid

Federal grant funding has been frozen across several sectors, including agriculture, nonprofits, food production, and other industries. While these actions have been challenged in court and, in some cases, are stayed for now, various industries are feeling the impact of these changes and making employment decisions accordingly. For example, Johns Hopkins University recently announced it would be laying off 2,000 workers in the US and abroad because of federal cuts to its international aid programs.²

Nonprofits, small businesses, and various states have filed suit against the federal government to unfreeze grants and other funding critical to their ongoing operations. The Trump Administration has reversed course on some of its actions to curb government spending; however, it remains to be seen what the long-term impact of the Trump Administration's agenda will have on nonprofits and small businesses.

Statistics from the National Association of Professional Employer Organizations show that small businesses generally have a better chance of long-term success when partnering with a PEO.³ At PrestigePEO, many of our small business and nonprofit partners are committed to doing great work in our communities. We closely monitor the impact these freezes and cuts may have on our clients across industries and are here to help you navigate the short-term and long-term effects these changes may bring to your business. Additionally, as part of NAPEO, we engage with federal and state lawmakers to advocate for small businesses and nonprofits.

The Economy and Tariffs

New tariffs on global trade partners have triggered retaliatory tariffs, potentially raising costs for goods and services. In response, these countries have implemented reciprocal tariffs. While the New York Federal Reserve reports healthy economic growth for Q1 2025⁴, the full financial impact remains unclear. Employers should prepare for increased costs and potential disruptions.

Diversity, Equity, and Inclusion (DEI) Under Scrutiny

One of the Trump Administration's first executive orders sought to scale back DEI⁵ programs, including terminating federal DEI initiatives and launching investigations into both public and private DEI practices. The Executive Order ("E.O.") is far-reaching- terminating federal government DEI initiatives and gathering data on which contractors the government uses for DEI training.

While a federal court initially enjoined this E.O., the Trump Administration continues progressing with its anti-DEI initiatives. For example, on March 6, 2025, Trump issued a new E.O. to investigate a private law firm for its DEI practices⁶. It also recently launched investigations into many universities that use DEI programs. The Trump Administration's position on this issue is that these policies and programs, used by both private businesses and the public, are race-based preferences that violate federal law.

Many private employers, including Amazon, McDonalds, and Walmart are abandoning their DEI initiatives.⁷ These rollbacks from many large companies are due to increased scrutiny of potentially discriminatory policies, which may expose employers to an increased risk of investigations.

While many of these large private employers are reevaluating DEI initiatives, PrestigePEO encourages businesses to review their current programs to ensure they align with equal employment opportunity laws and compliance requirements. Our HR and Legal & Compliance teams are available to help.

Corporate Transparency Act (CTA)

Initially slated for February 2025, The Corporate Transparency Act (CTA) reporting requirements have now been delayed to March 2025 due to ongoing legal challenges. The Act, criticized as overly burdensome for small businesses, is undergoing significant revisions. The Treasury Department has also announced it will not enforce reporting for U.S. citizens and domestic companies⁸, and a new proposed rule is expected soon that could further reduce or even eliminate specific reporting requirements for small businesses.

PrestigePEO is Here to Help

As the Trump Administration's first quarter is bringing fast-moving regulatory shifts, it's more important than ever for employers to stay informed and prepared for potential changes ahead. PrestigePEO is here to help you navigate these evolving requirements. While we do not provide legal advice, our HR and Compliance teams are ready to support your business in understanding and adapting to the changing regulatory landscape.

If you have any questions or concerns, please reach out to your HR Business Partner or our Legal & Compliance Team.

1. <https://natlawreview.com/article/when-ice-knocks-immigration-enforcement-new-administration>

2. <https://www.reuters.com/world/us/johns-hopkins-university-slashes-2000-jobs-after-trump-administration-grant-cut-2025-03-13/>

3. <https://www.napeo.org/what-is-a-peo/about-the-peo-industry/napeo-white-papers>

4. <https://www.newyorkfed.org/research/policy/nowcast/#/nowcast>

5. <https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/>

6. <https://www.whitehouse.gov/presidential-actions/2025/03/addressing-risks-from-perkins-coie-llp/>

7. <https://www.forbes.com/sites/conormurray/2025/03/05/victorias-secret-tweaks-dei-language-to-inclusion-and-belonging-here-are-all-the-companies-rolling-back-dei-programs/>

8. <https://home.treasury.gov/news/press-releases/sb0038>