

Key Legislative Messages on the Financial Accountability In Research (FAIR) Model August 2025

The Elevator Speech: *Federal government investment in research leads to cures, transformative technologies, and new industries that save lives, improve Americans' health, create new jobs, and help ensure national security. The Financial Accountability In Research (FAIR) model is a new approach to supporting research and ensuring American leadership in science and innovation. The model enhances transparency and accountability by adopting elements of the private foundation funding and industry charging structures that make costs more visible and explicit. Informed by experts from within, across, and beyond the research community and designed to accommodate institutions of all types and sizes, the FAIR model represents the best opportunity to ensure the nation's research enterprise continues to thrive. We ask your support for work that has been done by the Joint Associations Group on Indirect Costs (JAG) to develop the new FAIR model, including your support for ensuring adequate transition time for both institutions and agencies to further fine-tune and implement the model with uninterrupted support for F&A costs at existing levels in the meantime.*

The Ask: The Joint Associations Group on Indirect Costs (JAG) has been working with the research community on an alternative to the 15% cap on indirect costs announced by the NIH, NSF, DOE, and DOD. Please support legislative language to facilitate implementation of the alternative, including language that would:

- Block any federal agency or OMB action to cap or otherwise change existing negotiated F&A rates until they have worked with the stakeholder community to develop a clear plan for implementation of a new system based on the FAIR model framework; and
- Ensure a two-year transition period for agencies and institutions to make the necessary changes and preserve continued support for F&A expenses at existing levels until the new model is fully implemented.

Key Messages:

The FAIR model is a new approach to funding research focused on transparent, more precise budgeting and accounting for the true costs necessary to conduct gold-standard science.

- FAIR abandons the use of the outdated and confusing terms “indirect,” “direct,” and “facilities and administration.”
- Instead, the FAIR model details the actual costs necessary to perform a research project.
- Researchers, institutions, the government, and taxpayers will all be able to see and understand the drivers of research costs, including regulatory costs necessary to ensure the safe and ethical conduct of science.
- The model incentivizes institutions to adopt best practices and efficiencies, particularly aligning institutional investments in facilities with government research priorities.

The FAIR model addresses questions from Congress, the Administration, and others about the transparency associated with this federal funding.

- Modelled after the approach that many foundations use to fund and industry uses to charge research expenses, the new system would create new trackable costing categories that make explicit the specific expenses that are being supported.
- Additionally, under the new system, institutions would be required to track the use of their reimbursed funds in specific allowable categories related to research.
- Because essential research performance support would be tailored to each specific project, the new model would better align reimbursement with the type of research being performed and its associated costs, rather than applying a single negotiated rate across all types of research occurring at an institution regardless of its cost (as under the F&A current model).
- The FAIR model assures that Institutions of Higher Education and Non-profit research organizations are paid for institutional costs essential to perform research for the federal government. These costs are similar to, if not less than, costs that would also be supported by the government for R&D performed by the private sector and other government contractors.

The FAIR model accommodates all types and sizes of institutions.

- Research-intensive universities and non-profit research organizations would have the opportunity to recover a reasonable and more accurate share of their costs if they itemize those expenses under the “expanded option.”
- Emerging research institutions that may not have the administrative infrastructure to support the more extensive reporting that the FAIR model would require would have the opportunity to select a “base option” for reimbursement, ensuring that they have access to support for key research operation expenses while they build their programs.

Ensuring adequate implementation time – at least two years – will be vital to the success of the new system.

- Because the FAIR model represents a significant departure from the current F&A approach, it will require institutions to overhaul their systems and retrain researchers and administrators on the new approach.
- Likewise, agencies will need this time to update their own processes and policies.
- Until the new model is fully implemented, it will be essential to ensure that federal agencies’ current indirect cost reimbursement policies remain uninterrupted.

The process for developing the new FAIR model has been informed by experts from within, across, and beyond the research community.

- We fully support the process that has been undertaken by the JAG in developing the new FAIR model.
- The subject matter expert (SME) team was assembled to be representative of the breadth of non-governmental organizations subject to 2 CFR Part 200 cost principles

(public/private and large/small institutions, HBCUs, EPSCoR state universities, nonprofit research organizations, etc.). It also includes representatives from private foundations and industry.

- Significant community input has been requested and incorporated throughout the process and will continue to help inform implementation of a new model.
- While there are still specific details that have to be worked out concerning the FAIR model that has been developed, we appreciate that the JAG is still taking input from the community as it works to fine-tune and perfect the model to address remaining questions and concerns from the community.

To the extent lawmakers and policymakers seek to strengthen the transparency and accountability associated with support for research, the FAIR model represents the best opportunity to ensure the nation’s research enterprise continues to thrive.