

2025 PREDICTIONS: 5 BIGGEST TRENDS PEOs CAN EXPECT IN THE NEW YEAR

Insights

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In some ways, you might feel a bit of déjà vu when it comes to the new year. After all, it wasn't too long ago that PEOs were getting used to a new Republican administration led by Donald Trump entering the White House enjoying control of both the House and Senate as well. But it's been a full eight years since the first Trump administration took office, and it feels like the world has completely shifted on its axis since 2017. Things might feel a bit disorienting for PEOs trying to navigate the new year ahead. But set your fears aside – this article will help you chart a safe course by providing predictions for what you can expect in 2025. *And if you want to hear detailed predictions and action plans for the PEO community, make sure to attend the third annual PeopleLaw Conference – [register here!](#)*

New Administration Will Create Business-Friendly Atmosphere in D.C.

Maybe this prediction doesn't seem like much of a stretch given that the first Trump administration pushed D.C. into very business-friendly territory. But alarm bells were set off a few months ago when [former Rep. Lori Chavez-DeRemer was nominated to helm the Department of Labor](#). After all, the former House Representative from Oregon is a self-avowed labor advocate who supported the most union-friendly legislation imaginable during her brief time in Congress.

Despite this selection, we still expect the new administration to help cement an environment friendly to businesses – including PEOs – starting early in 2025. We expect the DOL to loosen independent contractor restrictions and push for a

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new joint employment rule that will reflect the evolving nature of flexible work arrangements by the end of this year. Make sure to check out our [New Administration Resource Center for Employers](#) often to stay in the loop on the latest developments.

State-Level Patchwork Will Be Even More Complex

Even though D.C. might be friendly confines for the PEO community in the new year, that doesn't mean 2025 will be a cakewalk for businesses. State lawmakers and regulators will pick up the slack. They'll continue to create a patchwork of legal compliance measures – and PEOs will be caught in the middle.

Data security, workplace privacy, pay transparency, paid leave, wage and hour, and minimum wage are just a few of the areas where employment laws will further fracture from state to state – and in some cases by county or city. PEOs will have no luck with any sort of uniform set of standards that would apply on a nationwide basis, especially as Republicans operate Congress with a razor-thin majority.

Workplace Will Face Increasing Regulation

Speaking of technology, the use of AI in hiring, performance management, and payroll systems will continue to increase across all sectors in 2025 – which means that the use of AI will draw increasing regulatory scrutiny in 2025. We've already seen significant substantive laws pop up in [Colorado](#) and [Illinois](#) in 2024, and we expect to see several more states jump on the bandwagon in 2025. PEOs should be prepared to respond to allegations that customers have misused AI driven decision-making tools resulting in biased decisions. To the extent PEOs use AI or generative AI in their internal operations, PEOs should develop policies addressing AI governance, including transparency, vendor screening, accountability, and audits.

Tighter Immigration Policy Will Lead to PEO Challenges

Here's the big one. We're already seeing massive changes when it comes to [immigration policies under the new administration](#). And while initial steps might focus on deporting those with criminal backgrounds, we can expect that immigration officials will soon turn to the workplace as another venue to carry out their policy goals. Which means

employers should feel greater pressure to comply with workplace immigration laws in 2025.

PEOs and their customers will see heightened risks related to proper I-9 documentation, preparing for ICE audits, managing visa-related employment, deciding on E-Verify usage, and potential raids or policy changes affecting undocumented workers.

Cybersecurity Risks Will Hit Smaller Businesses Harder

As cyberattacks grow more sophisticated, hackers will increasingly target smaller and mid-sized businesses that lack the resources to implement robust protections – especially those with a treasure trove of personal information. PEOs, which serve as trusted partners for these businesses and often interact with their systems and personnel, will need to continue with an intense focus on cybersecurity in 2025. PEOs should prepare for more state-level data security laws with strict breach notification requirements, much like California's CCPA and other emerging regulations. Those that fall behind could face devastating operational and financial consequences.

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Conclusion

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