

Date of Hearing: July 8, 2025

**ASSEMBLY COMMITTEE ON HIGHER EDUCATION**

Mike Fong, Chair

SJR 4 (Laird) – As Introduced April 10, 2025

**SENATE VOTE:** 26-6

**SUBJECT:** Research and education: federal funding cuts: the National Institutes of Health and postsecondary educational institutions

**SUMMARY:** Urges the administration of President Donald J. Trump and the Congress of the United States to rescind funding cuts to the National Institutes of Health (NIH) and affirms the Legislature’s commitment to protecting postsecondary educational institutions in California. Specifically, **this resolution:**

- 1) Includes several “whereas” statements laying out the importance and benefit of NIH research funding for California’s institutions of higher education, including, but not limited to:
  - a) NIH funding has contributed to research for approximately 99% of drugs approved between 2010 through 2019, including heart medication;
  - b) The indirect funding limit will strip research groups of hundreds of millions of dollars to cover indirect expenses, including clinical trials of new treatments and basic lab research for studying Alzheimer’s disease, cancer, diabetes, and heart disease, among other illnesses; and
  - c) A group of 22 states and organizations representing universities, hospitals, and research institutions nationwide filed separate lawsuits to stop the cuts, saying they would cause “irreparable harm.” In February, United States District Judge Angel Kelley temporarily blocked the cuts and subsequently filed a preliminary injunction putting the cuts on hold while the lawsuits proceed.
- 2) Resolves that California has long invested in education and research and affirms its continued commitment to its postsecondary educational institutions.
- 3) Resolves that the California State Legislature is deeply concerned about the harm these changes will inflict on our state’s public and private institutions, the scientific community nationwide, the biotechnology industry, and patients awaiting new cures and treatments.
- 4) Calls on the administration of President Donald J. Trump and the Congress of the United States to rescind the cuts and cease the attacks on our postsecondary educational institutions.
- 5) Resolves that the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the United States House of Representatives, to the Majority Leader of the United States Senate, to each Senator and Representative from California in the Congress of the United States, to the Governor, to the Attorney General, and to the author for appropriate distribution.

**EXISTING LAW:**

- 1) Confers upon the California State University (CSU) Trustees the powers, duties, and functions with respect to the management, administration, control of the CSU system and provides that the Trustees are responsible for the rule of government of their appointees and employees. (Education Code (EDC) Sections 66606 and 89500, et seq.)
- 2) Establishes the University of California (UC) as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services. (Article IX, Section (9)(a) of the California Constitution).
- 3) Defines “independent institutions of higher education” as those nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in this state and are accredited by an agency recognized by the United States Department of Education (EDC Section 66010, et seq.).

**FISCAL EFFECT:** This measure was keyed non-fiscal by Legislative Counsel.

**COMMENTS:** *Need for this resolution.* According to the author, “the National Institutes of Health (NIH) is a cornerstone of the nation’s biomedical research infrastructure. The cuts announced on February 7, 2025, pose a direct threat to the health and well-being of millions of Americans, including vulnerable patients who depend on lifesaving research for treatment and cures. California is home to some of the nation’s leading research universities and medical institutions, collectively receiving over \$5 billion of NIH dollars. A conservative estimate suggests the proposed cuts could result in the loss of hundreds of millions of dollars of funding for California universities. California students and researchers contribute to groundbreaking research that [has a] global impact. These cuts would disrupt education, lead to job losses, and stall national leadership in global health. SJR 4 calls on the federal government to reaffirm its commitment to health, education, and innovation by restoring NIH funding.”

*NIH.* The NIH is located within the United States Department of Health and Human Services, and can trace its roots back to a one-room laboratory within the Marine Hospital Service (MHS) in 1887. The MHS was tasked by Congress with examining passengers on arriving ships for clinical signs of infectious diseases including cholera and yellow fever in order to present a potential epidemic.

