

United States Senate

WASHINGTON, DC 20510

March 10, 2023

Dr. Miguel Cardona
Secretary of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary Cardona,

In 2020, Congress passed the FAFSA Simplification Act into law. The congressional intent of this bill was to simplify the financial aid process for students and families. We are concerned that, without prompt guidance from the Department, the bill's ongoing implementation may make the process more confusing for farm families seeking federal student aid. As we quickly approach the aimed October 1, 2023, implementation date, we urge the Department to consider the unique needs of these families and provide the guidance necessary to facilitate their participation in federal financial aid programs.

The FAFSA Simplification Act represents a significant overhaul of the federal student aid system, including the FAFSA form, needs analysis, and many of the policies and procedures that guide participation in financial aid programs. A recent analysis of these FAFSA changes conducted by Iowa College Aid found that a farm family with a parent adjusted gross income (AGI) of \$60,000 currently receives an expected family contribution (EFC) of \$7,626.¹ The current EFC formula excludes the net worth of small businesses and family farms from asset calculations which can help protect farmers and small business owners from having to borrow against their business to finance a child's education. Changes made by the FAFSA Simplification Act will have far-reaching effects, including changes in how assets and income are measured for the purposes of Pell Grants and other financial aid. Farms are unlike other small businesses, with unique structures and revenue expectations that distinguish them from many other small businesses.

These farm families, whose businesses are vital to our states' communities and economies, need prompt and tailored guidance that considers their unique business model and will help families better understand how implementation of the FAFSA Simplification Act will affect their participation in federal financial aid programs.

One factor that separates farms from other businesses is that farm debt varies widely throughout the year. Under the FAFSA Simplification Act, this debt would be subtracted from assets. While that effort is relatively straightforward for small businesses that have a steady stream of revenues and expenses, the nature of farming makes this calculation much more challenging. Crop farmers must stretch a single harvest to last throughout the year, and livestock producers are dependent on market availability and readiness for their herds. These variations in a farmer's timeline for the year can result in drastically different asset calculations depending on exactly when the FAFSA is completed. Because these asset calculations will directly inform a family's eligibility for financial aid, it is imperative that the Department provide guidance on how farm debts and assets will be considered for purposes of federal financial aid programs.

Additionally, homes are excluded from assets under both the current and new formulas. Most small businesses are based out of a second location, but family farms typically do not have separate balance sheets as the family farm and the family homestead are one-in-the-same. Up until now, both farm and home were excluded, however under the new format it has become unclear how family farmers should properly list these assets. These unique circumstances also require specific guidance from the Department to help families avoid unintentionally eliminating their eligibility for federal financial aid programs or lowering the amount of aid for which they may be eligible.

¹ *The FAFSA Simplification Act: Policy Simulations and Implications for State Aid Programs*, Iowa College Aid (December 2022).

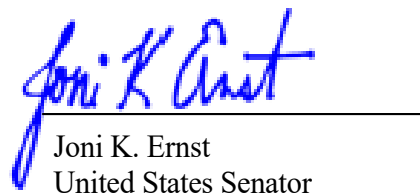
We want to ensure that colleges and universities in our states have the information necessary to counsel students on these questions. Their confusion is exacerbated by the potential delayed release of the updated FAFSA, making it unclear whether and when they will have the guidance necessary to adequately counsel farm families about these important financial decisions. We ask that you provide guidance and clarity for these students and institutions. The number of small family farms is decreasing throughout the nation, losing thousands each year while the remainder consolidate into fewer, larger farms. Rural families should not be disadvantaged by inadequate or absent guidance from the Department on how the FAFSA Simplification Act will affect their participation and benefits from federal financial aid programs. As these small family farms continue to be passed down generation-to-generation, we ask your agency to aid these families in solving the unique challenges for farm students looking to fill out the FAFSA.

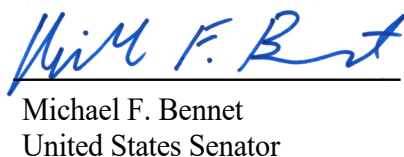
1. Does the Department plan to provide specific guidance to students and institutions addressing how the changes in the FAFSA Simplification Act will impact farm families?
 - a. Do you have a plan in place to facilitate assistance for families and institutions beyond general guidance on the Department of Education website?
2. We have heard reports that the Department is considering delaying the release of the FAFSA by as much as three months. With the original October 1, 2023 date fast approaching, what plans does the Department have in place to ensure that institutions are able to properly counsel students on a shorter implementation timeline?

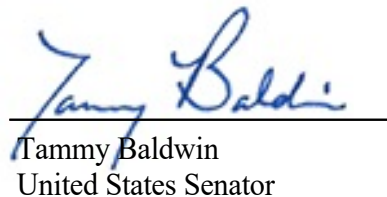
We look forward to working with you to ensure that families and institutions have the information they need to best serve students during the transition to the updated FAFSA.

Sincerely,


Charles E. Grassley
United States Senator


Joni K. Ernst
United States Senator


Michael F. Bennet
United States Senator


Tammy Baldwin
United States Senator