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Indirect Costs: How Taxpayers Subsidize University Nonsense

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KEY TAKEAWAYS

The federal government pays universities an exceptionally high rate for overhead costs on research grants while private foundations often pay nothing.

Taxpayers help fund the leftist agendas of foundations by about $100 million per university per year, which also supports diversity and inclusion bureaucracies.

Congress should adopt market-based reforms of research overhead costs to eliminate subsidization of leftist agendas.

Federal taxpayers began subsidizing scientific research at institutions of higher education in 1946.[1] Now, thousands of university researchers submit proposals for federal grants to fund their research projects each year as part of the U.S. government's decentralized system of contracted research.[2] In 2019, universities received over $83 billion in research funding—$44 billion of which came from the pockets of taxpayers through grants awarded by federal agencies such as the National Institutes of Health and the National Science Foundation.[3] Other organizations, such as nonprofit foundations, also fund academic research, and over time the share of funding contributed by such non-federal sources has become a substantial portion of total research funding.[4]

The cost of all academic research projects includes the direct costs of the project, as well as overhead

expenses, also known as indirect costs. The goal of this report is to quantify the extent to which the current system of indirect cost reimbursement of federal research grants subsidizes the agenda of the political left. The current system forces taxpayers to subsidize the Left in two concrete ways.

1. In a clear example of crony capitalism, taxpayers cross-subsidize the research agendas of billionaire philanthropists and their organizations, such as Google Research and the Ford Foundation, many of which are captured by the political left.

2. Universities use taxpayer dollars to pay for Diversity, Equity, and Inclusion (DEI) activity and the Left's political agenda on campuses, not important scientific research.

A solution to these problems is for Congress to cap the indirect rate federal agencies pay for research overhead so that it does not exceed the lowest rate that a university accepts from a private organization. This market mechanism will force all funders to pay the true indirect cost rate, thereby eliminating the taxpayer cross-subsidy of private organizations and reducing the ability of universities to fund ideological and illiberal activity on campus.

Direct and Indirect Costs

Research grants fund two main components of research: direct costs and indirect costs. Direct costs are costs that can be directly accounted for in a research project such as researcher salaries and benefits, lab equipment, and animal specimens.[5] Indirect costs, also known as facilities and administrative costs, are fixed overhead costs that are necessary for all activities that occur at a university but cannot be directly attributed to any specific research project. Indirect costs include expenses like building maintenance and operation, utilities, general office equipment, and administrative assistance.[6]

Anticipated direct costs are identified through a system of cost accounting by the principal investigator in the grant proposal process and are considered when the awarding federal agency decides which researcher or research project is worthy of a grant.[7] The researcher must itemize and spend the money allocated for direct costs in the specific time window detailed in the grant.

By contrast, the true indirect cost of a project is impossible to itemize. Currently, universities are reimbursed for indirect costs of federally funded research projects based on an indirect cost rate. The indirect cost rate is defined

as a percentage of the direct costs of a research project that the funder pays the university in addition to the direct costs. For example, if the federal government awarded a grant of $100,000 with an indirect cost rate of 50 percent to University A, then the federal government would pay a total of $150,000.

This rate is negotiated between a major funder, for example, the Department of Health and Human Services or the Office of Naval Research, and each university.[8] However, the negotiated rates are based on an arbitrary cost formula that provides a "patina of objectivity and technical respectability."[9] Cost experts carry out the façade of precision with expensive costing studies of historical overhead expenses at every university every few years to determine the projected indirect costs and the rate needed to cover them.[10] And if, for some reason, a university receives less than the negotiated rate in a particular year, the difference is added to the next fiscal year, increasing the future rate.

Shortly after the federal government started funding academic research, it reimbursed indirect costs with a universal cap on the rate. The cap was first set at 8 percent, then after a few years increased to 15 percent, then to 20 percent.[11] In 1966, the cap was removed and the indirect rate that taxpayers paid universities skyrocketed.[12] By 1990, Stanford University had an indirect cost rate of *70 percent*.[13] After a handful of scandalous stories of universities using indirect cost funds to pay for yachts and decorations in the president's house, indirect cost rates came down slightly. Today, however, indirect cost rates are again on the rise—and are a massive cost to taxpayers.

Problems With the Current System

There are at least two major problems with the current system of awarding federal research grants.

