JOINT ASSOCIATIONS GROUP (JAG) VIRTUAL TOWN HALL ON THE FAIR MODEL

TOWN HALL

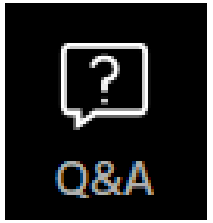
JULY 15, 2025

JAG NATIONAL ORGANIZATIONS

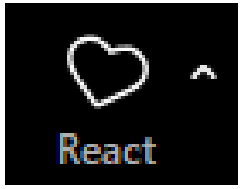
Today’s Agenda

- Welcome & Overview
- Presentation of the FAIR Model
- Moderated Q&A
- Wrap Up & Next Steps

Today's Townhall Logistics

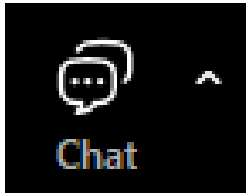


Q&A. Use the QA Function (bottom center) to ask your questions. You may upvote & comment on questions. Please do not use the chat function to ask questions.



Hear something you like? (or don't?)

Use the React feature at anytime to share with the panelists and fellow attendees your reaction.



Use the chat window to relay any technical issues to the panelists.

This session is being recorded and will be shared publicly.

Important Links

- Summary of the Financial Accountability in Research (FAIR) Model (July 2025)
- National Organizations Announce Joint Effort to Develop a New Indirect Costs Funding Model (April 2025)
- Indirect Costs Subject Matter Experts Team
- Submit Questions, Feedback, and Inquiries

- Background Materials:
  - F&A Cost Reimbursement Materials
  - May 8 and 12 Townhall Recordings
  - June 12 & 17 Webinar Recordings
  - Recording of today's session

- All Media Inquiries Should Be Directed to: public-affairs@aau.edu

https://linktr.ee/JAGTownHall

Today’s Presenter:

Dr. Kelvin Droegemeier, Professor of Atmospheric Science and Special Advisor to the Chancellor for Science and Policy at the University of Illinois Urbana-Champaign, and former White House OSTP Director and Science Advisor to the President

The Joint Associations Group (JAG) on Indirect Costs

Financial Accountability in Research (FAIR)

A New Model for America's Research Enterprise

Presentation for Input to the Research Community
15 July 2025

THANK YOU!!!!

Meeting	Attendance
May 8 Town Hall Meeting to Describe JAG Process	1000+
May 12 Town Hall Meeting to Describe JAG Process	1000+
June 12 Webinar to Describe 2 Provisional Models	2000+
June 17 Town Hall Meeting for Q&A on 2 Provisional Models	2000+
July 15 Town Hall	3200!!

THANK YOU!!!!

Mechanism	Number of Submissions	Type of Feedback
May 8 Town Hall Meeting to Describe JAG Process	117	Participant Q&A, Comments
May 12 Town Hall Meeting to Describe JAG Process	115	Participant Q&A, Comments
June 12 Webinar to Describe 2 Provisional Models	372	Participant Q&A, Comments
June 17 Town Hall Meeting for Q&A on 2 Provisional Models	465	Participant Q&A, Comments
Community Testing of Models 1 and 2	176	Submission of Testing Form; 207 Responses and 176 Completed the Testing
General Feedback from Community (Webform)	114	Questions and Comments

Our North Star – Goals for America

- To ensure **American leadership** globally in science and technology research and related development and deployment based upon merit
- To have an indirect costs and research funding system that are **fully accountable to American taxpayers** and **deliver benefits for the public good**
- To help **reinvigorate** the historically successful **research partnership** between the Government and America's colleges and universities

