

Frequently asked questions about the proposed reduction in NIH F&A reimbursements

Q: Are F&A reimbursements used for research?

A: Yes! F&A reimbursements cover costs that are shared by many researchers at an institution, including basic laboratory space costs and set-up, shared major equipment, journal subscriptions, IT including internet access and data security, safety training, and grant financial and compliance management. Research grants cannot be managed without F&A.

Q: Would the funds (~\$4B) released by reducing F&A reimbursements to 15% be available for direct costs of research and more grants?

A: Unlikely, since the motivation for reducing F&A reimbursements is to cut Federal spending and to stop the subsidization of DEI efforts. (See Project 2025, page 355). More likely some costs covered by F & A would be transferred to direct cost budgets, reducing funds available for research staff and students.

Q: Would reducing F&A reimbursements on NIH grants to 15% decrease biomedical research and the number of research jobs in the US?

A: Yes. Research institutions of all sizes would have to downsize their biomedical research programs, because they would not have funds to cover the costs of laboratories and expenses currently paid by F&A reimbursement. The institutional impacts might include hiring freezes, laying off laboratory personnel and support staff, reducing the size of graduate education programs, cancelling construction plans, withdrawing from rented space, closing shared instrument facilities, eliminating purchases of equipment including computer facilities, and deferring maintenance.

Q: Could wealthy institutions make up lost F&A reimbursements with income from endowed funds?

A: No. Most endowments come as gifts constrained by the donors for specific uses. Endowment income supports, among many other things, student financial aid, academic fellowships including graduate student research, athletics, specific academic programs, and research on specific diseases. These endowment accounts cannot be used for other purposes. Endowment gifts rarely if ever are specified for the expenses covered by F&A reimbursements.

Q: Do less wealthy institutions have discretionary funds to offset the lost F&A reimbursements?

A: No. They will be hit even harder than wealthy institutions.

Q: Will reducing F&A reimbursements to 15% force some independent biomedical research institutes to close?

A: Tragically, yes.

Q: Will the F&A cuts result in fewer jobs in the American economy?

A: Yes. Every dollar of NIH funding generates about \$2.50 of economic activity in the US, so a \$4B reduction in NIH funds would reduce economic activity by about \$10B annually. Across the United States many thousands of skilled workers would lose their jobs along with a larger number of jobs in their communities. The impact would be greatest in communities where research institutions are large employers.