

BUSINESS FOR FEDERAL RESEARCH FUNDING

July 24, 2025

United States Senator Susan Collins
Chair
Senate Committee on Appropriations
U.S. Capitol Building, Room S-128
Washington D.C., 20510

United States Senator Patty Murray
Vice Chair
Senate Committee on Appropriations
U.S. Capitol Building, Room S-128
Washington D.C., 20510

Dear Senator Collins and Senator Murray:

On behalf of the [Business for Federal Research Funding \(BFRF\) Coalition](#), representing more than 70 local, regional, and state chambers of commerce and business organizations, we write to strongly urge you to maintain critical funding support for federal research and development (R&D) programs across all agencies for the 2026 fiscal year. Representing employers and job creators in 33 states, federal research funding is vital for supporting local employment and has numerous benefits for businesses, employees, consumers, and supply chains across the country.

Continued investments in basic and applied research, as well as advanced technology development, is pivotal to global competitiveness and American innovation at a time when China and other global competitors emerge as rivals to the U.S. in terms of total annual R&D investments. China's annual growth in R&D investments is now more than double those of the U.S.¹

As leaders of the country's business community, we understand the need to reconsider spending priorities in times of economic uncertainty and share the goal of reevaluating investments in programs when they do not meet broader policy goals or do not represent efficient programmatic progress. However, spending decisions should be made by considering the economic impact of federal investments and how federal funding in research and development consistently advances economic priorities. Studies confirm that federal research and development spending is often not only cost-effective, but also produces direct, indirect, and ancillary impacts far and above initial investment:

- United for Medical Research, for example, found that for every \$1 that NIH awards in research funding, \$2.56 in economic activity is promoted, supporting \$94.58 billion in total economic output and over 400,000 jobs.²
- The National Science Foundation's (NSF) grantees created numerous businesses that fostered innovations and the growth of new industries, including 3-D printing and deep-sea exploration.³
- NSF-funded research, including NCAR and UCAR, generates a 150-300% return on investment, while NOAA ESRL, CIRA, and CIRES drive cost savings through improved disaster preparedness. For example, CIRA's satellite advancements save billions by refining hurricane and flood evacuation zones. Research funding cuts would stifle innovation, weaken the STEM workforce pipeline, and undermine America's global competitiveness in atmospheric science.⁴

¹ [U.S. R&D and Innovation in a Global Context: The 2025 Data Update](#), 2025, American Association for the Advancement of Science.

² [NIH's Role in Sustaining the U.S. Economy](#), 2025, United for Medical Research.

³ [NSF Impacts](#), U.S. National Science Foundation.

⁴ [The Value of CIRA Research](#), 2025, Cooperative Institute for Research in the Atmosphere, Colorado State University.

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- The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs reveal significant positive returns on investment. For example, an analysis by the Department of Defense on its participation in SBIR/STTR programs from 1995-2018 had a 22:1 return on its investment – including \$28 billion in sales of new products to the U.S. Military – and supported 1,508,295 full-time jobs.⁵
- A 2018 report by the Texas Comptroller of Public Accounts found that NASA investments in the state “makes a \$4.7 billion annual impact on the Texas economy and indirectly supports more than 52,000 jobs. Its influence plays a critical role in the education, research, tourism and business activities in Texas’ Gulf Coast Region and the state as whole.”⁶ Likewise, a 2024 study by Florida’s Department of Commerce found that defense spending in the state – including but not limited to R&D spending, such as numerous Research, Development, Test and Evaluation (RDT&E) centers across the state – “resulted in an additional 865,937 jobs...and \$102.6 billion in economic impact.”⁷

Research investments by the federal government constitute “force multipliers.” It directly supports the employment of individuals engaged in R&D work inside federal agencies and by organizations located across the country. But research funding also indirectly creates jobs through the businesses needed to build facilities, materials, and instruments to support federally sponsored R&D work and has positive ancillary effects by fostering regional industry innovation and growth.

As new policy, economic, and political issues arise and the economic context shifts, the Coalition urges policymakers to consider the opportunities that research funding can provide. For example, as innovations in artificial intelligence (AI) and quantum information science (QIS) disrupt how government, private business, and employees in nearly every industry and field operate, – and the nuclear threat from Iran evolves amidst vast changes in the Middle East – it makes sense to reinvest in research priorities in many agencies to align with new domestic and international policy needs.

However, arbitrarily cutting research and development funding does not accomplish these goals. Congress has a prerogative, and indeed the responsibility, to reallocate research priorities to meet new domestic and global challenges, and we encourage lawmakers to engage in a robust debate about restructuring current priorities and simplifying the often-cumbersome process of applying for federal grants, contracts, and loans. But we are deeply concerned about proposed cuts to the R&D, including vital support for both internal and external research across the federal agencies.

The Coalition’s support for flat R&D funding from FY25 levels includes – but is not limited to – intra- and extramural research at the Departments of Health & Human Services (HHS), Defense (DOD), Energy (DOE), Agriculture (USDA), Commerce (DOC), and National Aeronautics and Space Administration (NASA) and the National Science Foundation (NSF). We thank the House Appropriations Committee for their support for DOD’s Research, Development, Test & Evaluation (RDT&E) and the USDA’s Agriculture Research Service (ARS) and National Institute of Food and Agriculture (NIFA) funding in recently reported legislation and urge the Senate to likewise follow through and support these key institutions. We also urge you and your colleagues in the House and Senate to support the following principles in FY26 appropriations process:

⁵ [National Economic Impacts From the DOD SBIR/STTR Program: 1995-2018](#), 2019, Defense Office of Prepublication and Security Review.