Subsidizing Billionaires. First, federal taxpayers cross-subsidize the overhead costs of the foundations of billionaire philanthropists. Taxpayers help fund the research agendas of foundations such as The Bill and Melinda Gates Foundation, the Ford Foundation, and George Soros' Open Society Foundation. This is overt crony capitalism in that it is a transfer of money from taxpayers of modest means to very wealthy foundations backed by corporate interests.

Rarely do foundations reimburse university overhead costs at a rate of more than 15 percent, while most foundations pay zero percent (or no overhead) for research expenses.[14] Taxpayers reimburse the same universities at rates over 60 percent. There exists a real overhead cost to academic research. However, it is not zero percent, and it is not 64 percent (the federal rate paid to Johns Hopkins University).[15]

Funding Ideological Agendas. Second, fueled by a lack of transparency, indirect cost funds have likely contributed to the explosion of DEI staff on campuses across the nation.[16] Essentially, indirect funds are unencumbered "profits" that administrators can direct for whatever purposes they prefer. As auditors have cracked down on obviously superfluous expenses such as yachts, one of the main things that administrators could choose to do with the profits from indirect rates is to hire more DEI staff.

According to a 2021 report, universities in the Power Five athletic conferences have an average of 45 DEI staff members.[17] There is no evidence that DEI staff improve educational or research outcomes: In fact, there is evidence at the K–12 level that public school districts that have a DEI leadership position, such as a Chief Diversity Officer, saw their achievement gaps grow larger from 2009–2018.[18] Other research shows that not only do DEI staff on college campuses not achieve their stated purpose of increasing inclusion of minority students on campus, but there is strong evidence of antisemitic attitudes among DEI staff.[19] The authors of the study conclude that "it is clear that DEI staff at universities actually function as political activists, articulating and enforcing a narrow and radical ideological agenda."[20]

GAO Findings. One telling sign that there are problems with the current system of indirect cost reimbursement is that schools that receive more federal research funding also receive higher indirect cost rates. One would expect universities that receive more federal funding to need a lower indirect cost rate to cover fixed costs due to an economy of scale. A 2017 General Accounting Office (GAO) report found that nonprofit research institutes that receive federal funding are reimbursed at lower indirect cost rates than universities, suggesting that it is possible to conduct high quality research at lower costs.[21]

There is very little research in the academic literature on these difficulties with the current system of indirect cost reimbursement. Understandably, academic researchers have no incentive to blow the whistle on their own livelihood. As a result, virtually no papers take the current system head on.[22] There have been government-led reports on this issue over the years, mirroring the ebbs and flows of outrage sparked by egregious stories. However, substantive reform has never followed.

Methods

Data. The dataset used in this report is a convenience sample of 82 universities that includes the 35 schools that received the most federal research funds in fiscal year 2019, as well as the main public university in each state.

For each university in the dataset, we collected federal indirect rates from the most recent indirect cost rate agreements which are publicly available on university websites. We also collected information on universities' indirect rate policies for non-federal funding sources and the minimum rate that universities would accept from such sources.

We merged data from the 2019 Higher Education Research and Development Survey, a nationally representative survey of all institutions of higher education conducted by National Center for Science and Engineering Statistics within the National Science Foundation.[23] These data show research expenditure data by source of funding (federal government, state and local government, university funds, business, nonprofit organizations, and all other sources) for all institutions of higher education that report spending at least $150,000 in fiscal year 2019.

To conduct regression analyses, we then merged the dataset from *Diversity University*.[24] These data included the number of employees in roles dedicated to diversity, equity, and inclusion for all schools in the Power Five athletic conferences.

Assumptions and Justification. We analyzed nonprofit foundations that are the largest funders of academic research and their published indirect cost rates. The modal rate published by foundations is zero percent, and the maximum indirect cost rate that a foundation is willing to pay for an academic research project is 15 percent (e.g., Bill and Melinda Gates Foundation and John Templeton Foundation).

It is not possible to determine the exact amount that each organization funded each university due to data constraints. Therefore, we calculated estimates under two assumptions to represent the minimum and maximum estimated cross-subsidy amounts.

1. To estimate the minimum likely cross-subsidy, we applied an indirect rate of 15 percent to all private funding sources that do not explicitly state a minimum acceptable rate.

