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NIH Grants Policy Under the Second Trump Administration

Since President Trump took office on January 20, 2025, the National Institutes of Health (NIH) within the Department of Health and Human Services (HHS)—the nation's leading health and medical research agency—changed grant policies, award processes, and the total number of grants awarded compared with prior years. NIH has provided several policy justifications for the changes, including federal cost savings, government efficiency, and realigning NIH's grants portfolio with the Administration's overall policy objectives. In many cases, these changes have differed from prior agency practice.

Background on NIH Grants

In FY2023 and FY2024, NIH awarded over 64,000 extramural research and training grants to universities, medical centers, and other institutions each year. NIH has been the largest federal funder of research at U.S. institutions of higher education; according to National Science Foundation data, NIH funding accounted for about 56% of all such federal research funding in FY2023. NIH also has been the world's largest single public funder of health and medical research. Its funded research spans all areas of health and includes topics ranging from basic investigations into the fundamental mechanisms of biology to testing of investigational drugs in human clinical trials.

Virtually all NIH grants are awarded through the scientific peer review process. Through this process, NIH evaluates all research funding applications that meet basic requirements using a two-stage, committee-based review. In the first stage, a group of mostly nonfederal scientists from the relevant research field reviews, evaluates, and rates each application based on scientific and technical merit. In the second stage, the advisory councils of NIH's 24 research institutes and centers (IC) make final funding recommendations by weighing the proposal's scientific and technical merit with other considerations, such as agency priorities. An IC Director makes the final funding decision.

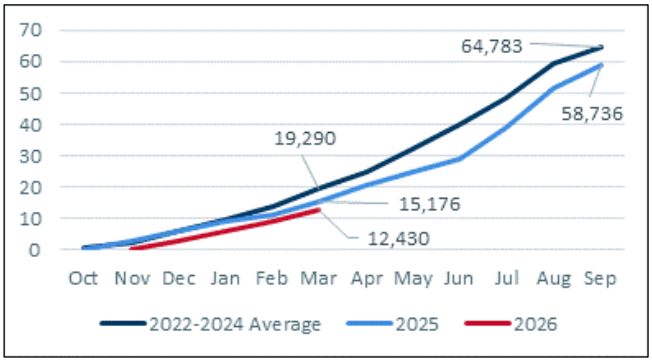
NIH Awards Data: 2022-2026

The figures below provide a comparison of NIH awards in FY2025 and FY2026, with average total awards from FY2022 through FY2024. **Figure 1** shows total NIH awards by awarded month in each time period. **Figure 2** shows total value of awards by awarded month for each time period. Both figures include both multiyear and single-year awards (see "Multiyear Award Funding"). The data reflect only grants and Other Transaction awards.

As shown in **Figure 1**, NIH awarded fewer awards by the end of the FY2025 time period compared with the average from FY2022 to FY2024. Yet, as shown in **Figure 2**, NIH spent more on awards in FY2025 than the average for FY2022 though FY2024. As discussed further, NIH's new multiyear award funding policy likely contributed to the decline in the number of awards for FY2025. As shown in both figures, thus far in FY2026, NIH awarded fewer awards and spent less than in prior fiscal years.

Figure 1. NIH Number of Awards, by Awarded Month

In thousands

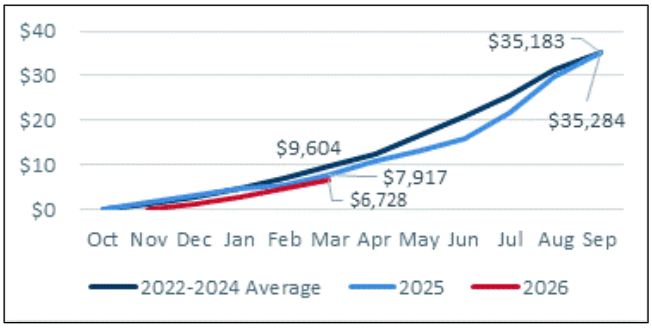


Source: NIH Data Book, "Number of NIH Extramural Awards by Awarded Month," https://report.nih.gov/nihdatabook/report/400, accessed April 7, 2026.

Notes: According to NIH, values for the current fiscal year are estimates. Data reflect grants and Other Transaction awards.

Figure 2. NIH Value of Awards, by Awarded Month

In millions of dollars



Source: NIH Data Book, "Value of NIH Extramural Awards by Awarded Month," https://report.nih.gov/nihdatabook/report/401, accessed April 7, 2026.

Notes: According to NIH, values for the current fiscal year are estimates. Data reflect grants and Other Transaction awards.

Terminated Grant Awards

According to CRS analysis of data on HHS grants terminated, as of April 10, 2026, HHS had terminated 1,392 NIH grant awards totaling $539 million in unliquidated obligations (i.e., funds that were not spent). Many NIH grants were later reinstated that were previously at one point terminated or paused (i.e., payments were not made) by the Administration. Some nonfederal groups have tracked all NIH grants that have seen "disruptions" by combining data from several sources. Historically, NIH grant terminations were rare; according to a dissent authored by Justice Ketanji Brown Jackson, the NIH

terminated fewer than six grants midstream in the 13 years from 2012 to January 20, 2025.

