



**Racial Justice and Equal
Economic Opportunity**
National Consumer Law Center

Urgent Action Needed to Preserve Racial Equity and Economic Justice: Trump Administration Rolls Back Decades of Progress and Upends Civil Rights Protections, Enforcement, and Rule of Law

March 2025

The Trump administration has launched an all-out assault on equity, civil rights, racial justice, and the rule of law. The onslaught of Executive Orders and other policies issued during the first month of the administration, the gutting of federal agencies, and the withholding of funds allocated by Congress have and will continue to cause significant harm to low-income consumers, people of color, LGBTQ+ individuals, and people with disabilities. These actions threaten core civil rights and consumer protections and chill freedom of speech.

Progress made to close the Racial Wealth Gap and redress systemic discrimination in the housing and credit markets is at risk. New forms of digital discrimination, amplified by artificial intelligence, will flourish. These actions follow years of well-funded attacks on race and equity-conscious programs and policies, largely funded by [private groups](#) to water down civil rights protections.

Aside from the Administration's aggressive disregard for civil rights and the [rule of law](#), Congress is advancing proposals to cut trillions of dollars from Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and other programs that help families, older adults, and people with disabilities meet their basic needs. It is also considering proposals that would more than double monthly student loan payments, and make it much harder for students from low-income families to repay their student debt. The cumulative weight of these actions will set back individuals and families still struggling to build wealth or establish firm financial foundations in a post-pandemic era.

Civil rights, consumer, and grass roots organizations have mounted numerous [challenges](#) to the Executive Orders and other actions. Highlighted below are three policy changes or other actions that are particularly harmful and undermine the economic stability of low-income consumers, people of color, LGBTQ+ individuals, and people with disabilities, along with a call to action by NCLC and other civil rights organizations.

(1) The Trump Administration's abolishment of equity-based initiatives and programs, including those designed to provide economic opportunity for all families.

The purge of diversity, equity, and inclusion (DEI) programs in the federal government and targeting of such initiatives in the private sector eliminates programs aimed at helping consumers of color, women, LGBTQ+, and people with disabilities overcome systemic barriers in access to housing, credit, education, employment, health care, and other life-sustaining activities. The Executive Orders call for abolition of a wide range of initiatives that are broadly described as DEI, DEIA, diversity, accessibility or equity-related, or based on gender identity.¹ The Executive Orders also terminate equity-related grants and contracts, and require federal contractors and grantees to certify that they do not operate any program promoting DEI that violates federal law, and threatens legal action against programs run by private companies, nonprofits, philanthropic foundations, higher education, and other entities that are designed to advance equity. Many programs and initiatives were created so all people have access to government benefits and programs, or opportunities in the private sector. The Executive Orders also attempt to dismantle programs in the private sector that help corporations avoid discrimination and comply with civil rights laws.

The Executive Orders have been challenged and litigation is ongoing. The orders do not change federal civil rights laws, or constitutional obligations, or the economic reality many people face from day to day. Historic and ongoing discrimination in employment, credit, housing and other markets has led to a well-documented racial wealth gap. According to the [Urban Institute](#), the wealth gap has grown larger over the past four decades, as the difference in wealth held by white, Black, and Latino/Hispanic families has grown. In 1983, the average wealth of white families was about \$320,000 higher than the average wealth of Black families and Hispanic families. By 2022, white families' average wealth (\$1.4 million) was more than \$1 million higher than that of Black families (\$211,596) and Hispanic families (\$227,544). In other words, white families had six times the average wealth of Black families and Latino/Hispanic families.

Current and historic policies, programs, and practices fueled these wealth disparities, and policies that center equity and full inclusion can begin to close the gap and bring about economic stability and prosperity to all people. The Administration's war on equity-related programs will create new barriers to federal programs for everyone, interfere with private sector opportunities, and weaken the economy, ultimately harming many communities.

(2) The Trump Administration's attempt to destroy the Consumer Financial Protection Bureau will fuel discrimination and predatory and abusive lending in financial markets.

Congress created the Consumer Financial Protection Bureau (CFPB) in 2011 in the wake of the foreclosure crisis to protect consumers from predatory practices in the financial markets after subprime mortgage lending led to the nation's worst recession since the Great Depression. The

Administration has moved to quickly and illegally [shut down](#) the CFPB. The fallout from this illegal move cannot be overstated; families will face an onslaught of abusive and predatory practices with few options, and discrimination will flourish in an unregulated market.

In recent years the Bureau has stepped up its fair lending enforcement and supervision, rulemaking, guidance, and monitoring of the market for discrimination and new or emerging practices that harm consumers. Crucially, this includes a focus on automated systems and models built on artificial intelligence and machine learning that can turbocharge discrimination in the credit markets. The CFPB's work has also included critical actions to enforce civil rights laws to [address discrimination](#) in consumer markets, including:

- Filing the first of its kind redlining case against a nonbank mortgage lender to enforce provisions of the Equal Credit Opportunity Act (ECOA) to protect prospective applicants who may be discouraged from applying for credit because of their race, national origin, or other protected status.
- Partnering with the U.S. Department of Justice in the Combating Redlining Initiative to enforce civil rights and consumer protection laws against discriminatory lenders who deny or avoid providing mortgages or other credit services to neighborhoods based on the race or national origin of the residents of those neighborhoods.
- Suing the developer and lender Colony Ridge for bait-and-switch land sales and predatory financing that targeted Latino borrowers with false statements about homesites.
- Modernizing the supervision and enforcement of financial markets to address emerging and existing forms of discrimination, including examination of the use of alternative data in digital marketing; use of automated systems and models built on artificial intelligence; use of criminal records in credit decisions; improper use of income derived from public benefits in credit decisions; and updating exam manual and procedures to reaffirm that discriminatory conduct is in fact an unfair practice and prohibited.
- Engaging with a broad cross section of stakeholders including Tribal governments, civil rights organizations, consumer advocates and government agencies to track, analyze, report on and address current and emerging fair lending risks in the market.

