

Federal Government Transition Update - 6.13.25 ^[1]

June 13, 2025 by [Riley Black](#) ^[2]

Dear Colleagues,

Please find a federal government update from our teams.

DoD Announces 15% Indirect Cost Rate

The Department of Defense (DoD) announced in a [memorandum](#) ^[3] dated June 12 that it will implement a standard 15 percent indirect cost (IDC) rate cap on new research awards to colleges and universities, effective immediately. Current awards must be renegotiated under the cap by November 10, 2025, or they will be terminated. The cap is not retroactive to the beginning of current awards.

The National Institutes of Health, National Science Foundation and Department of Energy each announced this year that they would implement 15 percent IDC caps as well. These policies have not been implemented due to nationwide injunctions. CU's federal and legal teams are reviewing the new policy. Litigation challenging the policy is expected.

JAG Proposes New Indirect Cost Models

The [Joint Association Group \(JAG\) on Indirect Costs](#) ^[4] hosted an [informational webinar](#) ^[5] on June 12 to present two provisional models developed as possible replacements for the current indirect costs (IDC) paradigm, which reimburses universities for the indirect costs of federal research grants. Drafted by JAG's [Subject Matter Experts \(SME\)](#) ^[6] team, the proposed Fiscal Accountability in Research (FAIR) models are initial proposals designed to solicit stakeholder feedback.

FAIR Model 1 would apply a "standardized percentage" to total federal research project costs adjusted for institutional and research variables. In contrast, "FAIR Model 2" would implement a "detailed, cost-driven approach" and treat core research support functions like facilities, grants management and regulatory compliance, as direct rather than indirect costs. Neither model implements a standard IDC rate for universities, as several federal agencies have tried to do since February.

Universities are encouraged to test the "practicality, impact, and effectiveness" of the models and provide input to the JAG using several [resources](#) ^[7] it has provided, including a testing worksheet and feedback survey. The JAG is soliciting *one submission per institution*. Community feedback will be quickly synthesized to create a final model to present to Congress and the federal administration by June 27.

Launched in April, the objective of the JAG initiative is to "ensure fair reimbursement of actual costs incurred by research institutions, reduce administrative burden, and streamline federal funding processes across all agencies." The FAIR models, described as "bookends that frame

the range of options JAG will refine,” were designed to prioritize transparency, accountability, simplicity, and reasonableness. The JAG is hosting a town hall on June 17 to review the proposed models and answer community questions. Register [here](#) [8].

CU Federal Relations will continue to closely monitor the activities of the JAG and work with our campuses to ensure CU’s feedback is considered.

NIH Rescinds DEI Terms and Conditions

The National Institutes of Health (NIH) [rescinded a policy](#) [9] on June 12, requiring grantees to certify they do not have diversity, equity and inclusion (DEI) programs at their institutions as a condition to receive federal funds. NIH stated they are “awaiting further Federal-wide guidance and will provide a future update to the extramural community.” As a result, the DEI ban, initially announced in April, is no longer in effect.

HHS Reconstitutes CDC Vaccine Advisory Board

The Secretary of Health and Human Services [announced](#) [10] on June 9 the agency would reconstitute its Advisory Committee for Immunization Practices (ACIP), which makes recommendations on the safety, efficacy, and clinical need of vaccines to the Centers for Disease Control and Prevention (CDC). All 17 sitting members of ACIP were immediately removed, including Dr. Edwin Asturias of CU Anschutz, an internationally recognized authority on vaccines and infectious disease. The Secretary [appointed](#) [11] eight new members to the ACIP on June 11. The newly formed panel will convene its [next meeting](#) [12] on June 25.

White House Memorandum on Medicaid State-Directed Payments

The White House released a memorandum entitled [Eliminating Waste, Fraud, and Abuse in Medicaid](#) [13], on June 6. It directs the Secretary of Health and Human Services to cap state-directed payment (SDP) rates at no more than Medicare to the extent permitted by law. Currently, states that use SDP models can apply the average commercial market rate. Limiting SDP models to the Medicare rate is also currently being proposed by Congress in the [One Big Beautiful Bill Act \(H.R. 1\)](#) [14].

