

Joint Associations Group (JAG) on Indirect Costs: What's New and What's Next

June 5, 2025



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Joint Association's Group (JAG) on Indirect Costs – What's New and What's Next

June 5, 2025

Today's Speaker:



Kelvin Droegemeier, Professor of Atmospheric Sciences and Special Advisor to the Chancellor for Science and Policy, University of Illinois-Urbana Champaign

The Joint Associations Group (JAG) on Indirect Costs: A Community Strategy for Developing a New Indirect Costs Model

**Briefing to Council on Governmental Relations
5 June 2025**

Clarity Driving Action

- It is **clear** from Congress and The White House that simply **explaining F&A**, as in the past, is **no longer a viable option**
- It is clear that **caps on F&A** and **major reductions** in research agency budgets and staff will **weaken America** in multiple ways (fundamental research, innovation, understanding and curing disease, economic strength, national security, and educating the next generation for all these important priorities)
- It is clear that **limitations** exist with the current F&A model and that the research community now has an **opportunity** to address them

Approach: Joint Associations Group on Indirect Costs

- The major academic professional associations have joined forces with the private sector and private research foundations to assemble a group of **Subject Matter Experts (SME)** to **develop and propose to the US Government a NEW, IMPLEMENTABLE MODEL FOR INDIRECT COSTS**
- The SME Team has **deep expertise** in all matters related to research funding and related financial management, Federal agency policy, and cost allocation
- The team is drawn from a **broad cross-section** of organizations representing America's research enterprise
- **The ultimate goal is to help ensure that America increases its global leadership in research, innovation, and education, is a model of ethical conduct and accountability to American taxpayers, and restore the USG/academic partnership**

Joint Associations Group (JAG) National Organizations



National Associations and Alliances
(AAU, APLU, AAMC, COGR, ACE, AIRI, AASCU, NAICU, SciPhiAll, NACUBO)

Sits On

“Thursday” Steering Group

**Academic Research Community, Independent Research
Institutes, Hospitals and Medical Centers**

Informs

Input

Coordinates
Community
Discussion of
Outcomes

National Associations and Alliances
(AAU, APLU, AAMC, COGR, ACE, AIRI, AASCU, NAICU, SciPhiAll, NACUBO)
Some Have Internal Planning Teams

Sits On

Informs

Input

“Thursday” Steering Group

Informs

Input

**Subject Matter Expert
(SME) Team**

**Broad Representation on the Subject Matter Expert
Team, Selected by the Thursday Group: R1, R2, ERI,
HBCU, MSI, EPSCoR, Public, Private, Land-grant,
former Government, former National Lab**

**Recommendation
to Congress**

Subject Matter Expert Team

University Senior Research Leadership/Research Administration

- **Penny Gordon-Larsen**, Vice Chancellor for Research, The University of North Carolina at Chapel Hill
- **Tim Lieuwen**, Executive Vice President for Research, Georgia Institute of Technology
- **Jennifer Lodge**, Vice President for Research and Innovation, Duke University
- **Willie May**, Vice President for Research and Economic Development, Morgan State University
- **Stacey Patterson**, Vice President for Research, Florida State University
- **Nick Wigginton**, Associate Vice Provost for Research, Johns Hopkins University

Academic Medical Centers/Hospital Leaders

- **Anupam Agarwal**, Senior Vice President for Medicine and Dean, Heersink School of Medicine, University of Alabama at Birmingham
- **Nancy Andrews**, Executive Vice President and Chief Scientific Officer, Boston Children's Hospital; Dean Emerita, Duke University School of Medicine
- **Howard Fox**, Senior Associate Dean of Research and Development, University of Nebraska Medical Center
- **Ming Lei**, Senior Associate Vice President for Research and Graduate Education, West Virginia University Health Sciences; Vice Dean of Research, School of Medicine, West Virginia University

Subject Matter Expert Team

University Operations and Finances

- **Robert Cramer**, Vice Chancellor for Finance and Administration, University of Wisconsin-Madison
- **David J. Gray**, Executive Vice Chancellor for Finance and Chief Financial Officer, Washington University in St. Louis
- **Sarah Norris Hall**, Senior Vice President and Chief Financial Officer, University of Washington
- **Steve Zuraf**, Director of Cost Accounting and Analysis, University of Maryland

Independent Research Institutes/Medical Centers Operations and Finance

- **Jim Incalcaterra**, Vice President of Finance Analytics and Treasury, MD Anderson Cancer Center
- **Kurt Marek**, Chief Research Development Officer, Sanford Burnham Prebys
- **Diego Vazquez**, Director, Sponsored Research Administration, The Jackson Laboratory

Private Sector

- **Marty Conger**, Battelle (Retired); Former Chief Financial Officer, Pacific Northwest National Laboratory (PNNL)
- **Michael Rosenfield**, Former Vice President of Strategic Partnerships, IBM (Retired)

Subject Matter Expert Team

Research Foundations

- **Euan Robertson**, Chief Operating Officer, Simons Foundation

Former Government/Agency Officials

- **Kristina Baum Gargiulo**, Former WHO STP Director of Communications; and House & Senate Committee Communications Director
- **Sally Rockett**, Former Deputy Director for Extramural Research, National Institutes of Health (Retired)
- **Gil Tran**, Senior Specialist Leader, Grants Management, Attain [Partners](#); Former Senior Policy Analyst, White House Office of Management and Budget, Office of Federal Financial Management

University Government Relations

- **Neil Canfield**, Executive Director for Federal Relations and Federal Research, University of Michigan
- **Stacy Rastauskas**, Vice President for Government Affairs, The Ohio State University

