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EXECUTIVE BRIEFING

4 Federal Policy Shifts Impacting Workplace DEI: What Leaders Must Know Now

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4 Federal Policy Shifts Impacting Workplace DEI

What Leaders Must Know Now

Recent federal policy changes have significantly reshaped Diversity, Equity, and Inclusion (DEI) efforts, workplace protections, and civil rights policies, presenting new challenges for corporate leaders. Executive orders have rolled back key DEI initiatives, restricted protections for historically excluded communities, and introduced new compliance risks for businesses.

As organizations adapt to this evolving landscape, it's essential to understand the full scope of these changes and develop strategic responses that uphold inclusion while ensuring compliance. ***Here's 4 key areas of impact:***

1. KEY EFFECTS OF POLICY CHANGES ON DEI

New executive orders have dismantled federal DEI programs, overturned affirmative action-related policies, and eliminated diversity considerations from government contracting. The new administration has also targeted federal civil rights offices and workforce protections, disproportionately affecting DEI professionals and weakening institutional support for workplace inclusion.

2. IMMEDIATE IMPLICATIONS: TRANSGENDER & NONBINARY RIGHTS

Sweeping policy changes have rolled back protections for transgender individuals, including restrictions on gender-affirming healthcare, limitations on legal recognition, and bans on trans-inclusive workplace policies. These shifts present new legal and reputational risks for companies committed to maintaining inclusive workplaces for transgender employees and customers.

3. IMMEDIATE IMPLICATIONS: IMMIGRANT RIGHTS

Tighter immigration policies have reduced legal pathways for work authorization, restricted hiring options for foreign-born workers, and increased enforcement measures. These changes pose challenges for businesses reliant on immigrant talent and require careful reassessment of workforce planning, compliance, and talent acquisition strategies.

4. IMMEDIATE IMPLICATIONS: WOMEN'S RIGHTS

Executive actions have reversed federal protections for gender equity, weakened reproductive rights, and removed workplace safeguards that support women's advancement. The rollback of gender-focused policies may exacerbate disparities in hiring, promotions, and pay equity, requiring businesses to reinforce internal policies that promote workplace fairness and inclusion.

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Immediate Impact: Diversity, Equity, and Inclusion (DEI)

Effects of Federal Policy Changes

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Effects of Policy Changes

Immediate Impact for Diversity, Equity, and Inclusion

The anti-DEI executive orders (EO) signed by President Donald Trump pose challenges for private corporations, human resource professionals, and DEI leaders. Below is a condensed recap of anti-DEI actions through March 7, 2025:

- EO "Ending Radical and Wasteful Government DEI Programs and Preferencing" overturned Executive Order 13985 and terminated "all discriminatory programs, including illegal DEI and 'diversity, equity, inclusion, and accessibility' mandates, policies, programs, preferences, and activities in the federal government."
- Taking aim at Executive Order 11246, EO "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," details specific provisions related to affirmative action.
- The Justice Department issued a memo ordering its civil rights division to end many of its ongoing investigations and no longer pursue any new indictments, cases, or settlements.
- EO "Restoring America's Fighting Force" ended DEI programs in all branches of the US military.
- The American Accountability Foundation published a "DEI Watch List," which included the names, titles, photos, and other background information of more than 50 federal employees.
- In addition to closing all DEI offices, the Trump administration is currently in the process of closing federal offices related to environmental governance.
- A federal judge temporarily blocked provisions of the executive orders targeting DEI.
- The General Services Administration issued a directive declaring that federal agencies should no longer consider a company's DEI practices when deciding whether to procure its goods or services.
- Federal layoffs have disproportionately targeted DEI workers.
- The Department of Government Efficiency has begun dismantling federal civil rights offices.
- Directly targeting a private organization, the EO "Addressing Risks from Perkins Coie LLP" punishes the law firm by stripping its attorneys of their security clearances and access to government buildings and officials.

The Path Forward

It is possible to uphold the commitment to DEI while complying with federal laws. *Harvard Business Review* asserts that "there is no legal basis to sue a company just because it expresses support for the values of diversity, equity, and inclusion." Further, state attorneys general issued a letter with guidance around President Trump's initial EO attacking DEI in the private sector. The letter reassures employers that well-structured DEI programs that follow key best practices are not illegal and are consistent with existing federal and state anti discrimination laws. Through collaboration with risk management, legal, and communications experts, DEI and senior leaders can identify a path forward that stays true to company values and fosters inclusion and belonging for all employees.

