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Title 34 – Education

Subtitle B – Regulations of the Offices of the Department of Education

Chapter VI – Office of Postsecondary Education, Department of Education

Part 668 – Student Assistance General Provisions

Authority: 20 U.S.C. 1001-1003, 1070g, 1085, 1088, 1091, 1092, 1094, 1099c, 1099c-1, 1221e-3, and 1231a, unless otherwise noted.

Subpart E Verification and Updating of Student Aid Application Information

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Subpart E—Verification and Updating of Student Aid Application Information

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§ 668.51 General.

- (a) **Scope and purpose.** The regulations in this subpart govern the verification by institutions of information submitted by applicants for student financial assistance under the subsidized student financial assistance programs.
- (b) **Applicant responsibility.** If the Secretary or the institution requests documents or information from an applicant under this subpart, the applicant must provide the specified documents or information.
- (c) **Foreign schools.** The Secretary exempts from the provisions of this subpart participating institutions that are not located in a State.

(Authority: 20 U.S.C. 1094)

§ 668.52 Definitions.

The following definitions apply to this subpart:

Specified year:

- (1) The calendar year preceding the first calendar year of an award year, *i.e.*, the base year; or
- (2) The year preceding the year described in paragraph (1) of this definition.

Subsidized student financial assistance programs: Title IV, HEA programs for which eligibility is determined on the basis of an applicant's EFC. These programs include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Perkins Loan, and Direct Subsidized Loan programs.

Unsubsidized student financial assistance programs: Title IV, HEA programs for which eligibility is not based on an applicant's EFC. These programs include the Teacher Education Assistance for College and Higher Education (TEACH) Grant, Direct Unsubsidized Loan, and Direct PLUS Loan programs.

(Authority: 20 U.S.C. 1094)

§ 668.53 Policies and procedures.

- (a) An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with the provisions of this subpart. These policies and procedures must include—
 - (1) The time period within which an applicant must provide any documentation requested by the institution in accordance with § 668.57;
 - (2) The consequences of an applicant's failure to provide the requested documentation within the specified time period;
 - (3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the title IV, HEA programs;
 - (4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and
 - (5) The procedures for making referrals under § 668.16(g).
- (b) An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of—
 - (1) The documentation needed to satisfy the verification requirements; and
 - (2) The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.
- (c) An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC.

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(Authority: 20 U.S.C. 1094)

§ 668.54 Selection of an applicant's FAFSA information for verification.

(a) General requirements.

- (1) Except as provided in paragraph (b) of this section, an institution must require an applicant whose FAFSA information is selected for verification by the Secretary, to verify the information specified by the Secretary pursuant to § 668.56.
- (2) If an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information.
- (3) An institution may require an applicant to verify any FAFSA information that it specifies.
- (4) If an applicant is selected to verify FAFSA information under paragraph (a)(1) of this section, the institution must require the applicant to verify the information as specified in § 668.56 if the applicant is selected for a subsequent verification of FAFSA information, except that the applicant is not required to provide documentation for the FAFSA information previously verified for the applicable award year to the extent that the FAFSA information previously verified remains unchanged.

(b) Exclusions from verification.

- (1) An institution need not verify an applicant's FAFSA information if—
 - (i) The applicant dies;
 - (ii) The applicant does not receive assistance under the title IV, HEA programs for reasons other than failure to verify FAFSA information;
 - (iii) The applicant is eligible to receive only unsubsidized student financial assistance; or
 - (iv) The applicant who transfers to the institution, had previously completed verification at the institution from which he or she transferred, and applies for assistance based on the same FAFSA information used at the previous institution, if the current institution obtains a letter from the previous institution—
 - (A) Stating that it has verified the applicant's information; and
 - (B) Providing the transaction number of the applicable valid ISIR.
- (2) Unless the institution has reason to believe that the information reported by a dependent student is incorrect, it need not verify the applicant's parents' FAFSA information if—
 - (i) The parents are residing in a country other than the United States and cannot be contacted by normal means of communication;
 - (ii) The parents cannot be located because their contact information is unknown and cannot be obtained by the applicant; or
 - (iii) Both of the applicant's parents are mentally incapacitated.

