

BUSINESS FOR FEDERAL RESEARCH FUNDING

On behalf of the [Business for Federal Research Funding Coalition](#) (the Coalition), a broad-based group of more than 70 local, regional, and state chambers of commerce and business associations from across the country in red, blue, and purple states, we write to highlight the critical role research funding plays in our nation's economic competitiveness, job growth, and innovation – and to recognize the local impacts on rural and urban businesses alike in every state and locality. As you move forward in the appropriations process, the Coalition will continue to underscore the broad impacts of federal research funding across the business community and its ability to offer the next generation of products, services, and careers in the global economy.

To this end, we urge the Administration and Congress to specifically reverse caps imposed on indirect costs for already awarded research funding grants and instead engage in a meaningful dialogue with the business and research communities to navigate future public policy changes around federal funding for facilities and administrative costs for future research grant funding.

The Coalition looks forward to working with you on these important issues.

The Coalition and the Importance of Federal Research Funding

The Coalition was formed to support federal research funding and to bring a heightened focus to the critical impact that federal research has on our nation's competitiveness. The innovations that flow from basic and applied research are at the root of countless companies, products, and jobs. These innovations lead to scientific breakthroughs and new technologies ranging from the internet to communications satellites to defenses against disease. And the return on investment can be seen in every corner of our country. The wide variety of industries represented by coalition members will be hampered and stalled without steady and continued investment of federal dollars in basic research.

Federal support for our agencies such as the National Institutes of Health (NIH), the Department of Energy (DOE), the National Science Foundation (NSF), the National Aeronautics and Space Administration (NASA), and the Departments of Agriculture, Commerce, Defense, and Homeland Security is the only way for the U.S. to remain a global leader in scientific research and to support rapid innovation in fields such as artificial intelligence, defense capabilities, quantum computing, and agriculture advances.

As you know, the United States must aggressively commit to supporting all elements of technology, research, and development in order to remain competitive with countries like China. Our leaders should not be focused on how much to cut from these budgets—rather, the focus should be on how much we should be investing in research to retain our global competitiveness.¹ Shifting research priorities may make sense, but defunding research altogether allows competitor nations to gain an economic advantage while simultaneously

¹ [World Intellectual Property Indicators 2024](#) (2024), World Intellectual Property Organization.

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incentivizing scientists, engineers, researchers, and employers to move their work outside of America. According to a 2024 report from the United Nation's World Intellectual Property Organization, U.S.-based innovators have been the worldwide leaders in patent application filings abroad for the past 10 years – more than double applications submitted by China-based applicants. Now, however, universities across the world are launching programs specifically to attract our smartest minds to their institutions, underscoring the ultimate truth that cuts to research funding risks our strongest asset – the ability to out-innovate our competitors and offer a dynamic and advancing economic model of success.²

Importantly, direct federal research funding benefits our economies while advancing significant ancillary economic impacts and creating jobs in our communities. Basic and applied research drives a dynamic and innovative private sector: In FY2024, NIH funded research activities supported 407,782 jobs and \$94.58 billion in new economic activity, according to a report released by United for Medical Research (based on models from the Bureau of Economic Analysis).³ These economic benefits are shared across a range of businesses. For example, a 2019 study by the Department of Defense's SBIR/STTR Program found that an average of 65,578 jobs are created per year – and a 22:1 return on investment – by the DoD's support for small businesses.⁴ A similar 2018 study of the National Cancer Institute's SBIR Program found that 107,918 jobs were created through federal research investment over a 12-year period.⁵

Indirect Costs Cap

We in the business community understand the need for fiscal responsibility and restraint in federal government spending. We encourage a prospective conversation about how much the federal government supports the indirect costs of our research institutions and any appropriate caps to such support.

While labeled as “indirect”, facility and administrative costs (F&A), directly support important infrastructure and facility needs at research facilities, without which critical research abilities would not exist. Adequately resourcing this infrastructure ensures federally funded research is conducted safely and efficiently, and complies with the strongest research ethics, transparency and accountability standards - an ethos shared by the business community. Imposing arbitrary indirect cost caps on research grants already awarded and approved inflicts unnecessary harm on our research capabilities immediately and at times irreversibly, leaving our institutions unsupported and our communities without life-saving care. NIH funded research in many regions was already undermined and may not recover after caps were imposed on awarded grant funding. It is critically important to maintain fair and individualized reimbursement rates for

² [“Scientists have lost their jobs or grants in US cuts. Foreign universities want to hire them”](#) (May 25, 2025), *AP News*.

³ [“NIH's Role in Sustaining the U.S. Economy”](#) (2025), *United for Medical Research*.

⁴ [“National Economic Impacts from the DOD SBIR/STTR Program, 1995-2018”](#) (2019), *Defense Office of Prepublication and Security Review*.

⁵ [“Economic Impact Analysis of the NCI SBIR Program”](#) (2018), *Small Business Innovation Research*.

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recipients of research grants from agencies including, but not limited to, NIH, the Department of Energy, the United States Department of Agriculture, and the Department of Defense.

Conclusion

The Coalition urges both the Administration and Congress to re-prioritize federal research funding. The business community stands ready to discuss research priorities and the future of federal research funding in a manner that retains our global edge in innovation and business formation.

Business for Federal Research Funding Coalition Members

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[Ames Regional Economic Alliance](#)
[Ann Arbor / Ypsilanti Regional Chamber](#)
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[Boulder Chamber](#)
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[Greater Kansas City Chamber of Commerce](#)
[Greater Louisville, Inc.](#)

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