



Concerns regarding NIH guidance on indirect research funding

Feb. 9, 2025

To the UT Southwestern Community:

We write this weekend to address the [new guidance](#) issued Friday from the National Institutes of Health (NIH) stipulating a standardized 15% indirect cost – or Facilities and Administration (F&A) – rate across all NIH grants, which has understandably raised significant concerns for many of you. We recognize how disruptive this abrupt change would be to our research operations, and we share your concern about its potential impact on our ability to sustain and grow our research efforts.

F&A rates are currently negotiated to cover actual expenses incurred when conducting our innovative basic, translational, and clinical research, which aim to prevent, diagnose, and treat disease. Unquestionably, a blanket reduction in the reimbursement of costs associated with operating and maintaining our research facilities and supporting essential administrative activities will significantly strain our institution. It will also put pressure on our ability to maintain the infrastructure necessary for our research operations. Our preliminary assessment indicates this cap on F&A reimbursements, if unchanged, would likely have a negative impact in excess of \$100 million annually at UT Southwestern. Due to our strong financial performance, which is attributable to your hard work and spending discipline, as well as the funding we receive from the state of Texas for research infrastructure, we believe that UT Southwestern is better positioned than many institutions. We greatly appreciate the support we receive from the Texas Legislature and the Office of the Texas Governor. However, even these advantages cannot offset a reduction of this magnitude.

Please be assured that we are exploring all avenues for communicating the impact of this reduction on the vitality of biomedical research across the country, including here at UT Southwestern. We are engaging with peer institutions, national academic organizations, and state and federal policymakers in the hopes of seeing this decision reversed. We want to ensure that research institutions like ours receive adequate funding to support the vital work we carry out daily to provide a brighter future for our state and our country.

The most significant long-term impact of this policy will be on the patients who depend on the discoveries made in our institution and others, ultimately leading to better treatments and cures. Another unwanted long-term impact will be a decline in U.S.

competitiveness as a global leader in biotechnology, a sector driven by NIH-fueled discovery and an engine of state and national economic growth.

We appreciate your commitment to research excellence and continued dedication to advancing scientific discovery amid these obstacles. We are equally committed to supporting you. Your work remains core to our mission and is a beacon of hope for all who depend on us to ensure a healthier future for all.

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