

**Federal Funding of Municipal Projects:
Understanding How Federal Funding
Requirements for Municipal Projects
May Clash with State and Municipal
Funding Goals and Needs**

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**DOJ Guidance for Recipients
of Federal Funds and
Recommended Best Practices**



Office of the Attorney General
Washington, D. C. 20530

July 29, 2025

MEMORANDUM FOR ALL FEDERAL AGENCIES

FROM: THE ATTORNEY GENERAL *[Signature]*

SUBJECT: GUIDANCE FOR RECIPIENTS OF FEDERAL FUNDING
REGARDING UNLAWFUL DISCRIMINATION

I. INTRODUCTION

One of our Nation’s bedrock principles is that all Americans must be treated equally. Not only is discrimination based on protected characteristics illegal under federal law, but it is also dangerous, demeaning, and immoral. Yet in recent years, the federal government has turned a blind eye toward, or even encouraged, various discriminatory practices, seemingly because of their purportedly benign labels, objectives, or intentions. No longer. Going forward, the federal government will not stand by while recipients of federal funds engage in discrimination.

This guidance clarifies the application of federal antidiscrimination laws to programs or initiatives that may involve discriminatory practices, including those labeled as Diversity, Equity, and Inclusion (“DEI”) programs.¹ Entities receiving federal funds, like all other entities subject to federal antidiscrimination laws, must ensure that their programs and activities comply with federal law and do not discriminate on the basis of race, color, national origin, sex, religion, or other protected characteristics—no matter the program’s labels, objectives, or intentions. In furtherance of that requirement, this guidance identifies “Best Practices” as non-binding suggestions to help entities comply with federal antidiscrimination laws and avoid legal pitfalls; these are not mandatory requirements but rather practical recommendations to minimize the risk of violations.

Entities that receive federal financial assistance or that are otherwise subject to federal anti-discrimination laws, including educational institutions, state and local governments, and public and private employers, should review this guidance carefully to ensure all programs comply with their legal obligations.

¹ DEI programs go by other names as well, such as Diversity, Equity, Inclusion, and Accessibility (“DEIA”) and Diversity, Equity, Inclusion, and Belonging (“DEIB”).

II. EXECUTIVE SUMMARY

This guidance emphasizes the significant legal risks of initiatives that involve discrimination based on protected characteristics and provides non-binding best practices to help entities avoid the risk of violations. Key points include:

- **Statutory nondiscrimination requirements:** Federal law prohibits discrimination based on protected characteristics like race, sex, color, national origin, or religion.
- **Legal pitfalls of DEI Programs:** The use of terms such as “DEI,” “Equity,” or other euphemistic terms does not excuse unlawful discrimination or absolve parties from scrutiny regarding potential violations.
- **Prohibition on Protected Characteristics as Criteria:** Using race, sex, or other protected characteristics for employment, program participation, resource allocation, or other similar activities, opportunities, or benefits, is unlawful, except in rare cases where such discrimination satisfies the relevant level of judicial scrutiny.
- **Importance of Sex-Separated Intimate Spaces and Athletic Competitions:** Compelling employees to share intimate spaces with the opposite sex or allowing men to compete in women’s athletic competitions would typically be unlawful.
- **Unlawful Proxy Discrimination:** Facially neutral criteria (e.g., “cultural competence,” “lived experience,” geographic targeting) that function as proxies for protected characteristics violate federal law if designed or applied with the intention of advantaging or disadvantaging individuals based on protected characteristics.
- **Scrutiny of Third-Party Funding:** Recipients of federal funds should ensure federal funds do not support third-party programs that discriminate.
- **Protection Against Retaliation:** Individuals who object to or refuse to participate in discriminatory programs, trainings, or policies are protected from adverse actions like termination or exclusion based on that individual’s opposition to those practices.²

III. KEY FEDERAL ANTIDISCRIMINATION PROVISIONS AND LAW

Federal antidiscrimination laws prohibit discrimination on the basis of protected characteristics, including race, color, religion, sex, and national origin. The U.S. Supreme Court has consistently held that policies or practices based upon protected characteristics are subject to

² Unlawful retaliation occurs when a federally funded entity takes adverse actions against employees, participants, or beneficiaries because they engage in protected activities related to opposing DEI practices they reasonably believe violate federal antidiscrimination laws.

rigorous judicial scrutiny. Race-based classifications are subject to strict scrutiny, requiring a compelling governmental interest and narrowly tailored means to achieve that interest.³ Sex-based classifications are subject to heightened scrutiny, requiring an exceedingly persuasive justification and substantial relation to an important governmental objective.⁴ Discrimination based on other protected characteristics, such as religion, is also evaluated under analogous standards.⁵ Entities receiving federal funds must comply with applicable civil rights laws, including:

- **Title VI of the Civil Rights Act of 1964:** Prohibits discrimination based on race, color, or national origin in any program or activity receiving federal financial assistance. This includes most educational institutions, healthcare providers, and state and local government agencies.
- **Title VII of the Civil Rights Act of 1964:** Prohibits employment discrimination based on, or motivated by, race, color, religion, sex, or national origin, in any terms, conditions, or privileges of employment, including hiring, promotion, demotion, termination, compensation, job transfers, training, or access to employment privileges and benefits.
- **Title IX of the Education Amendments of 1972:** Prohibits discrimination based on sex in education programs or activities receiving federal financial assistance. Title IX protections extend beyond athletics and include addressing sexual harassment, sex-based harassment, admissions policies, and equal access to resources and programs.

