



RELEASE: Jan. 28, 2026

Lobos,

With the Spring 2026 semester well underway and the legislative session in Santa Fe progressing, our team is sharing several important updates from our federal funding agencies. Apologies in advance for the length of this message - it's been a minute since we've been in your inboxes!

NSF Updates

Merit Review: The National Science Board released [Merit Review for a Changing Landscape](#), outlining updates to National Science Foundation's Merit Review policy. Recommendations include broader expert participation, a focus on societal impact, strategic portfolio management, and fostering bold, high-reward research, positioning NSF to better align with economic, security, and innovation goals in a rapidly evolving science and technology landscape. *Science* reports more [here](#).

Reorganization: NSF announced organizational realignment. The changes are meant to reduce the number of staff while achieving faster response times for review and making awards. View the new NSF organizational chart [here](#).

Research Metrics: The FY24 Higher Education Research and Development (HERD) Survey, conducted annually by the National Center for Science and Engineering Statistics, provides comprehensive data on R&D expenditures, fields, funding sources, and personnel at U.S. colleges and universities. The complete survey data are available [here](#).

National Institutes of Health Updates

NIH F&A Litigation: The First Circuit Court of Appeals [issued a decision](#) on Jan. 5 affirming the District Court for Massachusetts in the lawsuit challenging NIH's actions to cap F&A.

Delayed Proposals: The administration reached an [agreement](#) with plaintiffs in a case challenging the NIH's termination of grants it deemed inconsistent with administration priorities. NIH agreed to a timeline for review of canceled grants based on their merit. This resulted in new funding decisions on 528 appealed grants, 499 of which were approvals, as reported in [Inside Higher Ed](#).

Research Involving Human Fetal Tissue: On Jan. 22, NIH released [NOT-OD-26-026](#), a policy on Research Involving Human Fetal Tissue. Effective immediately, NIH funding can no longer be used for intramural or extramural research involving human fetal tissue (HFT) from elective abortions. For currently funded research projects, organizations



may be able to re-budget already released funds to support allowable research under the same project.

Pause for NIH Human Embryonic Stem Cell Registry and Information Request: Per [NOT-OD-26-031](#), NIH is pausing review and approval of applications for new human embryonic stem cell (hESC) lines to be added to the NIH Human Embryonic Stem Cell Registry. Established in 2009 by [executive order](#) to advance stem cell research, the registry lists hESC lines approved for use in NIH-funded research. Responses will be accepted through April 24.

New Parent Grant Mechanism for International Collaborations: On Jan. 20, NIH released [PA-26-002](#), NIH Collaborative International Research Project (Parent PF5 Clinical Trial Optional), implementing a new application structure for funding prime domestic awards with independent foreign awards that are linked to a prime award (i.e., subawards). The new mechanism follows NIH's prior notices, [NOT-OD-25-104](#) and [NOT-OD-25-155](#), which disallowed international subawards within parent grants and announced plans to expand oversight and tracking of international funding. This notice is intended for international collaborations, not projects with only foreign consultants or for purchasing equipment from foreign vendors.

Other Agency Updates

NEH: The National Endowment for the Humanities (NEH) announced a **new program** with an accompanying notice of funding opportunities inviting applications to build endowments for research and the teaching of Western civilization, American history, government, and civics. The program departs from traditional NEH grants by using non-federal fundraising with federal matching funds and appears to cap indirect cost recovery at \$100,000 rather than a percentage.

USDA: **USDA released a Secretary's Memorandum** outlining the agency's new research and development priorities. These include increasing the profitability of farmers and ranchers; expanding markets and creating new uses of agricultural products; protecting the integrity of American agriculture from invasive species; promoting soil health to regenerate long-term land productivity; and improving human health through precision nutrition and food quality.

Congress Updates

F&A Update: Congress has proposed new or renewed language to assert its authority over the current F&A rate system in a broad spectrum of FY26 agency appropriations bills, and we anticipate increased congressional focus on operationalizing the FAIR model in FY27. The **three-bill minibuss** (Commerce, Justice, Science; Energy and Water Development; and Interior and Environment) passed earlier this month and signed by the president contains two provisions:



- Division A - SEC. 542 Directs the Department of Commerce, NASA, and NSF to continue to apply negotiated indirect costs rates as they were applied in FY24 and prohibits these agencies from using appropriated funds to develop, modify, or implement changes to indirect cost rates.
- Division B - SEC. 313. Directs the Department of Energy to continue to apply negotiated indirect rates as they were applied in FY24 and prohibit the agency from using appropriated funds to develop, modify, or implement changes to such negotiated indirect cost rates.

Regarding current events, the 43-day government shutdown in October-November extended the deadline for final action on the remaining FY26 appropriations bills until Jan. 30, 2026. To enact the outstanding and still unresolved agency funding bills, the U.S. House passed a singular, multi-agency appropriations package last week, sending it over to the Senate for final consideration this week where 60/100 votes are required.

Notably, the final House-passed package avoids the large-scale spending cuts initially proposed by the White House for agencies critical to UNM such as Department of Education, and Department of Health and Human Services while also codifying new protections for F&A. If details are desired on this issue, APLU has created a helpful [tracker](#) of F&A language in bills.

What seemed like strong legislative momentum last week has now hit a temporary impasse: part of the final appropriations and agency spending package from the House includes funding for Department of Homeland Security/ICE. The component parts of the final appropriations package are not currently severable. Several key voting blocs within Congress are now demanding a review of proposed DHS/ICE funding while new operational guardrails are considered. Until these issues and concerns can be resolved with sufficient support to pass the remaining FY26 multi-agency bill, the final package will remain stalled. Absent a renegotiated agreement, the federal agencies below are headed toward a partial government shutdown starting on Jan. 31.

Departments and agencies that **will be affected** by the potential partial government shutdown are:

- Department of Defense
- Department of Health and Human Services
- Department of Education
- Department of Labor
- Department of Transportation (FAA)
- Department of Housing and Urban Development
- Department of Homeland Security
- Department of State
- Financial agencies
- General government agencies



The following departments/agencies **will not be affected** by the upcoming potential shutdown:

- Department of Agriculture
- Department of Veterans Affairs
- Department of Commerce (NOAA, NIST)
- Department of Justice
- Department of Interior (USGS, NPS)
- Department of Energy
- Military construction
- Legislative branch
- Environmental Protection Agency
- Science agencies (NSF, NASA)
- Water agencies

As always, in the event of a partial government shutdown, guidance may be found on [OSP's Government Shutdown Website](#).

We hope you all have had a great start to the semester. As we lean into 2026, we are encouraged by several research-positive developments in the federal funding landscape. We will continue to keep you updated as the year progresses.

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