2. To estimate the maximum likely cross-subsidy amount, we repeated the calculation assuming an indirect cost rate of zero percent.

We removed the relatively small number of research grants from businesses from all calculations as universities are required to charge for-profit businesses the full federal rate. We calculated the total dollar amount that taxpayers cross-subsidize the research agendas of private organizations under those two situations and the average cross-subsidy per university under both assumptions.

Statistical Analysis. To test for a relationship between indirect costs and the number of university DEI staff, we fit three ordinary least squares regression models. We separately tested the federal indirect cost rate, total indirect reimbursement dollars, and amount of cross-subsidy for an association with the number of DEI staff.

Results

Table 1 shows the 82 universities included in the sample as well as the federal indirect cost rate, the minimum accepted private indirect cost rate, and examples of private organizations that fund research at each university. The sample represents 63 percent of the total academic research funding in the U.S.

The average federal indirect cost rate, weighted by total federal funding, is 58.3 percent. Federal indirect cost rates range from 41 percent for the University of North Dakota to 69 percent for Harvard University. Universities that receive more research funding tend to have higher federal indirect cost rates. The 10 universities in our sample that received the largest sums of money from taxpayers have federal indirect cost rates above 55 percent, whereas eight of the bottom 10 universities have indirect cost rates below 50 percent. This is consistent with previous research.[25]

The most common minimum acceptable indirect cost rate that universities would accept from private organizations is zero percent. It is the policy of 67 of the 82 schools to accept the sponsor's published rate, which is zero percent. Harvard University and California Institute of Technology accept minimum rates of 15 percent and 20 percent, respectively. The University of Alabama at Birmingham, Massachusetts Institute for Technology, and the University of Michigan are the only three universities in the sample that explicitly state that they will not accept rates that are lower than the federally negotiated rate, no matter the source. The minimum accepted private rates of 10 schools in the sample could not be confirmed.

Crony Capitalism

Table 3 shows the sample universities by federal research funding, non-federal research funding, and the estimated dollar amount that taxpayers cross-subsidize private organizations under the assumption of a zero percent private indirect cost rate and a 15 percent private indirect cost rate.

Assuming a private indirect cost rate of zero, the total amount that taxpayers subsidized the research private organizations in 2019 was $10.9 billion

according to our sample. This amounts to $133 million *per university*. Under the most conservative assumption, using a private indirect cost rate of 15 percent, researchers estimate a total of $7.1 billion and $87 million per university.

Assuming a private indirect cost rate of zero, the cross-subsidy amount ranges from $9.1 million at the University of South Dakota to $505 million at the University of California, San Francisco.

Treating these two assumptions as lower and upper bounds, we estimate that taxpayers subsidized the research interests of billionaire philanthropists somewhere between $7.1 billion and $10.9 billion in 2019. This money went to organizations created by Mark Zuckerberg (Chan Zuckerberg Initiative); Jeff Bezos (Bezos Family Foundation); George Soros (Open Society Foundation); and Bill Gates (Bill and Melinda Gates Foundation), among others.

Funding DEI

The large sums of indirect cost funds received by universities is also contributing to the massive growth in DEI staff. Table 4 shows the results of the regression analyses. All three models show a statistically significant positive association between indirect costs and DEI staff. We found that a $100 million increase in cross-subsidy of private indirect costs is associated with 9.4 additional DEI employees. A 1 percentage point increase in the federal indirect cost rate is associated with 2.1 additional employees. And a $100 million increase in the total amount of indirect costs received by a university is associated with 15.5 additional DEI employees.

As documented in *Diversity University: DEI Bloat in the Academy,* the average major university has 45 employees dedicated to DEI.[26] Given that the average cross-subsidy per university exceeds $100 million, over one-quarter of DEI staff positions would not exist were it not for the cross-subsidy from taxpayers.

In 1991, Congress put into place a limit on general administrative spending after a scandalous incident in which it was uncovered that Stanford used federal indirect cost reimbursement funds to cover the depreciation of a yacht and flowers for the president's house.[27] This limit, which is still in place, caps the amount of the indirect cost rate that can be spent on general administrative activities at 26 percentage points. With federal indirect rates ranging from 41 percent to 69 percent, 26 percentage points can still account for over half of indirect cost funds.

