

Jenner & Block Secures Summary Judgment Victory Protecting \$9 Billion in University Research Funding

News

October 14, 2025

Jenner & Block achieved a comprehensive summary judgment victory for the Association of American Universities and leading research institutions when the US District Court for the District of Massachusetts struck down the Department of Defense's controversial "Rate Cap Policy" that threatened approximately \$9 billion in annual federal research funding to universities nationwide.

In May and June 2025, DOD announced a policy purporting to starkly limit the amount it would reimburse universities for so-called "indirect costs." Such costs fund the buildings, laboratories, equipment, and infrastructure that make cutting-edge research possible. In a memo announcing DOD's new policy, the Defense Secretary dismissed indirect costs as "waste" and "bureaucratic fat," and claimed—without basis and contrary to the dozens of declarations filed in the case by affected institutions—that slashing such costs would make more research possible. After securing a preliminary injunction in July 2025, Jenner & Block and co-counsel Clement & Murphy achieved complete victory at the summary judgment stage on October 10, 2025, with a 58-page decision that rejected DOD's jurisdictional objections, found the policy unlawful on multiple independent grounds, and vacated it in its entirety.

The court held that the Rate Cap Policy violated OMB's Uniform Guidance, exceeded DOD's statutory authority, and was arbitrary and capricious. It ruled for Plaintiffs on two high-profile issues stemming from recent Supreme Court decision, finding that the case is a challenge to agency action that belongs in district court despite some connection to grants (not a contract claim that belongs in the Court of Federal Claims, as DOD argued) and that the policy should be vacated in its entirety under the APA (not just as to the Plaintiffs, as DOD argued).

This marks the fourth consecutive federal court victory against similar policies, reinforcing that agencies cannot override decades of established practice without meaningful explanation.

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