BUSINESS FOR FEDERAL RESEARCH FUNDING

September 15, 2025

Hon. Robert F. Kennedy, Jr.
Secretary
U.S. Health & Human Services

Hon. Chris Wright
Secretary
U.S. Department of Energy

Hon. Pete Hegseth
Secretary
U.S. Department of Defense

Hon. Brooke L. Rollins
Secretary
U.S. Department of Agriculture

Dear Secretaries Kennedy, Wright, Hegseth, and Rollins,

On behalf of the Business for Federal Research Funding (BFRF) Coalition, representing more than 75 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 for the 2026 fiscal year, including expeditious consideration of extramural grant applications, at the Departments of Health & Human Services (HHS), Defense (DOD), Energy (DOE), and Agriculture (USDA).

Representing employers and job creators in 35 states, federal research funding is vital for supporting local employment and holds numerous benefits for businesses, employees, consumers, and supply chains across the country. It is also a smart investment – recent studies have shown a rate of return to federally supported R&D of between 140 and 210 percent since World War II.[1] Our experience and data from a range of communities show that business and the federal government are partners in advancing ingenuity and innovation at home and abroad. Research investments by the federal government constitute "force multipliers" – directly supporting employment of our members, colleagues, and neighbors, but also indirectly creating jobs through the businesses needed to build facilities, and manufacture materials and instruments, and fostering regional industry innovation and growth.

Stable, sustained investments in our nation's research and development, including basic and applied research and advanced technology development, are crucial to expanding our economic strengths, maintaining and nurturing our best and brightest talent, and global competitiveness. There is an especially significant role for the federal government in supporting basic research when the potential payoffs for commercialization are less clear at the outset; for every dollar spent on R&D, respectively, the federal government spends 34 cents on basic research while the private sector spends only 6 cents.[2] Without federal support for basic research, recent innovations in treatments for those suffering from the debilitating pain of sickle cell disease, and development of satellite GPS systems vital not only for everyday navigation in the modern age, but agricultural management and space exploration, would not be possible.[3]

It is, of course, the prerogative of all new Administrations to realign agency priorities to reflect new policy goals. And as leaders of the 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 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:

---

[1] The Returns to Government R&D: Evidence from U.S. Appropriations Shocks, 2024, Federal Reserve Bank of Dallas.
[2] Federal spending reflects nondefense R&D, on average. The Returns to Government R&D: Evidence from U.S. Appropriations Shocks.
[3] Innovation Lightbulb: Basic Research for Breakthrough Innovations. Center for Strategic and International Studies.

- Numerous states have found the value of agency research spending in their states. For example, in Tennessee, the Department of Energy's Oak Ridge Reservation supports more than $7 billion in economic impact and over 40,000 jobs (according to an analysis by the East Tennessee Economic Council).[4] 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."[5]

- 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 during President Donald J. Trump's first Administration found that DOD's SBIR/STTR had a 22:1 return on its investment from 1995-2018 – including $28 billion in sales of new products to the U.S. Military – and supported 1,508,295 full-time jobs.[6]

- The Department of Energy's analysis of several energy programs during President Trump's first Administration found that billions of dollars in gross economic benefits and significant benefit to cost ratios. For example, the Building Technologies Office's Residential Building Integration and Emerging Technologies R&D programs had a total net economic benefit of $292 billion and $3 billion, respectively, and a benefit to cost ratio of 74-to-1 and 5.4-to-1, respectively.[7]

- United for Medical Research's analysis of 2024 spending 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.[8]

As you know, the United States has a long, proud history of innovation which led to breakthroughs that transformed our nation's economy, built new industries, created jobs, improved returns for investors, and protected our status as a global leader. But we are currently at risk of falling behind globally as other nations – especially China – out-compete us for the future of emerging technologies in defense, medicine, science, computing, and other fields.

- In 2023, the majority of patent applications in the US came from non-US residents, as reported in the World Intellectual Property Indicators 2024 report from the United Nations' World Intellectual Property Organization (WIPO)).[9] According to a recent analysis by the American Association for the Advancement of Science (AAAS), China has already surpassed the US in the total number of patent applications filed worldwide, and China's annual growth in R&D investments is now more than double those of the U.S.

- The US remains the world leader in patents granted in numerous fields, including biotechnology, medical technology, pharmaceuticals, and micro-structural and nano-technology patent holders, but China is surpassing us in one of the most significant and lucrative fields of the future – information and communications technology. According to the WIPO, China just surpassed the US in applications.[10] Likewise, AAAS's 2024 analysis found that China-based applicants hold

---

[4] DOE Economic Impact Studies, East Tennessee Economic Council.
[5] Florida Military & Defense Economic Impact Summary, January 2024, Florida Department of Commerce.
[6] National Economic Impacts From the DOD SBIR/STTR Program: 1995-2018, 2019, Defense Office of Prepublication and Security Review.
[7] The evaluations were completed in 2017 and 2018, and benefit to cost ratios reported reflect the more conservative 7% discount rate. Summary of Seven Economic Return-on-Investment Impact Evaluation Studies across Five Offices within the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy, U.S. Department of Energy.
[8] NIH's Role in Sustaining the U.S. Economy, 2025, United for Medical Research.
[9] World Intellectual Property Indicators 2024, World Intellectual Property Organization.
[10] According to the World Intellectual Property Organization, China held 13.9% of patent applications in computer technology from 2020-2022; the US submitted 13.8% of all patent applications; India and the Republic of Korea submitted 11% and 9.4%, respectively. World Intellectual Property Indicators 2024

more than a third of all patents in computing, telecommunications, AI, and mobile apps, and hold the largest percentage of patent families for 5G and 6G technology.[11]

- China's emerging dominance expands beyond the conventional industries. For example, an analysis by McKinsey of all agricultural patents granted from 2010 to 2019 found that China has grown to dominate agricultural innovation – receiving almost four times the total number of patents than U.S.-based inventers.[12] Among so-called green agricultural patents – innovations designed to increase productivity while conserving resources – China has received more than triple the number of patents than the U.S. in recent years (according to a 2025 study by Iowa State University's Agricultural Policy Review).[13] The future of our local food supply chains and the American farming industry is dependent on research-supported innovations.

