

# “Red Light, Green Light”: Federal Court Blocks Trump's DEI Executive Orders

## Labor & Employment Law Update

By Julie Proscia on February 26, 2025

The past few weeks have seen a series of judicial “Red Light, Green Light” games.

On February 21, 2025, a U.S. District Court judge in *National Association of Diversity Officers in Higher Education, et al. v. Donald J. Trump, et al.* issued a preliminary injunction blocking the enforcement of key provisions of the Trump administration's executive orders (“EOs”) that direct federal agencies to terminate diversity, equity, and inclusion (DEI) grants, contracts, and initiatives.

Specifically, this ruling impacts the EOs entitled “Ending Radical Government DEI Programs and Preferencing” and “Ending Illegal Discrimination and Restoring Merit-Based Opportunity, which upend DEI-related reporting requirements and identify companies and organizations for prosecution. This ruling is the first—and likely not the last—in a series of challenges and the final outcome is likely to have a significant impact on employers.

### What the Court Blocked

The ruling specifically prevents the federal government from enforcing two major provisions of the EOs.

1. **Federal Contractor Compliance Certification:** Employers who contract with the federal government will not be required to certify that their DEI programs comply with federal anti-discrimination laws. This eliminates the risk of False Claims Act violations and potential blacklisting for noncompliance.
2. **Threat of Enforcement Against “Illegal” DEI Programs:** The administration is prohibited from directing the attorney general and other agency heads to specifically target private employers based on perceived violations of DEI-related laws.

### What the Court Did Not Block

Despite the partial injunction, several provisions of the EOs remain in effect.

- **Publication of Company Names:** The attorney general can still publish reports recommending enforcement actions against companies with allegedly

unlawful DEI programs.

- **Investigations Into Large Organizations:** Federal agencies are still required to identify up to nine potential civil compliance investigations of publicly traded corporations, large non-profits, and foundations with assets of \$500 million or more.
- **Government Investigations Continue:** While the EOs' enforcement is temporarily curtailed, the ruling does not prevent the government from investigating DEI programs under existing federal anti-discrimination laws, such as Title VII of the Civil Rights Act.

### What This Ruling Means for Employers

While the recent ruling temporarily stays portions of the executive orders, the outcome of this case is not certain and the ultimate resolution will have profound implications for employers, influencing how businesses structure and implement diversity and inclusion efforts within their organizations. For now, employers should review their DEI programs to ensure compliance with federal anti-discrimination laws, monitor legal developments as they arise (stay tuned to the blog), and work with your legal counsel to develop a strategy to ensure compliance.

It is likely that the Trump administration will appeal the ruling and/or issue additional executive orders. This is not the first and will likely not be the last of the stop light game so buckle in, the ride might be bumpy before it all shakes out.

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