

Facilities & Administrative (F&A) Costs of Research

U.S. investments in science lead to cures, transformative technologies, and new industries that save lives and improve Americans' health, create new jobs, and protect national security.

The Facilities and Administrative (F&A) costs of research – also referred to as the “indirect costs” of research – are **essential** to conducting world-class research **effectively, efficiently, safely, and securely**. Federal agencies reimburse institutions for the F&A costs they incur to support research overall; these are expenses that are difficult to attribute to specific research projects on an individual basis (e.g., libraries, physical lab operation and maintenance, utility costs, security, and other similar needs). **Without support of F&A costs, research labs would literally go dark.** Any reduction to reimbursements of the F&A costs of federal research would hinder scientific progress and jeopardize America's innovation leadership in a highly competitive global landscape.

All Americans benefit from federal investments in science: U.S. biomedical and scientific research investment has yielded life-changing returns over the years:



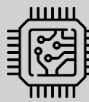
Effective cancer treatments & targeted therapies



GPS technology



Precision agriculture and new farming advancements



Semiconductors/microelectronics

Support for U.S. research institutions – including reimbursement of the F&A costs of federal research projects – is foundational to those advances. Without it, research and the benefits of that research just wouldn't be possible. In FY23, 64% of federal funding for research was directed to extramural performers. Universities and other nonprofit research institutions are responsible for 80% of all extramural research activities.¹ Their cutting-edge research breakthroughs for the American people are only possible if our government fairly reimburses the costs of conducting the research projects it sponsors. Examples of such costs include:



Utilizing research facilities



High-tech lab structures, equipment, & maintenance



High-speed data processing



Security & data storage



Federal regulatory compliance

These are the same types of research costs that are reimbursed to defense contractors and national laboratories operators that also conduct research on behalf of the U.S. government.

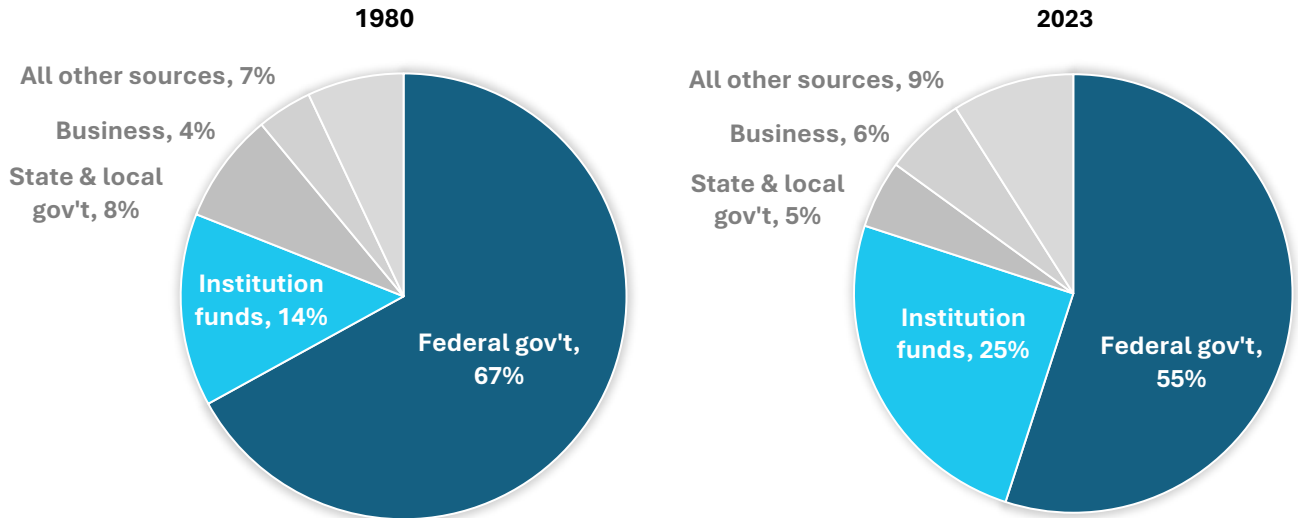
¹ Source: NCSSES, 2023 Survey of Federal Funds for Research and Development, [Table 85](#). Published April 2024.

F&A cost reimbursement processes are efficient and regularly audited. The federal government only allows certain expenses to be considered as part of a research institution's F&A reimbursement rate and reassesses each institution's rate every 2 to 4 years to ensure that expenses have not changed. Compared to federal research performed by private industry, federal/national laboratories, or other contractors, the reimbursement amounts to research institutions are both reasonable and offer good value for the federal government.



Cuts to F&A are cuts to groundbreaking research. It's as simple as that. Federal funding does not fully cover the costs of research, so research institutions contribute their own resources for every federal research dollar they receive (especially universities, whose reimbursement of their administrative costs of conducting federally funded research is already capped). In part as a result of rising federal regulatory compliance costs (e.g., patient protection, animal care, and new research and cybersecurity requirements), institution funds supporting research has increased 11 percentage points since 1980, while the federal government's share of research support during the same period has decreased 12 percentage points.¹ Limiting F&A reimbursement would force research institutions to scale back their research programs, which would mean less research would be conducted in the U.S.

Institution Funds Supporting Research Rise as Federal Share of Research Support Declines



Source: NSF 2023 HERD Survey Data. Published November 2024.

¹In 1980, the federal government supported 67% of research at universities and institutional funds covered 14%. In 2023, the federal government supported 55% of research at universities and institutional funds covered 25%.

Scaling back our research capacity in the U.S. would slow scientific progress and have detrimental economic consequences. Not only would we lose ground toward cures, new technologies, and other innovation, but less research in the U.S. would also:



- Impede progress on American medical, scientific, technical, and economic priorities
- Result in fewer jobs and slower economic growth
- Cede to other nations American companies' competitive advantage as a catalyst of new industries
- Threaten our long-term competitiveness against global adversaries, particularly as countries like China continue to boost their research funding and research infrastructure

The risk of reducing F&A support is real and has the potential to damage America's future.

Investing in science is investing in our future – it's good for people's health, for our quality of life, and for the economy.