- (3) Unless the institution has reason to believe that the information reported by an independent student is incorrect, it need not verify the applicant's spouse's information if—
- (i) The spouse is deceased;
 - (ii) The spouse is mentally incapacitated;
 - (iii) The spouse is residing in a country other than the United States and cannot be contacted by normal means of communication; or
 - (iv) The spouse cannot be located because his or her contact information is unknown and cannot be obtained by the applicant.

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(Authority: 20 U.S.C. 1091, 1094)

§ 668.55 Updating information.

- (a) If an applicant's dependency status changes at any time during the award year, the applicant must update FAFSA information, except when the update is due to a change in his or her marital status.
- (b)
 - (1) An applicant who is selected for verification of the number of persons in his or her household (household size) or the number of those in the household who are attending postsecondary institutions (number in college) must update those items to be correct as of the date of verification, except when the update is due to a change in his or her marital status.
 - (2) Notwithstanding paragraph (b)(1) of this section, an applicant is not required to provide documentation of household size or number in college during a subsequent verification of either item if the information has not changed.
- (c) An institution may require an applicant to update FAFSA information under paragraph (a) or (b) of this section for a change in the applicant's marital status if the institution determines the update is necessary to address an inequity or to reflect more accurately the applicant's ability to pay.

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(Authority: 20 U.S.C. 1094)

§ 668.56 Information to be verified.

- (a) For each award year the Secretary publishes in the FEDERAL REGISTER notice the FAFSA information that an institution and an applicant may be required to verify.
- (b) For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information under paragraph (a) of this section that the applicant must verify.

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(Authority: 20 U.S.C. 1094, 1095)

§ 668.57 Acceptable documentation.

If an applicant is selected to verify any of the following information, an institution must obtain the specified documentation.

(a) Adjusted Gross Income (AGI), income earned from work, or U.S. income tax paid.

- (1)** Except as provided in paragraphs (a)(2), (a)(3), and (a)(4) of this section, an institution must require an applicant selected for verification of AGI, income earned from work or U.S. income tax paid to submit to it—
 - (i)** A copy of the income tax return or an Internal Revenue Service (IRS) form that lists tax account information of the applicant, his or her spouse, or his or her parents, as applicable for the specified year. The copy of the return must include the signature (which need not be an original) of the filer of the return or of one of the filers of a joint return;
 - (ii)** For a dependent student, a copy of each IRS Form W-2 for the specified year received by the parent whose income is being taken into account if—
 - (A)** The parents filed a joint return; and
 - (B)** The parents are divorced or separated or one of the parents has died; and
 - (iii)** For an independent student, a copy of each IRS Form W-2 for the specified year he or she received if the independent student—
 - (A)** Filed a joint return; and
 - (B)** Is a widow or widower, or is divorced or separated.
- (2)** An institution may accept, in lieu of an income tax return or an IRS form that lists tax account information, the information reported for an item on the applicant's FAFSA for the specified year if the Secretary has identified that item as having been obtained from the IRS and not having been changed.
- (3)** An institution must accept, in lieu of an income tax return or an IRS form that lists tax account information, the documentation set forth in paragraph (a)(4) of this section if the individual for the specified year—
 - (i)** Has not filed and, under IRS rules, or other applicable government agency rules, is not required to file an income tax return;
 - (ii)** Is required to file a U.S. tax return and has been granted a filing extension by the IRS; or
 - (iii)** Has requested a copy of the tax return or an IRS form that lists tax account information, and the IRS or a government of a U.S. territory or commonwealth or a foreign central government cannot locate the return or provide an IRS form that lists tax account information.
- (4)** An institution must accept—
 - (i)** For an individual described in paragraph (a)(3)(i) of this section, a statement signed by that individual certifying that he or she has not filed and is not required to file an income tax return for the specified year and certifying for that year that individual's—
 - (A)** Sources of income earned from work as stated on the FAFSA; and

