

FAFSA SIMPLIFICATION

REMOVAL OF FARM AND BUSINESS ASSET EXEMPTION



WHAT HAS CHANGED ON THE FAFSA?

BEGINNING WITH THE 2024-2025 APPLICATION, PARENTS CAN NO LONGER EXEMPT THEIR BUSINESS NET WORTH AND FARM NET WORTH WITH 100 OR FEWER FULL-TIME EMPLOYEES.

NO WAY TO EXCLUDE WITH PROFESSIONAL JUDGMENT OR SPECIAL CIRCUMSTANCES.

WHO IS EXEMPT FROM REPORTING?

- ~STUDENTS WHO QUALIFY FOR MAXIMUM PELL**
- ~STUDENTS WHOSE PARENTS' COMBINED AGI IS LESS THAN \$60,000 AND THEY DO NOT FILE A SCHEDULE F (FARM INCOME AND EXPENSE SCHEDULE)**
- ~STUDENT OR ONE OF THEIR PARENTS RECEIVE BENEFITS FROM THE FOLLOWING:**
 - SUPPLEMENTAL SECURITY INCOME (SSI)**
 - SNAP FAMILIES (TANF)**
 - SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)**
 - TITLE 8 HOUSING**

RESOURCES AVAILABLE TO YOU

- ~ELECTRONIC ANNOUNCEMENT GENERAL-23-63**
- ~DCL: GEN-23-11**
- ~DCL: GEN-23-12**
- ~FAFSA SIMPLIFICATION QUESTIONS AND ANSWERS (ED.GOV) – QUESTION SAI-Q4**
- ~2023-2024 FAFSA (DRAFT 2023-09-01)**

CURRENT FAFSA QUESTION

87. AS OF TODAY, WHAT IS THE NET WORTH OF YOUR PARENTS' CURRENT BUSINESSES AND/OR INVESTMENT FARMS? DON'T INCLUDE A FAMILY FARM OR FAMILY BUSINESS WITH 100 OR FEWER FULL-TIME OR FULL-TIME EQUIVALENT EMPLOYEES. SEE NOTES PAGE 9.

NOTES ON PAGE 9

“AND 86 AND 87 (PAGE 7) NET WORTH MEANS THE CURRENT VALUE, AS OF TODAY, OF INVESTMENTS, BUSINESSES, AND/OR INVESTMENT FARMS, MINUS DEBTS RELATED TO THOSE SAME INVESTMENTS, BUSINESSES, AND/OR INVESTMENT FARMS. WHEN CALCULATING NET WORTH, USE 0 FOR INVESTMENTS OR PROPERTIES WITH A NEGATIVE VALUE.”

PROPOSED FAFSA QUESTION (DRAFT)

QUESTION 40

CURRENT NET WORTH OF BUSINESSES AND INVESTMENT FARMS

ENTER THE NET WORTH OF THE PARENT'S BUSINESSES OR FOR PROFIT AGRICULTURAL OPERATIONS. NET WORTH IS THE VALUE OF THE BUSINESSES OR FARMS MINUS ANY DEBTS OWED AGAINST THEM.

NOTES ON PAGE 22

“BUSINESS AND/OR INVESTMENT FARM VALUE INCLUDES THE MARKET VALUE OF LAND, BUILDINGS, MACHINERY, EQUIPMENT, INVENTORY, ETC. BUSINESS AND/OR INVESTMENT FARM DEBT MEANS ONLY THOSE DEBTS FOR WHICH THE BUSINESS OR INVESTMENT FARM WAS USED AS COLLATERAL.”

POSITIVES TO THE CHANGE

~THE CHANGE CONTINUES TO ALLOW FOR THE EXCLUSION OF THE PERSONAL RESIDENCE.

~LEVELS THE PLAYING FIELD FOR BUSINESS OWNERS AND FARM OWNERS WITH LARGER BUSINESSES.

~THERE IS SOME ASSET PROTECTION ALLOWANCE FOR BUSINESSES AND FARMS.

