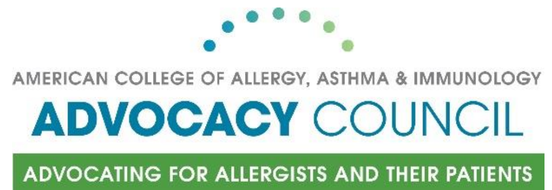

February 18, 2025

Matthew Memoli, MD
Acting Director
National Institutes of Health (NIH)
9000 Rockville Pike
Bethesda, MD 20892

Dear Acting Director Memoli:

The American College of Allergy, Asthma and Immunology (ACAAI) and its Advocacy Council are writing to share our concerns with you about the National Institutes of Health's (NIH) Supplemental Guidance to the 2024 NIH Grants Policy Statement: Indirect Cost Rates (Note Number: NOT-OD-25-068) which caps indirect costs for NIH research grants at 15%, a significant reduction from the current range of 30-70%. It is not clear if or how indirect funding will be redirected to support direct costs or new research grants. Further, the new policy does not describe or address potential issues with how indirect costs are allocated. Absent these details, this new policy will cause major disruptions for researchers and institutions.

ACAAI represents more than 6,000 board certified allergists and healthcare professionals. Allergists specialize in treating both adult and pediatric patients with chronic conditions such as asthma, food allergies, hives or urticaria, stinging insect hypersensitivity, sinus problems, allergic rhinitis, anaphylaxis, immune deficiencies, and atopic dermatitis or eczema, among other things.

For as long as the NIH has funded research grants, allergy physicians and researchers have relied on grants from the Institutes to fund life-saving medical research. For example, a NIH-funded study helped lead to the approval of an important new medication for food allergies. Another NIH-funded study helped prove that early exposure to peanuts "enabled 100% of children with peanut allergy who initially could tolerate the equivalent of at least half a peanut to consume three tablespoons of peanut butter without an allergic reaction."

A critical part of these grants has traditionally been indirect costs. 45 CFR 75.414(a) defines "indirect costs" as "facilities" and "administration". Currently, agreed upon indirect grant rates range from 30% to 70%. Capping them at 15% represents a 50% to nearly 80% reduction overnight, depending on an institution's existing rate.

The "facilities" category is "defined as depreciation on buildings, equipment and capital improvements, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses." The "administration" category is defined as "general administration and general expenses such as the director's office, accounting, personnel, and all other types of expenditures not listed specifically under one of the subcategories of 'Facilities' (including cross allocations from other pools, where applicable)."

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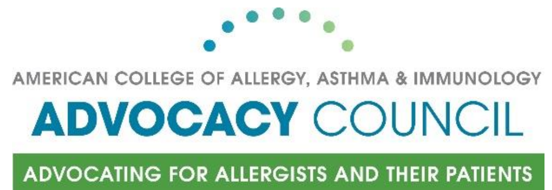
American College of Allergy, Asthma & Immunology



This money is a critical component of recipients' budgets and ensures that basic costs are taken care of so that researchers can focus their time and resources on researching the life-treatments that countless Americans rely upon.

Cutting indirect research grant rates from (in many cases) 70% down to 15% overnight would have a dramatic impact. No entity can easily endure such an immediate reduction in financial resources. Recipients have already made budgeting and planning decisions based on their existing indirect cost allocation. A reduction of this magnitude will cause major disruptions for existing and future NIH grants.

Indirect funding grants are determined through negotiations between grant recipients and the NIH. Indirect costs are approved for two to four years at a time. This negotiation process gives the NIH oversight into how recipients use this funding.

While ACAAI understands that changes to how the NIH reimburses indirect costs may be necessary, we are extremely concerned that these changes are both large and immediate. This does not give grant recipients the flexibility to find a way to continue their work. This unanticipated funding cut could ultimately reverse the progress of lifesaving allergy research. Had this change been scheduled to take effect in the future, researchers would have had the ability to plan and decide on applying for grants under the new formula.

Indirect costs are a critical part of NIH sponsored research grants. While we strongly believe that NIH should continue the precedent of funding these indirect costs, any change of this magnitude must allow researchers the time necessary to adjust in a manner that allows research to continue. Further, we believe the NIH should provide more information about how changes to indirect cost funding would be redirected to direct costs or new grant opportunities.

We appreciate your consideration of our feedback in support of research funding that will help Americans who suffer from allergies, asthma and other chronic diseases. ACAAI strongly opposes this drastic reduction in NIH research grants but welcomes a conversation on reasonable reforms that maintain adequate funding for NIH research priorities and grant recipients. Please do not hesitate to contact Matt Reiter (reiterm@capitolassociates.com) or Sue Grupe (suegrupe@acaai.org) if you wish to discuss our recommendations in more detail.

Sincerely,

James M. Tracy, DO, FACAAI
President, ACAAI

Travis A. Miller, MD, FACAAI
Chair, Advocacy Council

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