

Table of Contents:

- [S.2296—National Defense Authorization Act for Fiscal Year 2026](#)
- [S.2354—Senate Commerce, Justice, Science, and Related Agencies Appropriations Act, 2026](#)
- [H.R. 5342—House Commerce, Justice, Science, and Related Agencies Appropriations Act, 2026](#)
- [S.2572—Senate Department of Defense Appropriations Act, 2026](#)
- [H.R. 4016—House Department of Defense Appropriations Act, 2026](#)
- [S.3293—Senate Energy and Water Development and Related Agencies Appropriations Act, 2026](#)
- [H.R.4553—House Energy and Water Development and Related Agencies Appropriations Act, 2026](#)
- [S.2587—Senate Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2026](#)
- [H.R.5304—House Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2026](#)
- [H.R.5166—Senate Financial Services and General Government Appropriations Act, 2026](#)
- [H.R. 6938--Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act, 2026](#)
- [H.R. 7006—Financial Services and General Government and National Security, Department of State, and Related Programs Appropriations Act, 2026](#)

S.2296—National Defense Authorization Act for Fiscal Year 2026

Bill text ([SEC. 226](#)):

PROHIBITION ON MODIFICATION OF INDIRECT COST RATES FOR INSTITUTIONS OF HIGHER EDUCATION AND NONPROFIT ORGANIZATIONS.

(a) *PROHIBITION.*—The Secretary of Defense may not change or modify indirect cost rates (otherwise known as facilities and administration cost rates) for Department of Defense grants and contracts awarded to institutions of higher education and nonprofit organizations (as those terms are defined in part 200 of title 2, Code of Federal Regulations) until the Secretary makes the certification described under subsection (b).

(b) *CERTIFICATION.*—A certification under this subsection is a certification to the congressional defense committees that the Department of Defense—

(1) working with the extramural research community, including representatives from universities, university associations, independent research institutes, and private foundations, has developed an alternative indirect cost model that has—

(A) reduced the indirect cost rate for all applicable institutions of higher education and nonprofit organizations (compared to indirect rates for fiscal year 2025); and

(B) optimized payment of legitimate and essential indirect costs involved in conducting Department of Defense research to ensure transparency and efficiency for Department of Defense-funded grants and contracts; and

(2) established an implementation plan with adequate transition time to change budgeting and accounting processes for affected institutions of higher education and nonprofit organizations.

Prohibition on modification of indirect cost rates for institutions of higher education and nonprofit organizations The committee recommends a provision that would prohibit the Secretary of Defense from changing or modifying indirect cost rates for Department of Defense grants and contracts to institutions of higher education and nonprofit organizations until the Secretary makes certain certifications to the congressional defense committees.

S.2354—Senate Commerce, Justice, Science, and Related Agencies Appropriations Act, 2026

Bill text ([SEC. 542](#)):

In making Federal financial assistance, the Department of Commerce, the National Aeronautics and Space Administration, and the National Science Foundation shall continue to apply the negotiated indirect cost rates for Institutions of Higher Education in section 15 of title 2, Code of Federal Regulations, including with respect to the approval of deviations from negotiated indirect cost rates, to the same extent and in the same manner as such negotiated indirect cost rates were applied in fiscal year 2024: Provided, That none of the funds appropriated in this or prior Commerce, Justice, Science, and Related Agencies Appropriations Acts, or otherwise made available to the Department of Commerce, the National Aeronautics and Space Administration, and the National Science Foundation may be used to develop, modify, or implement changes to such fiscal year 2024 negotiated indirect cost rates.

Report language ([S. Rept 119-44](#), Page 9):

The Committee recognizes that indirect cost recovery has been essential for supporting federally funded research at university and private laboratories, enabling critical institutional functions such as Federal compliance, research facility operations, and administrative support. The Committee acknowledges that optimizing indirect cost rates can further enhance the efficiency of funding allocation for direct research and programmatic activities, benefiting early-career researchers, smaller institutions, and community-based organizations. Ensuring an effective balance in indirect costs is key to sustaining U.S. leadership in scientific research and technological innovation. The Committee notes the academic research community's efforts to develop a consensus proposal to refine this balance. In anticipation of that effort, the Committee introduces a new Title V General Provision on indirect cost rates.