³ See, e.g., *Students for Fair Admissions, Inc. v. Harvard*, 600 U.S. 181, 214 (2023) (holding racial classifications by public institutions are subject to strict scrutiny and racial classifications by private institutions can serve as basis for revoking funding under Title VI); *Ricci v. DeStefano*, 557 U.S. 557, 579 (2009) (“[E]xpress, race-based decision-making violates Title VII’s command that employers cannot take adverse employment actions because of an individual’s race.”); see also *Vitolo v. Guzman*, 999 F.3d 353, 361 (6th Cir. 2021) (holding grant program with race and sex preferences is unlawful under Equal Protection Clause).

⁴ See, e.g., *United States v. Virginia*, 518 U.S. 515, 531 (1996).

⁵ See, e.g., *Espinoza v. Montana Dep’t of Revenue*, 591 U.S. 464, 479 (2020) (“The Free Exercise Clause, which applies to the States under the Fourteenth Amendment, protects religious observers against unequal treatment and against laws that impose special disabilities on the basis of religious status [S]trict scrutiny applies . . . because Montana’s no-aid provision discriminates based on religious status”); *Shapiro v. Thompson*, 394 U.S. 618, 631 (1969) (holding discriminating against individual for exercising fundamental constitutional rights is subject to heightened scrutiny), *overruled on other grounds by Edelman v. Jordan*, 415 U.S. 651 (1974); see also *Church of Lukumi Babalu Aye, Inc. v. City of Hialeah*, 508 U.S. 520, 540 (1993) (relying on Equal Protection principles in holding intentional discrimination against exercise of religion is subject to strict scrutiny).

- **Equal Protection Clause of the Fourteenth Amendment:** Prohibits States from denying any person the equal protection of the laws, relevant in the context of discrimination claims involving state or local government actions.

IV. UNLAWFUL DISCRIMINATORY POLICIES AND PRACTICES

The following is a non-exhaustive list of unlawful practices that could result in revocation of grant funding. Federal funding recipients may also be liable for discrimination if they knowingly fund the unlawful practices of contractors, grantees, and other third parties.

A. Granting Preferential Treatment Based on Protected Characteristics

1. What Constitutes Unlawful Preferential Treatment?

Preferential treatment occurs when a federally funded entity provides opportunities, benefits, or advantages to individuals or groups based on protected characteristics in a way that disadvantages other qualified persons, including such practices portrayed as “preferential” to certain groups. Such practices violate federal law unless they meet very narrow exceptions.

2. Examples of Unlawful Practices

Race-Based Scholarships or Programs: A university’s DEI program establishes a scholarship fund exclusively for students of a specific racial group (e.g., “Black Student Excellence Scholarship”) and excludes otherwise qualified applicants of other races, even if they meet academic or financial need criteria. This extends to any race-exclusive opportunities, such as internships, mentorship programs, or leadership initiatives that reserve spots for specific racial groups, regardless of intent to promote diversity. Such race-exclusive programs violate federal civil rights law by discriminating against individuals based solely on their race or treating people differently based on a protected characteristic without meeting the strict legal standards required for race-conscious programs.

Preferential Hiring or Promotion Practices: A federally funded entity’s DEI policy prioritizes candidates from “underrepresented groups” for admission, hiring, or promotion, bypassing qualified candidates who do not belong to those groups, where the preferred “underrepresented groups” are determined on the basis of a protected characteristic like race.

Access to Facilities or Resources Based on Race or Ethnicity: A university’s DEI initiative designates a “safe space” or lounge exclusively for students of a specific racial or ethnic group.

B. Prohibited Use of Proxies for Protected Characteristics

1. What Constitutes Unlawful Proxies?

Unlawful proxies occur when a federally funded entity intentionally uses ostensibly neutral criteria that function as substitutes for explicit consideration of race, sex, or other protected characteristics. While these criteria may appear facially neutral, they become legally problematic under any of the following circumstances:

- They are selected because they correlate with, replicate, or are used as substitutes for protected characteristics.
- They are implemented with the intent to advantage or disadvantage individuals based on protected characteristics.

2. Examples of Potentially Unlawful Proxies

“Cultural Competence” Requirements: A federally funded university requires job applicants to demonstrate “cultural competence,” “lived experience,” or “cross-cultural skills” in ways that effectively evaluate candidates’ racial or ethnic backgrounds rather than objective qualifications. This includes selection criteria that advantage candidates who have experiences the employer associates with certain racial groups. For instance, requiring faculty candidates to describe how their “cultural background informs their teaching” may function as a proxy if used to evaluate candidates based on race or ethnicity.

Geographic or Institutional Targeting: A federally funded organization implements recruitment strategies targeting specific geographic areas, institutions, or organizations chosen primarily because of their racial or ethnic composition rather than other legitimate factors.

“Overcoming Obstacles” Narratives or “Diversity Statements”: A federally funded program requires applicants to describe “obstacles they have overcome” or submit a “diversity statement” in a manner that advantages those who discuss experiences intrinsically tied to protected characteristics, using the narrative as a proxy for advantaging that protected characteristic in providing benefits.

C. Segregation Based on Protected Characteristics

1. What Constitutes Unlawful Segregation?

Segregation based on protected characteristics occurs when a federally funded entity organizes programs, activities, or resources—such as training sessions—in a way that separates or restricts access based on race, sex, or other protected characteristics. Such practices generally violate federal law by creating unequal treatment or reinforcing stereotypes, regardless of the stated goal (e.g., promoting inclusion or addressing historical inequities). Exceptions are narrow

and include only cases where federal law expressly permits race-based remedies for specific, documented acts of past discrimination by the institution itself, or in specialized contexts such as correctional facilities where courts have recognized compelling institutional interests.