Seramount's Federal Policy, Strategy, and Crisis Communication Resource Center helps leaders navigate the evolving landscape of workplace inclusion amid shifting legal, political, and social challenges. The resources provide best practices to stay ahead of the legal shifts, prepare proactive strategy changes, maintain transparency with employees, and mitigate risk while maintaining progress on inclusion.

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Immediate Impact: Transgender and Nonbinary Rights

Effects of Federal Policy Changes

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Effects of Policy Changes: Immediate Impact on Transgender and Nonbinary Rights

Two months into 2025, more than 400 anti-LGBTQ+ bills have been introduced, along with executive orders specifically targeting transgender individuals. As corporations attempt to navigate these policy changes, the mental well-being and physical safety of LGBTQ+ employees, especially transgender and nonbinary employees, are at risk.

The first executive order mandates the federal government to recognize only two genders —male and female—based on biological sex at birth. The order also directs agencies to eliminate material promoting "gender ideology" and restricts transgender individuals from using facilities that match their gender identity.

- A second order bans transgender individuals from serving in the military.
- Another significant order bans federal funding for gender-affirming care for minors and directs the review of insurance policies to exclude such care. A federal judge has temporarily blocked portions of this ban.
- The fourth order prohibits transgender girls and women from competing in women's sports, requiring both federal agencies and state attorneys general to enforce the restriction.
- The Department of Health & Human Services issued new "guidance on sex-based definitions" and added a page to the Office on Women's Health website detailing "Sex-Based Definitions."
- The Equal Employment Opportunity Commission requested the dismissal of nearly every lawsuit it had filed in the previous year alleging discrimination against a transgender worker or workers.

The Path Forward

Executive orders have limitations, such as being overturned by federal courts if they violate the Constitution or exceed the president's enforcement authority. The president cannot overrule Supreme Court decisions or change laws passed by Congress, and Congress can counter an executive order with new legislation. Civil rights organizations, attorneys general, and judges are pushing back against the anti-DEI and anti-LGBTQ executive orders. The resistance to the executive orders and the uncertainty surrounding them have created confusion for organizations and employees. Historically, corporations have led the way in ensuring LGBTQ+ inclusion in the workplace.

Action Steps for Organizations

- **Policies and Practices:** Ensure that inclusion is embedded in all company policies and practices, including health care benefits and dress code policies.
- **Company Culture:** Leaders should advocate for inclusion and belonging and speak up against discrimination and microaggressions.
- **Mental Health:** Share information about employee assistance programs and support employees taking mental health days. Demonstrate empathetic leadership and check in with employees regularly.
- **Safe Space:** Consider partnering with your LGBTQ+ employee resource group to provide members and allies with the opportunity to connect.

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Immediate Impact: Immigrant Rights

Effects of Federal Policy Changes

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Effects of Policy Changes
Immediate Impact on Immigrants' Rights

One of President Trump's first actions during his second term was to issue a series of executive orders and policy changes related to US immigrants. These changes include:

- Enabling Immigration and Customs Enforcement to conduct large-scale immigration raids, deportations, and arrests
- Enhancing vetting for visa applicants and current visa-holders
- Ending birthright citizenship
- Declaring a national emergency at the southern border
- Expanding the use of expedited removal and other Department of Homeland Security policies to address illegal entry, unlawful presence, and removal of those unlawfully present in the US

The policy changes have affected employers as well: Immigration raids have intruded into some workplaces, and organizations are facing increased audits of their compliance with Form I-9, which is used to verify the identity and employment authorization of all new hires.

The Path Forward

Executive orders have limitations, such as being overturned by federal courts if they violate the Constitution or exceed the president's enforcement authority. The president cannot overrule Supreme Court decisions or change laws passed by Congress, and Congress can counter an executive order with new legislation. Several lawsuits have challenged President Trump's executive orders related to immigration, for example, his order ending birthright citizenship has been temporarily blocked.

Action Steps for Organizations

Protect your company.

- Consult with your legal counsel to ensure your compliance with federal and state immigration law.
- Prepare for increased immigration enforcement within your workplace by conducting regular internal audits of all employment verification documents and establishing clear policies and procedures for responding to immigration enforcement actions.

Protect your employees.