H.R. 5342—House Commerce, Justice, Science, and Related Agencies Appropriations Act, 2026

Report language ([H. Rept. 119-272](#), Page 8):

Facilities and Administrative (F&A) Costs of Research Institutions.—The Committee recognizes the Administration's efforts across science agencies including the Office of Science and Technology Policy, the National Aeronautics and Space Administration

(NASA), and the National Science Foundation (NSF) to identify new mechanisms that reduce administrative burdens, increase transparency, and save taxpayer dollars. The Committee encourages the Administration to work closely with the extramural research community to develop an optimized Facilities and Administrative cost reimbursement solution for all parties that ensures the nation remains a world leader in innovation.

S.2572—Senate Department of Defense Appropriations Act, 2026

Bill text ([SEC. 8123](#)):

In making Federal financial assistance, the Department of Defense shall continue to apply the negotiated indirect cost rate for Institutions of Higher Education in section 200.414 of title 2, Code of Federal Regulations, including with respect to the approval of deviations from negotiated indirect cost rates, to the same extent and in the same manner as such negotiated indirect cost rates were applied in fiscal year 2024: Provided, that none of the funds appropriated in this or prior Department of Defense Appropriations Acts, or otherwise made available to the Department of Defense may be used to develop, modify, or implement changes to such fiscal year 2024 negotiated indirect cost rates.

H.R. 4016—House Department of Defense Appropriations Act, 2026

Report Language ([H. Report 119-162](#), Page 221):

FACILITIES AND ADMINISTRATIVE COSTS OF RESEARCH INSTITUTIONS
The Committee recognizes the Department's effort to identify new mechanisms that reduce administrative burdens, increase transparency, and save taxpayer dollars. We encourage the Department to work closely with the extramural research community to develop an optimized Facilities and Administrative (F&A) cost reimbursement solution for all parties that ensures the nation remains a world leader in innovation.

S.3293—Senate Energy and Water Development and Related Agencies Appropriations Act, 2026

Bill text ([SEC. 315](#)):

In making Federal financial assistance, the Department of Energy shall continue to apply the indirect cost rate to the same extent and in the same manner as was applied in fiscal year 2024: Provided, None of the funds appropriated in this or prior Acts or otherwise made available to the Department of Energy may be used to develop, modify, or implement changes to such negotiated indirect cost rates.

H.R.4553—House Energy and Water Development and Related Agencies Appropriations Act, 2026

Report language ([H. Report 119-213](#), Page 89)

Indirect Cost Rates.—The Committee is aware of the Department’s recent policy flashes addressing maximum indirect cost rates for institutions of higher education, state and local governments, for-profit entities, and nonprofit entities. The Committee supports the Administration’s efforts to increase the accountability of taxpayer resources and provide further transparency of facilities and administrative costs of the Department’s grants. The Committee notes that the Department supports research and development efforts across a vast range of scientific and technological pursuits. These pursuits often require specialized, proprietary, and cutting-edge equipment. A blanket indirect cost rates policy, while well-intentioned, does not fully address the unique nature of the Department’s research and development work. The Committee directs the Department to work with stakeholders to develop new indirect cost rates policies for each of the affected groups stated above that better reflect the unique capabilities of entities that support the Department’s research goals. The new policies shall take into account previous indirect cost rates negotiations that have been approved by the Department. The Committee directs the Department to pause implementation of its previously announced changes while it works to make these updates.

S.2587—Senate Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2026

Bill text ([SEC. 224](#)):

In making Federal financial assistance, the provisions relating to indirect costs in part 75 of title 45, Code of Federal Regulations, including with respect to the approval of deviations from negotiated rates, shall continue to apply to the National Institutes of Health to the same extent and in the same manner as such provisions were applied in the third quarter of fiscal year 2017. None of the funds appropriated in this or prior Acts or otherwise made available to the Department of Health and Human Services or to any department or agency may be used to develop or implement a modified approach to such provisions, or to intentionally or substantially expand the fiscal effect of the approval of such deviations from negotiated rates beyond the proportional effect of such approvals in such quarter.

