

March 24, 2026

The Honorable Susan Collins
Chair, Committee on Appropriations
U.S. Senate

The Honorable Patty Murray
Vice Chair, Committee on Appropriations
U.S. Senate

The Honorable Tom Cole
Chair, Committee on Appropriations
U.S. House of Representatives

The Honorable Rosa DeLauro
Ranking Member, Committee on Appropriations
U.S. House of Representatives

Dear Chair Collins, Vice Chair Murray, Chair Cole, and Ranking Member DeLauro:

On behalf of the Joint Associations Group (JAG) on Indirect Costs, we recently wrote to thank you for your leadership and support of federal research funding, including support for the facilities and administrative (F&A) costs in the FY 2026 appropriations process. As you transition to focus on the FY 2027 appropriations season, we want to reiterate our commitment to continuing to work with Congress and the Executive Branch to advance the JAG's Financial Accountability in Research (FAIR) model recommendations.

The FAIR model was developed by subject-matter experts from across the research community, including representatives from institutions of higher education, non-profit research organizations, industry, and private foundations. It offers a transparent and publicly accountable means of research support that is responsive to lawmakers' questions about the current reimbursement model for facilities, infrastructure, and services that help ensure research is conducted safely, securely, ethically, and in accordance with federal regulations. The FAIR model adopts elements of the private foundation funding model and industry charging structures that make costs more visible and explicit through new trackable and auditable costing categories. This affords researchers, institutions, the government, and taxpayers the opportunity to better see and understand the drivers of these research costs.

For the FAIR model to be most efficient, it should be implemented through a commonly understood government-wide framework for grants management. Implementation on an agency-by-agency basis would create significant challenges for both agency and university accounting systems and confusion for researchers applying for grants. The Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance") is the appropriate and efficient pathway for implementing the FAIR model. The JAG organizations have drafted the attached recommended legislative language to establish a specific regulatory process that would make the necessary changes to the Uniform Guidance to implement the FAIR model as proposed by JAG and its subject-matter experts.

In the FY 2027 appropriations process, the JAG is requesting you consider three actions:

- 1) Include the provided bill language in the FY 2027 Financial Services and General Government Appropriations Act, directing the Office of Management and Budget to adopt the Financial Accountability in Research (FAIR) model across all federal research agencies.
- 2) Ensure at least a two-year transition period from the time revised guidance is finalized for agencies and institutions to make the necessary changes to accommodate FAIR.
- 3) Preserve the existing F&A reimbursement system by continuing blocking language until the new model is fully implemented and operational across federal research funding agencies.

We thank you for ensuring continued support for the costs necessary to advance American science and for engaging with the JAG and supporting the FAIR model. Our organizations stand ready to work with you to ensure that the essential costs of conducting federally funded research have the adequate resources and support to continue to drive breakthroughs in science, technology, and medicine.

Sincerely,



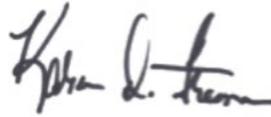
David Cabrera
President
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Waded Cruzado
President
Association of Public and Land-grant Universities



Dr. David J. Skorton
President & CEO
Association of American Medical Colleges



Kara D. Freeman
President & CEO
National Association of College and University
Business Officers



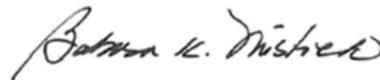
Barbara R. Snyder
President
Association of American Universities



Ted Mitchell
President
American Council on Education



Dr. Charles L. Welch
President & CEO
American Association of State Colleges &
Universities



Barbara K. Mistick, D.B.A.
President
National Association of Independent Colleges and
Universities

At the appropriate place, insert the following language into the bill making appropriations for financial services and general government for the fiscal year ending September 30, 2027.

SEC. __. FACILITIES AND ADMINISTRATIVE COSTS REIMBURSEMENT REFORM.

(a) Definitions.—In this section:

(1) FEDERAL AGENCY.—The term “Federal agency” has the meaning given the term “agency” in section 6101 of title 31, United States Code.

(2) COVERED AGENCY.—The term “covered agency” means a Federal agency to which amounts are made available under this Act for 1 or more Federal research awards.

(3) COVERED ENTITY.—The term “covered entity”—

(A) has the meaning given the term “non-Federal entity” under section 200.1 of title 2, Code of Federal Regulations (as in effect on October 1, 2024); and

(B) does not include—

(i) a State, local government, or Indian Tribe, as defined under such section; or

(ii) an exempt nonprofit organization, in accordance with section 200.401(c) of title 2, Code of Federal Regulations (as in effect on October 1, 2024).

(4) FEDERAL RESEARCH AWARD.—The term “Federal research award” means Federal funding in the form of a grant, contract, cooperative agreement, or other transactional authority awarded for the purpose of performing organized research, instruction, training, public service, or other sponsored activities (as such terms are defined in Appendix III to part 200 of title 2, Code of Federal Regulations (as in effect on October 1, 2024)).

