

## PPC CAPITOL CONNECTION

August 29, 2025

### What Matters Now in Washington:

- The Senate Appropriations Committee advances its version of the fiscal year 2026 spending bill that funds health and education programs.
- Congress approves unprecedented rescissions request by the Trump administration, raising serious concerns about the future of bipartisan funding negotiations.
- The White House Office of Management and Budget (OMB) temporarily halts the allocation of National Institutes of Health (NIH) funding but swiftly walked back its decision following public outcry.
- The US research community has proposed a new funding model for reimbursing institutions for indirect costs for research.
- The Government Accountability Office (GAO) issued a new report that finds that the Trump administration violated a 1974 impoundment law when it abruptly cancelled millions in NIH grants earlier this year.
- The Trump Administration has issued a new executive order on federal grantmaking that gives political appointees greater control over the grantmaking process.
- Susan Monarez, PhD, was abruptly dismissed from her role as the director of the Centers for Disease Control and Prevention (CDC) after being confirmed for the job last month.
- PPC members authored policy commentaries in *Pediatric Research* exploring the intersections of child health policy, advocacy, and pediatric research.
- Find new funding opportunities, research findings, and more below.
- See what other developments we're tracking with implications for child health advocacy.

**SENATE APPROPRIATIONS COMMITTEE ADVANCES FISCAL YEAR 2026 SPENDING BILL.** In late July, the Senate Appropriations Committee approved its [FY 2026 Labor-HHS-Education spending bill](#). The bipartisan measure, approved on a 26-3 vote, funds the Department of Health and Human Services (HHS) at \$116.6 billion, an increase of \$446 million compared with the current fiscal year.

The bill funds the National Institutes of Health (NIH) at \$48.7 billion, a \$400 million increase over its current FY25 funding level, in contrast to the budget proposed by the Trump administration which would've slashed nearly \$18 billion from the agency's current \$47 billion budget and reduced the number of institutes and centers from 27 to 8. The bill also included a \$20 million increase for the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD). The bill further directs HHS to notify Congress before implementing any changes to the NIH's current structure, rejecting the administration's proposed restructuring plan for the agency. The Senate bill also maintains the longstanding provision prohibiting changes to NIH indirect cost rates. The bill also included an [amendment](#) that prevents the administration from moving forward with [its plan to fund multi-year grants with a single upfront payment](#). Historically, NIH research grants have been awarded for multiple years and funded incrementally year by year. The amendment prohibits the use of FY26 funds to

increase the proportion of grants fully funded in the first year of the award, unless the agency can prove it isn't cutting grants in doing so.

The Senate bill also maintains current funding levels for the Centers for Disease Control and Prevention (CDC) at roughly \$9.2 billion, whereas the President's budget proposed slashing the agency's budget by roughly half to refocus the agency on infectious diseases. Additionally, the bill flat funds the Advanced Research Projects Agency for Health (ARPA-H) at \$1.5 billion. The legislation also funds the Agency for Healthcare Research and Quality (AHRQ) at \$345.4 million, a \$23.6 million decrease.

The House is expected to take action on its version of the bill when Congress returns from its August recess in September, and the two chambers will eventually need to agree on a path forward to fund the government before September 30. In the weeks leading up to the funding deadline, the PPC and other child health advocates will continue to urge congressional appropriators to provide robust funding for key child health priorities as the FY 2026 appropriations process continues.

**UNPRECEDENTED RESCISSIONS PACKAGE CLEARS CONGRESS.** Last month, [Congress passed a \\$9 billion rescissions package](#) targeting previously appropriated funding for international assistance and public broadcasting. The package, which originally stood at \$9.4 billion, initially [passed the House in June](#) before being sent to the Senate. [The Senate narrowly voted 51-48 in favor of an amended package](#) with only Senators Susan Collins (R-Maine) and Lisa Murkowski (R-Ala.) joining all Democrats in opposition. A small group of Republican senators [took issue](#) with a provision that would cut \$400 million from the President's Emergency Plan for AIDS Relief (PEPFAR). In the end, Republicans accepted an [amendment that would safeguard PEPFAR funding](#), but this was still insufficient to win over Sens. Collins and Murkowski. This is the first time since 1992 that Congress has authorized rescissions under the Impoundment Control Act, which permits the administration to temporarily withhold congressionally appropriated funding for 45 days while Congress considers the request. Only a simple majority vote in both chambers is required to permanently rescind the funds.