Report Language ([S. Report 119-55](#), Page 156):

Facilities and Administrative Costs [F&A].—The F&A cost of a grant is intended to cover the indirect costs of biomedical research, ranging from administration and facilities to the cost of equipment shared across multiple researchers. For example, at research facilities focused on making the next breakthrough in cancer treatment, indirect costs supply the air handlers that provide the precise conditions needed to generate therapeutic T cells for immunotherapy trials, complex data systems to analyze and protect patients’ genomic data, and support for the next generation of scientific leaders. The methodology for negotiating indirect costs has been in place since 1965, and rates have remained largely stable across NIH grantees for decades. The Committee recognizes that this has been essential for supporting federally-funded research at institutions across the country. The Committee acknowledges that optimizing indirect cost rates can further enhance the efficiency of research, including

benefiting early career researchers and smaller institutions. But the Committee notes the administration similarly proposed to cap NIH's indirect cost rate at 15 percent in 2018, which Congress rejected by including a general provision prohibiting that in the fiscal year 2018 appropriations Act, which has been continued thereafter. The Committee notes that several major national associations representing academic and research institutions launched the Joint Associations Group [JAG] on Indirect Costs to develop transparent, equitable, and efficient alternatives to the current Federal indirect cost reimbursement system. Together, these subject matter experts from major public and private research universities, independent research institutes, academic medical centers, industry, foundations, hospitals, Federal research laboratories, and leading higher-education associations are developing new models for funding indirect costs on Federal research grants as potential replacements for the current Federal F&A reimbursement model. The Committee looks forward to reviewing the JAG's proposal to develop and implement an optimized, new government-wide model for indirect costs reimbursement and in anticipation of that effort maintains its longstanding bill language prohibiting NIH from developing or implementing a modified approach to funding F&A costs

H.R.5304—House Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2026

Bill Text ([SEC. 235](#)):

None of the funds made available by this Act to the National Institutes of Health may be used for facilities and administration costs (as defined in section 200.414 of title 2, Code of Federal Regulations) that exceed 30 percent of an award to an applicable educational institution that is an organization subject to taxation under section 4968 of the Internal Revenue Code of 1986.

[Report Language](#), Page 126:

Facilities and Administrative Costs.—The Committee is aware of the longstanding cost-sharing model for facilities and administrative (F&A) costs, or indirect costs, between the Federal government and research institutions, and that this cost-sharing has an important role in supporting NIH-funded research. The Committee is aware of concerns about high negotiated F&A rates and that if such rates were lower, Federal funding could support more biomedical research. The Committee is also aware of interests in making the current model more transparent and efficient, and better tailoring costs to different types of research, among other possible changes. Additionally, the Committee understands that research institutions' effective—or actual—reimbursement rates may be quite lower than their negotiated rates. Three researchers analyzed this difference for about 350 research institutions that account for roughly 90 percent of NIH's extramural funding, in "Indirect Cost Recovery in U.S. Innovation Policy: History, Evidence, and Avenues for Reform," a National Bureau of Economic Research working paper issued in March 2025. They found that most institutions' negotiated rates were between 50 and 70 percent, averaging 58 percent, while their effective rates tended to be between 25 and 45 percent and averaged 42 percent. They found that while negotiated rates have increased during the past several decades, effective rates have remained relatively constant. The Committee recognizes recent efforts by interested stakeholders to develop recommendations for a new F&A

model and notes that such efforts are a valuable contribution to the dialogue about the future of F&A rates.

H.R. 5166—Senate Financial Services and General Government Appropriations Act, 2026

Bill text ([SEC. 205](#)):

None of the funds made available by this Act may be used to develop, propose, finalize, or implement any policy, guidance, or rule that would alter the manner in which the Office of Management and Budget, in administering Federal financial assistance, applies the negotiated indirect cost rates for institutions of higher education under section 200.414 of title 2, Code of Federal Regulations, including with respect to the approval of deviation from such negotiated rates, as in effect during fiscal year 2024.