Research Faculty/Principal Investigator

- **Gene Robinson**, Director, Institute for Genomic Biology, University of Illinois Urbana-Champaign

SME Team Support Staff

- **Meredith Asbury**, Assistant Vice President for Government Relations and Public Policy, Association of American Universities
- **Cindy Hope**, Director for Costing and Financial Compliance, COGR

The SME Team Charge

- To undertake a rapid and **thorough evaluation** of the current direct/indirect cost model of USG funding to academic research institutions, independent research institutions, research hospitals, and medical centers; and
- To develop a **new model** for funding indirect costs, shared with and discussed by the broad research community, **for consideration by the Federal Government**

The WHITE HOUSE

✶ BRIEFINGS & STATEMENTS

A Letter to Michael Kratsios, Director of the White House Office of Science and Technology Policy

The White House | March 26, 2025

- First: How can the United States secure its position as the unrivaled world leader in **critical and emerging technologies**
- Second: How can we revitalize America's science and technology enterprise — pursuing **truth**, reducing **administrative burdens**, and **empowering researchers** to achieve groundbreaking discoveries?
- Third: How can we ensure that scientific progress and technological innovation fuel economic growth and **better the lives of all Americans?**

The JAG Effort Moved Quickly!

March 27/31 – Association principals briefed on and agree to **SME Team concept**

April 8 – Joint Associations Group (JAG) effort **formally announced**

April 14 – SME Team **begins work**, holding **numerous virtual meetings**

May 1/4 – SME Team holds weekend **virtual retreat**

May 7/18 – SME Team holds weekend **fly-in retreat** at Chicago O'Hare Airport

May 22 – SME Team presentation of provisional models to the **Thursday Group**

May 27 – SME Team presentation of provisional models to **Association Principals**

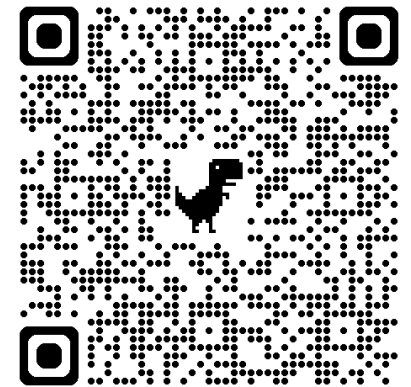
Week of June 2 – **Discussion of provisional models with key USG officials**

Working Together as a Team

- We have been firmly committed to taking a **team approach**, coordinating with
 - The national research community
 - The White House
 - DOGE
 - Congress on both sides of the aisle
 - House and Senate appropriators and authorizers
 - House and Senate committee staff
 - Individual Members
 - Other key players (e.g., in private industry)

Engaging the Community

- Effort **announced** at the QR code shown here
- **Community input being obtained throughout the entire process** via **professional associations**: AAU, APLU, AAMC, COGR, AIRI, ACE, AASCU, NAICU, NACUBO and the Science Philanthropy Alliance.
- **Portal web form for input** at the QR code shown here
- **Community town hall webinars** on **May 8 and May 12**.



Challenges With Today's F&A Model

- Not easily **explained or understood**, even by researchers
- **F&A rate vs F&A component of budget** is confusing
- **Time-consuming and expensive** space/administrative analysis and negotiation involved in Federal process to set the F&A rate
- Federal process for setting the F&A rate is **applied unevenly** across institutions
- **F&A reimbursement concept** and accountability in how funds are spent
- Application of **same F&A rate** to all types of research (humanities, medical)
- Confusion of costing models between **universities** and **private foundations**
- Differences between the **negotiated** F&A rate and the **actual** F&A recovery
- Items in the F&A **categories**

Key Principles in Developing a New Model

- Fund the **actual costs of research** – accountability and auditability
- Link costs to **individual projects** – accuracy and transparency
- Create **efficiency and savings** by reducing **complexity and administrative workload**

Attributes of a New Model

- **Acceptable to the research community and US Government**
- **Simple, clear, efficient, easily explained, and defended**
- **Transparent and trackable**
- **Accountable to taxpayers**
- **Based upon the actual cost of research**
- **Fair** to all organizations, accounting for unique differences
- Minimal **administrative burden and maximum efficiency for cost savings**
- Maximizes the **ease of transition** from the current model
- **Eliminate uncertainty** regarding funding for research support costs
- Updated **definitions** of costing categories
- **Consistent** with laws and policies, some possibly needing to be changed
- Minimal **changes** to existing data and financial systems
- Stable and **codified** in law
- **Simplify** by all USG organizations using the model
- **Reinvigoration** of the USG/recipient partnership of mutual benefit and trust

Current Status

- Two provisional models for consideration – the **Fiscal Accountability in Research (FAIR) Models**
- They represent “**bookends**” by taking notably different approaches
- A “**hybrid**” in between the two models is possible

Features of Both FAIR Models

- Applicable to **all Federal agencies** and **private foundations**
- Eliminate the periodic **F&A rate negotiation process**, reducing burden
- Create an auditable and transparent **reimbursement process**
- Gear research support to **project-specific** needs and **actual costs**
- **Simplify** by eliminating multiple rates (on/off campus, training, other spons act)
- Consider **all sizes and types of research institutions**, public, private, independent, hospitals, etc
- Are being **pressure tested** with real data across all institution types
- Will need **changes** to Uniform Guidance, agency policy, and possibly laws

Next Steps – Provisional Timeline

- **Until June 9**

- Continue pressure testing both models with institutional data
- Updates to key Government officials
- Continue socializing within the 10 associations, get JAG endorsement

- **June 9 - 23**

- Roll out to the research community for input and discuss with Congress and The White House

- **June 23**

- **Deliver SINGLE final model**
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