

119TH CONGRESS
1ST SESSION

H. R. 422

To establish Federal research award reimbursement limits for indirect costs for institutions of higher education, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2025

Mr. CLINE (for himself, Mr. CLYDE, and Mr. HARRIS of Maryland) introduced the following bill; which was referred to the Committee on Science, Space, and Technology, and in addition to the Committee on Education and Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish Federal research award reimbursement limits for indirect costs for institutions of higher education, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No Subsidies for
5 Wealthy Universities Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) AGENCY.—The term “agency” has the
2 meaning given the term in section 551 of title 5,
3 United States Code.

4 (2) DIRECT COST.—The term “direct cost” has
5 the meaning given the term in subpart E of part
6 200 of title 2, Code of Federal Regulations (or any
7 successor regulation).

8 (3) ENDOWMENT FUND.—The term “endow-
9 ment fund” has the meaning given the term in sec-
10 tion 312(c) of the Higher Education Act of 1965
11 (20 U.S.C. 1058(c)).

12 (4) FEDERAL RESEARCH AWARD.—The term
13 “Federal research award” means support provided
14 to an individual or entity by an agency to carry out
15 research activities, which may include support in the
16 form of a grant, contract, cooperative agreement, or
17 other transaction.

18 (5) INDIRECT COST.—The term “indirect cost”
19 has the meaning given the term in subpart E of part
20 200 of title 2, Code of Federal Regulations (or any
21 successor regulation).

22 (6) INDIRECT COST RATE.—The term “indirect
23 cost rate”, with respect to a project supported under
24 a Federal research award, means the ratio, ex-
25 pressed as a percentage, of the indirect costs of the

1 project to the direct costs of the project, as deter-
2 mined in accordance with subpart E of part 200 of
3 title 2, Code of Federal Regulations (or any suc-
4 cessor regulation).

5 (7) INSTITUTION OF HIGHER EDUCATION.—The
6 term “institution of higher education” has the
7 meaning given such term in section 102 of the High-
8 er Education Act of 1965 (20 U.S.C. 1002).

9 **SEC. 3. CAPPING INDIRECT COSTS ALLOWABLE UNDER**
10 **FEDERAL RESEARCH AWARDS.**

11 (a) ENDOWMENT CALCULATIONS.—

12 (1) COLLECTION BY NCES.—Not later than
13 September 30 of each year, the Commissioner for
14 Education Statistics shall—

15 (A) collect information regarding the value
16 of the endowment funds, as of September 30 of
17 the preceding fiscal year, of each institution of
18 higher education that has entered into a pro-
19 gram participation agreement with the Sec-
20 retary of Education under section 487(a) of the
21 Higher Education Act of 1965 (20 U.S.C.
22 1094(a));

23 (B) use the data described in subpara-
24 graph (A) to identify—

1 (i) each such institution of higher
2 education with endowment funds that, in
3 total, are valued at more than
4 \$5,000,000,000, as of September 30 of the
5 preceding fiscal year; and

6 (ii) each such institution of higher
7 education with endowments funds that, in
8 total, are valued at more than
9 \$2,000,000,000 but not more than
10 \$5,000,000,000, as of September 30 of the
11 preceding fiscal year; and

12 (C) make lists of the institutions identified
13 under each of clauses (i) and (ii) of subpara-
14 graph (B) and submit such lists to the Director
15 of the Office of Management and Budget.

16 (2) DISTRIBUTION BY OMB.—Not later than
17 September 30 of each year, the Director of the Of-
18 fice of Management and Budget shall make the lists
19 described in paragraph (1)(C) available to—

20 (A) the head of each agency;

21 (B) Congress; and

22 (C) the public.

23 (b) LIMITS ON INDIRECT COST REIMBURSEMENTS
24 FOR INSTITUTIONS WITH SIGNIFICANT ENDOWMENT
25 FUNDS.—

1 (1) PROHIBITION FOR INSTITUTIONS WITH
2 HIGHEST ENDOWMENT FUNDS.—Notwithstanding
3 any other provision of law, the head of an agency
4 making a Federal research award for a fiscal year
5 to an institution of higher education identified under
6 subsection (a)(1)(B)(i) for the preceding fiscal year
7 shall not allow any Federal research award funds to
8 be used for indirect costs.

9 (2) INDIRECT COST RATE LIMIT FOR INSTITU-
10 TIONS WITH SUBSTANTIAL ENDOWMENT FUNDS.—
11 Notwithstanding any other provision of law, the
12 head of an agency making a Federal research award
13 for a fiscal year to an institution of higher education
14 identified under subsection (a)(1)(B)(ii) for the pre-
15 ceding fiscal year shall establish an indirect cost rate
16 for the Federal research award that is not more
17 than 8 percent.

18 (c) LIMITS ON INDIRECT COST REIMBURSEMENTS
19 RATES FOR OTHER INSTITUTIONS.—Notwithstanding any
20 other provision of law, the head of an agency making a
21 Federal research award for a fiscal year to an institution
22 of higher education not identified under clause (i) or (ii)
23 of subsection (a)(1)(B) for the preceding fiscal year shall
24 establish an indirect cost rate for the Federal research
25 award that is not more than 15 percent.

1 (d) PROGRAM PARTICIPATION AGREEMENT RE-
2 QUIREMENT.—Section 487(a) of the Higher Education
3 Act of 1965 (20 U.S.C. 1094(a)) is amended by adding
4 at the end the following:

5 “(30) The institution will annually provide the
6 Commissioner for Education Statistics with the en-
7 dowment fund information needed by the Commis-
8 sioner to carry out section 3(a)(1) of the No Sub-
9 sidies for Wealthy Universities Act.”.

10 **SEC. 4. IMPROVING OVERSIGHT OF INDIRECT COST REIM-**
11 **BURSEMENT.**

12 The Comptroller General of the United States shall
13 prepare and submit to Congress an annual report regard-
14 ing the indirect costs reimbursed under Federal research
15 awards made to institutions of higher education for the
16 preceding fiscal year. The report shall—

17 (1) determine, to the extent practicable, for
18 such fiscal year—

19 (A) the amount of reimbursed indirect
20 costs for Federal research awards that were
21 used for administrative staff compensation at
22 institutions of higher education; and

23 (B) the amount of reimbursed indirect
24 costs for Federal research awards that were
25 used for compensation for administrative staff

1 members with responsibilities related to diver-
2 sity, equity, and inclusion;

3 (2) identify the research fields that receive the
4 highest levels of funding from Federal research
5 awards made to institutions of higher education; and

6 (3) identify—

7 (A) the agencies that awarded the highest
8 amount of Federal research award funds to in-
9 stitutions of higher education; and

10 (B) the institutions of higher education
11 that received Federal research awards from
12 such agencies.

13 **SEC. 5. EFFECTIVE DATE; APPLICABILITY.**

14 This Act shall take effect on the date that is 1 year
15 after the date of enactment on this Act and shall apply
16 with respect to Federal research awards made on or after
17 such date.

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