



UNIVERSITY OF NEBRASKA
OFFICE OF THE PRESIDENT

February 10, 2025

The Honorable Deb Fischer
U.S. Senator
454 Russell Senate Office Building
Washington, D.C. 20510
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Dear Senator Fischer:

We are writing to express our deep concern regarding the National Institutes of Health's recent decision to impose a standard indirect cost rate of 15% on all NIH grants. This policy, which limits grant-funded facilities and administrative (F&A) rates, will have a profound impact on the University of Nebraska and the critical research conducted within our institution.

The University of Nebraska strives to be a good partner and a prudent steward of both state and federal resources. However, recent White House executive actions affecting NIH and other federal funding significantly hamper our ability—and that of universities across the United States—to serve the American public and ensure that the United States remains a powerhouse of innovation.

F&A expenses cover costs for research labs, high-speed data processing, national security compliance (e.g., export controls, cybersecurity), patient safety protocols, radiation safety, hazardous waste disposal, essential administrative and regulatory support, maintenance, and other research-related activities. They also support students who assist their professors with research. All F&A expenses are carefully managed and audited for compliance. If the university were a business, these costs would be passed onto consumers. However, research universities operate for the public good, with the goal of advancing scientific understanding in areas the federal government has determined to be of high importance to Americans. Reducing F&A forces research universities to do this research at a loss.

The University of Nebraska is a leader in scientific innovation, conducting research that directly benefits the health and well-being of Nebraskans and people across the world. NIH-funded projects at our university have led to groundbreaking discoveries in cancer research—including pediatric

cancer—rural health, and many other vital areas. Countless Nebraskans benefit from NIH-sponsored lifesaving clinical trials. These projects are possible because of a strong partnership between our research institutions and the federal government's investment in biomedical basic science and clinical research.

NIH funding has contributed to some of the most significant medical breakthroughs of our time, including cancer immunotherapies, heart valve replacements, and treatments for diabetes, depression, arthritis, and heart disease. This research has saved and improved countless lives, and broad bipartisan support for NIH funding over the years has ensured that the United States remains the top medical innovator in the world. Further, when licensed to American companies, these innovations continue to produce sustained profitability and value.

The new 15% cap on F&A reimbursement does not represent a cost savings but rather a cost shift that will disproportionately burden institutions like ours. In fiscal year 2024, the University of Nebraska–Lincoln, the University of Nebraska Medical Center, the University of Nebraska Omaha, and the University of Nebraska at Kearney collectively received \$89.3 million to support F&A costs, with \$40.3 million attributed to NIH-funded projects. The university's current average F&A rate is approximately 50%, though it varies by project. A reduction to 15% would require us to absorb more than \$27 million annually to sustain our current research and facilities. The University of Nebraska, like most research institutions, simply does not have these reserves. In Nebraska, our options would be to reduce the scale and scope of our research programs, shift financial responsibility to Nebraska taxpayers, or a combination of both.

If all federal agencies impose a uniform 15% cap on F&A, the shift in research costs will rise from \$27 million to \$47 million each year. It is widely recognized that institutions bear research expenses beyond the direct and indirect funds received from external sources—often as much as 35% of every direct dollar awarded. According to the National Center for Science and Engineering Statistics, higher education institutions invested a total of \$97 billion in research and development in 2022. Of that, 25% came from the institutions themselves, 55% from federal sources, and the remaining 20% from state, local, and nonprofit sources. If this F&A limitation persists, its detrimental effects on research will be profound and felt for generations.

At a time when our nation faces pressing health challenges, including rising cancer rates and ongoing concerns about pandemic preparedness, the NIH should be reinforcing its commitment to research, not making it more difficult for institutions to conduct life-saving work. Without adequate F&A support, universities will be forced to make difficult decisions about the future of their research programs, faculty positions, student research opportunities and infrastructure investments.

Moreover, NIH funding plays a critical role in maintaining America's leadership in biomedical research. In 2024, more than 80% of NIH funding supported research at scientific institutions across the country, with 60% of this research occurring on academic medical center campuses.

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NIH funding has contributed to medical advances made by University of Nebraska researchers that have contributed to significant declines in cancer deaths, heart disease, and stroke mortality. These advances change lives in Nebraska and around the world.

We urge you to work with your colleagues in Congress and the Executive Branch to protect the integrity of NIH and all other federally funded research. Preserving the ability of universities to conduct world-class research is not only in the best interest of Nebraskans but of the entire nation.

Thank you for your continued support of higher education and research funding. We welcome the opportunity to discuss this issue further and appreciate any actions you can take to safeguard our ability to innovate and change lives, both here in Nebraska and well beyond. Please feel to reach out for more information or clarification at any time.

Sincerely,

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