

# Congress of the United States

## House of Representatives

COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

2321 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6301

(202) 225-6371  
<http://science.house.gov>

June 17, 2025

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
United States Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Dodaro,

As the largest supporter of research and development (R&D) activities performed at institutions of higher education (IHEs), the federal government supports activities to enhance the global competitiveness of U.S. institutions and industries. Federal support for R&D falls into one of two categories: 1) direct costs, which support salaries, equipment, materials, and other expenses that can be directly attributed to a project, and 2) indirect costs, or overhead costs, which fund the infrastructure and maintenance services that are not easily attributed to a specific project. The National Laboratories and other Federally Funded Research and Development Centers (FFRDCs) also perform federally supported research. Although their indirect cost rates are set differently than IHEs, they do receive reimbursement for indirect costs.

Since the 1940s, the federal government has debated, implemented, removed, or revised many actions related to indirect costs. Despite the ever-active debate, there continues to be a lack of transparency in the current indirect cost model, which leads to concerns around how taxpayer funds are spent.

In February 2025, the National Institutes of Health (NIH) announced that it would adopt the same standard indirect cost rate of 15 percent across all grants to IHEs in place of a separately negotiated rate. NIH stated that it would apply this policy to all future grants and new expenses on current grants. The agency also noted that its payment for indirect costs—also referred to as facilities and administrative (F&A) costs—had averaged between 27 and 28 percent over time, with some organizations charging rates of over 50 percent. In contrast, many private foundations that fund research either do not pay any indirect costs or limit their indirect cost rates to 15 percent or lower. According to NIH, imposing a lower standard indirect cost rate

of 15 percent for IHEs would ensure that as many funds as possible go towards direct scientific research costs rather than administrative overhead.

Since NIH's announcement, several other federal science agencies have announced similar policies. In April 2025, the Department of Energy (DOE) announced a new policy limiting financial support of indirect costs to 15 percent for all awards. A month later, on May 2, 2025, the National Science Foundation (NSF) announced a new policy for a standard 15 percent indirect cost rate for new awards, and on May 14th, the Department of Defense (DOD) released a memo directing implementation of a 15 percent cost cap on new and existing awards.

Concerns over the indirect costs of conducting research are longstanding. In 2013, GAO found that indirect cost reimbursements from NIH to universities had increased slightly faster than those for direct costs and recommended that NIH assess the impact of growth in indirect costs on its mission. Additionally, in 2017, GAO found that indirect cost rates for NSF had generally increased since 2010. GAO also reported that NSF had not consistently implemented its indirect cost rate guidance and recommended that NSF take steps to improve its guidance and implement it consistently.

We request that GAO conduct a comprehensive review of the indirect costs of conducting federally supported research, including the following.

1. What is considered a direct and indirect cost for federal research grants, and are there variations in the considerations of indirect costs across federal science agencies?
2. How do federal science agencies determine the indirect cost rates for IHEs, National Laboratories, and other FFRDCs?
  - a. What process or controls does the federal government employ to ascertain or justify allowable expenditures?
  - b. What percentage of indirect costs is allowed for administrative purpose categories, such as salaries, grant management, and compliance requirements?
3. What kinds of expenses do IHEs, National Laboratories, and other FFRDCs typically pay for with indirect cost reimbursements?
4. What are the historical trends in the indirect costs of research supported by NIH, NSF, DOD, DOE, the National Aeronautics and Space Administration (NASA), and other federal science agencies, and how do these costs differ among research institutions, IHEs, and academic fields, and between research grants and contracts?
5. How do NIH, NSF, DOD, DOE, NASA, and other science agencies determine the indirect cost rates for their research grants, and what is the length of these agreements?
  - a. What are the benefits and drawbacks for the taxpayer to having a preset rate based on one agency's negotiation applied to all federal agency grants, as opposed to having each agency negotiate with grant recipients directly based on individual knowledge of different scientific disciplines and requirements?

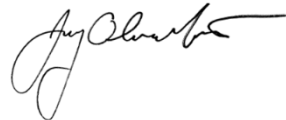
6. Does every federal grant at a single IHE, regardless of the facilities needed to perform the work and the administrative reporting requirements for the research, receive the same indirect cost rate? Is that reasonable? Are there alternative proposals that should be considered?
7. What information do grantees report to the federal science agencies on their indirect costs, and how do agencies ensure grant recipients adhere to the appropriate rate?
8. What efforts have federal science agencies made to coordinate and ensure the consistency of their indirect cost rates for research?
9. Are federal agencies adhering to their responsibility to ensure compliance with indirect cost provisions of the Office of Management and Budget's guidance on financial assistance awards and Federal Acquisition Regulation, as applicable?

Thank you for your attention to this important matter. If you have any questions, please contact Victoria Rubin at [Victoria.Rubin@mail.house.gov](mailto:Victoria.Rubin@mail.house.gov).

Sincerely,



Brian Babin  
Chairman  
Committee on Science, Space, and Technology



Jay Obernolte  
Chairman  
Subcommittee on Research and Technology



Rich McCormick  
Chairman  
Subcommittee on Investigations & Oversight