

State of Play for DEI: Update

As of February 24, 2025

Situation Overview

Delivering on a key campaign promise, the Trump administration has made dismantling diversity, equity and inclusion (DEI) initiatives a core focus of its first 100 days. Following an initial wave of executive orders (EOs) focused on eliminating affirmative action requirements for federal contractors and terminating federal agency DEI-related mandates and programs¹, action at federal agencies and at the state level are now revealing the full scope of this shift.

At the federal level, [the Department of Education](#) has mandated that educational institutions dismantle DEI programs within two weeks or risk losing federal funding, targeting practices involving "racial preferences" in admissions, financial aid, and hiring. In the private sector, investigations of organizations viewed as "non-compliant" have begun, most notably by the U.S. Securities and Exchange Commission and the Federal Communications Commission. Meanwhile, On February 21, U.S. District Judge Adam B. Abelson granted a [preliminary injunction](#) that temporarily blocks key portions of Trump's executive orders targeting DEI initiatives in the federal government and corporate America, noting that enforcement of this order against companies and universities would violate constitutionally protected free speech.

At the state level, a sharp political divide is shaping actions. Some Republican-governed states such as Texas and Florida are moving to ban or restrict DEI in state government operations and school curricula while pursuing legal action against corporate DEI practices. In contrast, some Democrat-governed states have enacted laws protecting DEI programs, pledged to replace lost federal funding, and reinforced their commitments.

For companies operating in the United States, this rapid and often conflicting shift in federal policy and emerging patchwork of state-level action has introduced complex reputational challenges. **While core federal anti-discrimination legislation, such as Title VII of the Civil Rights Act, remains unchanged, shifts in interpretation and enforcement and realities of doing business or receiving grants from the federal government have created a new calculus for some organizations on DEI.** In this new operating environment, some organizations have scaled back DEI programs, notably supplier diversity initiatives and hiring practices in line with what appears to be the areas most ripe for litigation or misaligned with the federal government's determination of what's "allowable". Other major companies have maintained their DEI commitments, indicating a belief that their individual commitments are lawful and defending these programs at the board level by demonstrating their business value and rejecting shareholder proposals for dismantlement. It is important to note that all companies rolling back or affirming commitments have different starting points and varied depths of programming.

¹ See APCO's [State of Play](#) from January 27 for additional detail.

Amidst this backdrop, the media environment is rapidly shifting, fueled by legal battles, political debate, and fiery online discourse. But while the term DEI has become politicized, there is broad public consensus on the impacts of the work. New research fielded by [APCO Insight's Political Pulse Survey](#) in December 2024 and January 2025 shows that 92% of Americans agree that it is important to hire and promote people fairly, and 89% feel creating a welcoming and respectful workplace is important. Most notably, Americans across political parties broadly agree that workplace fairness and equal opportunity are fundamental values - nearly nine-in-10 among both Republicans (87% and 91%) and Democrats (93% in both statements).

Looking ahead, we expect to see additional coalitions forming to defend DEI initiatives as legal challenges from both sides of the aisle unfold across federal and state courts. This will likely create ongoing tension between executive authority and judicial oversight as the White House continues to test the boundaries of its powers in this area.

What We're Watching

Federal Agencies Fall in Line

Federal agencies have moved swiftly to comply with President Trump's EOs targeting DEI.

- The [Department of Education \(ED\)](#) Office for Civil Rights issued a "[Dear Colleague](#)" letter mandating that educational institutions cease the use of race in admissions, hiring, promotion, compensation, financial aid, scholarships, prizes, administrative support, discipline, housing, graduation ceremonies, and all other aspects of student, academic, and campus life, aligning with the Supreme Court's decision in *Students for Fair Admissions v. Harvard*.
- The [Department of Justice \(DOJ\)](#), under Attorney General Pam Bondi, has directed its Civil Rights Division to investigate and report on "illegal DEI" practices in both the private sector and educational institutions by March 1, 2025.
 - [A second memo](#), also issued by AG Bondi, eliminates DEI initiatives within the Department of Justice and requires a report by March 15, 2025 that, among other things, must identify federal contractors, suppliers, vendors, and grantees who have provided DEI training or DEI training materials to agency or department employees since January 20, 2021, as well as federal grantees who received federal funding to provide or advance DEI or environmental justice programs, services, or activities since January 20, 2021.
- The [Federal Communications Commission \(FCC\)](#), led by Chairman Brendan Carr, has launched an investigation into Comcast's DEI policies to determine compliance with federal regulations.
- The [U.S. Department of Health and Human Services \(HHS\)](#) has issued guidance updating its official definitions of terms such as "sex," "female," and "male." Its subagencies (including the CDC) have been removing references to DEI and gender identity from their websites. This includes eliminating materials that promote "gender ideology" and revising language to reflect the updated definitions. All [CDC gender ideology programs](#) funded through federal grants were "immediately, completely, and permanently terminated".
- The [National Science Foundation \(NSF\)](#) also [froze its grant review panels](#) to "align its grantmaking process with new executive orders from the Trump administration".