Tennessee Files Lawsuit Challenging HSI Designated Grant Funding

Tennessee and Students for Fair Admissions (SFFA) jointly filed a [lawsuit](#) [15] on June 11 in federal district court against the U.S. Department of Education (ED) related to Hispanic-Serving Institutions’ (HSI) grant funding. The lawsuit claims that the HSI program’s ethnicity-based requirement is discriminatory and unconstitutional and asks the court to permanently enjoin ED from applying the ethnicity-based requirement when making award decisions.

Colorado Backs Harvard Lawsuit Against Cancellation of Federal Funds

Colorado joined a coalition of 21 states on June 9 in filing [an amicus brief](#) [16] in support of Harvard in their lawsuit in federal district court. The brief explains that the \$3 billion in federal funds rescinded from Harvard directly affects their state economies.

White House Executive Order on Cybersecurity

The White House issued an executive order entitled *Sustaining Select Efforts to Strengthen the Nation's Cybersecurity* [17], on June 6. The directive consists of three components: strengthening the nation's cybersecurity, reprioritizing cybersecurity efforts, and advancing national cybersecurity. It also extensively amends two former executive orders, 13694 and 14144 on Cybersecurity, put forth during the Biden and Obama administrations. For more information: [Executive Order](#) [17], [Fact Sheet](#) [18].

We recognize our campus communities have concerns at this time of unpredictable and unprecedented change at the national level. The Federal Relations and General Counsel teams are actively monitoring developments and are committed to keeping you informed. We are likewise working closely with the President and Chancellors as well as the Colorado congressional delegation to champion CU priorities. Thank you for the important work you do and will continue to do. We encourage you to visit the CU System Federal Transitions Update page for up-to-date communications and federal memos.

Kerry Tipper, Vice President, University Counsel
Danielle Radovich Piper, Sr. VP External Relations and Strategy

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[4] https://www.cogr.edu/national-organizations-announce-joint-effort-develop-new-indirect-costs-funding-model-0?mkt_tok=NjAzLVVSVy0xMjcAAAGa-jNi4C3jFR6dWMhx-MuplPJQYNJOJ14ZSA1w9pw3roh6XgbATiwY2a15LEjReC5JEHa5Mh-N9nFRgGHYx0cdPoG1eJBSXFgOhBSLuZfYap8 [5] <https://www.cogr.edu/joint-associations-group-jag-release-recommendations-jag-subject-matter-experts-group-informational>

[6] <https://www.cogr.edu/sites/default/files/Indirect%20Costs%20Subject%20Matter%20Experts%20Team%20%281%2025-06-12.pdf>

[7] https://linktr.ee/JAGTownHall?utm_source=qr_code

[8] https://www.eventbrite.com/e/617-town-hall-jag-release-of-recommendations-tickets-1405202130399?mkt_tok=NjAzLVVSVy0xMjcAAAGa-jNi4DMoEJhhUCt04ifHgFR_ZVpyHHF8JI0eNpD7d89SrC22IOuMSfx69VNH9qqHew_obKOa0L8XIj13fzMHvKDwpAl

[9] <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-25-124.html> [10] <https://www.hhs.gov/press-room/hhs-restore-public-trust-vaccines-acip.html> [11] <https://x.com/SecKennedy/status/1932899858920120692>

[12] <https://www.federalregister.gov/documents/2025/06/09/2025-10432/meeting-of-the-advisory-committee-on-immunization-practices> [13] <https://www.whitehouse.gov/presidential-actions/2025/06/eliminating-waste-fraud-and-abuse-in-medicare/> [14] <https://www.cu.edu/blog/government-relations/federal-update-house-passes-one-big-beautiful-bill-act>

[15] <https://www.tn.gov/content/dam/tn/attorneygeneral/documents/pr/2025/2025-6-hsi.pdf>

[16] <https://www.doj.state.or.us/wp-content/uploads/2025/06/2025.06.09-Amici-States-Harvard-funding-Amicus-Brief.pdf> [17] <https://www.whitehouse.gov/presidential-actions/2025/06/sustaining-select-efforts-to-strengthen-the-nations-cybersecurity-and-amending-executive-order-13694-and-executive-order-14144/>

[18] <https://www.whitehouse.gov/fact-sheets/2025/06/fact-sheet-president-donald-j-trump-reprioritizes-cybersecurity-efforts-to-protect-america/>

[19] <https://www.cu.edu/blog/government-relations/tag/federal-transition-updates>