



EXECUTIVE ORDER
14398

- - - - -

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.

THE WHITE HOUSE,

March 26, 2026.

[FR Doc. 2026-06286 Filed: 3/30/2026 11:15 am; Publication Date: 3/31/2026]