- (B) Amounts of income from each source. In lieu of a certification of these amounts of income, the applicant may provide a copy of his or her IRS Form W-2 for each source listed under paragraph (a)(4)(i)(A) of this section;
- (ii) For an individual described in paragraph (a)(3)(ii) of this section—
 - (A) A copy of the IRS Form 4868, “Application for Automatic Extension of Time to File U.S. Individual Income Tax Return,” that the individual filed with the IRS for the specified year, or a copy of the IRS’s approval of an extension beyond the automatic six-month extension if the individual requested an additional extension of the filing time; and
 - (B) A copy of each IRS Form W-2 that the individual received for the specified year, or for a self-employed individual, a statement signed by the individual certifying the amount of the AGI for the specified year; and
- (iii) For an individual described in paragraph (a)(3)(iii) of this section—
 - (A) A copy of each IRS Form W-2 that the individual received for the specified year; or
 - (B) For an individual who is self-employed or has filed an income tax return with a government of a U. S. territory or commonwealth, or a foreign central government, a statement signed by the individual certifying the amount of AGI and taxes paid for the specified year.
- (5) An institution may require an individual described in paragraph (a)(3)(ii) of this section to provide to it a copy of his or her completed and signed income tax return when filed. If an institution receives the copy of the return, it must reverify the AGI and taxes paid by the applicant and his or her spouse or parents.
- (6) If an individual who is required to submit an IRS Form W-2, under paragraph (a) of this section, is unable to obtain one in a timely manner, the institution may permit that individual to set forth, in a statement signed by the individual, the amount of income earned from work, the source of that income, and the reason that the IRS Form W-2 is not available in a timely manner.
- (7) For the purpose of this section, an institution may accept in lieu of a copy of an income tax return signed by the filer of the return or one of the filers of a joint return, a copy of the filer’s return that includes the preparer’s Social Security Number, Employer Identification Number or the Preparer Tax Identification Number and has been signed, stamped, typed, or printed with the name and address of the preparer of the return.
- (b) **Number of family members in household.** An institution must require an applicant selected for verification of the number of family members in the household to submit to it a statement signed by both the applicant and one of the applicant’s parents if the applicant is a dependent student, or only the applicant if the applicant is an independent student, listing the name and age of each family member in the household and the relationship of that household member to the applicant.
- (c) **Number of family household members enrolled in eligible postsecondary institutions.**
 - (1) An institution must require an applicant selected for verification of the number of household members in the applicant’s family enrolled on at least a half-time basis in eligible postsecondary institutions to submit a statement signed by both the applicant and one of the applicant’s parents, if the applicant is a dependent student, or by only the applicant if the applicant is an independent student, listing—

- (i) The name of each family member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the award year;
 - (ii) The age of each student; and
 - (iii) The name of the institution that each student is or will be attending.
- (2) If the institution has reason to believe that an applicant's FAFSA information or the statement provided under paragraph (c)(1) of this section regarding the number of family household members enrolled in eligible postsecondary institutions is inaccurate, the institution must obtain a statement from each institution named by the applicant in response to the requirement of paragraph (c)(1)(iii) of this section that the household member in question is or will be attending the institution on at least a half-time basis, unless—
- (i) The institution the student is attending determines that such a statement is not available because the household member in question has not yet registered at the institution he or she plans to attend; or
 - (ii) The institution has information indicating that the student will be attending the same institution as the applicant.
- (d) **Other information.** If an applicant is selected to verify other information specified in the annual FEDERAL REGISTER notice, the applicant must provide the documentation specified for that information in the FEDERAL REGISTER notice.

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§ 668.58 Interim disbursements.

