119TH CONGRESS
2D SESSION

S. _____

To establish Federal research award reimbursement limits for indirect costs for institutions of higher education, and for other purposes.

IN THE SENATE OF THE UNITED STATES

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

A BILL

To establish Federal research award reimbursement limits for indirect costs for institutions of higher education, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''No Subsidies for Wealthy Universities Act''.

SEC. 2. DEFINITIONS.

In this Act:

(1) AGENCY.—The term ''agency'' has the meaning given the term in section 551 of title 5, United States Code.

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

(3) ENDOWMENT FUND.—The term ''endowment fund'' has the meaning given the term in section 312(c) of the Higher Education Act of 1965 (20 U.S.C. 1058(c)).

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

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

(6) INDIRECT COST RATE.—The term ''indirect cost rate'', with respect to a project supported under a Federal research award, means the ratio, expressed 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—

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

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

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

(C) make lists of the institutions identified under each of clauses (i) and (ii) of subparagraph (B) and submit such lists to the Director of the Office of Management and Budget.

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

(A) the head of each agency;

(B) Congress; and

(C) the public.

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

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

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

(2) INDIRECT COST RATE LIMIT FOR INSTITUTIONS WITH SUBSTANTIAL ENDOWMENT FUNDS.—Notwithstanding any other provision of law, the head of an agency making a Federal research award for a fiscal year to an institution of higher education identified under subsection (a)(1)(B)(ii) for the preceding fiscal year shall establish an indirect cost rate for the Federal research award that is not more than 8 percent.

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

(d) PROGRAM PARTICIPATION AGREEMENT REQUIREMENT.—Section 487(a) of the Higher Education

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

''(30) The institution will annually provide the Commissioner for Education Statistics with the endowment fund information needed by the Commissioner to carry out section 3(a)(1) of the No Subsidies for Wealthy Universities Act.''.

SEC. 4. IMPROVING OVERSIGHT OF INDIRECT COST REIMBURSEMENT.

The Comptroller General of the United States shall prepare and submit to Congress an annual report regarding the indirect costs reimbursed under Federal research awards made to institutions of higher education for the preceding fiscal year. The report shall—

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

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

(B) the amount of reimbursed indirect costs for Federal research awards that were used for compensation for administrative staff members with responsibilities related to diversity, equity, and inclusion;

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

(3) identify—

(A) the agencies that awarded the highest amount of Federal research award funds to institutions of higher education; and

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

SEC. 5. EFFECTIVE DATE; APPLICABILITY.

This Act shall—

(1) take effect on the date that is 1 year after the date of enactment of this Act; and

(2) apply with respect to Federal research awards made on or after such date.