BAY AREA COUNCIL
BASIC
BAY AREA SCIENCE & INNOVATION CONSORTIUM

August 6, 2025

The Honorable John Thune
Senate Majority Leader
S-230, The Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
S-221, The Capitol
Washington, DC 20510

The Honorable Mike Johnson
Speaker of the House
H-232, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
House Minority Leader
H204, The Capitol
Washington, DC 20515

The Honorable Susan Collins
Chair, Senate Appropriations Committee
413 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patty Murray
Vice Chair, Senate Appropriations Committee
154 Russell Senate Office Building
Washington, DC 20510

The Honorable Tom Cole
Chair, House Appropriations Committee
2207 Rayburn House Office Building
Washington, DC 20510

The Honorable Rosa DeLauro
Ranking Member, House Appropriations Committee
2413 Rayburn House Office Building
Washington, DC 20510

Dear Majority Leader Thune, Minority Leader Schumer, Speaker Johnson, Minority Leader Jeffries, Senator Collins, Senator Murray, Representative Cole, and Representative DeLauro,

The Bay Area Science and Innovation Consortium (BASIC), a partnership of Northern California's leading research universities, laboratories, and research-driven private companies, conveys its support for the Financial Accountability in Research (FAIR) model developed by the Joint Associations Group on Indirect Cost, which addresses indirect cost recovery rates in federal research grants.

Science is the foundation for America's competitiveness and its leadership in the world economy and is the bedrock for innovation and its benefits. Those benefits range broadly, with applications in defense, communications, information technology, energy, space, health and other fields. Together they support national priorities, innovation in both large and small companies, and health outcomes for millions of Americans and others around the world. While corporate support for applied (product-

oriented) research is growing, federal support remains critical for basic (discovery) research.

Federal grants generally cover the costs of research staff and perhaps specific equipment but do not as a rule cover indirect costs - the infrastructure that supports scientific research such as supercomputing capability, laboratory subjects for testing, or the administrative costs of compliance. Recovery of these costs is essential to the financial viability of many projects and of the institutions that host them.

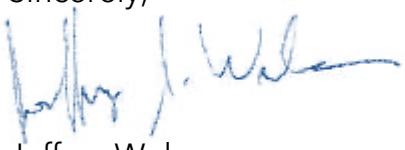
BASIC believes that a considered and transparent framework for considering indirect cost recovery rates will benefit both the federal government and the research community. We also believe that the blanket 15% cap currently proposed on grants by the National Science Foundation, National Institutes of Health, the Department of Energy and the Department of Defense will in the long run be harmful to both.

The FAIR model offers a fair and balanced approach to this issue that can increase the efficiency and transparency of grantmaking while ensuring that our nation's leadership in science and technology is not impaired. Under its framework institutions would be required to report the use of reimbursed funds in new trackable costing categories. In contrast to a blanket approach, it would be customizable to specific kinds of research projects. The recommendations of the Joint Associations Group reflect input and deliberation by a broad range of experts both in and outside the research community, including private industry, and is modeled on approaches already being used by foundations and industry.

We ask that no federal action be taken to cap or otherwise change existing negotiated indirect cost recovery rates until a plan is developed with stakeholder engagement for a new indirect cost recovery system based on the FAIR model. We also ask for a two-year transition period to allow federal agencies to make the required changes,

While the current system for indirect cost recovery has served our nation well, it may also benefit from increased transparency, which the FAIR model offers. A balanced resolution to this issue is important to the development of America's young scientists, for maintaining a strong STEM workforce (which the private sector depends on), and for America's economic competitiveness and continued technology leadership.

Sincerely,



Jeffrey Welser
Chairman, BASIC

CC: Michael Kratsios, Director, Office of Science and Technology Policy