(5) ACTUAL COSTS OF A FEDERAL RESEARCH AWARD.—The term “actual costs of a federal research award” means real, incurred expenses of an activity, project, or purchase that are—

(A) auditable, allowable, allocable, reasonable, and consistently treated, which shall be determined in accordance with part 200 of title 2, Code of Federal Regulations (as in effect on October 1, 2024); and

(B) organized as follows;

(i) the research performance costs for the Federal research award; and

(ii) the essential research performance support costs for the Federal research award;
and

(iii) the general research operations costs for the Federal research award.

(6) RESEARCH PERFORMANCE COSTS.—The term “research performance costs” means costs associated with a Federal research award directly attributable to conducting project-specific activities and not included in categories (7) through (12).

(7) ESSENTIAL RESEARCH PERFORMANCE SUPPORT COSTS.—The term “essential research performance support costs” means—

(A) regulatory compliance costs;

(B) award management, oversight, and reporting costs;

(C) essential research performance facility costs; and

(D) research information and data services costs.

(8) REGULATORY COMPLIANCE COSTS.—The term “regulatory compliance costs” means costs associated with any Federal research award relating to required compliance with Federal regulations, including such regulations relating to—

- (A) human or animal subject protections;
- (B) biosafety;
- (C) radiation safety;
- (D) chemical safety;
- (E) hazardous waste disposal;
- (F) clinical trial monitoring, management, oversight, and safety;
- (G) research security;
- (H) research data security;
- (I) Medicare coverage analysis; or
- (J) other matters associated with Federal research awards.

(9) AWARD MANAGEMENT, OVERSIGHT, AND REPORTING COSTS.—

(A) IN GENERAL.—The term “award management, oversight, and reporting costs” means costs incurred for—

- (i) the financial management of funds provided under a Federal research award; or
- (ii) oversight or reporting required for the conduct of the Federal research award.

(B) INCLUSIONS.—The term “award management, oversight, and reporting costs” includes administration costs, financial compliance and management costs, effort management costs, sub-award negotiation and monitoring costs, records retention costs, award close-out costs, and the costs of required reporting associated with a Federal research award.

(10) ESSENTIAL RESEARCH PERFORMANCE FACILITY COSTS.—The term “essential research performance facility costs” means costs associated with a Federal research award for necessary space and major equipment, including—

- (A) utilities;
- (B) support staff;
- (C) maintenance;
- (D) depreciation;
- (E) leases;
- (F) rent;
- (G) insurance;
- (H) facility security; and
- (I) other facility and equipment expenses directly supporting a Federal research award.

(11) RESEARCH INFORMATION AND DATA SERVICES COSTS.—The term “research information and data services costs” means costs incurred for information and data services that support a Federal research award, including—

(A) resources required by the covered agency awarding the Federal research award, such as institutional repositories for publications and databases, data management and sharing services, and cybersecurity; and

(B) Journal subscriptions and database access necessary to carry out activities funded by federal research awards.

(12) GENERAL RESEARCH OPERATIONS COSTS.—The term “general research operations costs”—

(A) means costs associated with a Federal research award relating to the provision of infrastructure or services by the recipient or subrecipient of the Federal research award that is—

- (i) necessary to conduct research; and
- (ii) infeasible to allocate to individual projects; and

(B) includes costs described in subparagraph (A) relating to—

- (i) procurement;
- (ii) universal compliance and monitoring requirements, such as conflict of interest disclosures;
- (iii) general finance;
- (v) legal services; and
- (vi) other general research support services.

(b) Moratorium on Modifications to Current Indirect Costs Methodology.—Except as described in this section, none of the funds made available in this Act or any other Act may be used by the head of a covered agency or the Director of the Office of Management and Budget to modify, alter, or otherwise change—

(1) the methodology for determining rates for indirect costs or related costs for covered entities for Federal research awards made by a covered agency; or

(2) the acceptance of negotiated rates for indirect costs for Federal research awards made by a covered agency under section 200.414(c)(1) of title 2, Code of Federal Regulations, as in effect on October 1, 2024.

(c) Reimbursement Process for Federal Research Awards by Covered Agencies.—On and after the date on which the rules promulgated under subsection (e) take effect in accordance with paragraph (3)(B) of such subsection, the reimbursement of costs associated with a Federal research award by a covered agency that are received by a covered entity shall be equal to the actual costs of the Federal research award, as determined in accordance with this section.

(d) Determination of Certain Costs.—

(1) GENERAL RESEARCH OPERATIONS COSTS REIMBURSEMENT RATE.—General research operations costs shall be reimbursed to a covered entity by a covered agency at a fixed rate of 15 percent of the total cost of a project performed with a Federal research award.