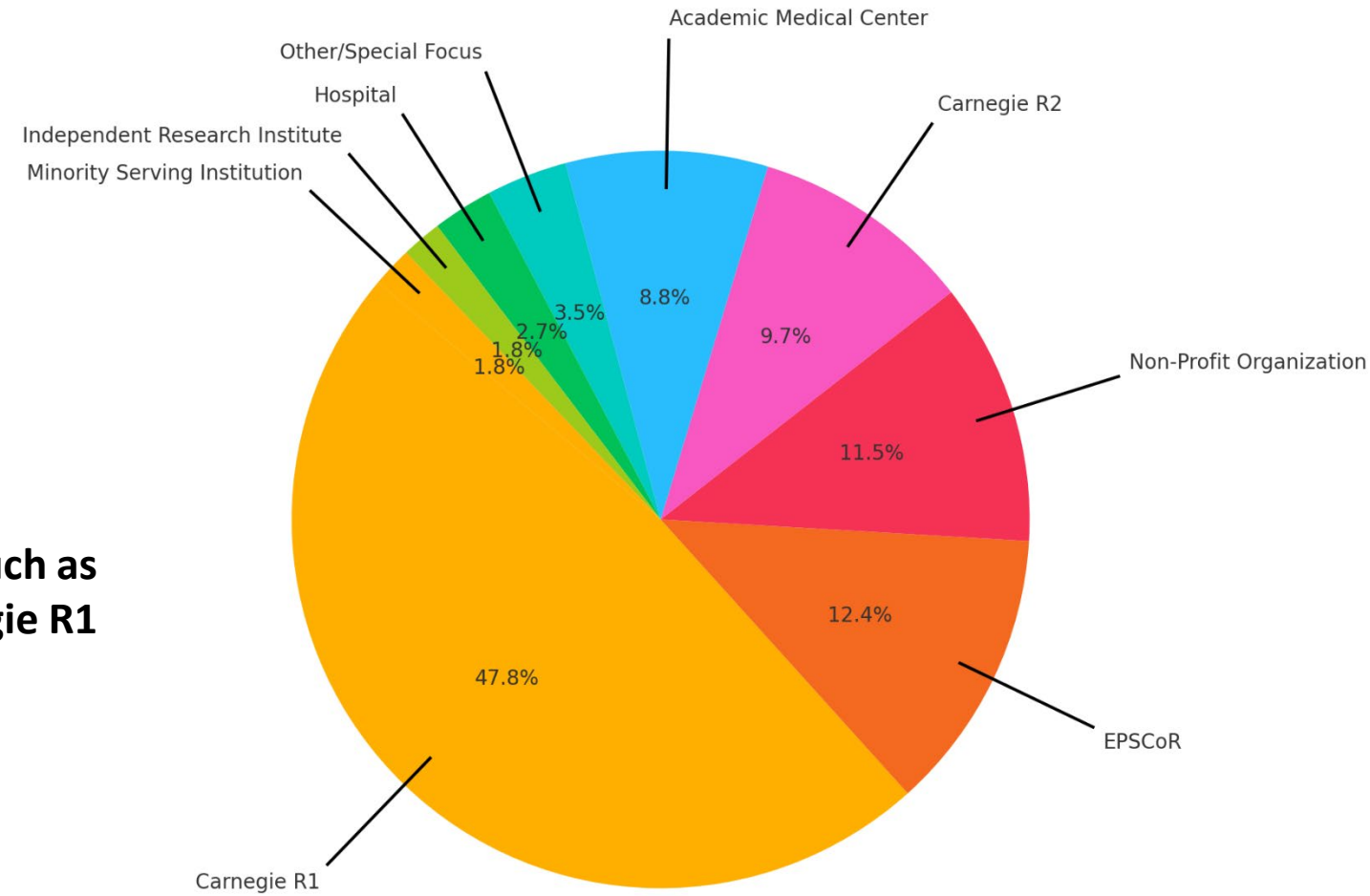
Key Principles in Developing a New Model

- A **common sense** approach to research indirect costs that ensures transparency, accountability, auditability, simplicity, and reasonableness
  - 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**

Where We Left Off…

- **Model 1:** Indirect costs charged as a fixed percent of total budget with institution type and research type modifiers
- **Model 2:** Several indirect cost items moved to the direct cost category (e.g., facilities, administration, compliance) with simpler option for smaller and emerging institutions
- Possibility of a **Hybrid** in between

Community Testing of Models 1 & 2



Note: Classifications such as EPSCoR contain Carnegie R1 and R2 institutions

Community Feedback on Model 1

- Strengths
  - **Simple and easy to explain and implement**; reduces administrative burden; eliminates everything associated with F&A; offers consistent percentage-based approach
- Weaknesses
  - Potential for **increased under-recovery of costs** for institutions with high compliance, infrastructure, or administrative demands; too generalized; **arbitrariness** of adjustment factors; **single number** for percent of budget presents a target for arbitrary change

Community Feedback on Model 2

- Strengths
  - Greater **transparency**; includes support for **compliance** and grant management; funds indirect costs based on **type of research** being performed; remaining indirect costs of 15% would be **standardized**
- Weaknesses
  - Higher **administrative workload** to develop and administer, including for some to develop recharge centers and costing structures; concerns about audit guidance being provided in time; 15% remaining indirect cost could be **insufficient** for some types of research

How Community Feedback was Used

- All community feedback was **tracked and synthesized**, including using artificial intelligence (the Texas A&M University System provided a synthesis as well)
- **Q&A during the webinars** and town halls was tracked, as well as feedback from a general online form
- **Community testing** of the two provisional models was evaluated separately
- The Subject Matter Expert (SME) Team **continuously monitored feedback** and discussed it during meetings and retreats