The Coalition stands ready to support important conversations about realigning research priorities to align with new domestic and international policy needs, and maintain our global edge. For example, recent innovations in artificial intelligence (AI) and quantum information science (QIS) disrupted how government, private business, and employees in nearly every industry and field operate – decreasing the cost of some aspects of business while raising new questions about the opportunity in future applications to increase efficiency and transparency. Likewise, the ever-present necessity of energy independence and the nuclear threat from Iran and North Korea pose a challenge that investments in basic and applied research can help us address.

However, arbitrarily cutting research and development funding does not accomplish these goals. Instead, we encourage the Administration and Congress to engage in a robust debate about restructuring current priorities and simplifying the often-cumbersome process of applying for federal grants, contracts, and loans. We thank the House and Senate Appropriations Committees for their engagement in conversations about how to restructure facilities and administrative costs in ways that increase transparency while maintaining support for necessary research expenditures – conversations we are eager to contribute to fostering.

But we are deeply concerned about proposed cuts to R&D, including vital support for both internal and external research across the federal agencies, including – but 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 urge you to release remaining paused grant funding for in-progress projects across your agencies; support level funding for internal and external research in FY26; and expeditiously consider in-coming research and development grant, contract and loan applications for FY26 to ensure worthy projects are funded in communities across the country – jobs, industry growth, and the future of our economy depends on it.

Conclusion

The Business for Federal Research Funding Coalition urges the Administration and Congress to re-prioritize 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 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.

---

[11] U.S. R&D and Innovation in a Global Context: The 2025 Data Update, 2025, AAAS.
[12] Needle in a haystack: Patents that inspire agricultural innovation, 2020, McKinsey & Company.
[13] The Landscape of Green Agricultural Patents: A Focus on China and US Patent Offices, Agricultural Policy Review, Winter 2025, Center for Agricultural and Rural Development, Iowa State University.

BUSINESS FOR FEDERAL RESEARCH FUNDING

Sincerely,

The Business for Federal Research Funding Coalition

CC:

Stephen Winchell, Director, Defense Advanced Research Projects Agency
Jay Bhattacharya, Director, National Institutes of Health
Brian Stone, Acting Director, National Science Foundation

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)
Boulder Chamber
Buffalo Niagara Partnership
Business Council of Westchester
Canton Regional Chamber of Commerce
Cape Cod Chamber of Commerce
Capital Region Chamber (NY)
Chamber for a Greater Chapel Hill-Carrboro
Chamber of Business & Industry of Centre County
Chamber of Commerce of Greater Philadelphia
ChamberRVA
Champaign County Chamber of Commerce
Charles River Regional Chamber
Charlotte Regional Business Alliance
Chicagoland Chamber of Commerce
Cobb Chamber
Columbus Chamber of Commerce
Commerce Lexington, Inc.
Detroit Regional Chamber of Commerce
Duluth Area Chamber of Commerce
Eugene Area Chamber of Commerce
Georgia Chamber of Commerce
Glendale Chamber
Greater Akron Chamber
Greater Bethesda Chamber of Commerce
Greater Boston Chamber of Commerce
Greater Cleveland Partnership
Greater Oklahoma City
Greater Omaha Chamber
Greater Phoenix Chamber
Greater Rochester Chamber (NY)
Greater Spokane, INC.
Greater Springfield Chamber of Commerce
Greater Topeka Partnership
Greater Winston-Salem Inc.
Harrisburg Regional Chamber of Commerce
Howard County Chamber
Huntsville Madison County Chamber of Commerce
Indy Chamber
Lake Champlain Chamber
Lansing Regional Chamber of Commerce
Los Angeles Area Chamber of Commerce (CA)
Maryland Chamber of Commerce
Metro Atlanta Chamber of Commerce
Metro Hartford Alliance
Montgomery County Chamber of Commerce (MD)
New England Council
Northern Kentucky Chamber of Commerce
Northern Virginia Chamber
One Acadiana
One SouthCoast Chamber
Orlando Economic Partnership
Overland Park Chamber of Commerce
Portland Metro Chamber (OR)
Quad Cities Chamber
Raleigh Chamber of Commerce
Rochester Area Chamber of Commerce (MN)
San Diego Regional Chamber of Commerce

BUSINESS FOR FEDERAL RESEARCH FUNDING

Greater Des Moines Partnership
Greater Durham Chamber of Commerce
Greater Houston Partnership
Greater Iowa City, Inc.
Greater Kansas City Chamber
Greater Louisville, Inc.
Greater Madison Chamber of Commerce
Greater Miami Chamber
San Francisco Chamber of Commerce
Seattle Metropolitan Chamber of Commerce
Silicon Valley Leadership Group
Tampa Bay Chamber of Commerce
Wilmington Chamber of Commerce
West Virginia Chamber
Worcester Regional Chamber of Commerce