College may cost farm families more

- By PHYLLIS COULTER FarmWeek
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Changes in federal financial aid rules, effective this year, may make it much more expensive for farm families to send their children to college. A family's contributions now may be thousands of dollars more than last year.

The change comes from the Free Application for Federal Student Aid (FAFSA), which goes into effect for the 2024-25 school year.

"Previously, there was an exemption in place for families who owned farms or small businesses, so that there was no asset test when those kids were applying for financial aid.

"But that changed when the FAFSA Simplification Act got rid of the exemption," said Dustin Sherer, American Farm Bureau Federation director of government affairs.

Under the old form, a family with $1 million farm value, was responsible for about $7,600 a year for their child's education after student aid. Under the new rules, the family would be responsible for $41,000, he said.

The exemption for small businesses and farms had existed for a long time, but that changed when an omnibus bill totaling thousands of pages passed at the end of 2023, he said.

"It's starting to bubble up now in a couple of states," Sherer said. AFBF has been talking about it for a couple of years, but families are just finding out what it means now.

He recommends families concerned about the changes contact their elected officials and ask them to support two legislative efforts: HR 1250 in the House and S1237 in the Senate will try to reinstall the asset exemptions through The Family Farm and Small Business Act.

Many families might not know yet how much this will affect them because they are still filling out the forms, said Bridget Curl, director of financial aid at Illinois State University in Normal. “We are fielding some phone calls,” she said.

The goal of the FAFSA Simplification Act is to shorten the FAFSA form. It was successful doing that by reducing the form from 108 questions to about 35, Sherer said.

However, Curl has received mixed reviews about the ease of using the forms. “Some families say it was simpler. It only took 15 minutes to fill out.” But because the site was a “soft launch,” it has been down several times to fix kinks. Other families have had trouble getting on to complete the forms.

In the past some families who previously filed forms could just hit “renew”. That’s not an option this year. Everyone must fill out a new form, she said. Also, both students and their parents, now called “contributors” must set up their own accounts to fill out their specific questions.

The questions are different than in the past, so Curl recommends people thoroughly read through them before filling them out. If they make a mistake, it may be three days before they can go back in and make corrections.

Decisions about aid are made on an individual basis, and there is still some income and asset protection calculated in aid eligibility.

But the changes “could significantly impact some families” she said noting the example given by Sherer about a family with a farm of $1 million in assets.

If families are facing hardships and don't know what to do to help their students get the degrees they want, they should talk to the people in the financial aid offices at their school.

"We are empathetic to families," Curl said. "We are here to see if there are any other options."

Some students may be eligible for need-based Pell grants, she said.

"Sometimes there are other options." However, those options may include getting loans, she said.