(2) ELECTION WITH RESPECT TO ESSENTIAL RESEARCH PERFORMANCE SUPPORT COSTS.—

(A) IN GENERAL.—A covered entity that is a recipient or subrecipient of a Federal research award by a covered agency may elect—

- (i) to explicitly charge regulatory compliance costs, award management, oversight, and reporting costs, research information and data services costs, and essential research

performance facility costs to the individual research project budget for the Federal research award; or

(ii) to—

(I) receive a fixed rate of 10 percent of total award costs to cover research information and data services costs, and essential research performance facilities costs; and

(II) charge regulatory compliance costs and award management, oversight, and reporting costs directly to the individual project budgets performed with a Federal research award.

(B) SINGLE ELECTION BY RECIPIENTS.—A covered entity shall make a single election under subparagraph (A) that shall be applicable to all Federal research awards by a covered agency for which the covered entity is a recipient or subrecipient.

(e) Rulemaking and Implementation.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the heads of covered agencies shall jointly issue a notice of proposed rulemaking amending part 200 of title 2, Code of Federal Regulations, to revise the guidance and agency policies and regulations that are applicable to covered agencies under part 200 of title 2, Code of Federal Regulations, to implement the reimbursement process for Federal research awards established under section (c).

(2) PUBLIC COMMENT PERIOD.—The notice of proposed rulemaking issued under paragraph (1) shall include a public comment period of not fewer than 60 days and not more than 90 days.

(3) FINAL RULE.—At the conclusion of the public comment period described in paragraph (2), the heads of covered agencies shall jointly promulgate a final rule—

(A) described in paragraph (1); and

(B) that takes effect on the date that is 2 years after the date on which the final rule is promulgated.

(4) APPLICABILITY.—The final rule promulgated under paragraph (3) shall be applicable to all covered agencies.

(f) Continuation of Current Rates for Indirect Costs.—Until the date on which the final rule required under subsection (e)(3) takes effect, the head of each covered agency shall—

(1) continue to reimburse each covered entity receiving a Federal research award at the rate for indirect costs negotiated with the covered entity before the date of enactment of this Act; and

(2) honor the rates described in paragraph (1) beyond their expiration dates where necessary to ensure continuity of funding.

(g) Prohibition on Promulgation of Regulation.—

(1) IN GENERAL.—Neither the Director of the Office of Management and Budget nor the head of a covered agency may propose, promulgate, or implement any rule or take any other action with respect to the methodology for determining rates for indirect costs under part 200 of title 2, Code of Federal Regulations, or any successor regulation, that is applicable to a covered agency in any manner or by any means other than the final rule required under subsection (e)(3).

(2) PRIOR ACTIONS VOIDED.—Any revision or other action proposed, promulgated, or implemented with respect to the methodology for determining rates for indirect costs under part 200 of title 2, Code of Federal Regulations, during the period beginning on October 1, 2025, and ending on the date of enactment of this Act that relates to a covered agency shall have no force or effect.

(h) Additional Limitations.—The Director of the Office of Management and Budget and the head of a covered agency are prohibited from the following:

(1) Promulgating regulations or issuing guidance pursuant to this section that limit financial reimbursement or assistance by covered agencies for the actual costs of Federal research awards or any components of such costs specified in this section, except that a covered agency may issue a notice of funding opportunity for a Federal research award that establishes limits, without regard to the identity of the eventually recipient of the award, on the amount of research performance costs for the Federal research award.

(2) Using the actual costs of a Federal research award as a criterion for awarding a Federal research award by a covered agency.

(3) Using criteria other than the actual costs of a Federal research award to determine the amount of the essential research performance support costs to be paid to a covered entity under a Federal research award by a covered agency.

(i) Reporting.—Until the date on which the final rule required under subsection (e)(3) takes effect, the Director of the Office of Management and Budget shall submit to the Chair of the Committee on Appropriations of the Senate and the Chair of the Committee on Appropriations of the House of Representatives a report describing the progress of the Office of Management and Budget and covered agencies in implementing this section not less frequently than quarterly.

(j) Exempted Nonprofit Organizations from Subpart E of Part 200.—

(1) APPROVAL OF NEW REQUESTS.— Upon the enactment of this Act, the cognizant agencies for indirect costs shall utilize the existing criteria (section 200.401 (c) of title 2, Code of Federal Regulations, as in effect on October 1, 2024) to review and approve, within 90 days, requests from eligible nonprofit organizations to be added to the list of exempt organizations (Appendix VIII to Part 200 of the Code of Federal Regulations). Such exempted nonprofit organizations are exempt by virtue of not being regulated exclusively by cost principles under 2CFR200, Subpart E, due to their distinct operational models.

(2) PROHIBITION ON CHANGES.—The Director of the Office of Management and Budget, the head of a covered agency, and any other officer or employee of the executive branch of the Federal Government, may not modify the exemption criteria and process developed in (j)(1), and the current list of nonprofit organizations in Appendix VIII to Part 200 of the Code of Federal Regulations.

(3) AUTHORIZATION OF FUTURE EXEMPTIONS.—Nothing in paragraph (2) shall be construed to prohibit the exemption of a nonprofit organization in accordance with section 200.401 (c) of title 2, Code of Federal Regulations (as in effect on October 1, 2024) on or after the date of enactment of this Act.