Today it stands as the nation’s medical research agency investing, “...most of its nearly \$48 billion budget in medical research seeking to enhance life and to reduce illness and disability. NIH-funded research has led to breakthroughs and new treatments helping people live longer, healthier lives, and building the research foundation that drives discovery.”<sup>1</sup>

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<sup>1</sup> <https://www.nih.gov/grants-funding>

California is the largest recipient of NIH dollars in the country. “California’s colleges and universities have much at stake when it comes to federal research funding. The state’s higher education institutions notched \$7.2 billion in federal research and development (R&D) spending in 2023, according to the [Higher Education Research and Development \(HERD\) Survey](#). That figure includes more than \$250 million spent at California State University, and more than \$4.6 billion across the University of California system. The state’s private universities, including Stanford University and the University of Southern California, spent a combined \$2.3 billion in federal R&D.”<sup>2</sup>

Embedded within the amounts listed above include approximately \$9 billion allocated for indirect costs. In 2023, funding for indirect costs averaged nearly 30% of total funding, with some universities receiving more than 60%. On February 7, 2025, the NIH issued a notice titled, “Supplemental Guidance to the 2024 NIH Grants Policy Statement: Indirect Costs Rates” ([Notice Number: NOT-OD-25-068](#)) limiting the amount of indirect cost funding to 15%.<sup>3</sup>

*Indirect costs funding cap.* Indirect costs are expenses that are necessary for the overall research environment but cannot be directly attributed to a single project, also known as “facilities and administration (F&A) costs.” According to federal regulations (Code of Federal Regulations, Title 45, § 75.414), “facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as the director’s office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “facilities.”

Prior to the February 7, 2025, notice, an institution’s indirect cost rate was determined by taking the ratio of total indirect costs to total direct costs. Following further negotiation between the institution and the federal government, this rate is then applied to project-specific budgets to determine indirect costs.

Variation in indirect costs can be driven by a number of factors, including:

- Type of research: Universities conducting clinical trials and other medical research in high-tech laboratories may have higher indirect costs than institutions conducting basic geological research using computer models.
- Geography: Some universities in high-cost living areas or with expensive research facilities may have higher rates.

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<sup>2</sup> <https://edsource.org/2025/california-research-grants-federal-funding-trump-administration/733468>

<sup>3</sup> NOT-OD-25-068: Supplemental Guidance to the 2024 NIH Grants Policy Statement: Indirect Cost Rates

- Type of agreement: Rates may differ depending on whether the grant is from the NIH, Department of Defense, or another agency.
- Institution size: Larger research universities with greater infrastructure may secure higher rates compared to smaller institutions.

According to the UC, the largest postsecondary research segment, by reducing the maximum cap on indirect costs, rather than negotiating on a case-by-case project will, “amount to a reduction of funding in the hundreds of millions of dollars annually and would have a profound impact on biomedical research that saves lives. F&A funding is not overhead—it is the necessary support for the infrastructure that makes research possible. These funds keep labs operational, support compliance with federal regulations, ensure research integrity, and allow UC and institutions nationwide to continue serving as responsible stewards of taxpayer investments.”

*Lawsuits against the cap.* On February 10, 2025, California’s Attorney General announced it had filed a lawsuit as part of a coalition of 22 attorneys general against the Trump Administration, the Department of Health and Human Services, and the NIH. This lawsuit was filed in the United States District Court for Massachusetts. On March 5, 2025, the United States District Court for Massachusetts issued a preliminary injunction to temporarily halt the implementation of the proposed cap on indirect costs. On April 4, 2025, the United States District Court for Massachusetts ruled in favor of plaintiffs and granted a permanent injunction, which blocks implementation of the proposed cap on indirect costs.

The latest court ruling occurred on June 16, 2025, where, “a federal judge deemed that some of the grant terminations by the National Institutes of Health are ‘void and illegal’ in a hearing on two lawsuits filed against the Trump administration. The decision comes after Judge William G. Young heard arguments for over two hours at U.S. District Court in two suits filed against the administration over the termination of hundreds of research grants by the National Institutes of Health. The decision, which can be appealed, hands a temporary victory to researchers across the country, who are reeling from unprecedented changes at the world’s largest public funder of biomedical research.”<sup>4</sup>

*Arguments in support.* According to the UC Office of the President, “NIH research funding supports the United States’ scientific competitiveness and enables the U.S. to be a global biomedical innovation leader. Federal NIH funds are UC’s single most important source of support for research, accounting for more than half of UC’s total research awards, funding that totaled \$2.6 billion in the last academic year. Breakthroughs pioneered by our faculty using NIH funds include key findings at nearly every stage of our country’s efforts to fight cancer, including critical drugs and treatments such as Herceptin; significant advances in the flu vaccine; the discovery that HIV causes AIDS; the PET scan; the nicotine patch; and the groundbreaking gene editing technology CRISPR-Cas9.”

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<sup>4</sup> <https://www.statnews.com/2025/06/16/nih-research-cuts-ruled-illegal-by-federal-judge-william-young/>

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

University of California

**Opposition**

None on file.

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