- Consider offering resources and support, such as legal assistance and mental health and wellness resources, to your employees who may be affected by these policy changes.
- Promote an inclusive work environment for all employees and have a zero-tolerance policy for anti-immigrant bias.
- Ensure that inclusion is embedded in all company policies and practices.

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Immediate Implications: Women's Rights

Effects of Federal Policy Changes

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Effects of Policy Changes: Immediate Implications on Women's Rights

As seen through the executive orders signed on Inauguration Day, the implementation of the Project 2025 mandates is underway. Following the 2024 Presidential Election, Human Rights Watch (HRW) published an article sharing their predictions on how a second Trump term would impact women's rights. Their predictions align with some of the changes implemented thus far:

- **Sexual and Reproductive Health Care:** Trump reinstated the Global Gag Rule, which prohibits the support of non-US organizations that provide abortion care, information, or referrals.
- **Women in the Workplace:** The specific mention of "gender equality" and "gender equity" in Project 2025, along with the executive order "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," means there will be a direct, negative impact on women's advancement in the workforce, specifically regarding hiring, promotion, and compensation.
- **General Health Care:** Newly appointed Health and Human Services Secretary Robert F. Kennedy, Jr., issued new guidance on sex-based definitions in response to Trump's January 20 executive order.
- **Freedom of Expression and Censorship:** Executive order "Ending Radical Indoctrination in K-12 Schooling" eliminates federal funding for "illegal and discriminatory treatment and indoctrination in K-12 schools, including based on gender ideology and discriminatory equity ideology." This action increases the likelihood of children receiving biased or no education regarding gender equality.

The Path Forward

As organizations contend with the unforeseen effects on private companies, it is possible to uphold the commitment to DEI while complying with federal laws. *Harvard Business Review* asserts that "there is no legal basis to sue a company just because it expresses support for the values of diversity, equity, and inclusion." Through collaboration with risk management, legal, and communications experts, DEI and senior leaders can identify a path forward that stays true to company values and fosters inclusion and belonging for employees.

Action Steps for Organizations

- Evaluate and reaffirm the company's commitment to fostering a culture of inclusion and belonging.
- Ensure that inclusion is embedded in all company policies and practices.
- Lean into the organization's values and culture to reinforce the expected behaviors of all employees.

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What Leaders Must Know Now

Conclusion

Despite the new challenges outlines in this report, organizations can **uphold their DEI commitments while ensuring compliance with federal law.** Legal experts affirm that **well-structured DEI programs remain lawful**, and companies can mitigate risk by embedding inclusion into core business strategies, strengthening internal governance, and maintaining transparency with employees and stakeholders.

As the regulatory environment continues to shift, corporate leaders must take a **proactive and informed approach to sustaining DEI initiatives.** By aligning strategy with compliance, reinforcing workplace equity, and fostering inclusive cultures, businesses can navigate policy challenges while staying true to their values.

How Seramount Supports Corporate Leaders

- Seramount's Federal Policy, Strategy, and Crisis Communication Resource Center provides corporate leaders with the tools and insights needed to navigate these complex changes.
- Seramount's expert guidance, best practices, resource library, and compliance strategies help businesses stay ahead of policy shifts while maintaining meaningful progress in workplace inclusion.

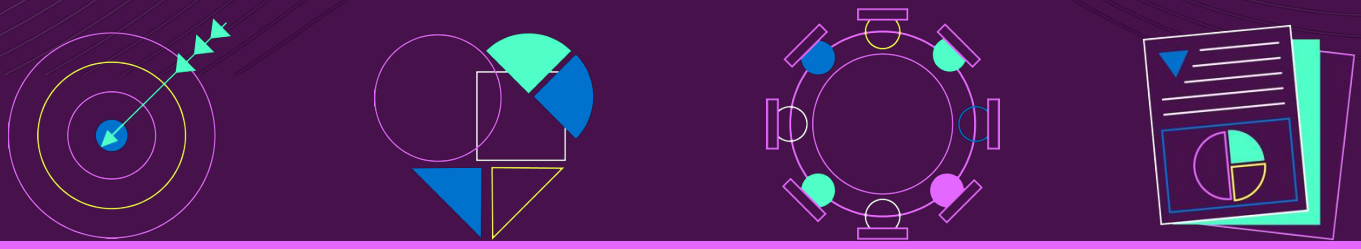
Ready to Take the Next Step?

Let's discuss how to keep your DEI strategy agile and up to date. **seramount.com/contact-us/** to start the conversation.

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