Further, this limit only applies to general administrative activities that serve the entire university.[28] There are *no* limits to the within-department

administrative spending, which is where DEI activity also occurs. Many departments at major universities have their own swelling administrative staff, including DEI chairpersons and committees.[29]

Policy Solution

Over the years, many have proposed alternative systems of indirect cost reimbursement for federally contracted research, the most common proposal being a reintroduction of the universal cap on the indirect cost rate that existed before 1966. President Donald Trump proposed a universal 10 percent cap in his 2018 budget proposal—but was ignored.

In 2017, there was a Joint Research and Technology Subcommittee and Oversight Subcommittee hearing on "Examining the Overhead Cost of Research" led by Representative Barbara Comstock (R–VA), in which Richard Vedder, Ohio University economist, proposed that the indirect cost rate be added as a component of the grant application process, just as direct costs are. Grant proposals that propose a lower rate for a similar research project would receive a higher rating and be more likely to receive funding.

The EU and Japan use a flat-rate policy for all institutions set at 25 percent and 30 percent, respectively.[30] Instead of setting a flat rate that is likely to rise over time, we propose a market-based solution to the overpayment problem of indirect rates.

- **Congress Should Inject a Market Mechanism into Indirect Payment Rates.** Instead of a universal cap that will be driven up over time by those in political power, Congress should prohibit federal grant-awarding agencies from paying an indirect rate that is higher than the lowest rate that is accepted from private organizations, such as foundations and businesses. This would introduce a market mechanism driven by private foundations and for-profit businesses. Compared to federal bureaucrats, foundations and businesses currently have a stronger incentive to allocate their resources efficiently and fund successful projects, which in turn attract more donations or profits in the future. They also may have a greater interest in applied scientific discoveries that could directly benefit millions of people rather than theoretical research.

- **Congress Should Reduce Federal Research Grant Funding.** Taxpayers are overpaying for the level of scientific progress they receive, as much of the research output from the current system of federal

> grant funding is waste. Most academic researchers are incentivized to produce quantity over quality, and, as a result, they publish predictable papers answering questions of little importance to society.[31]
>
> Further, so many research findings have been uncovered as being false that the situation has been dubbed the "reproducibility crisis."[32] The current system of federal government subsidization of research is a major cause of these problems.[33] The private sector would more efficiently direct resources to fruitful and innovative projects with much less bureaucracy and waste. Congress should reduce federal research spending and taxes so that more money flows to organizations that compete in the marketplace of innovation—not the marketplace of writing grant applications.

Economic theory predicts that, through such a market-based approach, the rate that foundations and businesses would be willing to pay would likely increase until the marginal cost of a grant is just less than the expected value of the research output. Universities will be forced to spend indirect funds more responsibly and accept a rate that is just high enough to cover their most necessary overhead costs. This change would incentivize funders and universities to arrive at an equilibrium overhead reimbursement rate that, on average, will converge on the true cost.

Forcing universities to accept the same rate from taxpayers that is no higher than the lowest rate that is accepted from private organizations would eliminate the crony cross-subsidy from taxpayers to billionaires. No longer would taxpayers be forced to help pay for projects—such as one at Columbia University funded by the Ford Foundation with the purpose of building "resilient social justice movements through peer-to-peer support."[34] Nor will they help the Open Society Foundation (Soros) "support the Center for Antiracist Research at Boston University in its research towards addressing racial inequity and injustice."[35] To be clear, private organizations should be able to fund any research project they choose with money that is voluntarily donated to them: They should not, however, use taxpayer dollars to directly fund their agendas.

This proposal would also incentivize all universities to spend money more efficiently. In the 1980s, taxpayers were forced to pay for yachts and decorations; today it is small armies of DEI staff. This proposal would dramatically reduce the amount of money available to universities to spend on political activism which is inimical to the mission of higher education. While it is not possible to make causal inference with these analyses, and there is likely residual confounding, the results are highly suggestive and warrant further analysis of university spending.

Not only are the indirect costs of federal grants paying for DEI staff on campus, but the direct costs are paying for more DEI-driven research. A November 2021 report from the Center for the Study of Partisanship and Ideology found that "as of 2020, 30.4% of all grants had one of the following politicized terms: 'equity,' 'diversity,' 'inclusion,' 'gender,' 'marginalize,' 'underrepresented,' or 'disparity.' This is up from 2.9% in 1990."[36] The incidence of such terms varied by field, but even computer science and engineering saw an increase from 1.5 percent to 24.9 percent.