- (a)
 - (1) If an institution has reason to believe that an applicant's FAFSA information is inaccurate, until the information is verified and any corrections are made in accordance with § 668.59(a), the institution may not—
 - (i) Disburse any Federal Pell Grant, FSEOG, or Federal Perkins Loan Program funds to the applicant;
 - (ii) Employ or allow an employer to employ the applicant in its FWS Program; or
 - (iii) Originate a Direct Subsidized Loan, or disburse any such loan proceeds for any previously originated Direct Subsidized Loan to the applicant.
 - (2) If an institution does not have reason to believe that an applicant's FAFSA information is inaccurate prior to verification, the institution may—
 - (i)
 - (A) Withhold payment of Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds for the applicant; or
 - (B) Make one disbursement from each of the Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds for the applicant's first payment period of the award year;

- (ii) Employ or allow an employer to employ that applicant, once he or she is an eligible student, under the FWS Program for the first 60 consecutive days after the student's enrollment in that award year; or
- (iii)
 - (A) Withhold origination of the applicant's Direct Subsidized Loan; or
 - (B) Originate the Direct Subsidized Loan provided that the institution does not disburse Direct Subsidized Loan proceeds.
- (3) If, after verification, an institution determines that changes to an applicant's information will not change the amount the applicant would receive under a title IV, HEA program, the institution—
 - (i) Must ensure corrections are made in accordance with § 668.59(a); and
 - (ii) May prior to receiving the corrected valid SAR or valid ISIR—
 - (A) Make one disbursement from each of the Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds for the applicant's first payment period of the award year;
 - (B) Employ or allow an employer to employ the applicant, once he or she is an eligible student, under the FWS Program for the first 60 consecutive days after the student's enrollment in that award year; or
 - (C) Originate the Direct Subsidized Loan and disburse the Direct Subsidized Loan proceeds for the applicant.
- (b) If an institution chooses to make a disbursement under—
 - (1) Paragraph (a)(2)(i)(B) of this section, it—
 - (i) Is liable for any overpayment discovered as a result of verification to the extent that the overpayment is not recovered through reducing subsequent disbursements in the award year or from the student; and
 - (ii) Must recover the overpayment in accordance with § 668.61(a);
 - (2) Paragraph (a)(2)(ii) of this section, it—
 - (i) Is liable for any overpayment discovered as a result of verification to the extent that the overpayment is not eliminated by adjusting other financial assistance; and
 - (ii) Must recover the overpayment in accordance with § 668.61(b); or
 - (3) Paragraph (a)(3) of this section, it—
 - (i) Is liable for any subsidized student financial assistance disbursed if it does not receive the valid SAR or valid ISIR reflecting corrections within the deadlines established under § 668.60; and
 - (ii) Must recover the funds in accordance with § 668.61(c).

(Authority: 20 U.S.C. 1094)

[75 FR 66954, Oct. 29, 2010, as amended at 77 FR 20536, Apr. 13, 2012]

§ 668.59 Consequences of a change in an applicant's FAFSA information.

- (a) For the subsidized student financial assistance programs, if an applicant's FAFSA information changes as a result of verification, the applicant or the institution must submit to the Secretary any changes to—
 - (1) A nondollar item; or
 - (2) A single dollar item of \$25 or more.
- (b) For the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must—
 - (1) Recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected valid SAR or valid ISIR; and
 - (2)
 - (i) Disburse any additional funds under that award only if the institution receives a corrected valid SAR or valid ISIR for the applicant and only to the extent that additional funds are payable based on the recalculation;
 - (ii) Comply with the procedures specified in § 668.61 for an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced; or—
 - (iii) Comply with the procedures specified in 34 CFR 690.79 for an overpayment that is not an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced.
- (c) For the subsidized student financial assistance programs, excluding the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, the institution must—
 - (1) Adjust the applicant's financial aid package on the basis of the EFC on the corrected valid SAR or valid ISIR; and
 - (2)
 - (i) Comply with the procedures specified in § 668.61 for an interim disbursement if, as a result of verification, the financial aid package must be reduced;
 - (ii) Comply with the procedures specified in 34 CFR 673.5(f) for a Federal Perkins loan or an FSEOG overpayment that is not the result of an interim disbursement if, as a result of verification, the financial aid package must be reduced; and
 - (iii) Comply with the procedures specified in 34 CFR 685.303(e) for Direct Subsidized Loan excess loan proceeds that are not the result of an interim disbursement if, as a result of verification, the financial aid package must be reduced.

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§ 668.60 Deadlines for submitting documentation and the consequences of failing to provide documentation.