TABLE A3. BUSINESS/FARM NET WORTH ADJUSTMENT

IF THE NET WORTH OF A BUSINESS OR FARM IS _____	THEN THE ADJUSTED NET WORTH IS _____
LESS THAN \$1	\$0
\$1 TO \$140,000	40% OF NET WORTH OF BUSINESS/FARM
\$140,001 TO \$415,000	\$56,000 + 50% OF NET WORTH OVER \$140,000
\$415,001 TO \$695,500	\$193,500 + 60% OF NET WORTH OVER \$415,000
\$695,001 OR MORE	\$361,500 + 100% OF NET WORTH OVER \$695,000

NEGATIVES TO THE CHANGE

- ~MOST FARM AND BUSINESS ASSETS ARE NOT READILY LIQUID.**
- ~THE NET WORTH OF THE FARM OR BUSINESS COULD VARY GREATLY DEPENDING ON THE TIME OF YEAR THE FAFSA IS COMPLETED.**
- ~CREATES A SIGNIFICANT CHANGE FROM PREVIOUS YEARS FOR RETURNING STUDENTS**

DEFINITION OF NET WORTH

NET WORTH IS THE VALUE OF ALL THE NON-FINANCIAL AND FINANCIAL ASSETS OWNED BY AN INDIVIDUAL OR INSTITUTION MINUS THE VALUE OF ALL ITS OUTSTANDING LIABILITIES.

WHAT COUNTS AS A FARM ASSET?

- ~**CASH – CHECKING ACCOUNTS – SAVINGS ACCOUNTS**
- ~**INVENTORIES ON HAND, INCLUDING GRAIN, FEED, AND PRODUCTION INPUTS**
- ~**REAL ESTATE**
- ~**MACHINERY AND EQUIPMENT**
- ~**LIVESTOCK, INCLUDING BREEDING HERD AND OFF SPRING**
- ~**ACCOUNTS RECEIVABLE**
- ~**VALUE OF CROPS GROWING IN THE FIELD**

WHAT COUNTS AS A BUSINESS ASSET?

- ~ **CASH – CHECKING ACCOUNTS – SAVINGS ACCOUNTS**
- ~ **INVENTORIES ON HAND, INCLUDING SUPPLIES AND PROJECT COMPONENTS**
- ~ **REAL ESTATE**
- ~ **EQUIPMENT AND TOOLS**
- ~ **ACCOUNTS RECEIVABLE**
- ~ **VALUE OF CONTRACTS IN MID-PRODUCTION**

ASSESSOR VALUATION

- ~PROPERTIES ARE GENERALLY ASSESSED A VALUE BASED UPON A DETERMINED PERCENTAGE OF THE MARKET VALUE**
- ~FAMILIES CAN FIND THE VALUE OF THE PERSONAL RESIDENCE TO BE EXCLUDED**
- ~RESIDENCE VALUE CAN INCLUDE REAL ESTATE THAT IS NOT USED, STORED, OR SOLD FOR FARMING AND OTHER COMMERCIAL USE**

PDF+PIN: 012+640073069 Nemaha County, NE Fri, 9/29/2023, 12:07 PM Page 1

64025 735 RD, Deed: LICKTEIG SCOTT A & DENISE M Map Area: TWP 6 RGE 14 Checks/Tags:
 Contract: Route: 001-021-000 Lister/Date: TL, 06/27/2022
 CID#: 3943-23-2-00000-000-0008 Tax Dist: 29-3 Review/Date: ML, 10/18/2022
 DBA: Plat Page: Entry Status: Inspected
 MLS: 4000 Subdiv: 00000-NONE

Legal: Section: 23; Twp: 6; Rng: 14; Block: ; Lot: ; Deeded Acres: 41.600
 SEC 23-6-14 41.60 AC - BEG NE CORN OF W1/2 NW1/4, S2457.49', NWLY 1195.45' N1745.95' E825' TO POB
 Dist TIF Fund: NONE Neighborhood: 8300 Status: 01 - Improved Location: 03 - Rural
 School Base: 64-0029 Greenbelt Acres: NO Use: 05 - Agricultural City Size: 00 - N/A
 Affiliated Code: [EMPTY] Greenbelt Loss: Zoning: 00 - None Lot Size: 09 - 40.01 acres - 160 acres

Land												
Land Basis	Front	Rear	Side 1	Side 2	R. Lot	SF	Acres	Depth/Unit	EFF/Type	Qual./Land		
Ag Land							41.600					
Grand Total						1,812,096.00	41.600					