Arriving at the FAIR Model

- Based on feedback and continued discussion & evaluation, the SME Team created the **FAIR Model** from Models 1 and 2, with two options
  - **Base Option**
  - **Expanded Option**
- **Simpler structure** for costing key items, especially facilities
- A better design to accommodate **all types and sizes** of institutions
- Proposes a **2-year transition timeline** to address concerns about work involved → 2 years of current F&A model and then begin using new model
- **NOTE: The FAIR Model is designed to be applied by ALL Federal agencies, as was the F&A model**

Expanded Option – Example Project Budget

Research Performance Costs (RPC)	
Senior Key Personnel (e.g., PIs)	$$
Other Personnel (e.g., grad students)	$$
Supplies	$$
Publication costs	$$
Etc…	$$
Essential Research Performance Support (ERPS)	
Regulatory Compliance (RC)	$$
Award Monitoring, Oversight, and Reporting (AMOR)	$$
Essential Research Performance Facilities (ERPF) (% of budget)	%
Research Information Services (RIS)	$$
General Research Operations (GRO) (% of budget)	**15%**

Formerly referred to as "Direct Costs" – the project-specific costs to actually *perform* the research

Items restructured from some of the former "Indirect Cost" components – the project-specific costs needed to *support* performance of the research

Items that cannot easily be assigned to a given project but apply to all

Expanded Option

Essential Research Performance Support (ERPS)	
Regulatory Compliance (RC)	$$
Award Monitoring, Oversight, and Reporting (AMOR)	$$
Essential Research Performance Facilities (ERPF) (% of budget)	%
Research Information Services (RIS)	$$

- **Regulatory Compliance (RC): Costs required for the safe and responsible conduct of modern federally funded research, e.g., animal and human subjects, radiation safety, biosafety, clinical trial monitoring, specialized data security**
- **Award Monitoring, Oversight, and Reporting (AMOR): Project-specific costs associated with financial and non-financial management**
- **Essential Research Performance Facilities (ERPF): Project-specific costs associated with the type of space used, e.g., maintenance, utilities, operations, building depreciation, and leases directly attributable to research spaces used. Calculated as a % of total budget**
- **Research Information Services (RIS): Expenses, e.g., scientific journal subscriptions, database access, and institutional repositories (physical and digital) directly supporting research activities**

Why is ERPF a % of Budget and Not $$?

- **Detailed Space Analysis: Considered But Not Used Based on Community Feedback**
  - Determine square footage of **dozens to thousands** of research spaces/facilities
  - **Determine costs** for each of those spaces
  - **Assign a fraction** of the space to a given project, e.g., by FTE
  - Challenges with **common** and **multi-use** (education/training/research) spaces
  - Labor-intensive and **beyond the resources available** at many institutions
- **Assign Costs Based on Type of Research: Option Used in FAIR Model**
  - Perform a **single space assessment** every few years (leverage F&A rate study + other data)
  - Disaggregate research performance facility costs to generate no more than **6 research space types**
  - **Scale the percentages** by the size of each project budget
  - Maintains **transparency** and is based on the **type of research** performed in a given project

Example Facility Categories of Variable Costs

- **Office-based Research:** Research primarily conducted in traditional office environments, without the need for laboratory or clinical facilities
- **Standard Laboratory and Instrumentation-Based Science Labs:** Research requiring typical infrastructure, including wet or dry labs, equipment for sample handling, etc
- **Patient-Centered Clinical and Interventional Trials:** Research involving complex clinical activities, trials, or studies including observations, and testing of pharmaceuticals, medical devices, biologics, etc
- **Specialized: Research** conducted in laboratory or field setting that requires specialized equipment and facilities, e.g., BSL3, primate centers, significant telescopes, specialized tools

Expanded Option

General Research Operations (GRO) (% of budget)	15%

- GRO represents portions of institutional offices that serve all sponsored research activities (e.g., human resources, procurement, fire and life safety); universal compliance and monitoring requirements (e.g., conflict of interest, research integrity)
- GRO is defined as 15% of the total award budget to support these necessary research operations that cannot easily be assigned to a particular project
- This percentage was determined by examining the amount of these costs in existing F&A proposals from institutions of various types and sizes and validated by feedback from the community

Expanded Option

Research Performance Costs (RPC)	
Senior Key Personnel (e.g., PIs)	$$
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Publication costs	$$
Etc…	$$
Essential Research Performance Support (ERPS)	
Regulatory Compliance (RC)	$$
Award Monitoring, Oversight, and Reporting (AMOR)	$$
Essential Research Performance Facilities (ERPF) (% of budget)	%
Research Information Services (RIS)	$$
General Research Operations (GRO) (% of budget)	**15%**

