

Subject: Federal Impact Updates
Date: Tuesday, July 1, 2025 at 3:10:02 PM Eastern Daylight Time
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Dear colleagues:

Recent federal actions and proposals continue to shape the environment in which Michigan State University operates. We write to provide a brief update on significant developments impacting MSU's research, students, and operations, including new guidance, legislation, and budget activity in Washington. ***We will do a separate recap on the votes happening this week in Congress.***

Key Updates and MSU Impact:

Budget Reconciliation and Higher Education Provisions

Over the weekend, the U.S. Senate released an updated version of the *One Big Beautiful Bill Act*, advancing it by a 51–49 vote and triggering a vote-a-rama on an unlimited number of proposed amendments. The [Congressional Budget Office \(CBO\)](#) estimates the bill would increase the federal deficit by \$3.3 trillion over ten years, largely due to assumptions about the extension of the 2017 tax cuts. However, Senate Republicans plan to use a new “current policy baseline,” which excludes the cost of extending current law. Under this methodology, CBO scores the bill as reducing the deficit by \$507 billion.

Significant internal disagreements remain within the House Republican caucus over the scope of proposed tax and spending cuts, including funding for Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and higher education programs. If the Senate passes the bill, House leadership is preparing to reconvene as early as Wednesday for a final vote.

Impact on Higher Education and MSU Priorities:

- The Senate Parliamentarian has ruled that several education provisions in the House-passed version—particularly \$162 billion in proposed savings tied to student loan reforms—violate the Byrd Rule, requiring their removal from the reconciliation package. This development may increase pressure on other discretionary spending categories.
- Provisions supporting research institutions remain largely intact. However, the changes underscore the need for continued engagement to protect student financial aid and university funding priorities.
- [The Association of Public and Land-grant Universities \(APLU\)](#) released a comparative analysis of the updated Senate bill, the earlier Senate committee drafts, and the House version. The analysis provides a detailed breakdown of higher education implications across versions.

Michigan State University continues active advocacy with the Michigan congressional delegation and through national partners, including APLU, the [Association of American Universities \(AAU\)](#), and the [American Council on Education \(ACE\)](#), to ensure federal support for students, research, and innovation remains strong through the reconciliation process.

- **Indirect Costs Rates:** Over the past months, the National Institutes of Health, the Department of Energy (DOE), the National Science Foundation (NSF), and Department of Defense have proposed and/or attempted to implement caps on indirect cost reimbursements. Legal challenges are ongoing, with temporary injunctions in place. In the case of the NSF, a federal judge has granted summary judgment in favor of APLU, AAU, ACE and thirteen research universities in their lawsuit challenging the [NSF's 15 percent caps on F&A reimbursement rate](#). MSU has joined the national associations in the NIH and DOE lawsuits and in pushing back on these cuts, which would undermine the full cost recovery needed to sustain federally sponsored research. MSU also is coordinating with its higher education colleagues and associations on developing a new model for federal indirect costs of federal research grants to present to Congress and the executive branch.
- **International Students & Scholars:** The White House has reversed its May decision to pause interviews and processing of foreign students. As part of the restart, the State Department will screen the social media and online presence of student and exchange visitor applicants. In addition, a travel ban is in place for nationals from Afghanistan, Burma, Chad, Republic of Congo, Equatorial Guinea, Eritrea, Haiti, Iran, Libya, Somalia, Sudan and Yemen; and partial restriction are in place for nationals of Burundi, Cuba, Laos, Sierra Leone, Togo, Turkmenistan and Venezuela. MSU's International Studies and Programs and the Office of International Students and Scholars are actively working with campus partners, immigration attorneys and international education colleagues across the U.S. to monitor and evaluate the impact of these federal actions on MSU. They are also in regular contact with our international Spartans to help them navigate these changes.
- **Science Policy Implementation:** The [Office of Science and Technology Policy \(OSTP\)](#) has issued [new guidance](#) to federal agencies on implementing the “Restoring Gold Standard Science” Executive Order. Agencies must revise policies to reflect key principles such as transparency, reproducibility, and scientific integrity. MSU will monitor agency implementation plans, which must be published within 60 days, to assess implications for future grants and reporting expectations.
- **HUD-NSF Headquarters Move:** The U.S. Department of Housing and Urban Development will relocate into the National Science Foundation's current headquarters. No plan has been announced for NSF's relocation. MSU is watching for potential disruptions to NSF operations and staff accessibility during this transition.
- **Accreditation Legislation:** The House Education and Workforce Committee advanced two bills altering the accreditation process. Provisions would ban DEI-related standards and allow states to designate industry-specific accreditors. These measures, if enacted, could reshape accountability frameworks for institutions like MSU.
- **FAFSA Reform:** The Department of Education has announced changes to the 2026 – 27 FAFSA cycle, including streamlined contributor invitations and early beta testing with real data. MSU will participate as able and continues to work with students and aid administrators to prepare for a smoother rollout.
- **Supplemental Nutrition Assistance Program – Education (SNAP-Ed)** On June 23, Cooperative Extension and the Association of SNAP Nutrition Education Administrators (ASNNA) [shared a letter](#) with Senate leadership on the proposed elimination of SNAP-Ed in the reconciliation bill under consideration. As currently worded, the bill will zero-out SNAP-Ed funding starting in FY2026. However, most SNAP cuts proposed in the bill would not begin until FY2028, thus Cooperative Extension and ASNNA are requesting to bring SNAP-Ed in line with other proposed SNAP cuts. If included this change would give states, universities, and other SNAP-Ed implementers time to adjust to the proposed cuts and offers policymakers a chance to address any

programmatic concerns related to SNAP-Ed through a Farm Bill or other legislative means. Currently, this proposal has not been adopted, and the Senate-introduced reconciliation bill would eliminate SNAP-Ed funding starting in FY2026.

Advocacy and Ongoing Engagement:

- MSU continues to support direct engagement efforts to preserve funding for SNAP-Ed, the Flint Registry, NSF research, funding for public broadcasting, and international agriculture programs like the Feed the Future Innovation Labs — and ensure strong research and student aid funding in the FY26 appropriations bills. We continue to track the Senate's work to revise the budget reconciliation bill and to advocate for protecting university-affiliated programs and access to student aid and loan repayment options, along with other policy changes that directly impact university operations and the equities of our community.
- Faculty advocacy has remained active. Professors Angela Wilson and Johannes Pollanen recently met with congressional staff in support of NSF funding. MSU's Institute for Quantitative Health Science and Engineering hosted Sen. Peters for a discussion on federally funded research and healthcare innovation.
- President Guskiewicz convened MSU researchers and corporate leaders at the [Mackinac Policy Conference](#) to highlight the importance of the federal-university research partnership in Michigan's economic future.

Looking Ahead:

We remain in close contact with national associations and policymakers. Please visit the [MSU Federal Transition](#) webpage and [MSU Research](#) for updates and resources. As additional federal changes unfold, we will continue to share relevant guidance and advocate for policies that uphold MSU's mission and impact.

Thank you for your continued leadership during this period of uncertainty.

Sincerely,

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