- The [U.S. Securities and Exchange Commission \(SEC\)](#) is reportedly reviewing its internal DEI policies and corporate disclosure requirements to align with the new administration's directives. This follows the [Fifth Circuit Court of Appeals' decision in December 2024 to strike down Nasdaq's board diversity rule](#), under the Biden Administration, which required companies to disclose board diversity statistics or explain non-compliance.
- The [U.S. Department of Transportation \(USDOT\)](#) enacted a series of DEI policy reversals in alignment with the Trump Administration's DEI orders. USDOT Secretary Sean Duffy signed a [memo](#) directing Officers and Heads of Operating Administrations to identify and eliminate all Biden-era programs, policies, activities, rules, and orders that promote climate change activism, DEI initiatives, racial equity, gender identity policies, environmental justice, and other partisan objectives.
- The [U.S. Department of Housing and Urban Development \(HUD\)](#) cancelled \$4 million in contracts promoting DEI. In a release, HUD Secretary Scott Turner stated, "DEI is dead at HUD" in alignment with President Trump's executive order.

Legal Battles Ramp Up

The legal pushback against the administration's DEI rollbacks has been swift and widespread, creating a complicated legal landscape at the federal, state, and local level. On February 20th, the [New York Times published an interactive tracker](#) of lawsuits against the federal government in response to executive orders. [A coalition of 22 states and the District of Columbia](#) has filed multiple lawsuits challenging the new restrictions, with several cases moving quickly through the courts. These legal battles will be critical in determining how (or if) these policies take hold.

- **Higher Education Pushes Back:** Higher education organizations such as the [American Association of University Professors](#) and the [National Association of Diversity Officers in Higher Education](#) initiated legal action against the executive orders, contending that the orders exceed executive authority, violate constitutional rights, and threaten academic freedom and access to higher education for all. On February 21, a federal judge ruled that Trump's EOs likely violate constitutional rights, particularly free speech protections, and granted the injunction requested by a coalition of plaintiffs led by the [National Association of Diversity Officers in Higher Education \(NADOHE\)](#).
- **Research Funding at Risk:** According to a [lawsuit from the coalition of 22 state and D.C.](#), "Medical schools, universities, research institutions, and other grant recipients across the country have already budgeted for (and incurred obligations based on) the specific indirect cost rates that had been negotiated and formalized with the federal government through the designated statutory and regulatory legal process. This agency action will result in layoffs, suspension of clinical trials, disruption of ongoing research programs, and laboratory closures."
- **Civil Rights & Constitutional Concerns:** The [Legal Defense Fund \(LDF\)](#) and [Lambda Legal](#) filed a [lawsuit](#) against the Trump Administration on behalf of the National Urban League, the National Fair Housing Alliance, and the AIDS Foundation of Chicago. The coalition alleges that the Trump Administration is infringing on the organizations' right to free speech and due process by forcing said organizations to adopt the Trump Administration's view regarding DEI.

Concurrently, we are seeing an increase in legal challenges to corporate diversity initiatives, programs and commitments.

- America First Legal continues to issue letters and threats to a wide range of private employers. [Apple's](#) CEO and Board were sent a letter from AFL demanding the end of its DEI programs and warning of material risks to investors and shareholders.
- [McDonald's](#) recently settled a lawsuit challenging its HACER National Scholarship Program by removing the requirement that applicants have at least one Latino parent, now allowing any student committed to the Latino community to apply.
- [PayPal](#) was sued by venture capital firm Andav Capital for racial bias over allegations that the company's [program](#) to expand economic opportunity for Black and underrepresented minority businesses and communities (worth a \$535M investment) for Black and Hispanic applicants unfairly discriminated against Asian applicants.
- The City of Riviera Beach Police Pension Fund in Florida filed a class action lawsuit against [Target](#) for allegedly concealing the negative impact and risk of DEI initiatives and misleading investors.