⁶ [The National Aeronautics and Space Administration \(NASA\): A Texas Institution with a Large Economic Impact](#), Texas Comptroller of Public Accounts.

⁷ [Florida Military & Defense Economic Impact Summary](#), January 2024, Florida Department of Commerce.

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- Promote entrepreneurship by maintaining the extramural research proportional set aside of 3.2% and .45% respectively, for all agencies that participate in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR). We also encourage you to add language to the committee report encouraging distribution of previously appropriated funds to approved SBIR/STTR applicants.
- Foster global competitiveness by restoring FY2025 funding for the National Institutes of Health (NIH) and National Science Foundation (NSF) in FY2026. The current proposed cuts of 44% and 55% for NIH and NSF, respectively, would devastate innovation across countless disciplines and fields, and stymie efforts to support specialized training and education for tomorrow's workforce, including NSF's and NIH's individual and institutional grant programs. The basic research supported by NIH and NSF is a foundation for patent applications necessary to remain competitive with China's growing research infrastructure. This is necessary to empower and incentivize the brightest researchers to keep US innovation in the US. We also encourage you to add language to the committee report encouraging NIH and NSF to distribute funds to approved – and rigorously vetted – applicants expeditiously.
- Protect long-term R&D capacity and American innovation by maintaining provisions allowing recipients of federal research funds to include necessary facilities and administrative costs (F&A) through negotiations between awarding agencies and grant recipients. As you know, facilities to conduct research – such as gene processing machines and laboratories – are necessary “start-up costs” for the basic and applied research that promotes innovation. Likewise, administering grants totaling hundreds or even millions or billions of dollars is a difficult task that requires expertise in its own right very different from the expertise of researchers who apply for, receive, and carry out grants. These resources spur vendor contracts and create manufacturing jobs across the country, and are necessary for empowering grant recipients, including individuals and institutions, to provide Congress with regular updates about how grantees spend appropriated funds. We encourage you to make any changes to the calculating and budgeting of F&A cost legislatively and with due consideration to the long-term needs of industry and R&D performers across the country. We thank the House Appropriations Committee for including language in the FY26 Defense bill encouraging DOD to work with researchers funded by the Federal government to identify a solution to F&A costs that meets the interest of all parties.⁸ We encourage both the House and Senate to include similar language for NIH, NSF, and all other agencies that engage in significant extramural research.

Maintaining current funding is not just a wise investment in local and regional economic communities across the country, it is fiscally responsible and prudent during a time of economic uncertainty. Level or flat FY26 funding still amounts to a small cut for research funding in light of inflationary impacts – 2.4% from May 2024 to May 2025, according to the Labor Department – but it protects the vital role of R&D for our nation's economy and global competitiveness.⁹ We will contribute to these important conversations with evidence from our own local and regional economies, and insights from the experiences of business owners and entrepreneurs across the country.

Conclusion

The Business for Federal Research Funding Coalition urges both the Administration and Congress to reprioritize crucial federal research funding. Employers stand ready to discuss research priorities and the future of federal research funding in a manner that retains and sharpens our global edge in innovation

⁸ [Department of Defense Appropriations Act, 2026, H.R. 4016](#), House Appropriations Committee Report, pg. 217.

⁹ [Consumer Price Index Summary, May 2025](#), Economic News Release, U.S. Bureau of Labor Statistics.

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and business formation. Federal research funding is a critical priority to businesses, large and small, across the country and we will engage in productive dialogue with policymakers moving forward to ensure that our local, regional, and state economies remain competitive on the world stage.

We look forward to partnering with you.

Sincerely,

The Business for Federal Research Funding Coalition

CC: Members of the U.S. Senate Committee on Appropriations

U.S. Senator Mitch McConnell
U.S. Senator Lisa Murkowski
U.S. Senator Lindsey Graham
U.S. Senator Jerry Moran
U.S. Senator John Hoeven
U.S. Senator John Boozman
U.S. Senator Shelley Moore Capito
U.S. Senator John Kennedy
U.S. Senator Cindy Hyde-Smith
U.S. Senator Bill Hagerty
U.S. Senator Katie Britt
U.S. Senator Markwayne Mullin
U.S. Senator Deb Fischer
U.S. Senator Mike Rounds

U.S. Senator Richard Durbin
U.S. Senator Jack Reed
U.S. Senator Jeanne Shaheen
U.S. Senator Jeff Merkley
U.S. Senator Christopher Coons
U.S. Senator Brian Schatz
U.S. Senator Tammy Baldwin
U.S. Senator Chris Murphy
U.S. Senator Chris Van Hollen
U.S. Senator Martin Heinrich
U.S. Senator Gary Peters
U.S. Senator Kirstin Gillibrand
U.S. Senator Jon Ossoff

Business for Federal Research Funding Coalition Members

[Allegheny Conference on Community Development](#)
[Ames Regional Economic Alliance](#)
[Ann Arbor / Ypsilanti Regional Chamber](#)
[Arlington Chamber](#)
[Bend Chamber of Commerce \(OR\)](#)
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[Chamber of Business and Industry of Centre County](#)
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[Lake Champlain Chamber](#)
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[Los Angeles Area Chamber of Commerce \(CA\).](#)
[Metro Atlanta Chamber of Commerce](#)
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