While compelled segregation is generally impermissible, failing to maintain sex-separated athletic competitions and intimate spaces can also violate federal law. Federally funded institutions that allow males, including those self-identifying as “women,” to access single-sex spaces designed for females—such as bathrooms, showers, locker rooms, or dormitories—undermine the privacy, safety, and equal opportunity of women and girls. Likewise, permitting males to compete in women’s athletic events almost invariably denies women equal opportunity by eroding competitive fairness. These policies risk creating a hostile environment under Title VII, particularly where they compromise women’s privacy, safety, or professional standing, and can violate Title IX by denying women access to the full scope of sex-based protections in education. To ensure compliance with federal law and to safeguard the rights of women and girls, organizations should affirm sex-based boundaries rooted in biological differences.

2. Examples of Unlawful Practices

Race-Based Training Sessions: A federally funded university hosts a DEI training program that requires participants to separate into race-based groups (e.g., “Black Faculty Caucus” or “White Ally Group”) for discussions, prohibiting individuals of other races from participating in specific sessions. In contrast, a “Faculty Academic Support Network” open to all faculty interested in promoting student success avoids reliance on protected characteristics and complies with federal law.

Segregation in Facilities or Resources: A college receiving federal funds designates a “BIPOC-only study lounge,” facially discouraging access by students of other races. Even if access is technically open to all, the identity-based focus creates a perception of segregation and may foster a hostile environment. This extends to any resource allocation—such as study spaces, computer labs, or event venues—that segregates access based on protected characteristics, even if intended to create “safe spaces.” This does not apply to facilities that are single-sex based on biological sex to protect privacy or safety, such as restrooms, showers, locker rooms, or lodging.

Implicit Segregation Through Program Eligibility: A federally funded community organization hosts a DEI-focused workshop series that requires participants to identify with a specific racial or ethnic group (e.g., “for underrepresented minorities only”) or mandates sex-specific eligibility, effectively excluding others who meet objective program criteria. Use of Protected Characteristics in Candidate Selection

3. What Constitutes Unlawful Use of Protected Characteristics?

Unlawful use of protected characteristics occurs when a federally funded entity or program considers race, sex, or any other protected trait as a basis for selecting candidates for employment

(e.g., hiring, promotions), contracts (e.g., vendor agreements), or program participation (e.g., internships, admissions, scholarships, training). This includes policies that explicitly mandate representation of specific groups in candidate pools or implicitly prioritize protected characteristics through selection criteria, such as “diverse slate” requirements, diversity decision-making panels, or diversity-focused evaluations. It also includes requirements that contracting entities utilize a specific level of working hours from individuals of certain protected characteristics to complete the contract. Such practices violate federal law by creating unequal treatment or disadvantaging otherwise qualified candidates, regardless of any intent to advance diversity goals.

4. Examples of Unlawful Practices

Race-Based “Diverse Slate” Policies in Hiring: A federally funded research institute adopts a policy requiring that all interview slates for faculty positions include a minimum number of candidates from specific racial groups (e.g., at least two “underrepresented minority” candidates), rejecting otherwise qualified candidates who do not meet this racial criterion. This extends to any policy that sets racial benchmarks or mandates demographic representation in candidate pools, such as requiring a certain percentage of finalists to be from “diverse” backgrounds.

Sex-Based Selection for Contracts: A federally funded state agency implements a DEI policy that prioritizes awarding contracts to women-owned businesses, automatically advancing female vendors or minority-owned businesses over equally or more qualified businesses without preferred group status. This includes any contract selection process that uses sex or race as a tiebreaker or primary criterion, such as policies favoring “minority- or women-owned” businesses without satisfying the appropriate level of judicial scrutiny.

Race- or Sex-Based Program Participation: A federally funded university’s internship program requires that 50% of selected participants be from “underrepresented racial groups” or female students, rejecting equally or more qualified applicants who do not meet these demographic criteria. This extends to any program—such as scholarships, fellowships, or leadership initiatives—that uses race, sex, or any other protected characteristic as a selection criterion, even if framed as addressing underrepresentation.

D. Training Programs That Promote Discrimination or Hostile Environments

1. What Constitutes Unlawful DEI Training Programs?

Unlawful DEI training programs are those that—through their content, structure, or implementation—stereotype, exclude, or disadvantage individuals based on protected characteristics or create a hostile environment. This includes training that:

- Excludes or penalizes individuals based on protected characteristics.

- Creates an objectively hostile environment through severe or pervasive use of presentations, videos, and other workplace training materials that single out, demean, or stereotype individuals based on protected characteristics.

2. Examples of Unlawful Practices

Trainings That Promote Discrimination Based on Protected Characteristics: A federally funded school district requires teachers to complete a DEI training that includes statements stereotyping individuals based on protected characteristics—such as “all white people are inherently privileged,” “toxic masculinity,” etc. Such trainings may violate Title VI or Title VII if they create a hostile environment or impose penalties for dissent in ways that result in discriminatory treatment.⁶

E. Recommendations on Best Practices

Ensure Inclusive Access: All workplace programs, activities, and resources should be open to all qualified individuals, regardless of race, sex, or other protected characteristics. Avoid organizing groups or sessions that exclude participants based on protected traits. Some sex separation is necessary where biological differences implicate privacy, safety, or athletic opportunity.