This proposal would also reduce the need for such a complex and expensive system of negotiations, audits, and accounting. In response to waves of dissatisfaction and controversy regarding university spending of indirect funds, government regulators intervened with stronger rules and guidance, predictably making things worse. The federal government introduced "110 new regulatory requirements upon research grant recipients between 1991 and 2018." The administrative and compliance costs of such regulations are themselves reimbursed as indirect costs.[37] This proposal would require a simple annual audit, and the expensive cost calculations would be eliminated.

Additionally, this would reduce the likelihood that taxpayers are exploited for extravagant and unnecessary spending such as the maintenance and depreciation of extremely expensive new buildings with elaborate designs and features.[38] Currently, universities with wealthy donors can use gifts to build unnecessarily fancy research facilities, then ask for and receive much higher indirect rates to cover the facilities' operation and maintenance.

Conclusion

Currently, taxpayers are forced to subsidize the agenda of the political left through funding its research agendas and DEI staff on university campuses. The Left has used the indirect cost reimbursement system to capture an important professional institution.

Federal grant-awarding agencies should not pay an indirect rate that is higher than the lowest rate that is accepted from private organizations, such as foundations and businesses. This would eliminate cross-subsidies and dramatically reduce universities' ability to install more DEI staff. Universities must be held accountable, and the exploitation of taxpayers must end.

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TABLE 1

Universities and Their Federal Indirect Rate, Minimum Accepted Private Indirect Rate, and Example Funders (Page 1 of 3)

University	Federal Indirect Rate	Minimum Accepted Private Indirect Rate	Examples
Alabama, Birmingham	48.5%	48.5%	Packard
Alabama, Tuscaloosa	49.0%	0%	
Arizona	53.5%	0%	Sloan (0%)
Arizona State	57.0%	0%	Open Society (8%), Hilton (10%), Sloan (0%)
Arkansas	50.0%	0%	Walton (0%), Sloan (0%)
Boston	65.0%	0%	Open Society (8%), Sloan (0%), Packard (11%)
California Institute of Technology	68.4%	20%	Sloan, Packard
Chicago	64.0%	0%	Ford (20%), McKnight (10%), Hilton (10%), Packard (11%)
Colorado, Boulder	56.5%	0%	Sloan (0%), Packard (11%)
Columbia	62.5%	0%	Hilton (10%), Sloan (0%)
Connecticut	61.0%	0%	Hilton (10%)
Cornell	64.0%	0%	Sloan (0%)
Delaware	60.0%	0%	Keck (0%)
Duke	61.0%	0%	McKnight (10%), Hilton (10%), Sloan (0%)
Emory	56.5%	0%	McKnight (10%), Rockefeller (15%)
Florida	52.5%	0%	Sloan (0%)
George Mason	58.9%	0%	Google (0%), Nestlé (0%), Ford (20%), Carnegie (15%), Sloan (0%)
George Washington	61.5%	0%	Sloan (0%), Packard (11%)
Georgia	51.0%	0%	
Georgia Tech	58.2%	0%	McKnight (10%), Sloan (0%), Packard (11%)
Harvard	69.0%	15%	Gates, Open Society, Kellogg, McKnight, Allen, Ford
Hawaii, Manoa	45.0%	0%	Sloan (0%)
Idaho	48.5%	0%	Packard (11%)
Illinois, Urbana-Champaign	58.6%	0%	Sloan (0%), Packard (11%)
Indiana, Bloomington	58.5%	0%	Sloan (0%)
Iowa	54.5%	0%	
Iowa State	53.0%	0%	
Johns Hopkins	63.8%	0%	Chan Zuckerberg (15%), Mellon (0%), Gates (15%), Open Society (8%), Sloan (0%), Hilton (10%)
Kansas	61.0%	0%	Sloan (0%)

TABLE 1

Universities and Their Federal Indirect Rate, Minimum Accepted Private Indirect Rate, and Example Funders (Page 2 of 3)

