

Trump Rolls Back Biden's AI Executive Order and Makes AI Infrastructure Push: Key Takeaways for Employers

Insights

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In the first few whirlwind days of President Trump's new administration, the White House enacted a sweeping shift in AI policy: rescinding President Biden's executive order on artificial intelligence on Monday and announcing a massive private-sector-led AI infrastructure investment on Tuesday. The moves signal a sharp departure from the prior administration's regulatory approach, replacing AI oversight with a focus on economic growth and national competitiveness. Employers and AI industry leaders must now deal with an evolving landscape where AI regulation is loosened and investment in AI development is skyrocketing. What are the key takeaways for employers? **[Ed. Note: Soon after publication of this Insight, Trump issued his own executive order on AI – see below for quick description.]**

Trump Rescinds Biden's AI Executive Order

One of Trump's first executive actions was revoking Executive Order 14110, Biden's comprehensive AI policy, aimed at ensuring safe and ethical AI deployment. The original order required AI developers to report safety testing results to the federal government and created the U.S. AI Safety Institute within the Department of Commerce to establish AI standards and risk assessments. It also required all federal agencies to appoint Chief AI Officers, while specifically requiring the Department of Labor (DOL) to develop a plan for how federal agencies can prevent unnecessary job elimination or displacement in the private sector.

Key Takeaways

- **AI companies are no longer required to report safety testing results** for large-scale AI models.
- **The role of the U.S. AI Safety Institute is uncertain.** While it was not created by the executive order, its regulatory function may be minimized.
- **Federal AI guidance issued under Biden – including the AI Fact Sheet for Employers – is now in limbo**, raising questions about existing agency policies and compliance measures.
- **National security and economic competition now take center stage**, as Trump's administration frames AI as a geopolitical race against China with no appetite for a European-style level of regulation. With the new AI Czar, David Sacks, taking a pro-innovation, anti-regulation stance, U.S. AI policy is likely to prioritize competition over caution.

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While high-tech companies expressed optimism about a more business-friendly approach, critics warned that removing guardrails could lead to long-term risks in AI safety and security.

AI Infrastructure Surge: The \$500B Stargate Initiative

While rolling back regulations, Trump simultaneously announced an historic AI infrastructure investment led by a series of high-tech private sector companies. The initiative, named Stargate, will:

- **Begin with a \$100B investment**, with a goal of reaching **\$500B over four years**.
- **Focus on AI data centers and computing power**, starting in Texas and expanding nationwide.
- **Create over 100,000 jobs** in AI-related industries.

What This Means for Employers

These events taken together offer three clues to employers about what you can expect in the coming years:

Reduced Compliance Burdens

- Employers using AI no longer face mandatory federal reporting requirements.
- AI-related employment discrimination guidance from the EEOC, DOJ, and DOL could be reconsidered or scrapped.
- Stay tuned for a Trump White House executive order on AI, emphasizing a light-touch approach to industry and employer regulation.

[Ed. Note: Trump's Jan 23 executive order, issued soon after publication of this Insight, calls for a group of regulators to craft a new AI policy within six months intended to ensure "global AI dominance."]

Expansion of AI-Powered Industries

- The \$500B Stargate initiative will fuel AI adoption in healthcare, manufacturing, and defense.
- Companies involved in data centers, cloud computing, and energy production will see new investment opportunities.

Patchwork State Regulation Means Governance Becomes More Important

- With federal oversight scaled back, state laws (such as the ones in place in Colorado and Illinois, and those planned in states like New York, California, and New Jersey) will play a larger role in AI governance.

- Employers may need state-specific compliance strategies rather than relying on federal guidance.
- An AI governance program is essential for all employers.

Conclusion

We will continue to provide the most up-to-date information on AI-related developments, so make sure you are subscribed to Fisher Phillips' Insight System. If you have questions, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in our AI, Data, and Analytics Practice Group or Government Relations Practice Group.

Related People



Benjamin M. Ebbink
Partner
916.210.0400
Email



David J. Walton, CIPP/US
Partner

610.230.6105
Email

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