Focus on Skills and Qualifications: Base selection decisions on specific, measurable skills and qualifications directly related to job performance or program participation. For example, rather than asking about “cultural competence,” assess specific skills such as language proficiency or relevant educational credentials. Criteria like socioeconomic status, first-generation status, or geographic diversity must not be used if selected to prioritize individuals based on racial, sex-based, or other protected characteristics.

Prohibit Demographic-Driven Criteria: Discontinue any program or policy designed to achieve discriminatory outcomes, even those using facially neutral means. Intent to influence demographic representation risks violating federal law. For example, a scholarship program must not target “underserved geographic areas” or “first-generation students” if the criteria are chosen to increase participation by specific racial or sex-based groups. Instead, use universally applicable criteria, such as academic merit or financial hardship, applied without regard to protected characteristics or demographic goals.

Document Legitimate Rationales: If using criteria in hiring, promotions, or selecting contracts that might correlate with protected characteristics, document clear, legitimate rationales unrelated to race, sex, or other protected characteristics. Ensure these rationales are consistently applied and are demonstrably related to legitimate, nondiscriminatory institutional objectives.

Scrutinize Neutral Criteria for Proxy Effects: Before implementing facially neutral criteria, rigorously evaluate and document whether they are proxies for race, sex, or other protected

⁶ Federal law allows for workplace harassment trainings that are focused on preventing unlawful workplace discrimination and that do not single out particular groups as inherently racist or sexist.

characteristics. For instance, a program targeting “low-income students” must be applied uniformly without targeting areas or populations to achieve racial or sex-based outcomes.

Eliminate Diversity Quotas: Focus solely on nondiscriminatory performance metrics, such as program participation rates or academic outcomes, without reference to race, sex, or other protected traits. And discontinue policies that mandate representation of specific racial, sex-based, or other protected groups in candidate pools, hiring panels, or final selections. For example, replace a policy requiring “at least one minority candidate per slate” with a process that evaluates all applicants based on merit.

Avoid Exclusionary Training Programs: Ensure trainings are open to all qualified participants, regardless of protected characteristics. Avoid segregating participants into groups based on race, sex, or other protected characteristics. Trainings should not require participants to affirm specific ideological positions or “confess” to personal biases or privileges based on a protected characteristic.

Include Nondiscrimination Clauses in Contracts to Third Parties and Monitor Compliance: Incorporate explicit nondiscrimination clauses in grant agreements, contracts, or partnership agreements, requiring third parties to comply with federal law, and specify that federal funds cannot be used for programs that discriminate based on protected characteristics. Monitor third parties that receive federal funds to ensure ongoing compliance, including reviewing program materials, participant feedback, and outcomes to identify potential discriminatory practices. Terminate funding for noncompliant programs.

Establish Clear Anti-Retaliation Procedures and Create Safe Reporting Mechanisms: Implement and communicate policies that prohibit retaliation against individuals who engage in protected activities, such as raising concerns, filing complaints, or refusing to participate in potentially discriminatory programs. Include these policies in employee handbooks, student codes of conduct, and program guidelines. Provide confidential, accessible channels for individuals to report concerns about unlawful practices.

V. CONCLUSION

Entities are urged to review all programs, policies, and partnerships to ensure compliance with federal law, and discontinue any practices that discriminate on the basis of a protected status. The recommended best practices provided in this guidance are non-binding suggestions to assist entities in avoiding legal pitfalls and upholding equal opportunity for all. By prioritizing nondiscrimination, entities can mitigate the legal, financial, and reputational risks associated with unlawful DEI practices and fulfill their civil rights obligations.

EO 14151

Ending Radical and Wasteful
Government DEI Programs
and Preferencing



EXECUTIVE ORDER

14151

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ENDING RADICAL AND WASTEFUL GOVERNMENT DEI PROGRAMS
AND PREFERENCING

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose and Policy. The Biden Administration forced illegal and immoral discrimination programs, going by the name "diversity, equity, and inclusion" (DEI), into virtually all aspects of the Federal Government, in areas ranging from airline safety to the military. This was a concerted effort stemming from President Biden's first day in office, when he issued Executive Order 13985, "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government."

Pursuant to Executive Order 13985 and follow-on orders, nearly every Federal agency and entity submitted "Equity Action Plans" to detail the ways that they have furthered DEIs infiltration of the Federal Government. The public release of these plans demonstrated immense public waste and shameful discrimination. That ends today. Americans deserve a government committed to serving every person with equal dignity and respect, and to expending precious taxpayer resources only on making America great.

Sec. 2. Implementation. (a) The Director of the Office of Management and Budget (OMB), assisted by the Attorney General and the Director of the Office of Personnel Management (OPM), shall coordinate the termination of all discriminatory programs, including illegal DEI and "diversity, equity, inclusion, and accessibility" (DEIA) mandates, policies, programs, preferences,

and activities in the Federal Government, under whatever name they appear. To carry out this directive, the Director of OPM, with the assistance of the Attorney General as requested, shall review and revise, as appropriate, all existing Federal employment practices, union contracts, and training policies or programs to comply with this order. Federal employment practices, including Federal employee performance reviews, shall reward individual initiative, skills, performance, and hard work and shall not under any circumstances consider DEI or DEIA factors, goals, policies, mandates, or requirements.