NIH Obligations and Spending

On August 5, 2025, the Government Accountability Office (GAO) determined that HHS had violated the Impoundment Control Act by withholding NIH funds from obligation and expenditure. GAO reached this conclusion in part based on a review of USASpending.gov data, which GAO stated showed that NIH made fewer awards between February and June of FY2025 than it had during the same time period in prior fiscal years. As shown in **Figure 2**, NIH ultimately spent its FY2025 budget authority. Given the relatively slower pace of obligations in FY2026, it remains to be seen whether NIH will spend its full FY2026 budget authority.

Selected Grants Policy Changes

Indirect Costs Policy

On February 7, 2025, NIH published supplemental policy guidance that instituted a 15% indirect cost rate for NIH grants. An annual appropriations provision has prohibited NIH from modifying indirect cost policies from those in effect during the last quarter of FY2017. The 2025 indirect cost policy is currently enjoined, a decision that was upheld on appeal in January 2026. Indirect costs represent expenses that are not specific to a research project and that maintain the infrastructure and administrative support for federally funded research. NIH budget data show that out of $33 billion awarded in FY2024, 28%, or $9.3 billion, went to indirect costs. According to a 2025 study, fixing the indirect cost rate at 15%, while holding direct costs constant, would reduce NIH funding for many grantees, with most universities losing 15%-20% of their annual NIH funding, and with resulting savings potentially available for reallocation to other NIH research. In its guidance for this new policy, NIH has stated it is "vital to ensure that as many funds as possible go towards direct scientific research costs rather than administrative overhead." For more information, see CRS Insight IN12516, *NIH Indirect Costs Policy for Research Grants: Recent Developments*.

Multiyear Award Funding

Prior to 2025, NIH awarded most grants with "project periods" spanning several years, often four to five years, but the agency did not also *fund* the grant for all of those years. Typically, NIH committed funding to the award in increments, usually 12 months, known as the "budget period." At the end of each budget period, based on the recipient's project progress and meeting other administrative requirements, NIH has typically renewed awards for another budget period. Such a renewal is known as a "noncompeting renewal," because the recipient does not have to compete for the funding for the next budget period. However, there is "no legal obligation" for NIH to fund the project beyond the current budget period. NIH has stated that noncompeting renewals of grant awards are contingent on "satisfactory progress, the availability of funds, and the continued best interests of the Federal government." In past practice, NIH has renewed most grants for all years of their project period.

In 2025, NIH shifted to funding more multiyear awards where NIH fully funds the grant up front for all years of the project period. According to NIH, this policy helps to "increase NIH budget flexibility by no longer encumbering large portions of each year's appropriation for the continuation of research projects that were initiated in previous years." This policy also has the effect of reducing total NIH grants awarded in a given year; as shown in the preceding analysis, NIH made fewer awards in FY2025 compared with prior years. This can result in lower success rates for applicants. To illustrate, NIH data show that application success rates for research project grants fell to 13% in FY2025 compared with 19% in FY2024, despite a similar overall funding level for both years. At the same time, the number of applications for research grants in FY2025 increased compared with FY2024 (13% increase), which may also partially explain the lower success rates.

FY2026 enacted appropriations included a new provision that limits the amount of NIH funds that can be obligated for multiyear awards to the same level as in FY2025 (P.L. 119-75, Division B, §240). The accompanying explanatory statement noted "strong concern about the impact of this policy on application success rates and the consequent reduction in the number of grants NIH can fund," and included several related reporting requirements.

Research Priorities and Grant Decisions

In August 2025, the NIH Director announced a new unified strategy of research priorities, which emphasizes investments in chronic health issues and in new technologies such as artificial intelligence. The strategy also specifies how NIH is to invest in health disparities and transgender care research moving forward.

Based on this new strategy and an August 2025 executive order, NIH has changed its process for decisionmaking to fund new awards as of November 2025. NIH ICs are to move away from using "paylines," or percentile cut-offs, based on peer review scores to determine whether to fund a certain grant application. Prior to this policy change, around half of NIH ICs used paylines as a primary basis to determine whether to fund awards. Instead, when making a decision to fund a grant, NIH ICs are to consider peer review scores in context of NIH's priorities, strategic plans, and budgets. NIH has also changed policies around how ICs are to solicit new grant applications from researchers.

Related Legislation in the 119th Congress

FY2026 enacted appropriations (P.L. 119-75) included several provisions that address NIH grants policy: a continuation of the prohibition on modifications to NIH indirect costs policy (§224), the new limitation on awarding multiyear grants (§240), and a new congressional notification requirement following any termination or non-continuation of an HHS award (§524). Several introduced bills would reverse certain policies or limit NIH's discretion by, for example, reinstating terminated awards (H.R. 5609), curbing authority to terminate grants (H.R. 4007; H.R. 7173), or prohibiting the impoundment or shifting of funds (H.R. 2855). Other proposals would affirm recent policy changes at NIH by, for example, seeking to limit indirect costs under grants (H.R. 420).

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