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Award Monitoring, Oversight, and Reporting (AMOR)	$$
Essential Research Performance Facilities (ERPF) (% of budget)	%
Research Information Services (RIS)	$$
General Research Operations (GRO) (% of budget)	**15%**

Base Option

Available for all institutions and especially attractive for those with insufficient administrative resources, or lacking the type of research appropriate for, the Expanded Option

Expanded Option

Research Performance Costs (RPC)	
Senior Key Personnel (e.g., PIs)	$$
Other Personnel (e.g., grad students)	$$
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Award Monitoring, Oversight, and Reporting (AMOR)	$$
General Research Operations (GRO) (% of budget)	**15%**

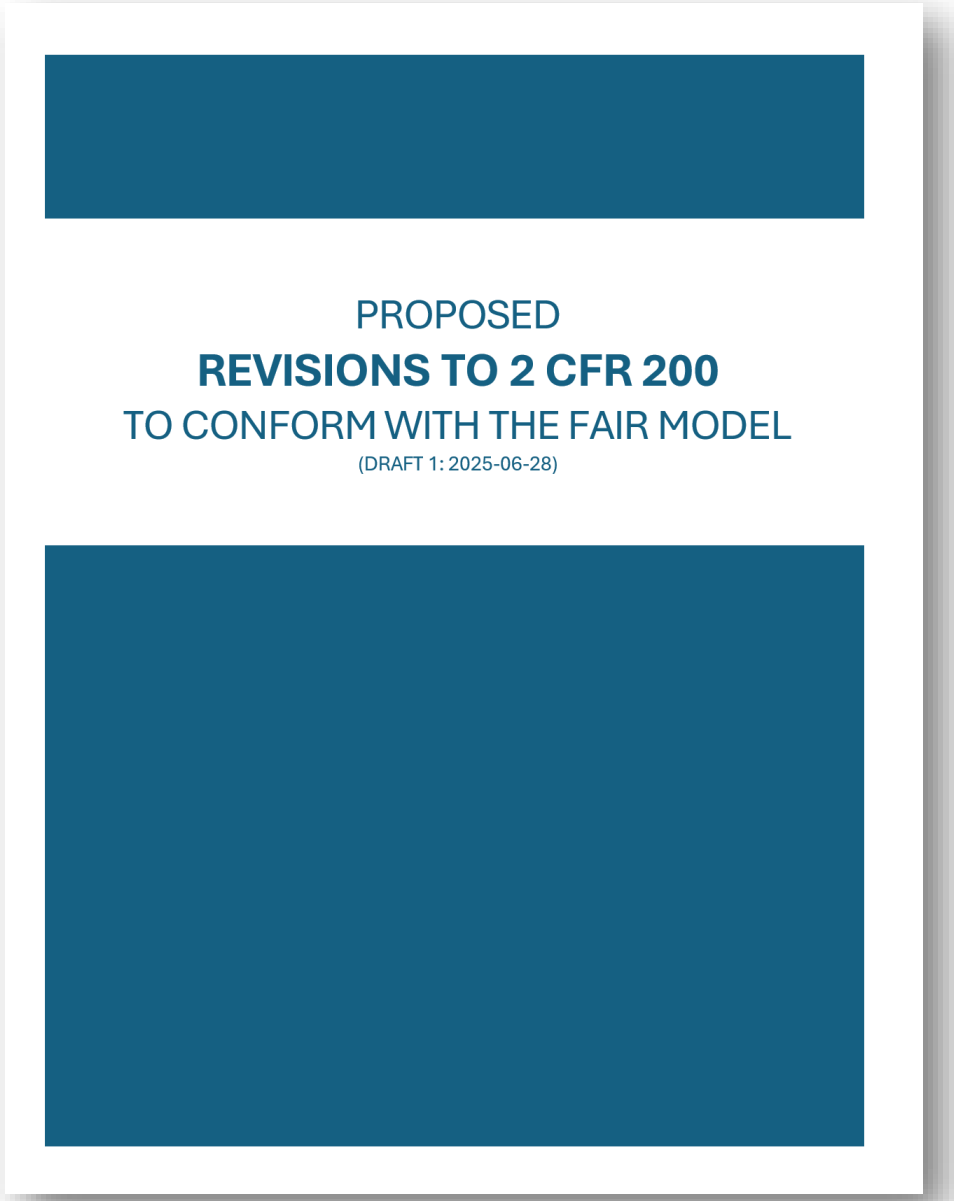
10% of total Budget

Recap of the FAIR Model

- A **new approach** to government research funding to maintain **American global leadership** with accountability and transparency to the **American taxpayer**
  - **Eliminates** F&A and the associated rate proposal preparation
  - Accommodates **all types and sizes** of institutions and helps **facilitate growth** of smaller and less-resourced institutions
  - Increases **accountability and transparency** via explicit costing of key elements
  - Addresses confusion about institutional use of **reimbursed funds by tracking costs in specific and allowable categories**
  - Aligns project costs with the **type of work** being performed
  - Accounts for **geographic cost differentials**
  - Funds government-mandated **regulatory compliance**
  - Funding structure is similar to that allowed by **private foundations**
  - Will **require changes** to Uniform Guidance and policies (e.g., salary and budget caps)

Implications to 2CFR200

- We have documented all needed revisions of 2CFR200 except
  - Appendix VII (States and Local Government and Indian Tribe Indirect Cost Proposals)
  - Appendix IX (Hospital Cost Principles)
  - Unclear about implications to Appendices V and VI



Applying the FAIR Model

- Key **questions** being posed to the JAG
  - How does the research performance **support** received by institutions under the new FAIR Model **compare** to their current F&A recovery?
  - What happens if institutions **receive more** to support research? **Less**?
  - How much support is **sufficient**? Define **sufficient**
  - Will the government be able to **save money** with the new model?

Applying the FAIR Model

- The **purpose of JAG** was to develop a model for funding the **actual costs** of research in a fully **transparent, accountable and auditable** manner
- **Government-funded** research is an **investment** that benefits the **nation** and is made possible by the **performer** – **a true partnership**
- Vannevar Bush's model of direct/indirect costs for government-funded research was founded upon **full cost recovery by the performing institution**
- Efforts to **limit this recovery at universities** began in the mid 1940s and continue today; other performers are **not subject to such limits**