(b) Each agency, department, or commission head, in consultation with the Attorney General, the Director of OMB, and the Director of OPM, as appropriate, shall take the following actions within sixty days of this order:

(i) terminate, to the maximum extent allowed by law, all DEI, DEIA, and "environmental justice" offices and positions (including but not limited to "Chief Diversity Officer" positions); all "equity action plans," "equity" actions, initiatives, or programs, "equity-related" grants or contracts; and all DEI or DEIA performance requirements for employees, contractors, or grantees.

(ii) provide the Director of the OMB with a list of all:

(A) agency or department DEI, DEIA, or "environmental justice" positions, committees, programs, services, activities, budgets, and expenditures in existence on November 4, 2024, and an assessment of whether these positions, committees, programs, services, activities,

budgets, and expenditures have been misleadingly relabeled in an attempt to preserve their pre-November 4, 2024 function;

(B) Federal contractors who have provided DEI training or DEI training materials to agency or department employees; and

(C) Federal grantees who received Federal funding to provide or advance DEI, DEIA, or "environmental justice" programs, services, or activities since January 20, 2021.

(iii) direct the deputy agency or department head to:

(A) assess the operational impact (e.g., the number of new DEI hires) and cost of the prior administration's DEI, DEIA, and "environmental justice" programs and policies; and

(B) recommend actions, such as Congressional notifications under 28 U.S.C. 530D, to align agency or department programs, activities, policies, regulations, guidance, employment practices, enforcement activities, contracts (including set-asides), grants, consent orders, and litigating positions with the policy of equal dignity and respect identified in section 1 of this order. The agency or department head and the Director of OMB shall jointly ensure that the deputy agency or department head has the authority and resources needed to carry out this directive.

(c) To inform and advise the President, so that he may formulate appropriate and effective civil-rights policies for

the Executive Branch, the Assistant to the President for Domestic Policy shall convene a monthly meeting attended by the Director of OMB, the Director of OPM, and each deputy agency or department head to:

(i) hear reports on the prevalence and the economic and social costs of DEI, DEIA, and "environmental justice" in agency or department programs, activities, policies, regulations, guidance, employment practices, enforcement activities, contracts (including set-asides), grants, consent orders, and litigating positions;

(ii) discuss any barriers to measures to comply with this order; and

(iii) monitor and track agency and department progress and identify potential areas for additional Presidential or legislative action to advance the policy of equal dignity and respect.

Sec. 3. Severability. If any provision of this order, or the application of any provision to any person or circumstance, is held to be invalid, the remainder of this order and the application of its provisions to any other persons or circumstances shall not be affected.

Sec. 4. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

THE WHITE HOUSE,

January 20, 2025.

[FR Doc. 2025-01953 Filed: 1/28/2025 8:45 am; Publication Date: 1/29/2025]

EO 14173

Ending Illegal Discrimination
and Restoring Merit-Based
Opportunity



EXECUTIVE ORDER

14173

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ENDING ILLEGAL DISCRIMINATION AND
RESTORING MERIT-BASED OPPORTUNITY

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. Longstanding Federal civil-rights laws protect individual Americans from discrimination based on race, color, religion, sex, or national origin. These civil-rights protections serve as a bedrock supporting equality of opportunity for all Americans. As President, I have a solemn duty to ensure that these laws are enforced for the benefit of all Americans.

Yet today, roughly 60 years after the passage of the Civil Rights Act of 1964, critical and influential institutions of American society, including the Federal Government, major corporations, financial institutions, the medical industry, large commercial airlines, law enforcement agencies, and institutions of higher education have adopted and actively use dangerous, demeaning, and immoral race- and sex-based preferences under the guise of so-called "diversity, equity, and inclusion" (DEI) or "diversity, equity, inclusion, and accessibility" (DEIA) that can violate the civil-rights laws of this Nation.

Illegal DEI and DEIA policies not only violate the text and spirit of our longstanding Federal civil-rights laws, they also undermine our national unity, as they deny, discredit, and undermine the traditional American values of hard work, excellence, and individual achievement in favor of an unlawful, corrosive, and pernicious identity-based spoils system.

Hardworking Americans who deserve a shot at the American Dream should not be stigmatized, demeaned, or shut out of opportunities because of their race or sex.

These illegal DEI and DEIA policies also threaten the safety of American men, women, and children across the Nation by diminishing the importance of individual merit, aptitude, hard work, and determination when selecting people for jobs and services in key sectors of American society, including all levels of government, and the medical, aviation, and law-enforcement communities. Yet in case after tragic case, the American people have witnessed first-hand the disastrous consequences of illegal, pernicious discrimination that has prioritized how people were born instead of what they were capable of doing.

The Federal Government is charged with enforcing our civil-rights laws. The purpose of this order is to ensure that it does so by ending illegal preferences and discrimination.

Sec. 2. Policy. It is the policy of the United States to protect the civil rights of all Americans and to promote individual initiative, excellence, and hard work. I therefore order all executive departments and agencies (agencies) to terminate all discriminatory and illegal preferences, mandates, policies, programs, activities, guidance, regulations, enforcement actions, consent orders, and requirements. I further order all agencies to enforce our longstanding civil-rights laws and to combat illegal private-sector DEI preferences, mandates, policies, programs, and activities.