The use of a rescissions package by the administration to revoke funding that was authorized in 60-vote bipartisan appropriations measures now [complicates ongoing bipartisan appropriations negotiations for FY26](#). White House Office of Management and Budget (OMB) Director Russell Vought has already stated that the administration plans to [request additional rescissions packages and has also not ruled out implementing "pocket rescissions,"](#) a novel maneuver to rescind funds without congressional action that has been criticized as unlawful. As a result, Democrats have been reluctant to engage in bipartisan appropriations negotiations and have [demanded assurances](#) that any government spending deal be faithfully executed by the administration and not be subject to a future rescissions package. Still, the fact that the Senate Labor-HHS bill successfully advanced out of committee is a promising indication that the bipartisan nature of the appropriations process is still very much alive.

**ADMINISTRATION PAUSES, THEN UN-PAUSES DISBURSEMENT OF NIH RESEARCH FUNDING.** On July 29, OMB [temporarily halted the NIH from allocating funds to external health researchers](#), citing a restrictive

interpretation of a funding footnote in its budget apportionment document which stipulated that the agency's funding for the remainder of the fiscal year could only go towards staff salaries and expenses, and not towards new grants or certain grant renewals. Following the publication of a [Wall Street Journal article](#), OMB immediately reversed course and lifted the pause later that evening, reinstating the funding following intervention from senior White House officials. The office of Senate Appropriations Committee Ranking Member Patty Murray (D-Wash.) [estimated](#) that the move would have affected \$15 billion in NIH funding. Prior to the announcement, a group of 14 Republican senators sent a [letter](#) to OMB Director Vought expressing concern over the slow disbursement of NIH funding appropriated for FY25 and warned that withholding or suspending funds would threaten Americans' ability to access lifesaving treatments. OMB dismissed the temporary pause as a "[programmatic review](#)" of NIH funding. This incident highlights the escalating tension between the administration's push for greater executive control over congressionally appropriated funds and Congress' constitutional authority to direct government spending.

**UNIVERSITY LEADERS UNVEIL NEW RESEARCH FUNDING MODEL.** The Joint Associations Group (JAG) on Indirect Costs, a coalition of organizations representing academic, medical, and independent research institutions recently [revealed](#) an alternative model for funding Facilities & Administrative (F&A) costs, also known as indirect costs, for research grants. The proposal comes in the midst of the Trump administration's attempts to cap indirect costs for research to a standard 15% rate across all institutions. The new model, titled the "[Fiscal Accountability in Research](#)" (FAIR) Model, aims to streamline indirect costs so that the funding directly supports research activities. The model restructures indirect costs into two categories: essential research performance support (ERPS) and general research operations (GRO). ERPS costs represent those that can be explicitly linked to a specific research project and include expenses regulatory compliance, award oversight, information services, and facilities, while GRO covers those institution-wide infrastructure costs that cannot easily be allocated to a specific project such as human resources and procurement. The proposal would also rename "direct costs" as "research performance costs" (RPC).

The model offers institutions two options for calculating research expenses. The first is an "expanded" option that itemizes ERPS costs as line items to individual research project budgets. Recognizing that that option may be resource-intensive for some institutions, the model also offers a "base" option that allocates 10% of the project budget to the facilities and information services components of ERPS costs. GRO costs are capped at 15% of total project budgets under both options.

The FAIR Model [resembles private foundation grants](#) in that the funding structure reflects actual resources utilized, leaving smaller residuals as GRO costs. It would also eliminate the need for F&A rate negotiations between institutions and the federal government. It also gives institutions a two-year timeline to facilitate this transition to the new model.

