

## Episode 35 – Why Suspending Admissions to Grad School is a Bad Idea

Welcome to Grad-post! You know the rest ...

This is an update to [Episode 33](#) regarding suspended and retracted offers of admissions to students entering graduate programs in the United States. It continues to be a sad and sorry state of affairs, exacerbated by the uneven response from colleges and universities across the country. At the most extreme, institutions are rescinding offers of admissions to their graduate programs, usually those that were made “informally.” An informal offer of admission is when a program officer or faculty member tells you verbally or via text or email that you have been admitted to the program and to expect a formal offer of admission once the graduate school or other official admissions entity issues you the letter. While some institutions have been willing to honor these informal offers, others have not. And some institutions have suspended or reduced admissions to their graduate programs altogether. There are plenty of articles on this online so I don’t feel a compelling need to document these claims, but look at the [New York Times article by Stephanie Saul from March 6](#), for example.

Institutions can do this because admissions season is in full swing. Now is the time that many offers of admission are going out. Had this happened at any other time of the year, the impact likely would have been much less severe. Either students would already have been enrolled, or applications portals would have been modified to reflect the fact that some programs were not admitting students. The timing is what makes these developments particularly sad.

The situation is still very fluid, and some institutions are simply taking time to review their budgets and find other sources of funding before issuing those final offers of admission. But for those retracting offers and limiting enrollments simply due to the proposed reduction in F&A costs to 15% on National Institutes of Health grants – the Executive Order is still held up in courts, by the way – I have a thought as to why that’s a bad idea.

The reason retracting offers of admissions to graduate programs, particularly those in the arts and sciences, in response to a cut in overhead rates is a mistake is because it justifies the reason for the cuts in the first place. The narrative around the NIH F&A cost cutting efforts is that universities are greedy and these funds are wasteful. There’s also the implication that these administrative costs go to fund other programs that foster so-called “woke” ideology as part of the other Department of Education’s effort to eliminate all things DEI from colleges and universities, as in their obfuscating [Dear Colleague Letter](#) of February 14, 2025. Well, cutting admissions to a graduate program in, let’s say, African-American Studies or Gender Studies is simply admitting that “yes,” we use NIH indirect costs to fund graduate programs in areas that study things like social justice, cultural bias, and race relations. Those are important things to study and I don’t consider them promoting “woke” ideologies or fostering liberal indoctrination, but you know that the ones proposing these cuts do.

The justification for requesting indirect costs on any grant, whether it is from NIH, NSF, the Department of Education, state agencies or the local chamber of commerce, is that these funds are needed to cover the ancillary costs of doing that activity on campus. For example, if this program is new or needs more administrative staff to complete the work, institutions can request salary for these employees, but costs like office space, utilities, internet access, and even the small fraction of campus upkeep needed for additional activities are not covered in the direct costs. So, the indirect costs are added to help offset these overhead costs. The rate universities can charge varies because the cost of things like electricity and water vary from place to place, as does the general cost of living. It’s not a made-up number and institutions must justify the request. Universities negotiate this rate and are audited periodically to ensure that the rates are accurate.

What these indirect costs **DON'T** fund are stipends, health insurance, and fees in other graduate programs. That's where the mistake comes in. By adjusting admissions in other graduate programs because of a loss of income in health sciences programs, institutions are admitting that the indirect costs are going to things other than what they document to the federal government in their indirect cost rate requests.

I know what the view of the administrators is – I was one myself. They look at the big picture. We lost X dollars here, we need to offset that loss with a reduction of X dollars in expenses somewhere else. Most higher education institutions are non-profit organizations: the bottom line of income and expenditures needs to be zero. And they will tell you that the loss in indirect cost recovery has nothing to do with the hold on graduate admissions. The two things are not related. The institutions are simply responding to a loss in revenue by cutting costs in other areas. And they probably are cutting costs in other areas, as well. But the optics are not good.

Not only is the timing of these two events suspiciously close together, but suspending admissions in humanities and social science programs due to cutbacks in health and biomedical science fields is sending the message that the former programs are inferior. If the program cuts are across the board – all programs – then this message is somewhat muted, but it still looks like the liberal arts graduate programs are shouldering an inordinate share of the burden. There are cutbacks in the biomedical and health sciences to be sure. Johns Hopkins University, for example, just fired [2,200 people around the globe in response to lost USAID grants](#) totaling some [\\$800 million](#). But I'm not talking about that. Those are horrific stories in their own right, and the release of research talent and gutting of infrastructure, not to mention the toll on human life, are tragedies from which it will take a long time to recover. Those are cuts to direct costs due to loss of grant monies, however. I'm talking about the response of universities specifically to the potential loss of indirect cost revenue. The suspension of graduate admissions was swift in the wake of that announcement.

I've said before and I'll say again: graduate programs are part of a “uni” versity, not a “multi” versity, and the same reason you can justify using proceeds from business school programs to help fund programs in other areas of your institution is the same reason that all programs should bear some responsibility in the face of budget shortfalls. But just like the federal government is taking a sledgehammer to recover fraud and abuse funds in federal programs that require a scalpel to extract, colleges and universities are taking a sledgehammer to graduate admissions where thought and reflection are needed.

I know, timing is of the essence. Applicants need to know if they are admitted or not. But instead of the emotional roller-coaster of “you're admitted, you're not admitted, wait ... you're admitted again,” why not just honor these informal offers of admission and worry about the finances later? Yes – you may run a deficit this year. But there are alternatives, like increasing the payout on the endowment as I discussed in [Episode 33](#). Administrators say that endowments are not raining day funds to be raided at will. But that's a trite answer. There are ways to extract funds from endowments. There's a high-level introduction of them available from [the American Council on Education](#). It does a good job of outlining the payout rates of university endowments which are in the 4-5% range. What it doesn't mention, however, is specifically where that 4-5% comes from. Sure, the endowment holdings themselves are often restricted in their use so when I call for dipping into the endowment, I'm not talking about liquidating assets that have been given as gifts for specific purposes. I'm talking about raising the payout temporarily to 7-8% which is a typical annual growth target. This has been done recently when there were unexpected costs and lost revenues like the Great Recession of 2008 and the global pandemic of 2020. Many institutions increased their payout in those instances, why not now?

However you find the money to pay for it, please, graduate and institutional administrators, honor the informal offers of admission and don't reduce graduate admissions simply because of a proposed cut to NIH indirect costs. In doing so, you're reinforcing the very narrative you're trying to fight against.

Every degree – and every degree-seeking student – counts.

Links

<https://spotifycreators-web.app.link/e/Pw8PCbKGxRb>

<https://www.ed.gov/media/document/dear-colleague-letter-sffa-v-harvard-109506.pdf>

<https://www.usatoday.com/story/news/nation/2025/03/13/trump-cuts-university-research-admissions/82367626007/>

<https://www.cnn.com/2025/03/13/politics/johns-hopkins-layoffs-usaid-funding/index.html>

<https://www.acenet.edu/Documents/Understanding-College-and-University-Endowments.pdf>