Sec. 3. Terminating Illegal Discrimination in the Federal Government. (a) The following executive actions are hereby revoked:

- (i) Executive Order 12898 of February 11, 1994
(Federal Actions to Address Environmental Justice in
Minority Populations and Low-Income Populations);
- (ii) Executive Order 13583 of August 18, 2011
(Establishing a Coordinated Government-wide Initiative
to Promote Diversity and Inclusion in the Federal
Workforce);
- (iii) Executive Order 13672 of July 21, 2014 (Further
Amendments to Executive Order 11478, Equal Employment
Opportunity in the Federal Government, and Executive
Order 11246, Equal Employment Opportunity); and
- (iv) The Presidential Memorandum of October 5, 2016
(Promoting Diversity and Inclusion in the National
Security Workforce).

(b) The Federal contracting process shall be streamlined to enhance speed and efficiency, reduce costs, and require Federal contractors and subcontractors to comply with our civil-rights laws. Accordingly:

- (i) Executive Order 11246 of September 24, 1965 (Equal Employment Opportunity), is hereby revoked. For 90 days from the date of this order, Federal contractors may continue to comply with the regulatory scheme in effect on January 20, 2025.
- (ii) The Office of Federal Contract Compliance Programs within the Department of Labor shall immediately cease:
 - (A) Promoting "diversity";
 - (B) Holding Federal contractors and subcontractors responsible for taking "affirmative action"; and

(C) Allowing or encouraging Federal contractors and subcontractors to engage in workforce balancing based on race, color, sex, sexual preference, religion, or national origin.

(iii) In accordance with Executive Order 13279 of December 12, 2002 (Equal Protection of the Laws for Faith-Based and Community Organizations), the employment, procurement, and contracting practices of Federal contractors and subcontractors shall not consider race, color, sex, sexual preference, religion, or national origin in ways that violate the Nation's civil rights laws.

(iv) The head of each agency shall include in every contract or grant award:

(A) A term requiring the contractual counterparty or grant recipient to agree that its compliance in all respects with all applicable Federal anti-discrimination laws is material to the government's payment decisions for purposes of section 3729(b)(4) of title 31, United States Code; and

(B) A term requiring such counterparty or recipient to certify that it does not operate any programs promoting DEI that violate any applicable Federal anti-discrimination laws.

(c) The Director of the Office of Management and Budget (OMB), with the assistance of the Attorney General as requested, shall:

(i) Review and revise, as appropriate, all Government-wide processes, directives, and guidance;

(ii) Excise references to DEI and DEIA principles, under whatever name they may appear, from Federal acquisition, contracting, grants, and financial assistance procedures to streamline those procedures, improve speed and efficiency, lower costs, and comply with civil-rights laws; and

(iii) Terminate all "diversity," "equity," "equitable decision-making," "equitable deployment of financial and technical assistance," "advancing equity," and like mandates, requirements, programs, or activities, as appropriate.

Sec. 4. Encouraging the Private Sector to End Illegal DEI Discrimination and Preferences. (a) The heads of all agencies, with the assistance of the Attorney General, shall take all appropriate action with respect to the operations of their agencies to advance in the private sector the policy of individual initiative, excellence, and hard work identified in section 2 of this order.

(b) To further inform and advise me so that my Administration may formulate appropriate and effective civil-rights policy, the Attorney General, within 120 days of this order, in consultation with the heads of relevant agencies and in coordination with the Director of OMB, shall submit a report to the Assistant to the President for Domestic Policy containing recommendations for enforcing Federal civil-rights laws and taking other appropriate measures to encourage the private sector to end illegal discrimination and preferences, including DEI. The report shall contain a proposed strategic enforcement plan identifying:

(i) Key sectors of concern within each agency's jurisdiction;

- (ii) The most egregious and discriminatory DEI practitioners in each sector of concern;
- (iii) A plan of specific steps or measures to deter DEI programs or principles (whether specifically denominated "DEI" or otherwise) that constitute illegal discrimination or preferences. As a part of this plan, each agency shall identify up to nine potential civil compliance investigations of publicly traded corporations, large non-profit corporations or associations, foundations with assets of 500 million dollars or more, State and local bar and medical associations, and institutions of higher education with endowments over 1 billion dollars;
- (iv) Other strategies to encourage the private sector to end illegal DEI discrimination and preferences and comply with all Federal civil-rights laws;
- (v) Litigation that would be potentially appropriate for Federal lawsuits, intervention, or statements of interest; and
- (vi) Potential regulatory action and sub-regulatory guidance.

Sec. 5. Other Actions. Within 120 days of this order, the Attorney General and the Secretary of Education shall jointly issue guidance to all State and local educational agencies that receive Federal funds, as well as all institutions of higher education that receive Federal grants or participate in the Federal student loan assistance program under Title IV of the Higher Education Act, 20 U.S.C. 1070 *et seq.*, regarding the measures and practices required to comply with *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College*, 600 U.S. 181 (2023).

Sec. 6. Severability. If any provision of this order, or the application of any provision to any person or circumstance, is held to be invalid, the remainder of this order and the application of its provisions to any other persons or circumstances shall not be affected thereby.

Sec. 7. Scope. (a) This order does not apply to lawful Federal or private-sector employment and contracting preferences for veterans of the U.S. armed forces or persons protected by the Randolph-Sheppard Act, 20 U.S.C. 107 *et seq.*

(b) This order does not prevent State or local governments, Federal contractors, or Federally-funded State and local educational agencies or institutions of higher education from engaging in First Amendment-protected speech.

(c) This order does not prohibit persons teaching at a Federally funded institution of higher education as part of a larger course of academic instruction from advocating for, endorsing, or promoting the unlawful employment or contracting practices prohibited by this order.

Sec. 8. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department, agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to and does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its

departments, agencies, or entities, its officers, employees, or agents, or any other person.