- (a) An institution must require an applicant selected for verification to submit to it, within the period of time it or the Secretary specifies, the documentation set forth in § 668.57 that is requested by the institution.

- (b) For purposes of the subsidized student financial assistance programs, excluding the Federal Pell Grant Program—
 - (1) If an applicant fails to provide the requested documentation within a reasonable time period established by the institution—
 - (i) The institution may not—
 - (A) Disburse any additional Federal Perkins Loan or FSEOG Program funds to the applicant;
 - (B) Employ, continue to employ or allow an employer to employ the applicant under FWS; or
 - (C) Originate the applicant's Direct Subsidized Loan or disburse any additional Direct Subsidized Loan proceeds for the applicant; and
 - (ii) The applicant must repay to the institution any Federal Perkins Loan or FSEOG received for that award year;
 - (2) If the applicant provides the requested documentation after the time period established by the institution, the institution may, at its option, disburse aid to the applicant notwithstanding paragraph (b)(1) of this section; and
 - (3) If an institution has received proceeds for a Direct Subsidized Loan on behalf of an applicant, the institution must return all or a portion of those funds as provided under § 668.166(b) if the applicant does not complete verification within the time period specified.
- (c) For purposes of the Federal Pell Grant Program—
 - (1) An applicant may submit a valid SAR to the institution or the institution may receive a valid ISIR after the applicable deadline specified in 34 CFR 690.61 but within an established additional time period set by the Secretary through publication of a notice in the FEDERAL REGISTER; and
 - (2) If the applicant does not provide to the institution the requested documentation and, if necessary, a valid SAR or the institution does not receive a valid ISIR, within the additional time period referenced in paragraph (c)(1) of this section, the applicant—
 - (i) Forfeits the Federal Pell Grant for the award year; and
 - (ii) Must return any Federal Pell Grant payments previously received for that award year.
- (d) The Secretary may determine not to process FAFSA information of an applicant who has been requested to provide documentation until the applicant provides the documentation or the Secretary decides that there is no longer a need for the documentation.
- (e) If an applicant selected for verification for an award year dies before the deadline for completing verification without completing that process, the institution may not—
 - (1) Make any further disbursements on behalf of that applicant;
 - (2) Originate that applicant's Direct Subsidized Loan, or disburse that applicant's Direct Subsidized Loan proceeds; or
 - (3) Consider any funds it disbursed to that applicant under § 668.58(a)(2) as an overpayment.

(Authority: 20 U.S.C. 1094)

§ 668.61 Recovery of funds from interim disbursements.

- (a) If an institution discovers, as a result of verification, that an applicant received under § 668.58(a)(2)(i)(B) more financial aid than the applicant was eligible to receive, the institution must eliminate the Federal Pell Grant, Federal Perkins Loan, or FSEOG overpayment by—
 - (1) Adjusting subsequent disbursements in the award year in which the overpayment occurred; or
 - (2) Reimbursing the appropriate program account by—
 - (i) Requiring the applicant to return the overpayment to the institution if the institution cannot correct the overpayment under paragraph (a)(1) of this section; or
 - (ii) Making restitution from its own funds, by the earlier of the following dates, if the applicant does not return the overpayment:
 - (A) Sixty days after the applicant's last day of attendance.
 - (B) The last day of the award year in which the institution disbursed Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds to the applicant.
- (b) If an institution discovers, as a result of verification, that an applicant received under § 668.58(a)(2)(ii) more financial aid than the applicant was eligible to receive, the institution must eliminate the FWS overpayment by—
 - (1) Adjusting the applicant's other financial aid; or
 - (2) Reimbursing the FWS program account by making restitution from its own funds, if the institution cannot correct the overpayment under paragraph (b)(1) of this section. The applicant must still be paid for all work performed under the institution's own payroll account.
- (c) If an institution disbursed subsidized student financial assistance to an applicant under § 668.58(a)(3), and did not receive the valid SAR or valid ISIR reflecting corrections within the deadlines established under § 668.60, the institution must reimburse the appropriate program account by making restitution from its own funds. The applicant must still be paid for all work performed under the institution's own payroll account.

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