- **Key question: How much of the cost of government-funded research should be shared between the government and the performer to maintain the health of historical partnership and the strength of America?**

Applying the FAIR Model

- This question was **not in the purview** of the JAG effort
- Several options/approaches exist and should be **discussed by the community** as the FAIR Model is implemented
- These discussions should involve **all performers** as the JAG effort brought **new perspectives and understanding** to all sectors of the research enterprise (government, industry, academia, private foundations)
- **Key factors** to keep in mind
  - **American global leadership in science and technology research and innovation**
  - **Predictability, accountability, allocability, and transparency of costs**
  - **Stability and durability** of the research support model
  - Current **substantial subsidy** of government-funded research by universities ($6.8B/year)
  - **Merit-based system** for making research awards

Recent Actions and Next Steps

- Received conceptual agreement on the model from **JAG**
- Have briefed **congressional leaders and OMB**
- Are continuing to seek **input from the community**
- Will continue working with **Congress and OMB**
- Will work with **OMB** and the community on changing 2CFR200 (Uniform Guidance)
- **We need your support for the FAIR Model!**

We Want to Hear from You!

- Visit the QR code shown here to access the following
  - **Slides and video** from this and all other town hall meetings and webinars
  - The **2-page document** summarizing the FAIR Model
  - A webform to **submit feedback** on the FAIR Model

Feedback Form Questions

- What do you **like** about the FAIR Model? **Dislike**?
- Which FAIR Model **option** (Base/Expanded) are you likely to use? Why?
- Will a 2-year **implementation period** be sufficient at your institution?
- Which aspects of implementation will be **easiest**? Most **challenging**?
- What **changes** to institutional policies, data systems, and culture will be needed?
- If you **tested** either or both options of the FAIR Model with your own data, please provide a general description of the results
- Please provide **suggestions** on how the FAIR Model can be **improved**
- **Other comments**

Q&A

QA Panelists

Dr. Kelvin Droegemeier, Professor of Atmospheric Science and Special Advisor to the Chancellor for Science and Policy at the University of Illinois Urbana-Champaign, and former White House OSTP Director and Science Advisor to the President

Dr. Nicole Parker, Principal, Lewis-Burke Associates, & Association of Independent Research Institutes (AIRI)

Tobin Smith, Senior Vice President for Government Relations and Public Policy, Association of American Universities (AAU)

Heather Pierce, Senior Director, Science Policy & Regulatory Counsel, Association of American Medical Colleges (AAMC)

Deborah Altenburg, Vice President for Research Policy and Advocacy, Association of Public Land-Grant Universities (APLU)

QUESTIONS, COMMENTS & MORE INFORMATION

https://linktr.ee/JAGTownHall