THE WHITE HOUSE,

January 21, 2025.

[FR Doc. 2025-02097 Filed: 1/30/2025 8:45 am; Publication Date: 1/31/2025]

EO 14398

Addressing DEI
Discrimination by Federal
Contractors

Title 3—

Executive Order 14398 of March 26, 2026

The President

Addressing DEI Discrimination by Federal Contractors

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the Federal Property and Administrative Services Act (40 U.S.C. 101 *et seq.*) (FPASA), it is hereby ordered:

Section 1. Policy and Purpose. My Administration has made significant progress in ending racial discrimination in American society, including so-called “diversity, equity, and inclusion” (DEI) activities in which employees, applicants, or contracting parties are treated differently, separated, or singled out based on their race or ethnicity, rather than treated equally and objectively based on their merit and without regard to their immutable characteristics. Despite this progress, some entities continue to engage in DEI activities and often attempt to conceal their efforts to do so.

DEI activities are not only unethical and often illegal, but also cause inefficiencies, waste, and abuse within entities that engage in such practices. Specifically, DEI activities impose artificial costs in hiring, promotion, and operations by precluding implementation of merit-based principles; creating excessive workforce turnover by elevating immutable characteristics over job performance; and jeopardizing the sort of employee collaboration and problem-solving that is essential to fostering efficient and high-quality work. DEI activities also create unnecessary costs by reducing the pool of available labor by artificially limiting companies to hiring or promoting certain individuals, suppliers, or intermediaries based on their race or ethnicity. These costs are inevitably passed on to the Federal Government when it contracts with companies who engage in racially discriminatory DEI activities, or who use subcontractors who do so.

It is therefore the policy of the United States to promote economy and efficiency in Federal contracting by preventing racial discrimination.

Sec. 2. Definitions. (a) For the purposes of this order, “racially discriminatory DEI activities” means disparate treatment based on race or ethnicity in the recruitment, employment (*e.g.*, hiring, promotions), contracting (*e.g.*, vendor agreements), program participation, or allocation or deployment of an entity’s resources.

(b) “Program participation” means membership or participation in, or access or admission to: training, mentoring, or leadership development programs; educational opportunities; clubs; associations; or similar opportunities that are sponsored or established by the contractor or subcontractor.

Sec. 3. Requirements for Federal Contractors. Within 30 days of the date of this order, executive departments and agencies, including independent establishments subject to FPASA, 40 U.S.C. 102(4)(A) (agencies), shall, to the extent permitted by law, ensure that contracts and contract-like instruments, including contractors’ subcontracts and subcontractors’ lower-tier subcontracts, include the following clause:

“In connection with the performance of work under this contract, [the contractor/appropriate party (contractor)] agrees as follows:

1. The contractor will not engage in any racially discriminatory DEI activities, as defined in section 2 of the Executive Order of March 26, 2026 (Addressing DEI Discrimination by Federal Contractors);

2. The contractor will furnish all information and reports, including providing access to books, records, and accounts, as required by the contracting agency pursuant to the Executive Order of March 26, 2026 (Addressing DEI Discrimination by Federal Contractors), for purposes of ascertaining compliance with this clause;

3. In the event of the contractor's or a subcontractor's noncompliance with this clause, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor or subcontractor may be declared ineligible for further Government contracts;

4. The contractor will report any subcontractor's known or reasonably knowable conduct that may violate this clause to the contracting department or agency and take any appropriate remedial actions directed by the contracting department or agency;

5. The contractor will inform the contracting department or agency if a subcontractor sues the contractor and the suit puts at issue, in any way, the validity of this clause; and

6. The contractor recognizes that compliance with the requirements of this clause are material to the Government's payment decisions for purposes of section 3729(b)(4) of title 31, United States Code (False Claims Act)."

Sec. 4. Penalties. (a) The Director of the Office of Management and Budget shall issue guidance to contracting agencies to ensure compliance with this order. Consistent with any such guidance provided, contracting agencies shall:

(i) cancel, terminate, suspend, or cause to be cancelled, terminated, or suspended, any contract or contract-like instrument, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the clause described in section 3 of this order; and

(ii) take appropriate action to suspend and debar contractors or subcontractors for such failures to comply.

(b) The Director of the Office of Management and Budget, in coordination with the Attorney General, the Assistant to the President for Domestic Policy, and the Chairman of the Equal Employment Opportunity Commission, shall identify economic sectors that pose a particular risk of entities engaging in racially discriminatory DEI activities based on current or past conduct and issue additional guidance to contracting agencies regarding best practices to ensure compliance with this order within such sectors.

(c) Within 120 days of the date of this order, each agency head shall review the agency's implementation of section 3 of this order and report to the Assistant to the President for Domestic Policy regarding its compliance with that section. Thereafter, each agency head shall regularly review and take appropriate measures to ensure such compliance.

(d) The Attorney General, in consultation with relevant contracting agencies, shall:

(i) consider whether to bring actions under the False Claims Act against any contractors or subcontractors that violate the clause described in section 3 of this order; and

(ii) ensure prompt review of civil actions brought by private persons under 31 U.S.C. 3730(b)(1) concerning Federal contracts or subcontracts, including by rendering a decision on whether to proceed with an action under 31 U.S.C. 3730(b)(4), to the maximum extent practicable, within the 60-day period described in 31 U.S.C. 3730(b)(2).