University	Federal Indirect Rate	Minimum Accepted Private Indirect Rate	Examples
Kentucky	53.0%	0%	
Louisiana, Lafayette	45.0%	0%	
Maine	47.5%	0%	Packard (11%)
Maryland, College Park	54.5%	0%	Sloan (0%)
Massachusetts Institute of Technology	55.1%	55.1%	McKnight, Open Society, Sloan
Miami (FL)	53.5%	0%	Kellogg (15%), R.W. Johnson (12%), Spencer (0%)
Michigan	56.0%	56.0%	Sloan, Packard
Minnesota	55.0%	0%	Koch (0%), McKnight (10%), Hilton (10%), Sloan (0%)
Mississippi	46.0%	0%	
Missouri, Columbia	56.5%	0%	Sloan (0%)
Montana	48.0%	0%	
Nebraska	55.5%	0%	
Nevada, Reno	44.5%	0%	Arnold (15%), Spencer (0%)
New Hampshire	51.5%	0%	
New Mexico	51.5%	0%	Sloan (0%)
New York University	60.0%	0%	Open Society (8%), Sloan (0%)
North Carolina, Chapel Hill	55.5%	0%	Hilton (10%), Sloan (10%), Packard (11%)
North Dakota	41.0%	0%	
Northwestern	60.0%	0%	McKnight (10%), Sloan (0%), Packard (11%)
Notre Dame	56.5%	0%	Sloan (0%)
Ohio State	57.5%	0%	Sloan (0%)
Oklahoma	55.0%	0%	
Oregon	47.5%	0%	Ford (20%), Schusterman (0%), Sloan (0%)
Penn State	58.2%	0%	R.W. Johnson (12%), Commonwealth (15%), Sloan (0%), Packard (11%)
Pennsylvania	62.5%	0%	Sloan (0%), Packard (11%)
Pittsburgh	56.5%	0%	
Princeton	62.0%	0%	Chan Zuckerberg (15%), Sloan (0%), Gates (15%), Carnegie (15%), Packard (11%)
Purdue	55.0%	0%	Mellon (0%), Gates (15%), Rockefeller (15%)

TABLE 1

Universities and Their Federal Indirect Rate, Minimum Accepted Private Indirect Rate, and Example Funders (Page 3 of 3)

University	Federal Indirect Rate	Minimum Accepted Private Indirect Rate	Examples
Rhode Island	57.5%	0%	
Rutgers	57.0%	0%	Packard (11%)
South Carolina	49.0%	0%	Sloan (0%)
South Dakota	49.0%	0%	
Southern California	65.0%	0%	Open Society (8%), Sloan (0%), Packard (11%)
Stanford	57.4%	0%	Google (0%), Packard (11%)
SUNY Buffalo	59.5%	0%	
Tennessee, Knoxville	53.0%	0%	
Texas A&M	51.5%	0%	
Texas, Arlington	54.0%	0%	Welch (0%), Ellison (8%), Packard (11%)
Texas, Austin	58.5%	0%	Open Society (8%)
UC Berkeley	60.5%	0%	McKnight (10%), Open Society (8%), Sloan (0%)
UC San Diego	58.0%	0%	Sloan (0%), Packard (11%)
UC San Francisco	61.5%	0%	Packard (11%)
UCLA	56.0%	0%	McKnight (10%), Sloan (0%)
Utah	52.5%	0%	Google (0%), Carnegie (15%), Hewlett (10%), Packard (11%)
Vanderbilt	58.5%	0%	Hilton (10%)
Vermont	56.0%	0%	Gates (15%), Dairy Management (0%)
Virginia	61.5%	0%	Packard (11%)
Washington	55.5%	0%	Bezos (5%), Gates (15%), Koch (0%), Mellon (0%), Rockefeller (15%), Allen (0%), Packard (11%)
Washington University, St. Louis	57.5%	0%	Packard (11%)
West Virginia	52.0%	0%	
Wisconsin	55.5%	0%	Packard (11%)
Wyoming	44.5%	0%	
Yale	67.5%	0%	Open Society (8%), Packard (11%)

NOTE: For universities with a minimum accepted private indirect rate other than 0 percent, it is assumed that example private funders paid that stated rate.
SOURCE: Authors' calculations. For more information, see the methodology.

