

119TH CONGRESS
1ST SESSION

H. R. 420

To impose limitations on the amount of indirect costs allowable under Federal research awards to institutions of higher education, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2025

Mr. CLINE introduced the following bill; which was referred to the Committee on Science, Space, and Technology

A BILL

To impose limitations on the amount of indirect costs allowable under Federal research awards to 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 “Federal Grant Ac-
5 countability Act”.

6 **SEC. 2. LIMITATIONS ON INDIRECT COSTS ALLOWABLE**
7 **UNDER FEDERAL RESEARCH AWARDS.**

8 (a) IN GENERAL.—

9 (1) LIMIT ON INDIRECT COSTS.—The total
10 amount of indirect costs allowable under a Federal

1 research award to an institution of higher education
 2 may not exceed the total amount of indirect costs al-
 3 lowable under private research awards, as calculated
 4 using the average indirect cost rate applicable to
 5 such awards.

6 (2) PRIVATE RESEARCH AWARD RATE.—The
 7 Director of the Office of Management and Budget
 8 shall determine, not less frequently than annually,
 9 the average indirect cost rate applicable to private
 10 research awards for purposes of paragraph (1).

11 (3) DETERMINATION OF INDIRECT COSTS.—In
 12 determining “indirect costs” for purposes of this
 13 subsection, the guidelines under subpart E of title 2,
 14 Code of Federal Regulations (or successor regula-
 15 tions) for determining indirect costs charged to Fed-
 16 eral awards shall be used.

17 (b) COMPTROLLER GENERAL STUDY ON INDIRECT
 18 COSTS UNDER FEDERAL AND PRIVATE RESEARCH
 19 AWARDS.—

20 (1) STUDY.—The Comptroller General of the
 21 United States shall conduct a study on—

22 (A) the indirect cost rates allowable under
 23 Federal research awards to institutions of high-
 24 er education, including awards made by the Na-

1 tional Institutes of Health, the National Science
2 Foundation, and other such organizations; and

3 (B) the indirect cost rates allowable under
4 private research awards to institutions of higher
5 education.

6 (2) ELEMENTS.—The study under paragraph
7 (1) shall include an assessment of—

8 (A) the average indirect cost rates allow-
9 able under Federal and private research
10 awards, respectively;

11 (B) the research fields that receive the
12 highest levels of funding from Federal and pri-
13 vate research awards, respectively;

14 (C) the average amount of indirect costs
15 allowable under Federal and private research
16 awards that are used to fund administrative
17 staff, including administrative staff with re-
18 sponsibilities relating to diversity, equity, and
19 inclusion; and

20 (D) the measures implemented by organi-
21 zations that make Federal research awards, in-
22 cluding the National Institutes of Health and
23 the National Science Foundation, to ensure
24 such organizations are implementing indirect

1 cost rate-setting guidance in a consistent man-
2 ner.

3 (3) REPORT.—Not later than one year after the
4 date of the enactment of this Act, the Comptroller
5 General shall submit to Congress a report on the re-
6 sults of the study conducted under paragraph (1).
7 The report shall include such recommendations as
8 the Comptroller General considers appropriate to im-
9 prove the system for determining indirect cost rates
10 and tracking reimbursements for indirect costs
11 under Federal research awards.

12 (c) DEFINITIONS.—In this section:

13 (1) FEDERAL RESEARCH AWARD.—The term
14 “Federal research award” means support provided
15 to an individual or entity by a department or agency
16 of the Federal Government to carry out research ac-
17 tivities, which may include support in the form of a
18 grant, contract, cooperative agreement, or other
19 such transaction.

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

24 (3) PRIVATE RESEARCH AWARD.—The term
25 “private research award” means an award made by

- 1 a private sector organization to support research ac-
- 2 tivities at an institution of higher education.

