

February 10, 2025

Dear colleagues,

Most faculty are aware at this point that the federal government issued new guidelines for indirect cost recovery (also known as “Facilities and Administration” costs, or F&A) for all grants, present and future, awarded by the National Institutes of Health. I write to keep you apprised of the University’s efforts to understand the impact of this directive and take any necessary steps to contest it. This is a serious matter for all of our campuses, especially the principal investigators whose research depends on the maintenance of facilities and the availability of services to keep their work running smoothly.

For those who are not part of the sponsored research world, it may be useful to know that Facilities and Administration is a foundational element of funded research. Among other things, it covers the costs of research buildings, information technology, utilities, procurement of supplies, and payroll processing. It covers the cost of personnel who assure the safety of adults and children enrolling in clinical trials for cancer and chronic disease, the ethics teams that assure those trials are done safely, the data and privacy teams that protect our personal data, and the equipment that fuels the labs where discovery is occurring. The reductions will disrupt a critical relationship to the pharmaceutical and device industry partners who rely on our independent research and clinical trials to establish the efficacy of emerging treatments.

The F&A rate is negotiated with and justified by the NIH by each campus every three to four years. The rate employed in grant submissions and awards has undergone detailed scrutiny and is carefully audited to be sure expenditures align with grant commitments. These costs are carefully developed with both NIH and Congressional oversight. Abrupt changes to this funding will leave gaping holes in the budgets that support the facilities and staff where our research occurs.

This has been a standard practice for decades; all universities that receive sponsored research funding undergo this rigorous procedure and the result is a partnership between the federal government and higher education to develop and sustain the most advanced research in the world. Indeed, the results represent achievements all Americans can take pride in. From Nobel prize-winning work in biology, physics, and chemistry to life sustaining work in public health, medicine, and social science, the University of California has achieved its pre-eminent status as the most respected and accomplished public research university bar none. This research leads to treatments and cures for real diseases for real people, such as cancer, diabetes, heart attacks, and strokes, among others. All of this is at risk as a consequence of the abrogation of commitments to support that work in the form of this reduction.

We would like to share with you what we can, to reassure you of our collective (campus-based and system-based) efforts over the weekend. That includes the following:

- We are working in collaboration with the professional organizations we belong to, especially the AAU and APLU, to articulate a united voice nation-wide about the impact of the F&A reduction on the entire R-1 university world.
- UC Federal Government Relations (FGR) has been consulting with the California congressional delegation, Democrats and Republicans alike, to ensure they understand how serious this is for UC and for California.
- We have provided a declaration to the California Attorney General’s office in support of a lawsuit brought by a number of state Attorneys General requesting that a temporary injunction be issued by the federal court in Massachusetts preventing the order from being implemented while its legality is considered by the courts. Attorneys General from 21 other states have joined this effort.
- We have begun a coordinated effort to remind the public and policy makers about the critical impact of research on public well-being. Every campus can point to important advances in medicine, agriculture, data science, and a myriad of other fields that has led to technologies, medications, and other discoveries that have enhanced the health, longevity, and job creation that

Californians depends on. While IDC itself is something of a technical and budgetary matter, the work it supports matters to all of us and is most easily appreciated by direct reference to research achievements.

- Principal Investigators preparing new federal grants should consult with their campus Office of Project and Grants for guidance on these matters.

The President, Chancellors, UCOP senior staff, EVCs, VCRs, and many others met throughout the weekend and will continue to do so as we work to sustain the research enterprise. Your support and engagement in this effort is crucial. We thank you for your attention and your own efforts to educate the students and members of the community about these vital needs.

Sincerely,

Katherine S. Newman
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UC Berkeley Chancellor's Distinguished Professor of Sociology and Public Policy