[Report Language](#), Page 26:

Indirect Cost Rate.—The Committee recognizes that indirect cost recovery has been essential for supporting federally-funded research at university and private laboratories, enabling critical institutional functions such as Federal compliance, research facility operations, and administrative support. The Committee acknowledges that optimizing indirect cost rates can further enhance the efficiency of funding allocation for direct research and programmatic activities, benefiting early-career researchers, smaller institutions, and community-based organizations. Ensuring an effective balance in indirect costs is key to sustaining U.S. leadership in scientific research and technological innovation. The Committee encourages OMB to work with the academic research community to develop a consensus proposal to refine this balance.

H.R. 6938 Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act, 2026

Bill Text (Division A [Commerce, Justice, Science], [SEC. 542](#)):

In making Federal financial assistance, the Department of Commerce, the National Aeronautics and Space Administration, and the National Science Foundation shall continue to apply the negotiated indirect cost rates in section 200.414 of title 2, Code of Federal Regulations, including with respect to the approval of deviations from negotiated indirect cost rates, to the same extent and in the same manner as such negotiated indirect cost rates were applied in fiscal year 2024: Provided, That none of the funds appropriated in this or prior Commerce, Justice, Science, and Related Agencies Appropriations Acts, or otherwise made available to the Department of Commerce, the National Aeronautics and Space Administration, and the National Science Foundation may be used to develop, modify, or implement changes to such fiscal year 2024 negotiated indirect cost rates.

*Joint Explanatory Statement for Commerce, Justice, Science and Related Agencies
Appropriations Act 2026 ([Page 3](#)):*

The agreement acknowledges that there is room for improvement in the system used to identify and recover indirect cost rates under the Uniform Guidance, particularly with respect to the need for greater transparency into these costs. Various models have been suggested to achieve these improvements, including the Financial Accountability in Research (FAIR) model advanced by the Joint Associations Group on Indirect Costs (JAG), which the Committee believes merits further consideration.

Bill Text (Division B [Energy and Water Development], [SEC. 313](#)):

In making Federal financial assistance, the Department of Energy shall continue to apply the indirect cost rates, including negotiated indirect cost rates, as described in section 200.414 of title 2, Code of Federal Regulations, including with respect to the approval of deviations from negotiated indirect cost rates, to the same extent and in the same manner as was applied in fiscal year 2024: Provided, That none of the funds appropriated in this or prior Acts or otherwise made available to the Department of Energy may be used to develop, modify, or implement changes to such negotiated indirect cost rates.

Joint Explanatory Statement for Energy and Water Development and Related Agencies
Appropriations Act 2026 (Title III-Department of Energy, [Page 90](#)):

The Committee acknowledges that there is room for improvement in the system used to identify and recover indirect cost rates under the Uniform Guidance, particularly with respect to the need for greater transparency into these costs. Various models have been suggested to achieve these improvements, including the Financial Accountability in Research (FAIR) model advanced by the Joint Associations Group on Indirect Costs (JAG), which the Committees believe merit further consideration.

**H.R. 7006 - Financial Services and General Government and National Security,
Department of State, and Related Programs Appropriations Act, 2026**

Joint Explanatory Statement for the Financial Services and General Government Appropriations
Act ([Page 20](#)):

Indirect Costs. -The agreement recognizes that indirect cost recovery has been essential for supporting research at universities, nonprofit laboratories, medical centers and other entities eligible for federal research awards and is key to sustaining U.S. leadership in scientific research and technological innovation. The agreement acknowledges that there is room for improvement in the system used to identify and recover indirect cost rates under the Uniform Grant Guidance, particularly with respect to the need for greater transparency into these costs. Various models have been suggested to achieve these improvements, including the Financial Accountability in Research (FAIR) model advanced by the Joint Associations Group on Indirect Costs

(JAG), which Congress believes merit further consideration. Therefore, the agreement directs OMB to engage in discussions with the Committees on proposals to achieve these improvements, including on the FAIR model. The agreement further directs OMB to not finalize or implement any policy, guidance, or rule, or publish a notice of proposed rulemaking, that would alter the manner in which negotiated indirect cost rates have been implemented and applied under the Uniform Grant Guidance, as that guidance was in effect during fiscal year 2024.