Sec. 5. Regulations and Implementation. (a) The Federal Acquisition Regulatory Council, to the extent permitted by law, shall amend the Federal Acquisition Regulation to:

(i) provide for inclusion in Federal procurement, solicitations, and contracts subject to this order the clause described in section 3 of this order; and

(ii) remove any provisions that conflict or are inconsistent with the clause described in section 3 of this order.

(b) The Federal Acquisition Regulatory Council shall, within 60 days of the date of this order, issue deviation and interim guidance under subpart 1.4 of the Federal Acquisition Regulation, as appropriate and consistent with applicable law, regarding agency implementation of the clause described in section 3 of this order before completion of the amendments under subsection (a) of this section.

Sec. 6. Severability. If any provision of this order, or the application of any provision to any person or circumstance, is held to be invalid, the remainder of this order and the application of its provisions to any other persons or circumstances shall not be affected thereby.

Sec. 7. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

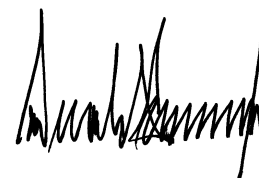
(i) the authority granted by law to an executive department, agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(d) The costs for publication of this order shall be borne by the Department of Justice.

A handwritten signature in black ink, appearing to be a stylized name, located on the right side of the page.

THE WHITE HOUSE,
March 26, 2026.

**Fact Sheet: President Donald
J. Trump Addresses DEI
Discrimination by Federal
Contractors**



FACT SHEETS

Fact Sheet: President Donald J. Trump Addresses DEI Discrimination by Federal Contractors

The White House

March 26, 2026

ADDRESSING DEI DISCRIMINATION BY FEDERAL CONTRACTORS: Today, President Donald J. Trump signed an Executive Order eliminating racially discriminatory “diversity, equity, and inclusion” (DEI) practices by Federal contractors and their subcontractors, ensuring merit-based and efficient contracting and employment.

- The Order requires that all Federal contracts that are subject to the Federal Property and Administrative Services Act include a clause prohibiting contractors and their subcontractors from engaging in racially discriminatory DEI activities.
- The Order directs the Office of Management and Budget to issue guidance to contracting agencies to ensure compliance and identify economic sectors that pose a particular risk of engaging in racially discriminatory DEI activities.
- The Order authorizes contracting agencies to cancel, terminate, or suspend contracts — and to suspend or debar contractors — for failure to comply.
- The Order directs the Attorney General to prioritize potential claims under the False Claims Act against contractors or subcontractors that are in violation of the contractual terms prohibiting racially discriminatory DEI activities, and ensure the prompt review of related civil actions brought by private persons.
- The Order directs the Federal Acquisition Regulatory Council to amend Federal Acquisition Regulations to include this clause and remove any conflicting provisions.

PROMOTING MERIT AND EFFICIENCY IN FEDERAL CONTRACTING: President Trump has been clear: the Federal Government will promote equal treatment under the law for every American, regardless of race or ethnicity — and will hold its contractors to the same standard.

- DEI activities impose real costs on the American people — artificially restricting the labor pool, driving up hiring and operational costs, and creating workforce inefficiencies that are ultimately passed on to Federal agencies and American taxpayers.

- DEI programs increase workforce turnover by elevating immutable characteristics over job performance and jeopardize employee collaboration and problem-solving essential to fostering efficient and high-quality work.
- Some entities, including government contractors, have attempted to conceal ongoing DEI activities even as the Administration has worked to end them.
- This Order establishes strong accountability mechanisms to ensure compliance is genuine and verifiable.
- Preventing these practices ensures taxpayer dollars are spent efficiently.

SERVING AMERICA, NOT IDEOLOGICAL AGENDAS: President Trump is continuing to deliver on his promise to end DEI across the Federal Government.

- In his first week in office, President Trump signed Executive actions that restored merit-based hiring and promotions across the Federal Government, ended radical and wasteful DEI programs and preferencing, and terminated the Federal Aviation Administration’s hiring policy that prioritized DEI over safety and efficiency.
- In January 2025, President Trump signed an Executive Order to ban the use of discriminatory race- or sex-based preferences by any element of the Armed Forces, the Department of War, or the Department of Homeland Security and abolish any remnant of DEI within these departments.
- In March 2025, President Trump signed a memorandum removing radical DEI from the Foreign Service.
- In April 2025, President Trump signed an Executive Order eliminating the use of disparate-impact liability in various contexts to ensure equal treatment under the law.
- In April 2025, President Trump signed an Executive Order to restore safety and order in American classrooms by ensuring school discipline policies are based on objective behavior, not DEI.
- In July 2025, President Trump signed an Executive Order to ensure that AI models procured by the Federal Government prioritize truthfulness and ideological neutrality, not DEI.
- In December 2025, President Trump signed an Executive Order to end the outsized influence of proxy advisors that prioritize radical political agendas like DEI and ESG over investor returns.
- President Trump: “We will terminate every diversity, equity, and inclusion program across the entire Federal Government.”

Related

Addressing DEI Discrimination by Federal Contractors

Presidential Actions, Executive Orders | March 26, 2026

Fact Sheet: President Donald J. Trump Ends DEI Madness and Restores Excellence and Safety within the Federal Aviation Administration

Fact Sheets | January 22, 2025

Fact Sheet: President Donald J. Trump Protects Civil Rights and Merit-Based Opportunity by Ending Illegal DEI

Fact Sheets | January 22, 2025

Fact Sheet: President Donald J. Trump Removes DEI From the Foreign Service

Fact Sheets | March 18, 2025

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