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NEWS FOR IMMEDIATE RELEASE

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Wisconsin DOJ Joins Lawsuit Challenging Trump Administration's Unlawful New Federal Contractor Terms

MADISON, Wis. – The Wisconsin Department of Justice (DOJ) on Wednesday joined a multistate coalition in [suing](#) the Trump administration over the addition of unlawful new terms to federal contracts that – in the name of purging “diversity, equity, and inclusion” (DEI) from federal contracting – impose severe penalties on federal contractors without adequate notice of what is prohibited.

The coalition is challenging the federal agencies’ implementation of President Trump’s [Executive Order No. 14398](#). The executive order, issued March 26, 2026, directs federal agencies to adopt new contract terms prohibiting federal contractors – including state agencies and instrumentalities – from engaging in certain DEI activities in connection with their contract work, without providing guidance on what is prohibited.

As a result, federal contractors lack information on what the new contract terms require in practice, or whether or how the new requirements differ from existing laws. Contractors that fail to comply face severe penalties, including cancellation of their contracts, exclusion from all future federal contracts, and lawsuits under the False Claims Act.

“These slapdash and unlawful changes should be blocked,” said AG Kaul. “The Trump administration cannot simply ignore the law in order to advance an ideological agenda.”

The State of Wisconsin and its agencies and instrumentalities regularly contract with the federal government, and the coalition states collectively hold existing federal

contracts worth billions of dollars. Federal agencies began adding the new terms into contracts in April 2026 and have been directed to modify existing contracts by July 24, 2026. The federal government estimates the order could affect as many as 640,000 contracts and subcontracts nationwide, including more than 160,000 contracts with over 34,000 unique vendors.

The coalition alleges that the federal agencies implementing the executive order violated the Administrative Procedure Act (APA) by failing to provide notice to the public or accept comments (as required by federal procurement law), exceeding their legal authority, and failing to adequately explain or justify the new requirements. The coalition is asking the court to hold the agencies' actions unlawful and enjoin the agencies from imposing the new contract terms.

Joining Wisconsin DOJ in filing this lawsuit are the attorneys general of California, Colorado, Connecticut, the District of Columbia, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, Oregon, Rhode Island, Vermont, Virginia, and Washington.