Street		Utilities		Zoning		Land Use	
Ag Land	None	None	None	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Sales				Building Permits				Values				
Date	\$ Amount	NUTC	Recording	Date	Number	Tag	\$ Amount	Reason	Type	Override		
12/08/1997	\$41,600	DX	113 100						Land	\$81,437		
									Dwlg	\$182,291		
									Impr	\$23,981		
									Exempt	\$0		
									Total	\$287,709		

BALANCE SHEET VALUATION

- ~LENDER BALANCE SHEET FROM A BANK**
 - NEED TO BE SURE IT IS ACCURATE**
 - SHOULD PROVIDE THE ACTUAL NET WORTH**
- ~BALANCE SHEET FROM A LOAN APPLICATION**

LOCAL MARKET VALUATION

- ~USING VALUES FROM PRIVATE SALES OF OTHER SIMILAR PROPERTIES IN THE AREA**
- ~USING VALUES FROM AUCTION SALES OF OTHER SIMILAR PROPERTIES IN THE AREA**

TAX RETURN VALUATION

- ~USE THE DEPRECIATION SCHEDULE
- ~CONTAINS VALUES FOR DEPRECIABLE ITEMS SUCH AS
 - VEHICLES
 - OFFICE EQUIPMENT, SUCH AS COMPUTERS, FURNITURE, COPIERS, SCANNERS
 - MACHINERY
 - EQUIPMENT
 - BREEDING LIVESTOCK
- ~TO DETERMINE MARKET VALUE, CAN USE COST MINUS CUMULATIVE DEPRECIATION
 - NET BOOK VALUE



Depreciation Schedule

Description of Asset	Purchase Date	Cost	Life	Depreciation Method	Salvage Value	Current Year Depreciation	Cumulative Depreciation	Net Book Value
Furniture	2/2/09	2,150.66	5	Straight-line	300	370.13	1,500.00	650.66
Fixtures	2/3/09	1,200.00	8	Straight-line	250	118.75	100.00	1,100.00
Truck 1	2/8/09	35,000.00	5	Straight-line	3000	6,400.00	6,500.00	28,500.00
Van	2/8/09	28,000.00	5	Straight-line	1800	5,240.00	5,200.00	22,800.00
Computer 1	5/26/09	1,110.85	3	Straight-line	0	370.28	500.00	610.85
Computer 2	5/26/09	1,215.68	3	Straight-line	0	405.23	500.00	715.68
Truck 2	3/3/10	36,200.00	5	Straight-line	3000	6,640.00	6,250.00	29,950.00
Computer 3	4/9/10	1,324.59	3	Straight-line	0	441.53	380.00	944.59
Copier	3/23/11	3,514.36	3	Straight-line	250	1,088.12	400.00	3,114.36

ACCOUNTANT VALUATION

- ~NOT THE BEST BUT ANOTHER POSSIBLE RESOURCE**
- ~THEY CAN GIVE THEIR OPINION IF THE FAMILY IS IN DOUBT**

EXTENSION SERVICE / USDA

~COOPERATIVE EXTENSION SERVICE

-RESEARCH RESULTS ON MARKET VALUES

~USDA – FARM SERVICE AGENCY

-FARM LENDING EXPERTS WHO WILL BE ABLE TO PROVIDE BASIC LAND VALUES

SMALL BUSINESS ADMINISTRATION AND USDA RURAL DEVELOPMENT

~BUSINESS LENDING EXPERTS

-CAN HELP DETERMINING VALUES OF INVENTORIES AND ASSETS

WHAT NOT TO DO

- ~ADVISE A FAMILY ON WHAT METHOD TO USE TO DETERMINE VALUE
- ~ADVISE A FAMILY ON WHAT YOU BELIEVE IS THE MARKET VALUE
- ~ADVISE A FAMILY TO OBTAIN A FORMAL APPRAISAL

CHALLENGES TO THE CHANGE

- ~FAMILY FARM AND SMALL BUSINESS EXEMPTION ACT
APRIL 2023 – SEVEN SENATORS INTRODUCED LEGISLATION TO REVERSE
CHANGE**
- ~COMMENTS FROM INTERESTED PARTIES TO THE FEDERAL REGISTER POSTING**
- ~COMMENTS FROM INTERESTED GROUPS/ORGANIZATIONS, SUCH AS NASFAA AND NEASFAA**

QUESTIONS? COMMENTS?

