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Federal Government Transition Update #2 - 4.11.25 [1]

April 11, 2025 by Natalie Barry [2]

Dear Colleagues,

We wanted to update you on two items that occurred after we sent today's federal update.

Department of Energy Announces 15% F&A Cap
The U.S. Department of Energy (DOE) announced tonight that it will cap facilities and administrative (F&A) costs to 15 percent for grant recipients at colleges and universities. DOE says the policy will save $405 million annually. The National Institutes of Health (NIH) tried to implement its own 15 percent cap in February, but has been blocked from implementing the policy by a federal court issued permanent injunction. CU's federal and legal teams are reviewing the new policy. Litigation is anticipated. As we reported earlier today, several national higher education organizations have formed a working group to develop a more efficient, transparent, and effective model for F&A costs. F&A costs are legitimate expenses incurred by universities that conduct research on behalf of the federal government.

Leaked White House Budget Documents
According to leaked documents, The White House is expected to propose substantial budget reductions as well as mission and program eliminations at federal science agencies in its forthcoming fiscal year (FY) 2026 budget request to Congress. *Space News* reports [3] science programs at NASA will be cut by 50 percent. *E&E News* reports [4] NOAA's Office of Oceanic and Atmospheric Research will be "eliminated as a line office" and funding will be zeroed out for all of NOAA's "climate, weather and ocean laboratories and cooperative institutes housed primarily at major research universities." This reporting is based on leaked "pre-decisional" budget documents known as a "passback," which are sent to federal agencies for review before the White House publicly releases its budget proposal. In addition to informing funding next fiscal year, these proposals may also influence federal agency spend plans, which are required by April 28 as part of the *Full-Year Continuing Appropriations and Extensions Act, 2025* (P.L. 119-4 [5]) enacted last month.

We understand these reports are of great concern to our campus communities. CU's federal team is working with university leadership, our national association partners, and other universities to understand and effectively respond to what is being proposed. We will continue to keep you informed.

Kerry Tipper, Vice President, University Counsel??
Danielle Radovich Piper, Sr. VP External Relations and Strategy

Federal Transition Updates [6]
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