TABLE 2

Foundation Abbreviations Used in Table 1

Foundation Name, Listed Alphabetically	Abbreviation
Alfred P. Sloan Foundation	Sloan
Andrew W. Mellon Foundation, The	Mellon
Arnold Foundation, The	Arnold
Bezos Family Foundation	Bezos
Bill and Melinda Gates Foundation, The	Gates
Carnegie Corporation of New York	Carnegie
Chan Zuckerberg Initiative	Chan Zuckerberg
Charles and Lynn Schusterman Family Philanthropies	Schusterman
Charles Koch Foundation	Koch
Commonwealth Fund	Commonwealth
Conrad N. Hilton Foundation	Hilton
Dairy Management Inc.	Dairy Management
David and Lucille Packard Foundation	Packard
Ellison Foundation, The	Ellison
Ford Foundation	Ford
Google Research	Google
McKnight Foundation	McKnight
Nestlé Foundation for the Study of Problems of Nutrition in the World, The	Nestlé
Open Society Foundations	Open Society
Paul G. Allen Family Foundation, The	Allen
Robert Wood Johnson Foundation	R.W. Johnson
Rockefeller Foundation, The	Rockefeller
Spencer Foundation, The	Spencer
W.K. Kellogg Foundation	Kellogg
W.M. Keck Foundation	Keck
Walton Family Foundation	Walton
Welch Foundation, The	Welch
William and Flora Hewlett Foundation	Hewlett

TABLE 3

Federal Research Funding, Private Research Funding, and Cross-Subsidy Amounts Under Assumption of 0% and 15% Indirect Rate (Page 1 of 3)

FIGURES ARE IN THOUSANDS OF DOLLARS

		Total Private Direct Costs		Cross-subsidy	
University	**Total Federal Direct Costs**	15% Assumption	0% Assumption	15% Assumption	0% Assumption
Johns Hopkins	1,515,805	286,523	329,501	139,680	210,057
Washington	638,356	325,867	374,747	131,976	207,985
UCLA	568,494	599,963	689,957	-	-
Stanford	469,477	286,169	329,094	121,336	188,900
North Carolina, Chapel Hill	463,417	337,563	388,198	136,713	215,450
Columbia	453,253	164,219	188,852	78,004	118,033
Georgia Tech	452,723	154,068	177,178	66,557	103,118
Maryland, College Park	451,055	320,822	368,945	126,725	201,075
UC San Diego	442,358	493,890	567,973	212,373	329,424
Pennsylvania	441,452	548,150	630,372	260,371	393,983
Connecticut	440,811	243,930	280,520	112,208	171,117
Pittsburgh	432,945	328,765	378,080	136,438	213,615
UC San Francisco	415,509	713,555	820,588	331,803	504,662
Wisconsin	391,592	575,555	661,888	233,100	367,348
Michigan	385,073	547,343	629,445	224,411	352,489
Penn State	379,600	274,992	316,241	118,769	184,021
Harvard	365,920	498,403	573,163	269,137	269,137
Washington University, St. Louis	345,084	215,017	247,269	91,382	142,180
Yale	344,344	366,043	420,950	192,173	284,141
Southern California	329,459	277,248	318,835	138,624	207,243
Chicago	320,233	489,470	562,891	239,841	360,250
Oklahoma	319,064	407,078	468,140	162,831	257,477
Ohio State	315,969	238,012	273,714	101,155	157,386
Massachusetts Institute of Technology	315,503	281,140	323,311	-	-
New York University	313,938	261,949	301,241	117,877	180,745
Vanderbilt	310,920	194,050	223,158	84,412	130,547
Delaware	273,031	389,209	447,590	175,144	268,554
Colorado, Boulder	271,221	278,312	320,059	115,500	180,833
Alabama, Birmingham	268,285	129,923	149,412	-	-

TABLE 3

Federal Research Funding, Private Research Funding, and Cross-Subsidy Amounts Under Assumption of 0% and 15% Indirect Rate (Page 2 of 3)

