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Trump Wants to Cut Billions in Research Spending. Here's How Much It Might Cost Your University.
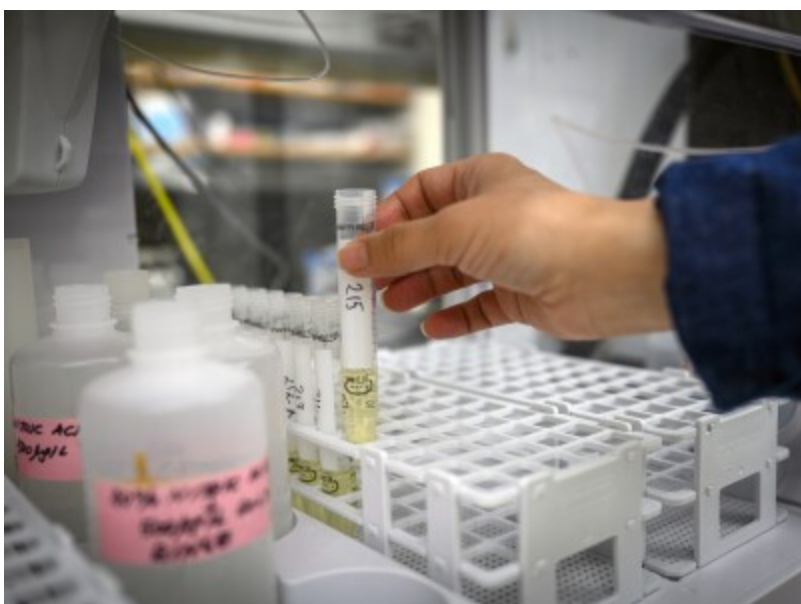
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4–5 minutes

Illustration by The Chronicle

A plan by the Trump administration to reduce government spending on research by billions of dollars has raised anxieties within higher education and among those who carry out the nation's biomedical research.

A memo released late on Friday announced that the National Institutes of Health would limit indirect-cost funding to 15 percent, approximately half of the average rate it previously offered.

Twenty-two states sued the NIH over its new overhead-funding cap and requested a federal judge issue an injunction against the new policy, saying that "work to cure and treat human disease will grind to a halt" because of the move, which was set to take effect on Monday. A judge in the U.S. District Court of Massachusetts on Monday night temporarily blocked implementation of the policy in those 22 states.

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A second lawsuit was also filed in the U.S. District Court of Massachusetts later on Monday by associations representing medical colleges, colleges of pharmacy, schools of public health, and teaching hospitals. A third lawsuit, filed in the same court, was brought by the Association of American Universities, the American Council on Education, and the Association of Public and Land-Grant Universities, as well as 12 academic institutions and systems.

To better understand how the government's proposal might affect university finances in the future, *The Chronicle* undertook an analysis of funding from the NIH to organizations like universities and colleges, as well as private-sector for-profit third parties, and derived indirect-cost rates from that funding data. Because they are derived, these figures should be considered estimates of indirect-cost reimbursement. This work builds on analyses by [James Murphy](), director of postsecondary policy for Education Reform Now, and reporting by *STAT*.

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How these cuts might affect the bottom lines of each institution remains uncertain. Columbia University, for example, reported $323 million in aggregate indirect-cost [reimbursement]() during that institution's 2023 fiscal year, which amounts to around 5 percent of Columbia's total operating [revenues]() that year.

Here's what we found:

Methodology:

The Chronicle relied on data from NIH Reporter, which reflects estimated indirect and direct costs of individual grants. Indirect cost-recovery rates are negotiated between institutions and officials with the NIH, and are considered confidential information

and unavailable for disclosure by the federal government. The indirect-cost rate is applied against the total amount of direct costs associated with a particular NIH funding program. Direct costs "may include, but are not limited to, salaries, travel, equipment, and supplies directly supporting or benefiting the grant-supported project or activity." Costs for "common or joint objectives that cannot be readily identified with an individual project or program" are considered "indirect costs" — and encompass spending on facilities operation and maintenance, depreciation, and administrative operations.

For example, take the rate of 58 percent [negotiated](#) by the Broad Institute and the federal government. If the direct costs associated with an NIH project amounted to $100,000, under the deal negotiated between the Broad Institute and NIH, the Broad Institute would be entitled to seek reimbursement up to $58,000 on any indirect costs associated with that project.

This analysis represents a single year, while grants and contracts funded by the NIH typically run longer than that. In addition, multiple years may pass before an institution or the federal government renegotiates indirect-cost recovery rates.