

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.

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## 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

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## 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

project to the direct costs of the project, as determined in accordance with subpart E of part 200 of title 2, Code of Federal Regulations (or any successor regulation).

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

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

(a) ENDOWMENT CALCULATIONS.—

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

(A) collect information regarding the value of the endowment funds, as of September 30 of the preceding fiscal year, of each institution of higher education that has entered into a program participation agreement with the Secretary of Education under section 487(a) of the Higher Education Act of 1965 (20 U.S.C. 1094(a));

(B) use the data described in subparagraph (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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