



UNIVERSITY OF CALIFORNIA

President James B. Milliken

September 29, 2025

Office of the President
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Oakland, Ca 94607

universityofcalifornia.edu

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UCLA
San Diego
San Francisco

National Laboratories

Lawrence Berkeley
Lawrence Livermore
Los Alamos

Division of Agriculture and Natural Resources

The Honorable Alex Padilla
U.S. Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Adam Schiff
U.S. Senate
112 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Padilla and Senator Schiff:

On behalf of the University of California system (UC), thank you for your leadership and support protecting UC and the academic community from efforts to arbitrarily lower the facilities and administrative cost (F&A) rate for federally-sponsored research. We would also like to state our strong support for the Financial Accountability in Research (FAIR) model proposed by the Joint Associations Group on Indirect Costs (JAG).

The UC system is comprised of ten campuses, six academic health centers, an Agriculture and Natural Resources division, and three affiliated U.S. Department of Energy national laboratories. UC is committed to the highest integrity in the stewardship of public funds, including those funds awarded to us by the federal government for the purposes of research.

Federal investments in scientific research at institutions like UC are essential to promoting and protecting America's health, prosperity, and national security while maintaining our global leadership in innovation. Reimbursement for F&A costs, including lab maintenance, utilities, security, data processing, and regulatory compliance, support and enable critical parts of the federally-sponsored research enterprise.

The JAG developed the FAIR model to enhance transparency and accountability in federal research funding while ensuring that institutions like ours are adequately reimbursed for the real costs of conducting federally funded research. The model was developed in response to proposals from several federal research agencies to cap F&A reimbursements at 15 percent. If implemented, this arbitrary cap would significantly harm UC's ability to conduct cutting-edge research and jeopardize university researchers' abilities to make future scientific breakthroughs and slow the engine for California's economy. Specifically, at UC, we anticipate the impacts would include:

- Decreases in jobs and support for small businesses and startups, and overall economic stability.
- Decreased ability to sustain critical research infrastructure necessary to pursue the research needed to maintain U.S. leadership in health and technology.
- Decrease in ability to provide training and educational opportunities afforded to UC students.

Unlike the arbitrary proposal for a 15 percent cap, the FAIR model ensures reasonable support for research while improving visibility into the institutional costs required to conduct cutting-edge research. It replaces the current institution-wide facilities and administrative reimbursement process with a more tailored approach that aligns costs with the specific type of research being conducted.

The FAIR model reflects input from a broad range of stakeholders across the research community, including institutions of varying sizes and missions. While we recognize that further refinement of the model may be necessary as part of the legislative and implementation process, we believe FAIR's core principles—fairness, transparency, and accountability—are essential to sustaining American leadership in science and innovation.

The University appreciates the language included in several Senate appropriations bills that acknowledges the work of the JAG and prohibits federal agencies from implementing facilities and administrative costs caps or altering reimbursement methods. As the appropriations process continues, we urge you to:

- Engage with the leadership of the Senate Appropriations Committee to ensure the Office of Management and Budget and federal agencies respect this community-driven effort.
- Support legislative actions to implement the FAIR model.
- Ensure that any transition to new facilities and administrative cost model includes a minimum two-year implementation period, as recommended by the JAG, to allow for smooth and effective acclimation to the new model.

The FAIR model offers a path forward that protects American innovation while improving the stewardship of federal research dollars. We respectfully ask for your support for this effort and the related appropriations language.

Please let us know if you have any questions or would like additional information about the FAIR model or the impact of the proposed 15 percent facilities and administrative costs cap on UC.

Thank you for your long-standing support for the University of California.

Sincerely,



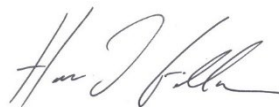
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University of California System



Chancellor Rich Lyons
University of California, Berkeley



Chancellor Gary S. May
University of California, Davis



Chancellor Howard Gillman
University of California, Irvine



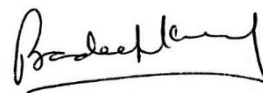
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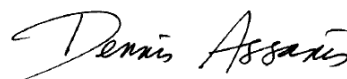
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Chancellor Cynthia Larive
University of California, Santa Cruz

cc: The Honorable Susan Collins (R-ME), Chair, Senate Appropriations
 Committee
 The Honorable Patty Murray (D-WA), Vice Chair, Senate Appropriations
 Committee
 The Honorable John Thune (R-SD), Senate Majority Leader
 The Honorable Chuck Schumer (D-NY), Senate Minority Leader
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