State Actions Reveal a Sharp Divide

States are taking divergent approaches to DEI, creating a complex operating landscape.

Republican-led states such as Texas, Florida, and West Virginia have moved aggressively to ban or restrict DEI in government and education, while [Iowa's Attorney General put Costco on notice](#) for maintaining its DEI policies (backed by 18 other states) and [Missouri has sued Starbucks over DEI hiring](#).

Democrat-led states such as California, New York, Massachusetts, and Illinois are pushing back. California passed laws protecting DEI; meanwhile, New York is replacing lost federal funding, Massachusetts is suing over funding restrictions, and Illinois has introduced its own DEI protections. In Washington, a federal judge dismissed a [lawsuit against the City of Seattle](#), ruling that the plaintiff, a white city employee, failed to provide sufficient evidence that the Race and Social Justice Initiative created a hostile work environment. The court found that diversity programs addressing racial inequality are not inherently discriminatory against white individuals and do not violate anti-discrimination laws.

How Organizations are Reacting

Corporate Sector Recalculations

As the dynamic legal and political landscape around DEI continues to evolve, companies are adapting their messaging and overall approaches to diversity initiatives, with some scaling commitments back and others doubling down. Many businesses have carefully rebranded their diversity strategies—emphasizing “belonging”, “inclusive workplaces” and “workforce development” over explicit DEI terminology—striking a balance between an emboldened anti-DEI activist base and employee and consumer bases that broadly support the elements of DEI, if not the term itself.

- Companies such as [Meta](#), [Amazon](#), [Disney](#), [Target](#) and [OpenAI](#) have rebranded, restructured or reduced DEI efforts, with some modifying hiring practices, supplier diversity programs, or corporate policies to align with new federal scrutiny and legal risks.
 - Many companies are also quietly reinforcing internal inclusion efforts through embedding DEI principles into broader talent strategies, emphasizing mentorship programs, skills-based hiring, and inclusive leadership training.
- Federally contractors (including but not limited to [Google](#), [Citigroup](#), [PepsiCo](#), [Accenture](#), and [Booz Allen Hamilton](#)) have referenced Trump’s executive orders banning DEI as a factor in their decisions to modify or eliminate certain programs, highlighting the increasing pressure to align with shifting federal policies.
- On the opposite side of the spectrum, companies such as [Costco](#), [Apple](#), and [Delta](#) have publicly reaffirmed DEI commitments amidst shareholder and political pressure.

Non-Profit Sector Fights Back

While several pro-DEI organizations have defended and even taken legal action against President Trump’s executive orders, some DEI-focused organizations have undergone layoffs due to the sweeping changes in the DEI landscape.

- The [NAACP](#) published a [Black Consumer Advisory](#) watchlist to “inform and caution Black consumers about the ongoing and intentional rollback of nationwide diversity, equity, and inclusion commitments.”
 - The organization stated it is speaking with executives at companies that have publicly retracted DEI initiatives and will issue guidance for consumers spending, depending on whether these organizations plan to continue to roll back or are willing to reengage.
- Concurrently, the [Human Rights Campaign](#), [GLSEN](#) and [The Trevor Project](#) have announced layoffs and restructurings due to financial challenges exacerbated by political pressures.
- [PBS](#) directly cited the President’s Executive Order on DEI as the reason behind the organization’s decision to close its DEI office. According to the [Corporation for Public Broadcasting website](#), which is a funder of both PBS and NPR, more than 70% of its annual federal appropriation goes directly to more than 1,500 local public media stations.

APCO Resources

APCO Briefs

- [Implications of Trump Administration Actions on Foundations and Nonprofits](#) (February 2025)
- [State of Play: DEI & The Private Sector](#) (January 2025)
- [Nonprofit and Philanthropy Post-Election Analysis](#)
- [DEI Post-Election Analysis](#) (November 2024)
- [ESG & Sustainability Post-Election Analysis](#) (November 2024)



Agenda360
Timely Analysis of
Critical Events & Policies

Additional Materials

- [Navigating Politically Charged DEI Conversations in the Workplace](#)

For questions, additional briefings and more information,
contact the APCO DEI taskforce: deimonitoring@apcoworldwide.com