

ISSUE SUMMARY:



Facilities and Administrative Costs Rates in Research Grants

In response to the Trump Administration's actions to reduce facilities and administrative (F&A) costs on federal research grants awarded to colleges and universities, AASCU and a group of other leading higher education associations created the Joint Associations Group (JAG) on Indirect Costs. The JAG is a community-based effort to develop potential replacement models for the funding of indirect costs on federal research grants.

JAG released its recommendation to Congress and the executive branch in 2025. Foundational elements of the Fiscal Accountability in Research (FAIR) model include reducing confusion and misunderstanding, promoting transparency, and increasing efficiency on calculating indirect cost rates. The group represents research institutions from every state in the nation, large and small, public and private. It collaborated to create a new model to fund this aspect of federal grant-making. This model offers a clear and accountable means of research support that is responsive to lawmakers' and taxpayers' concerns about previous models.

The FAIR model is a straightforward and transparent approach to accounting for the full costs of research.

It adopts elements of the private foundation funding model and industry charging structures to make costs more visible and explicit through new, trackable, and auditable costing categories.

Advocacy Efforts

Colleges and universities' associations worked together to urge policymakers to embrace and codify the FAIR model. Though this goal remains, Congress, through the FY26 appropriations legislation, has **actively blocked attempts to cap federal grant indirect costs (F&A) at 15%**, preserving currently negotiated rates for institutions and research centers through the rest of this fiscal year. **It is imperative that Congress extend this language to FY27 funding if it and the sector cannot persuade the administration to accept and apply the FAIR model.**

Background

The federal government reimburses universities and other research institutions for F&A costs, enabling them to secure the resources and support they need to drive breakthroughs in science, technology, and medicine. Although historically labeled 'indirect costs,' these expenses represent the essential infrastructure and other necessary costs associated with conducting research, including cutting-edge facilities, utilities, security, and compliance with federal regulations. Unfortunately, previous efforts to convey a new calculation under the Office of Management and Budget's Uniform Guidance for Grant Awards do not reflect the recommendations JAG made last year in the FAIR model.