

## Impacts of Proposed Indirect Cost Cap on Montana Research

**The Facilities and Administrative (F&A) costs of research – also referred to as the “indirect costs” of research – are essential to conducting world-class research effectively, efficiently, safely, and securely.**

- Federal agencies reimburse institutions for the F&A costs they incur to support research overall; these are expenses that are difficult to attribute to specific research projects on an individual basis (e.g., libraries, physical lab operation and maintenance, utility costs, security, and other similar needs).
- The federal government only allows certain expenses to be considered as part of a research institution's F&A reimbursement rate and reassesses each institution's rate every 2 to 4 years to ensure that expenses have not changed.

### **Cuts to F&A would have a real impact on Montana's universities and their communities**

Capping indirect costs at 15%, as proposed by the national institutes of health would necessitate painful cuts to core research facilities and staff.

- ⇒ *An NIH 15% IDC cap is, at minimum, a **\$3.7m annual cut to the MUS***
- ⇒ *If all federal agencies impose a 15% cap it would result in an **~\$28m annual cut to the MUS***

F&A funds support real costs of research.

- ⇒ 28% research building expenses, including bonds, leases, O&M, and equipment
- ⇒ 32% research core facilities and centers
- ⇒ 28% central research administration, compliance and audit
- ⇒ 11% faculty support, including start-up funding for new research faculty to set up labs
- ⇒ 2% internal research development awards and student research support

The proposed NIH cuts would amount to a 6% cut in funding to the university system's research core. A federal government-wide 15% cap is a 49% cut. If faced by cuts of this size, the MUS would be required to:

- ⇒ Combine or close many research core facilities used both by faculty researchers and industry
- ⇒ Scale back development of new research facilities, including an increasing share of projects with substantial industry partnership / use
- ⇒ Cancel or scale back internal research development grant programs and funds used to recruit top-tier research faculty to Montana institutions.
- ⇒ Reduce staffing. Currently approximately 700 students, faculty, and staff are partly or wholly funded through IDCs.
- ⇒ Scale back graduate education offerings and funding support for undergraduate research

### **The end result would be less cutting-edge research and high-tech innovation in Montana**

- Montana universities' research strength has been key to new industries that serve the state. Growing clusters of biotechnology, ag tech, optics and photonics, and defense firms either grew out of university research or leverage research facilities and personnel supported through F&A.
- Reductions would diminish Montana researchers' ability to pursue breakthroughs relevant to Montana, from lessening the spread of brucellosis, halting invasive species, addressing opioid addiction, increasing agricultural productivity and better serving veteran's health needs.
- Likelihood that both UM and MSU lose their R1 research university status.

### **Examples of facilities, equipment cores, and programs seeded or supported through F&A**

More than 30 core facilities that provide services to researchers across the MUS are supported substantially through F&A recovery. This is only a selected list of facilities and equipment cores.



#### *Applied Research Lab – MSU-Bozeman*

The applied research lab provides a facility for secure research and development of technologies relevant to US defense and national security. The lab is used not only by MSU faculty, students and staff, but also by Montana industry executing secure DoD and DHS contracts.

#### *Lubrecht Forest – University of Montana*

Lubrecht Forest is a testing ground for forest management practices. In part through F&A funds, the Forest will be used by the Headwaters Tech Hub to develop a rough-terrain and precision forestry testing and proving ground for vehicles and lidar systems developed by industry in Montana.



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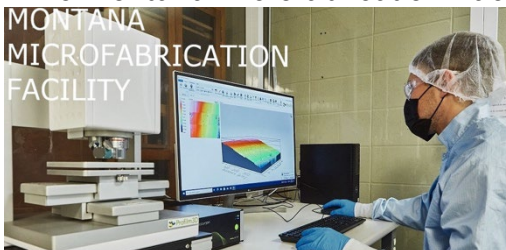
*Center for Advanced Material Processing – Montana Tech*  
F&A funds help to sustain the Center's Materials Testing Laboratory and Analytical Testing Laboratory. The Center is leading efforts to develop new methods to recover and process critical minerals from Montana-based resource streams.

#### *FLBS – Freshwater Analysis Lab*

The freshwater analysis lab provides analytical services to UM researchers working on environmental and ecosystem management research. The facility also works with researchers and state and federal government to develop novel and experimental analytical methods



#### *The Montana Microfabrication Facility – Montana State University*



The MMF specializes in photo and electron beam lithography, wet and dry etching, sputter deposition, thermal and electron beam evaporation and chemical vapor deposition. University researchers and industry clients are active in a variety of applications and research areas, including: Optics and Silicon Photonics, Micro- and Nano-ElectroMechanical Systems, and Microfluidics and Sensors.