



CBCF EXECUTIVE ORDER TRACKER

Addressing DEI Discrimination by Federal Contractors

Executive Order #14398

Date Issued: March 26, 2026

Topic: DEI, Economic Opportunity

WHAT DOES THIS EXECUTIVE ORDER DO?

- This executive order seeks to disincentivize federal contractors and subcontractors from participating in diversity, equity, and inclusion (DEI) practices by threatening to terminate their contracts and prosecute them for fraud if they are found to be engaging in “racially discriminatory” DEI practices.
- The order continues President Trump’s efforts to eliminate DEI practices, characterizing them as “unethical and often illegal.”

HOW WILL THIS EXECUTIVE ORDER BE ENFORCED?

- This executive order will be enforced by all Cabinet Secretaries and federal agency heads.
- The order directs all executive departments and agencies to add a clause in their contracts that prohibits contractors and subcontractors from engaging in “racially discriminatory” DEI activities, defined as “disparate treatment based on race or ethnicity in the recruitment, employment, contracting, program participation, or allocation or deployment of an entity’s resources,” within 30 days of the order’s issuance.
 - Within 120 days of the date of this order, each agency head must report compliance to the Assistant to the President for Domestic Policy.



HOW WILL THIS EXECUTIVE ORDER BE ENFORCED?

- The order instructs federal contractors and subcontractors to provide all information, reports, and access to financial records and accounts to the government to assess compliance with this clause. The order directs the Director of the Office of Management and Budget (OMB Director) to issue guidance for federal agencies to evaluate compliance.
- The order stipulates that a contractor's or subcontractor's noncompliance with this policy could lead to contract cancellation, termination, or suspension, and debarment or ineligibility for future government contracts.
- The order directs contractors to report any subcontractors' conduct that violates this policy to the contracting department or agency and take appropriate remedial action.
- The order requires the OMB Director, in coordination with the Attorney General, the Assistant to the President for Domestic Policy, and the Chairman of the Equal Employment Opportunity Commission, to identify economic sectors where entities have currently or previously engaged in "racially discriminatory" DEI activities and issue additional guidance to them to ensure compliance.
- The order instructs the Attorney General (AG) to consider taking legal action against contractors or subcontractors suspected of engaging in racially discriminatory DEI activities under the [False Claims Act](#).
- The False Claims Act allows private citizens to take legal action against individuals or entities that defraud the federal government, with the oversight of the Department of Justice. The order directs the AG to swiftly review these claims and issue a determination within a 60-day period.
- The order directs the Federal Acquisition Regulatory Council to prohibit "racially discriminatory" DEI activities in federal procurement, solicitations, and contracts, and issue guidance for agency implementation within 60 days of the order's issuance.



HOW DOES THIS IMPACT BLACK COMMUNITIES?

- On the first day of his second term, President Trump issued an [executive order](#) eliminating DEI roles and offices from the federal government, and abolished programs and grants targeted towards diverse populations, including in contracting and procurement. Since the [Civil Rights Act of 1964](#) prohibited race-based discrimination in employment, the federal government has been a source of consistency and economic mobility for Black Americans, both as employees and contractors. With this executive order, the Trump Administration is creating barriers to success for Black workers who receive federal funds and also want to foster a racially diverse workplace.
- In fiscal year 2024, the federal government spent approximately [\\$755 billion](#) on federal contracts, of which several were set aside to provide opportunities for entrepreneurs from marginalized backgrounds. For example, the [8\(a\) Business Development Program](#) is a nine-year federal contracting and training program for experienced small business owners from socially and economically disadvantaged backgrounds. The program has historically benefited Black Americans and other racial and ethnic minorities. However, this order's new guidance on DEI could jeopardize the ability of racially diverse contractors to continue government business through such programs.





HOW ARE CBC MEMBERS RESPONDING?

- Members of the Congressional Black Caucus (CBC) have spoken out against President Trump's efforts to eliminate DEI, highlighting the importance of equitable policies to advance Black communities.
 - **Rep. Yvette D. Clarke**, CBC Chair, issued the following statement on behalf of the caucus in response to this executive order: "Rather than focusing his attention on the affordability crisis, President Trump remains committed to attacking critical tools of economic mobility for hardworking, everyday Americans.[...] Diversity, equity, and inclusion practices are not only mutually beneficial for a business's financial bottom line and its employees, but it is also imperative that the diversity of our federal government and its contractors accurately represent the diversity of the people it serves. It benefits absolutely no one to eradicate programming that improves the efficiency and representation of our democracy." [Full Statement](#)