FIGURES ARE IN THOUSANDS OF DOLLARS

		Total Private Direct Costs		Cross-subsidy	
University	**Total Federal Direct Costs**	15% Assumption	0% Assumption	15% Assumption	0% Assumption
Emory	263,700	79,776	91,742	33,107	51,834
Texas, Austin	257,401	184,776	212,492	80,377	124,308
Florida	254,365	438,357	504,110	164,384	264,658
Illinois, Urbana-Champaign	240,987	221,903	255,189	96,750	149,541
New Hampshire	237,366	479,301	551,196	174,945	283,866
UC Berkeley	216,574	330,714	380,321	150,475	230,094
Arizona	213,046	334,253	384,391	128,687	205,649
Cornell	202,912	74,729	85,938	36,617	55,000
Utah	198,416	225,621	259,464	84,608	136,219
Indiana, Bloomington	194,691	289,918	333,406	126,114	195,043
Boston	193,037	168,610	193,901	84,305	126,036
Rutgers	189,560	275,671	317,022	115,782	180,703
Virginia	171,105	271,107	311,773	126,065	191,740
California Institute of Technology	170,545	81,401	97,681	39,398	39,398
Arizona State	170,119	309,077	355,438	129,812	202,600
Iowa	163,471	203,163	233,637	80,249	127,332
Minnesota	161,181	307,552	353,685	123,021	194,527
Miami (FL)	138,126	102,344	117,696	39,403	62,967
Kentucky	126,108	179,425	206,339	68,182	109,360
Princeton	119,415	151,813	174,585	71,352	108,243
Hawaii, Manoa	115,735	96,308	110,754	28,892	49,839
SUNY Buffalo	114,723	173,071	199,032	77,017	118,424
Purdue	106,358	106,843	122,870	42,737	67,579
Georgia	105,926	266,068	305,978	95,784	156,049
Texas A&M	105,571	67,514	77,641	24,643	39,985
Kansas	105,400	139,892	160,876	64,350	98,134
Duke	98,894	99,776	114,742	45,897	69,993
Iowa State	96,644	162,397	186,757	61,711	98,981
George Washington	96,407	95,634	109,979	44,470	67,637
Northwestern	83,138	58,527	67,306	26,337	40,384

TABLE 3

Federal Research Funding, Private Research Funding, and Cross-Subsidy Amounts Under Assumption of 0% and 15% Indirect Rate (Page 3 of 3)

FIGURES ARE IN THOUSANDS OF DOLLARS

		Total Private Direct Costs		Cross-subsidy	
University	**Total Federal Direct Costs**	15% Assumption	0% Assumption	15% Assumption	0% Assumption
Tennessee, Knoxville	80,676	102,710	118,117	39,030	62,602
Missouri, Columbia	78,755	129,557	148,990	53,766	84,179
Nebraska	70,710	164,095	188,709	66,458	104,733
South Carolina	69,122	84,815	97,537	28,837	47,793
Notre Dame	67,994	108,014	124,216	44,826	70,182
George Mason	60,609	70,487	81,060	30,944	47,744
New Mexico	59,565	43,530	50,059	15,888	25,780
Vermont	57,952	36,734	42,244	15,061	23,657
Oregon	54,294	26,336	30,286	8,559	14,386
West Virginia	54,180	86,392	99,351	31,965	51,663
Mississippi	50,592	71,602	82,342	22,197	37,877
Rhode Island	46,400	32,880	37,812	13,974	21,742
Nevada, Reno	43,531	75,364	86,669	22,232	38,568
Montana	37,545	42,390	48,749	13,989	23,400
Wyoming	36,043	21,437	24,652	6,324	10,970
North Dakota	35,248	44,126	50,745	11,473	20,805
Idaho	34,700	51,962	59,756	17,407	28,982
Maine	34,609	64,809	74,530	21,063	35,402
Arkansas	33,917	106,153	122,076	37,154	61,038
Texas, Arlington	27,119	66,457	76,425	25,918	41,270
Alabama, Tuscaloosa	25,447	37,045	42,602	12,595	20,875
Louisiana, Lafayette	23,724	53,429	61,443	16,029	27,649
South Dakota	8,971	16,185	18,613	5,503	9,120
Sum	**18,437,514**	**17,739,275**	**20,404,236**	**7,145,200**	**10,956,306**
Average	**224,848**	**216,333**	**248,832**	**87,137**	**133,613**

SOURCE: Authors' calculations. For more information, see the methodology.

TABLE 4

Regression Coefficient Estimates for the Relationship Between Various Measures of Indirect Costs and Number of University DEI Staff

Predictor Variable	Increase in DEI Staff
Federal Indirect Cost Rate (one percentage point)	2.1*
Cross-subsidy ($100,000,000)	9.4**
Total Indirect Costs ($100,000,000)	15.5***

Significance levels: * Less than 0.05 ** Less than 0.01 *** Less than 0.001

SOURCE: Authors' calculations. For more information, see the methodology.

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