The JAG group is currently attempting to build support for this model with both Congress and OMB. At a June budget hearing for the NIH, Appropriations Committee Chairwoman Susan Collins (R-Maine) referenced the model with NIH Director Jay Bhattacharya, who described the model as [“promising”](#) and revealed he had been engaged with the JAG group during the model’s preparation stages. Discussions are expected to resume in the fall when Congress returns from recess.

**GOVERNMENT WATCHDOG CONCLUDES NIH FUNDING DELAYS ARE ILLEGAL.** The US Government Accountability Office (GAO) has recently [found](#) that the Trump administration violated the Impoundment Control Act when it delayed and cancelled billions of dollars in grant funding from going to researchers during the first few months of this year.

Since taking office in January, President Trump issued a series of executive orders impacting the NIH, including the termination of equity-related grants, contracts, and other assistance. These directives led to the termination of over 1,800 grants between February and June 2025. During this period, NIH obligated \$8 billion less than the amount obligated during the same period in FY 2024. Between February and June 2025, NIH obligated 62% of its FY24 obligations and 64% of its FY23 obligations, respectively. Additionally, HHS issued a directive to cease the publication of grant review meeting notices in the Federal Register, which NIH did not publish between January 22, 2025, and March 3, 2025. As a result, NIH reduced its awarding of new grants.

[The GAO report](#) states that HHS did not justify any of these measures or offer any proof that it did not withhold funds from obligation. The report also reported that on July 29, HHS notified GAO that the Federal Register notice submission suspension had been lifted. However, in addition to providing no explanation for the initial Federal Register pause or grant delays and terminations, the department's answer lacked details about current obligations for the remaining portion of FY25. Consequently, the report came to the conclusion that NIH had violated the ICA.

Although the GAO report’s findings are not legally binding on the executive branch, it could still [empower Congress to push back](#) against the administration’s attempts to withhold appropriated funds. It should be noted, however, that late last week, the Supreme Court [permitted the Trump administration to move forward](#) in cancelling roughly \$780 million in NIH research grants based on the administration’s rollback of work related to diversity, equity, and inclusion. While the Court left intact a lower court ruling against the underlying policy that led to the terminations, the Court determined that challenges to the termination of individual NIH grants belong in the US Court of Federal Claims. As a result, previously cancelled grants will not be immediately reinstated, but researchers may still be able to seek legal remedies in a different court. The PPC will continue to track the impact of this ruling and provide relevant updates as they arise.

**WHITE HOUSE ISSUES EXECUTIVE ORDER TIGHTENING OVERSIGHT OF FEDERAL GRANTMAKING.** The White House on August 7 issued an Executive Order entitled [“Improving Oversight of Federal Grantmaking,”](#) which aims to implement sweeping changes to the federal discretionary grantmaking

process. The order directs federal agencies to designate a senior political appointee who will be given the authority to review and approve all grant applications, ensuring they are consistent with the policy priorities of the administration. The order specifically prohibits the use of grant funding for certain activities related to race, gender, immigration, or other values deemed “anti-American.”

The order also [empowers OMB to terminate a grant “for convenience,”](#) which would effectively mean that certain grants could be terminated at any time if the award is determined to no longer advance agency priorities or the national interest. Already, agencies are permitted to terminate grants “for cause,” if it is found that the funds had been used improperly or if the project has deviated significantly from its intended purpose. This change would now threaten those research projects that are fully compliant and operating on track.

Additionally, the order encourages agencies to [prioritize grant applications from institutions with lower indirect cost rates](#). It additionally directs revision of the Uniform Guidance to further limit the use of grant funding for indirect expenses. For institutions with higher indirect cost rates, this could have a major impact because it could limit the amount of overhead they are able to recoup from federal funding.

**CDC UPHEAVAL AS HHS PUSHES OUT DIRECTOR DUE TO CLASH IN VACCINE POLICY.** Susan Monarez, PhD, the first Senate-confirmed director of the CDC, was [abruptly ousted](#) from the position roughly one month into the role. Her dismissal was paired with the departures of three other senior CDC leaders. Dr. Monarez, [who was confirmed in late July](#), was [reportedly pressed](#) to change vaccine policy. Her [refusal to do so](#) without consulting her senior advisors ultimately led Kennedy to push for her resignation for failing to align with the Trump administration’s health agenda. Kennedy signaled his intentions to drastically alter immunization policies when he [dismissed all 17 members of the independent Advisory Committee on Immunization Practices \(ACIP\)](#) and replaced them with eight members of his own choosing.