The stakes for consumers of color could not be higher. Access to credit, banking, and other financial products and services define life opportunities in the United States. Consumers looking to build wealth through homeownership, business creation, or education seek sustainable and fairly priced credit. The well-documented history of discrimination in these markets has cut off some communities from affordable, wealth-building credit, including mortgages, while inundating these same communities with high-risk destructive credit, such as payday loans, auto title loans, and the like. Pulling back on government regulation and oversight will allow these predatory practices to flourish, draining wealth from these communities and further widening the gap between communities that have access to competitively priced mainstream credit and others that are ringed by wealth-draining financiers.

The harm from this regulatory vacuum will migrate down the financial services ecosystem to smaller banks, and community-based financial institutions who compete with these unscrupulous financiers. These institutions provide the backbone of funding for small businesses, community based initiatives, and consumer small dollar loans. Abusive lending undermines consumers' confidence in the banking system and drives them away from these mainstream institutions to riskier, alternative forms of financing. It is essential to keep the Bureau strong, independent, and engaged in monitoring the larger participants in financial markets for discrimination and abuse.

(3) The Trump Administration's tear-down of HUD makes housing more expensive for renters and homeowners and provides a foundation for discrimination to flourish.

The U.S. Department of Housing and Urban Development (HUD) is under fire as the Administration gets ready to terminate at least half of the agency's workforce. These catastrophic cuts, in an agency that is already short of staff, are focused on key offices that involve the enforcement of civil rights laws, compiling housing market data, and post-disaster recovery and rebuilding. Aside from personnel, the Administration has already gutted a key civil rights protection, the Affirmatively Furthering Fair Housing (AFFH) requirement of the Fair Housing Act, which promotes affordable, inclusive, and accessible housing.

The combined weight of the staffing cuts and the rollback of civil rights protections now and in the future will impact not just consumers, but also state and local jurisdictions that rely on the agency to help build affordable housing, prevent homelessness, revitalize blighted communities, and recover from disasters. Cuts to civil rights enforcement are especially devastating to people of color who continue to face discrimination in the housing market, and will also have an outsized impact on the over 70 million [adults](#) who have a disability and make up the bulk of housing complaints the agency receives every year. Fair housing organizations in particular will be hampered from helping victims of discrimination as these local organizations may be forced to lay off staff or close their doors.

The cost of housing for low-income consumers will skyrocket as households receiving rental assistance face rent increases and eviction. Access to the wealth building opportunities presented by homeownership will be curtailed. Home [equity](#) represents 57% of the net worth of Black households and 67% of the net worth of Latino households, compared to 41% of net worth of white households. FHA-insured loans are a key source of financing for these homebuyers. Any interruption to these home programs, or the data and information on FHA-insured loans provided to consumers and the private market, will impair their ability to get loans. Moreover, cuts to FHA's National Servicing Center will mean that homeowners with FHA-insured loans who face a hardship or a problem with their mortgage company will not be able to get HUD's assistance, leading to unnecessary foreclosures and avoidable losses to the FHA insurance fund.

Housing costs are at historically high levels as many consumers are cost burdened or severely cost burdened, and housing-related costs are a key driver of the inflationary pressures families face. A functioning HUD, fully engaged in combating discrimination and promoting stable housing, is essential to a healthy housing market. The Trump Administration should step back from gutting this core agency especially given its expressed desire to tame inflation and lessen the economic burden on ordinary people.

Take Action

As the Trump Administration continues to eviscerate federal agencies and programs, the priority is to protect consumers and ensure that the market for financial products and services is fair, transparent, competitive and not discriminatory or abusive. Anything less presents a systemic risk for consumers and American businesses.

In addition it is essential to [defend](#) several pro-consumer regulations issued by the CFPB against efforts of the administration or Congress to cut back or eliminate the rules, or to gut the Bureau's funding through the budget reconciliation process.

Continued and sustained focus and action is necessary to respond to the administration's orders and cutbacks. The status of various rules, regulations, actions and orders changes almost daily. Advocates can stay involved in the fight for economic justice by logging on to the [Take Action](#) page on NCLC's website. Civil rights and grassroots organizations, such as the National Fair Housing Alliance ([NFHA](#)), NAACP Legal Defense Fund ([LDF](#)), Justice in Aging, ACLU, and Leadership Conference, among many other organizations, also have campaigns to advance justice for all people.

Congressional action, support by private organizations, and action on the state level is also needed to preserve affordable and accessible housing, fight abusive lending, and advance equity related initiatives that open up economic opportunity to all people.

Conclusion

Much is at stake for low-income consumers, people of color, LGBTQ+ individuals, and people with disabilities as pivotal agencies and programs are decimated by the current administration. The actions of the Trump Administration will have long-term sustained impact and devastating consequences for many vulnerable communities even if quickly overturned. States must provide a firewall against the erosion of civil rights on the federal level. Quick [action is necessary](#) to stem the bleeding and foster a government that works for all people.

Endnotes

1. [Executive Order 14151 “Ending Radical and Wasteful DEI Programs, issued January 20, 2025;”](#) [Executive Order 14168 “Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government, issued January 20, 2025;”](#) and [Executive Order 14173 “Ending Illegal Discrimination and Restoring Merit-Based Opportunity, issued January 21, 2025.”](#)