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Welcome to another edition of *The Work Week with Bassford Remele*. Each Monday morning, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

Bassford Remele Employment Practice Group

Following President Trump's Executive Order Ending DEI Programs in the Federal Government, Private Companies Follow Suit

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<u>In last week's edition of The Work Week</u>, we addressed President Trump's Executive Order, which ended diversity, equity and inclusion ("DEI") programs in the federal government. Following his Executive Order, President Trump placed employees in any federal diversity, equity, inclusion and accessibility offices on leave. It is being reported that the Trump administration plans to take additional aim at diversity programs.

Although President Trump's Executive Order did not legally affect DEI programs of private employers, several private employers have followed the President's lead and announced a change or end to their DEI programs.

On Friday, January 24, 2025, Target announced that it would be rolling back its DEI programs. In a memo sent to its employees and written by Kiera Fernandez, the company's Chief Community Impact and Equity Officer, Target said that it will end its three-year DEI goals. In 2022, Target said that those goals included ensuring "equitable access to career advancement" and "equitable business decisions that increase relevance with diverse guests and support economic inclusivity."

In addition to ending its three-year DEI goals, the Fernandez memo further provides that Target will stop reporting to external diversity-focused groups and end a program focused on carrying more products from Black and minority-owned businesses.

Fernandez wrote that "as a retailer that serves millions of consumers every day, we understand the importance of staying in step with the evolving external landscape, now and in the future—all in the service of driving Target's growth and winning together."

Target's announcement follows a wave of other major employers, including Amazon, Meta, Walmart and McDonald's, who all recently announced that they would change or end their own DEI-related pledges and goals.

In contrast, other employers, including Costco, are recommitting to their DEI initiatives. On Thursday, January 23, 2025, Costco announced that 98% of its shareholders voted against a proposal to review risks of its DEI programs. The vote came after Costco's board of directors urged shareholders to vote against the proposal.

Although President Trump's Executive Order does not affect the DEI programs of private employers, the actions of Target, Amazon, Meta, Walmart and McDonald's appear to be based, at least in part, on the fear that DEI programs will come under scrutiny. The United States Supreme Court's holdings in *Students for Fair Admissions v. President and Fellows of Harvard* and *Students for Fair Admissions v. University of North Carolina* heighten this fear. In the two cases, which were decided in June 2023 and discussed in an earlier *Work Week* article, the Supreme Court ruled that race-conscious decisions in college admissions violate Title VI of the Civil Rights Act and the Equal Protection Clause of the Fourteenth Amendment. Although neither law applies to private employers, Title VI and Title VII use similar language, and, in his concurring opinion, Justice Gorsuch noted the overlapping language of the two statutes and argued that the two laws should be interpreted and applied in the same way. Thus, SCOTUS's two most recent affirmative action cases could be used to challenge the DEI initiatives of private employers.

At Bassford Remele, our <u>Employment Law practice group</u> regularly monitors case law, legislation, and administrative and executive decisions. We'll continue to monitor the ever-changing landscape of DEI initiatives and provide updates in future editions of *The Work Week*. In the meantime, please feel free to reach out to any of our team members for guidance, questions, or further assistance regarding your company's DEI policies and goals. We would love to hear from you!

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