

118TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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 SENATE OF THE UNITED STATES

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Mr. LEE introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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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:

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

1           (2) DIRECT COST.—The term “direct cost” has  
2 the meaning given the term in subpart E of part  
3 200 of title 2, Code of Federal Regulations (or any  
4 successor regulation).

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

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

15           (5) INDIRECT COST.—The term “indirect cost”  
16 has the meaning given the term in subpart E of part  
17 200 of title 2, Code of Federal Regulations (or any  
18 successor regulation).

19           (6) INDIRECT COST RATE.—The term “indirect  
20 cost rate”, with respect to a project supported under  
21 a Federal research award, means the ratio, ex-  
22 pressed as a percentage, of the indirect costs of the  
23 project to the direct costs of the project, as deter-  
24 mined in accordance with subpart E of part 200 of

1 title 2, Code of Federal Regulations (or any suc-  
2 cessor regulation).

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

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

9 (a) ENDOWMENT CALCULATIONS.—

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

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

21 (B) use the data described in subpara-  
22 graph (A) to identify—

23 (i) each such institution of higher  
24 education with endowment funds that, in  
25 total, are valued at more than

1                   \$5,000,000,000, as of September 30 of the  
2                   preceding fiscal year; and

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

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

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

17                         (A) the head of each agency;

18                         (B) Congress; and

19                         (C) the public.

20                  (b) LIMITS ON INDIRECT COST REIMBURSEMENTS  
21                  FOR INSTITUTIONS WITH SIGNIFICANT ENDOWMENT  
22                  FUNDS.—

23                         (1) PROHIBITION FOR INSTITUTIONS WITH  
24                         HIGHEST ENDOWMENT FUNDS.—Notwithstanding  
25                         any other provision of law, the head of an agency

1 making a Federal research award for a fiscal year  
2 to an institution of higher education identified under  
3 subsection (a)(1)(B)(i) for the preceding fiscal year  
4 shall not allow any Federal research award funds to  
5 be used for indirect costs.

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

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

23 (d) PROGRAM PARTICIPATION AGREEMENT RE-  
24 QUIREMENT.—Section 487(a) of the Higher Education

1 Act of 1965 (20 U.S.C. 1094(a)) is amended by adding  
2 at the end the following:

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

8 **SEC. 4. IMPROVING OVERSIGHT OF INDIRECT COST REIM-**  
9 **BURSEMENT.**

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

15 (1) determine, to the extent practicable, for  
16 such fiscal year—

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

21 (B) the amount of reimbursed indirect  
22 costs for Federal research awards that were  
23 used for compensation for administrative staff  
24 members with responsibilities related to diver-  
25 sity, equity, and inclusion;

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

4           (3) identify—

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

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

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

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