



NIH Cap on Indirect Costs Threatens Medical Research

Feb. 10, 2025

NIH's new [15% cap on indirect cost recovery](#), announced Feb. 7, will have a devastating impact on medical research at the U of I System and across the country. In FY2024, our NIH research expenditures amounted to more than \$325M. The 15% cap will **reduce our NIH funding by ca. \$67 million—equaling a 71% cut to our NIH indirect cost recovery**—jeopardizing our ability to continue conducting clinical trials and performing the cutting-edge medical research that leads to new cures and diagnostics.

Here's a breakdown of those numbers:

	UIC	UIUC	TOTAL
Total number of NIH grants	1016	340	1356
Total NIH funding (\$millions)	208.2	119.4	327.6
Total indirect costs (\$millions)	63.5	30.6	94.1
Reduction in NIH indirect costs based on 15% cap (\$millions)	46.3	20.5	66.8
% reduction in NIH indirect costs based on 15% cap	73%	67%	71%

What Are Indirect/F&A Costs?

Research universities invest in state-of-the-art labs, high-speed data processing, hazardous waste disposal, regulatory compliance staff, patient safety protocols and maintenance, among other expenses. These indirect or "Facilities and Administrative" (F&A) expenses provide the infrastructure and support that are essential to research.

Federal grants are intended to cover both the direct costs of research—such as researcher salaries, graduate students, equipment and supplies—as well as those F&A or indirect costs.

In practice, the government's F&A rates are *already* too low to fully cover the costs to universities of doing research. Universities contribute significant resources and funds of their own to cover the cost of doing federally sponsored research.

How Will the New NIH Cap Impact Medical Research?

The cap will make it untenable for universities to continue conducting research on the scale and with the resources that this country needs. The result will be less research, fewer diagnostics and therapeutics, and less progress in the health sciences, from preventative medicine to public health to infectious diseases. Researchers and academics—particularly those who came to this country to study and work—will look for funding opportunities overseas and the US will cede its leadership in this vital area to China, Europe and elsewhere.

How Will the NIH Cap Impact Clinical Trials?

There are approximately 400 clinical trials currently underway at UIC, which are critical in identifying methods to prevent, screen for, diagnose, mitigate, or treat patients who are suffering from a range of health conditions. Many of these trials are supported by the NIH. These trials require very specialized infrastructure and support and are complex and costly to perform. This includes clinical care space, operation of Institutional Review Boards, special instrumentation, and diagnostic equipment. Without the support for the resources needed to perform these trials, currently provided significantly through indirect cost recovery, fewer trials will inevitably be conducted and the overall health of our nation will suffer.

What Does This Mean for the U of I's Medical Research?

The cap jeopardizes our ability to continue conducting essential medical research. The University of Illinois has a long and strong history of impactful research, including the innovation of two key pharmaceuticals, Prezista and Shingrix. The former has been an important drug for the treatment of HIV; the latter is the current gold standard vaccine for the prevention of shingles in adults. Awards from the National Institutes of Health fund University of Illinois research that improves health and saves lives. In 2024, NIH funding for University of Illinois research led to the development of promising new therapeutics, including a novel antibiotic to fight drug-resistant bacteria and a redesigned drug for acute lymphoblastic leukemia, the most common blood cancer in children. It has helped us develop a new screening method to help physicians detect ovarian tumors early and a new vaccine for lymphatic filariasis, a disease affecting over

a 100 million people worldwide. It has funded the launch of a new maternal health research center to reduce maternal death and morbidity and a study site investigating the links between environmental exposures, diabetes, and chronic kidney disease.

Is This Legal?

There was bipartisan opposition to efforts to cap NIH indirect costs during the first Trump Administration. Since FY2018, an appropriations rider has prevented further efforts to impose such a cap. That rider is still in effect.