



December 8, 2022

Dr. Lawrence A. Tabak  
Acting Director, National Institutes of Health  
1 Center Drive  
Bethesda, MD 20892  
[Lawrence.Tabak@nih.gov](mailto:Lawrence.Tabak@nih.gov)

***Subject: NIH Modular Grant Application and Award Process***

Dear Dr. Tabak:

On behalf of the over 200 institutional members of the Council on Governmental Relations (COGR), thank you for your tireless work on behalf of the U.S. and global research communities. We are grateful for your leadership and dedication to improving our nation's health by fostering research that will lead to better prevention, diagnosis, and cures of human disease. The reliable partnership you have forged with COGR and our constituent universities and research institutions has made a permanent and positive imprint on how research is conducted. It is in that same spirit that we bring to your attention an opportunity for NIH to streamline and reinvigorate the focus of scientists and the research enterprise back to biomedical research and discovery – specifically by:

- **Raising the current \$250,000 direct cost limit on Modular Grant Applications and Awards to account for 24 years of inflation or eliminating the direct cost limit altogether, and**
- **Eliminating the need for detailed budgets at the proposal stage, requiring them only for those projects selected for funding.**

As you know, NIH Director Dr. Harold Varmus boldly launched the Modular Grant Application and Award process in 1998 in order to “concentrate the focus of investigators, their respective institutions, peer reviewers, and NIH staff on the science NIH supports rather than on the details of budgets.” This initiative was based on NIH data showing that almost 90% of competing individual research project grant applications requested \$250,000 or less in direct costs. Applications submitted under the NIH Modular Grant Application and Award process could request direct costs in \$25,000 modules up to a total of \$250,000 per year without the need to submit categorical budget information. Scientific peer reviewers evaluated these application budgets on the basis of a general

estimate of the total resources required to carry out the proposed research rather than on the basis of budget details. Every attempt was to be made to fund these grants “at or close to” peer reviewer recommended direct cost levels to streamline the awarding process. An Outcome Study of the NIH Modular Grants Program conducted in 2005 by Westat Corporation concluded that the Modular Grant Program was generally well received in the extramural community and achieved the goals of reducing administrative burden while focusing more peer reviewer time and attention on the scientific content of applications. It was a clear success at the time.

Today, however, the many benefits of the Modular Grant Application and Award process have largely dissipated. In 24 years, the Modular direct cost cap has never been adjusted for inflation and remains at \$250,000 per year of direct costs. NIH data shows that the number of awards with modular budgets has fallen from 47% in FY2007 to just 29% in FY 2021, with an average R01 grant award size of \$560,000 in FY 2020<sup>1</sup>. NIH further reports that the rate of inflation for NIH-funded research was higher than the general rate of inflation from 1998 until 2012, and since then, the rate of inflation for NIH-funded research has been similar to or lower than the general rate of inflation. The average cost of individual research project grants rose in 2021 to \$581,293 in total cost, an increase of \$14,549 over 2020 (or 2.8%).

Given that NIH data shows 90% of NIH Modular budget applications were encompassed at the inception of the policy in 1998 and in 2021 only 29% are covered, we suggest NIH **either**:

- **Raise the Modular direct cost cap to \$750,000 per year (consistent with the Single Audit Threshold of 2 CFR 200), or**
- **Eliminate the direct cost cap entirely, allowing for all NIH funded research to utilize the modular budget format.**

In addition, we suggest that U.S. biomedical research enterprise would greatly benefit from a bold, sweeping change that **eliminates the need for all detailed budgets at the proposal stage, requiring them only for those projects selected for funding**. It is worth noting here that such a change would not alter the obligation of universities and independent research organizations to follow the cost estimate requirements of the cost principles for preparing federal budget requests.

With principal investigators of federal projects reporting 44.3% of their research time is spent on administrative tasks<sup>2</sup> for preparing and managing federal awards, the Modular Grant Application

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<sup>1</sup> March 2022 Grants Innovation Exchange Session <https://www.cfo.gov/wp-content/uploads/2021/20220317%20Innovation%20Exchange%20Presentation%20FAA.FINAL.pdf>

<sup>2</sup> 2018 Faculty Workload Survey a Research Report issued by the Federal Demonstration Partnership (up from 42.3% in 2012).

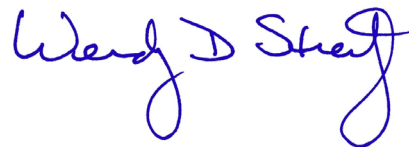
## *NIH Modular Grant Application and Award Process*

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and Award process is a proven tool to help alleviate administrative burden on individual researchers, universities, and NIH administrative staff and streamline the review process. These proposed enhancements will increase the efficiency and effectiveness of the research enterprise without an impact on the cost of federal research, the funding rates of NIH grants, or the integrity of cost estimates.

We firmly believe it is time for NIH, under your vigilant leadership, to update the NIH Modular Grant Application and Award process to concentrate on and refocus investigators, NIH staff, peer reviewers, and institutions, on the science. We hope you concur.

Sincerely,

A handwritten signature in blue ink that reads "Wendy D. Streit". The signature is written in a cursive style with a large, looping "S" at the end.

Wendy D. Streit  
President