During her confirmation process, Dr. Monarez [affirmed her commitment](#) to maintaining free routine access to vaccines for children and to making decisions grounded with scientific evidence. She appeared to distance herself from some of the more controversial views of HHS Secretary Kennedy, including the association between vaccines and autism and the fluoridation of public water supplies, and said that she would present the secretary with scientific evidence and facts to inform the department’s decision-making.

These high-profile resignations from CDC are only the most recent in a string of departures from the agency since Kennedy became HHS secretary. Many CDC leaders were put on administrative leave and some retired early in April when the agency and others were drastically reduced. Kennedy is slated to [testify before the Senate Finance Committee on September 4](#), and questions over these latest CDC developments are surely to arise.

**Sign-On Letters and Other Documents.** In recent months, the PPC organizations have signed letters regarding federal legislation, appropriations, and regulatory issues. Topics covered in these letters include:

- [NIH Community Letter to Congress](#), June 10, 2025
- [Letter to congressional appropriations leadership](#) reiterating FY 2026 appropriations requests for NIH and NICHD and why this funding is crucial for supporting pediatric research, July 30, 2025

**PPC POLICY COMMENTARIES.** Members of the PPC have authored commentaries detailing the policy implications of research published in *Pediatric Research*. You can read these PPC-authored commentaries online:

- [Supporting the neurodevelopment of newborns exposed to in-hospital opioids](#) by Drs. Ashwini Lakshmanan, Malia Szyman, & Lorraine Kelly-Quon, July 15, 2025
- [The role of prevention and policy in protecting teens from motor vehicle crash and firearm injuries and deaths](#) by Drs. Vivien K. Sun, James Dodington, Lisa J. Chamberlain, Lois K. Lee & Clifford W. Bogue, June 10, 2025
- [Equitable research is better research: let's invest in doing it right](#) by Drs. Drs. Shazeen Suleman, David Keller & Maya I. Ragavan, May 13, 2025

#### KEY RESEARCH UPDATES

- A newly released [study in the JAMA Health Forum](#) offers an analysis of the possible impacts of the Trump administration's proposed NIH budgetary cuts.
- NIH researchers [developed](#) and safely administered a breakthrough gene editing therapy to treat an infant with a life-threatening, incurable genetic disease.
- FDA and NIH [announce](#) the creation of joint Nutrition Regulatory Science Program to inform effective food and nutrition policy actions to make Americans' food and diets healthier.

#### WHAT WE'RE READING

- [RFK Jr. Ends Minority Health Research Program in Anti-DEI Push](#), August 25, 2025 (Bloomberg Law)
- [At Harvard, Trump administration cuts hit young scientists hard](#), August 24, 2025 (Washington Post)
- [Supreme Court lets Trump admin cut off health grants it says advance DEI or 'gender ideology extremism'](#), August 21, 2025 (Politico)
- [Pediatricians' Plea: Don't Separate Migrant Families](#), August 14, 2025 (New York Times)
- [Why the ivory tower wants a deal with Trump](#), August 9, 2025 (Politico)
- [CDC to disburse delayed funds for fighting fentanyl and more, staffers say](#), August 5, 2025 (NPR)
- [Care about babies and moms? This Big Beautiful Bill cut should scare you](#) by Shetal Shah, MD, and Marsha Spitzer, MD, August 3, 2025 (Kansas City Star)
- [Trump Administration Blocks Funding for CDC Health Programs](#), August 1, 2025 (Wall Street Journal)

- [RFK Jr. to Oust Advisory Panel on Cancer Screenings, HIV Prevention Drugs](#), July 25, 2025 (Wall Street Journal)
- [Kennedy Rescinds Endorsements for Some Flu Vaccines](#), July 23, 2025 (New York Times)
- [H.H.S. Finalizes Thousands of Layoffs After Supreme Court Decision](#), July 15, 2025 (New York Times)